

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, September 11, 1944, at 10:30 a.m.

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

Mr. Morrill, Secretary  
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:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on September 9, 1944, were approved unanimously.

Memorandum dated September 8, 1944, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that the appointment of Miss Mary Margaret Murphy, a clerk-typist in the Division, be made permanent upon the expiration of her present temporary appointment at the close of business on September 12, 1944, and that her basic salary at the rate of \$1,560 per annum be continued. The memorandum also recommended that, because of her former membership in the Civil Service Retirement System from which she had not withdrawn the funds contributed during a previous employment with the Government, she again become an active participant in that retirement system.

Approved unanimously.

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Telegram to Mr. Brainard, Chairman of the Federal Reserve Bank of Cleveland, reading as follows:

"Your wire date. Board approves appointment by your Board of Directors of Mr. Ray M. Gidney as President of Federal Reserve Bank of Cleveland effective September 16, 1944 for the unexpired portion of the term ending February 28, 1946. Board also approves salary at the rate stated in your telephone conversation with Chairman Eccles today, effective September 16, for the period ending April 30, 1945. It is assumed that you are giving formal advice to Chicago of appointment of Gidney as alternate for Young."

In his telephone conversation with Chairman Eccles, Mr. Brainard had stated that the salary fixed by the board of directors of the Federal Reserve Bank of Cleveland for Mr. Gidney, as President of the Bank, was at the rate of \$25,000 per annum.

Approved unanimously.

Letter to Mr. Young, President of the Federal Reserve Bank of Chicago, reading as follows:

"Reference is made to your letter of June 21, 1944 and to the subsequent discussions with Mr. Dunn, Vice President and General Counsel, regarding the advice from the Acting General Counsel of the Treasury Department that amounts expended by the Bank for tuition and incidental fees in connection with the schooling of its employees are in the nature of additional compensation which must be included in the gross income of the employees for income tax and victory tax purposes and is subject to withholding tax.

"It is understood you feel that, as a matter of employee relations, your Bank should make provisions for paying the amount of withholding tax placed on such tuition and incidental fees. You request, therefore, approval

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"of the Bank's action in including an amount equivalent to such withholding tax in the incidental fees paid from the educational fund established by the Bank.

"You also request approval of your Bank's action in following similar procedure and including in the refunds to returning employees account of premiums paid for National Service Life Insurance while in military service, an amount equivalent to the tax withheld on such refunds, so that the employee receives the full amount of the refund.

"The question which you raise affects the entire System and is still under study. However, for the time being the Board will interpose no objection to the payment by your Bank, as set forth in your letter of June 21, of an additional amount equivalent to the amount withheld under the Current Tax Payment Act of 1943 in connection with the payment of tuition and incidental fees under the educational program of the Bank and in connection with the reimbursement to employees of premiums paid for National Service Life Insurance while in military service."

Approved unanimously.

Thereupon the meeting adjourned.

Orestes Moriel  
Secretary.

Approved:

W. S. ...  
Chairman.