

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, September 27, 1944, at 11:00 a.m.

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

Mr. Morrill, Secretary
Mr. Carpenter, Assistant Secretary

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

Memorandum dated September 25, 1944, from Mr. Morrill recommending that the following increases in basic annual salaries of employees in the Secretary's Office be approved, effective October 1, 1944:

<u>Name</u>	<u>Designation</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
Vivienne Olson Goebel	Stenographer	\$1,800	\$1,920
Margaret C. Huffman	Stenographer	1,800	1,920
John Blash	Painter	1,980	2,100
Woodley Boothe	General Mechanic	1,800	1,920
J. J. Yilek	Operator, Duplicating Devices	1,680	1,860
Rae Brooks	Telephone Operator	1,380	1,440

Approved unanimously.

Memorandum dated September 27, 1944, from Mr. Morrill recommending, for the reasons stated in the memorandum, that Mrs. Evelyn Simpson Gjelhaug, a file clerk in the Secretary's Office, be granted an extension of leave without pay from October 1, 1944, for a period not extending beyond January 15, 1945, and that the Board continue to make its

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contributions to the retirement system on Mrs. Gjelhaug's behalf during her absence provided she continues her own contributions for the same period.

Approved unanimously.

Letter to the "Farmers and Merchants Bank", Marianna, Arkansas, 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. Clark, Vice President of the Federal Reserve Bank of Atlanta, referring to the application of "The Blackshear Bank", Blackshear, Georgia, for permission to withdraw immediately from membership in the Federal Reserve System, and stating that the Board waives 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 Blackshear Bank, the Federal Reserve Bank of Atlanta is authorized to cancel such stock and make appropriate refund thereon.

Approved unanimously.

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

"In continuance of the practice of recent years, there are being sent to you under separate cover copies of work sheets (Form F. R. 456) for use in compiling

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"member bank operating ratios for 1944 and in furnishing such data to the Board. The procedure followed last year should be observed in sending the completed work sheets, or duplicates thereof, to the Board after compilation of the tabulations usually made at your Bank.

"The work sheet has been revised somewhat, in cooperation with the Presidents' Conference Committee on Member Bank Operating Ratios, to facilitate correct tabulation. The changes are described in the accompanying memorandum."

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 received by the Board from the Comptroller of the Currency, dated September 25, 1944, in which the opinion is expressed that guarantees executed in the standard form of V-Loan Guarantee Agreement (identified as '1944 V-Loan Guarantee Agreement'), which has been adopted by the War and Navy Departments, would come within the purview of Exception 10 to section 5200 of the United States Revised Statutes and of the definition of the term 'unconditional' as used therein which was issued by the Comptroller of the Currency on June 18, 1942.

"The form of guarantee agreement referred to in the Comptroller's letter is the form which was enclosed with the Board's letter of September 12, 1944 (S-788), and which bears the identifying date of September 15, 1944. As you have previously been advised, this form has also been adopted by the United States Maritime Commission."

Approved unanimously.

Letter to Honorable Brent Spence, Chairman, Committee on Banking and Currency, House of Representatives, reading as follows:

"This is in response to the request contained in the letter from the clerk of your committee dated September 2, 1944, for a report on the bill H.R. 5258 'To amend Section 5155 of the Revised Statutes with respect to the establishment of branches by national banking associations'.

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"The Board is favorable to the enactment of legislation along the lines of this bill.

"Under existing law national banks and State banks which are members of the Federal Reserve System desiring to establish branches are required to have a certain minimum amount of capital which in many instances is in excess of that required by State laws and in excess of the actual needs of the banks. The laws of many States permit State banks to establish and operate branches with much less capital than that required under Federal law of national banks. This results in unfair discrimination against national banks and State banks which are members of the Federal Reserve System and tends to drive banks out of the National Banking System and to prevent them from joining the Federal Reserve System. As pointed out in the Annual Report of the Comptroller of the Currency for the year 1938, national banks in some localities have surrendered their national charters because they are required by the national banking laws to have considerably greater capital in order to establish branches than are State banks competing with them in the same State.

"There are State banks which are prevented from joining the Federal Reserve System by the fact that they have branches lawfully established and in lawful operation under the laws of the States in which they are located and, under the provisions of section 9 of the Federal Reserve Act, they cannot become members of the Federal Reserve System without either relinquishing such branches or increasing their capital to an amount in excess of their capital needs.

"Although the bill amends section 5155 of the Revised Statutes which by its terms relates to national banks, the same requirements would automatically become applicable to the establishment of branches by State member banks, because section 9 of the Federal Reserve Act forbids the establishment of branches by State member banks except on the same terms and conditions and subject to the same limitations and restrictions as are applicable to the establishment of branches by national banks, except that the approval of the Board of Governors of the Federal Reserve System, instead of the Comptroller of the Currency, must be obtained by a State member bank."

Approved unanimously.

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Thereupon the meeting adjourned.

Chester Morris
Secretary.

Approved:

Frank Fanson
Vice Chairman.