

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, September 14, 1944, at 10:30 a.m.

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

Mr. Morrill, Secretary  
 Mr. Bethea, Assistant Secretary  
 Mr. Carpenter, Assistant Secretary

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 13, 1944, were approved unanimously.

Memorandum dated September 11, 1944, from Mr. Leonard, Director of the Division of Personnel Administration, recommending that the basic salary of Mrs. Olga W. Bangs, Interviewer in that Division, be increased from \$2,900 to \$3,000 per annum, effective September 16, 1944.

Approved unanimously.

Memorandum dated September 12, 1944, from Mr. Morrill recommending that Howard W. Stull be transferred from the position of guard to the position of chauffeur in the Secretary's Office and that his appointment be made permanent, effective October 1, 1944, without change in his present basic salary at the rate of \$1,620 per annum. The memorandum also recommended that, to fill the vacancy caused by the transfer

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of Mr. Stull, William J. Traver be appointed as a guard in the Secretary's Office on a temporary basis for an indefinite period, with basic salary at the rate of \$1,500 per annum, effective as of the date upon which he enters upon the performance of his duties.

Approved unanimously.

Letter to Mr. Fleming, President of the Federal Reserve Bank of Cleveland, reading as follows:

"This is in reply to your letter of September 8 advising that the directors have voted to grant Mr. E. A. Carter, Assistant Vice President, who has been on leave of absence because of a nervous breakdown, leave of absence with pay through December 31, 1944, after which he will be retired, and to approve a supplemental payment to the Retirement System for his benefit in the amount necessary to provide a pension equal to the pension he would receive if he were 65 at time of termination of employment, reduced by  $2\frac{1}{2}\%$  for each year he lacks of being 65.

"In view of the circumstances described in your letter of August 30 and in accordance with the informal advice to you in its letter of September 4, the Board of Governors approves the payment to the Retirement System, under the provisions of Section 9 of the Rules and Regulations of the Retirement System, of the amount necessary to provide the increased pension authorized by your directors, as reported in your letter of September 8, 1944."

Approved unanimously.

Letter to the board of directors of the "Union Trust Company of Jamestown, N. Y.", Jamestown, New York, stating that, subject to conditions of membership numbered 1 to 6 contained in the Board's Regulation

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H and the following special condition, the Board approves the bank's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of New York:

- "7. At the time of admission to membership, such bank shall have a paid-up and unimpaired capital of not less than \$500,000."

The letter also contained the following special comment:

"In view of the fact that Marine Midland Corporation will become a holding company affiliate of your bank upon its admission to membership, the Federal Reserve Bank of New York has been informed that before stock in the Federal Reserve Bank is issued to your bank, it will be necessary for Marine Midland Corporation to comply with any conditions to the issuance of a general voting permit entitling it to vote the stock which it owns or controls of your bank."

Approved unanimously together with a letter to Mr. Sproul, President of the Federal Reserve Bank of New York, reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of the 'Union Trust Company of Jamestown, N. Y.', Jamestown, New York, for membership in the Federal Reserve System, subject to the conditions prescribed in the enclosed letter which you are requested to forward to the Board of Directors of the institution. Two copies of such letter are also enclosed, one of which is for your files and the other of which you are requested to forward to the Superintendent of Banks for the State of New York, for his information.

"Enclosed is a letter approving the retention and operation of the branch at Westfield, New York, which you are requested to forward to the Board of Directors of the applicant bank. Enclosed also is a copy of the letter for your files.

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"Before issuing stock in the Federal Reserve Bank of New York to the Union Trust Company of Jamestown, N. Y., you are requested to satisfy yourself that the Marine Midland Corporation has complied with any conditions to the issuance of a general voting permit entitling it to vote the stock which it owns or controls of such bank.

"Standard condition of membership numbered 6 has been prescribed in order that its provisions may be invoked at any time in the future if necessary, but as in other cases and in accordance with the general authorization previously granted by the Board you are authorized to waive compliance with the condition until further notice insofar as the condition applies to funds which are given statutory preference in the State of New York.

"It is assumed that you will follow the matter of the bank's bringing into conformity with the provisions of law and the Board's regulations the savings accounts mentioned on page 16 of the report of examination for membership."

In connection with the above matter a second letter to the board of directors of the "Union Trust Company of Jamestown, N. Y." was approved unanimously, as follows:

"In connection with the application for membership in the Federal Reserve System, the Board of Governors of the Federal Reserve System approves the retention and operation by the Union Trust Company of Jamestown, N. Y., Jamestown, New York, after admission to membership, of the branch at Westfield, New York, the establishment of such branch having been approved by the Superintendent of Banks of the State of New York on February 26, 1940."

