

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, August 22, 1944, at 2:00 p.m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. Draper

Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary
Mr. Clayton, Assistant to the Chairman

The action stated with respect to each of the matters herein-after referred to was taken by the Board:

Memorandum dated August 21, 1944, from Mr. Bethea recommending that Miss Elizabeth M. Sheehan be appointed as an elevator operator in the Secretary's Office on a temporary basis for an indefinite period, with basic salary at the rate of \$1,200 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed satisfactorily the usual physical examination, with the understanding that if anything derogatory develops in the investigation of her references her services may be terminated immediately.

Approved unanimously.

Memorandum dated August 21, 1944, from Mr. Bethea recommending that Mrs. Dorothy Erickson, a clerk in the Secretary's Office, be granted leave of absence without pay for the period August 22 through September 16, 1944, in order to be with her husband who is in the Army

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and expects to be shipped overseas.

Approved unanimously.

Letter to Mr. Evans, Vice President of the Federal Reserve Bank of Dallas, reading as follows:

"In accordance with the request contained in your letter of August 16, 1944, the Board approves the appointment of John W. Digings as an assistant examiner for the Federal Reserve Bank of Dallas. If the appointment is not made effective on September 1, 1944, as planned, please advise us."

Approved unanimously.

Letter to the "Peoples State Bank of Colfax", Colfax, Illinois, reading as follows:

"The Board is glad to learn that you have completed all arrangements for the admission of your bank to the Federal Reserve System and takes pleasure in transmitting herewith a formal certificate of your membership.

"It will be appreciated if you will acknowledge receipt of this certificate."

Approved unanimously.

Telegram to Mr. Young, President of the Federal Reserve Bank of Chicago, referring to the application of the "Renwick Savings Bank", Renwick, Iowa, for permission to withdraw immediately from membership in the Federal Reserve System, and stating that the Board waived the usual requirement of six months' notice of intention to withdraw, and that, accordingly, upon surrender of the Federal Reserve Bank stock issued to the Renwick Savings Bank, the Federal Reserve Bank of Chicago

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was authorized to cancel such stock and make appropriate refund thereon.

Approved unanimously.

Letter to Mr. Clark, Vice President of the Federal Reserve Bank of Atlanta, reading as follows:

"This refers to your letters of August 12 and 14, and to the July 17 report of examination of the Bank of Auburn, Auburn, Alabama, regarding the failure of the bank to publish the report of its affiliate, Auburn Ice & Coal Company, Inc., at the time of the June 30, 1944 call.

"It appears that Auburn Ice & Coal Company, Inc. has probably been an affiliate of the bank for several years as a result of a majority of the company's directors being directors of the bank; that the management of the bank was not aware of the existence of this affiliate relationship; and that, subsequent to the examination, the member bank has eliminated the loans to the affiliate.

"In the circumstances, the Board will not insist upon the publication of the affiliate's reports as of past call dates. If, however, the affiliation exists at the time of the next call for condition reports, the report of the affiliate should be submitted and published unless waived by the waiver provisions printed on form F. R. 220b."

Approved unanimously.

Letter to "The National Bank of Lewistown", Lewistown, Montana, reading as follows:

"This refers to the resolution adopted on May 4, 1943, by the board of directors of your bank, signifying the bank's desire to surrender its right to exercise fiduciary powers heretofore granted to it.

"The Board, understanding that your bank has been discharged or otherwise properly relieved in accordance

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"with the law of all of its duties as fiduciary, has issued a formal certificate to your bank certifying that it is no longer authorized to exercise any of the fiduciary powers covered by the provisions of section 11(k) of the Federal Reserve Act, as amended. This certificate is enclosed herewith.

"In this connection, your attention is called to the fact that, under the provisions of section 11(k) of the Federal Reserve Act, as amended, when such a certificate has been issued by the Board of Governors of the Federal Reserve System to a national bank, such bank (1) shall no longer be subject to the provisions of section 11(k) of the Federal Reserve Act or the regulations of the Board of Governors of the Federal Reserve System made pursuant thereto, (2) shall be entitled to have returned to it any securities which it may have deposited with the State or similar authorities for the protection of private or court trusts, and (3) shall not exercise any of the powers conferred by section 11(k) of the Federal Reserve Act except with the permission of the Board of Governors of the Federal Reserve System."

Approved unanimously.

Letter to the Presidents of all the Federal Reserve Banks reading as follows:

"For your information there is enclosed a copy of a letter, dated August 9, 1944, received from the Detroit Branch of the Federal Reserve Bank of Chicago regarding loan agreements relating to guaranteed loans. There is also enclosed a copy of a memorandum received from the War Department, dated August 15, 1944, signed by Colonel Paul Cleveland, Chief, Advance Payment and Loan Branch, in reply thereto.

"It is our understanding that the procedure outlined in Colonel Cleveland's memorandum is intended to apply only with respect to guarantees hereafter executed except where requests may be made by the guarantor in specific instances. We also understand that the procedure outlined in the second sentence of the last paragraph of Mr. Cameron's

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"letter will be satisfactory to the General Accounting Office in cases where specific inquiry is made with respect to an existing guarantee and only one financing institution is a party to the loan agreement."

Approved unanimously.

Thereupon the meeting adjourned.



Assistant Secretary.

Approved:


Chairman.