Telegram to Mr. Ruml, Chairman of the Federal Reserve Bank of New York, stating that, subject to the conditions set forth in the telegram, the Board of Governors authorizes the issuance of a general voting permit, under the provisions of Section 5144 of the Revised Statutes of the United States, to the "Marine Midland Corporation", Jersey City,

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New Jersey, entitling such organization to vote the stock which it owns or controls of the "Union Trust Company of Jamestown, N. Y.", Jamestown, New York, at all meetings of shareholders of such bank, and that the period within which a permit may be issued pursuant to the authorization was limited to 30 days from the date of the telegram unless an extension of time was granted by the Board. The conditions contained in the telegram upon which the permit was authorized were as follows:

- "1. That prior to issuance of general voting permit authorized herein, applicant shall execute and deliver to you in duplicate an agreement in same form as that which applicant executed on January 15, 1940, as a condition to issuance of permit dated January 31, 1940.
- "2. That prior to issuance of general voting permit authorized herein, applicant shall deliver to you in duplicate Exhibit L (Form P-3) executed by Clog, Inc., and Exhibit N (Form P-4) executed by applicant and consented to by Clog, Inc., or furnish assurances satisfactory to you that it will deliver such Exhibits to you within 30 days after issuance of such permit, or furnish evidence in writing satisfactory to your Counsel that such Exhibits are not required by Board's Regulation P and directions on printed forms referred to.
- "3. That prior to or simultaneously with issuance of general voting permit authorized herein, Union Trust Company of Jamestown, N. Y., shall be admitted to membership in Federal Reserve System."

The telegram also contained the following sentence:

"In order to eliminate any possible question concerning authority for action by applicant's officers in

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"executing application for voting permit and in executing agreement set forth in Exhibit Q which was not presented to board of directors, please request applicant to furnish as soon as practicable two certified copies of a resolution of its board of directors or executive committee ratifying all action taken by its officers in obtaining such permit and executing agreement set forth in Exhibit Q."

Approved unanimously.

Letter to the board of directors of the "Farmers and Merchants Bank", Marianna, Arkansas, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H, the Board approves the bank's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of St. Louis.

Approved unanimously, for transmission through the Federal Reserve Bank of St. Louis.

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

"The Board of Governors of the Federal Reserve System has considered the recommendation of the Board of Directors of your Bank, contained in Mr. Diercks' letter dated July 31, 1944, and pursuant to the provisions of Section 19 of the Federal Reserve Act, grants permission to Lincoln Security National Bank, Chicago, Illinois, to maintain the same reserves against deposits as are required to be maintained by reserve city banks, effective with the first weekly reserve computation period beginning after the date of this letter.

"Please advise the member bank of the Board's action in this matter, calling its attention to the fact that

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"such permission is subject to revocation at any time by the Board of Governors of the Federal Reserve System."

Approved unanimously.

Memorandum dated September 11, 1944, from Mr. Nelson, Assistant Secretary, reading as follows:

"On September 2, 1944, Chairman Eccles informed Governor Draper and me that he had received a call from Mr. Jonathan Daniels at the White House, advising that arrangements had been made for the Inter-American Defense Board and the Brazilian Commission to vacate the space occupied in the Federal Reserve Building, and that it was planned to have the Office of Contract Settlement occupy the space vacated.

"Chairman Eccles said that all of the space in the north wing of the first floor, except the telegraph office and the offices occupied by the Director of Economic Stabilization, was to be available to the Office of Contract Settlement, which would include all of the northwest wing and rooms 1202, 1215, 1217, 1219, 1226, 1228 and 1230 of the northeast wing.

"The arrangements under which the Office of Contract Settlement will occupy the space are to be similar to the present arrangements with the Inter-American Defense Board, except that no reimbursement is to be made for upkeep and maintenance of the building. In a discussion of the arrangements it was brought out that the Office of Contract Settlement is not to have space in the garage but that parking facilities are to be made available on the parking lot to its employees; that the hours of closing of the building, and the operation of the air conditioning system are not to be changed and that employees of the Office of Contract Settlement are to have the privilege of using the cafeteria. It was understood also that invitations to the staff dining room will be issued to Messrs. Hinckley, McKinney, and Mr. Hinckley's assistant.

"From the information now available it appears that the Inter-American Defense Board will vacate the building on or before September 15, 1944."

Noted.

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Thereupon the meeting adjourned.

Chester Morris  
Secretary.

Approved:

W. C. ...  
Chairman.