

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, October 7, 1944, at 11:00 a.m.

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

Mr. Bethea, 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 October 6, 1944, were approved unanimously.

Telegram to Mr. Treiber, Secretary of the Federal Reserve Bank of New York, stating that the Board approves the establishment, without change, by the Federal Reserve Bank of New York on October 5, 1944, of the rates of discount and purchase in its existing schedule.

Approved unanimously.

Telegrams to Mr. McCreedy, Secretary of the Federal Reserve Bank of Philadelphia, and Mr. Earhart, Vice President of the Federal Reserve Bank of San Francisco, stating that the Board approves the establishment by the Federal Reserve Banks of Philadelphia and San Francisco, effective October 7, 1944, of a maximum commitment rate on loans under section 13b of the Federal Reserve Act guaranteed under Regulation

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V of 1/4 per cent per annum, based on the average daily unused balance of the maximum principal amount of the loan, or in the alternative a flat fee of not to exceed \$50; and that, otherwise, the Board approves the establishment, without change, by the Federal Reserve Banks of Philadelphia and San Francisco on October 5, 1944, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Telegram to Mr. Ziemer, Vice President of the Federal Reserve Bank of Minneapolis, reading as follows:

"Retels October 3 and 5. Board of Governors approves for your Bank effective October 7, 1944, maximum commitment rate on loans under Section 13b of the Federal Reserve Act guaranteed under Regulation V of 1/4 per cent per annum, based on the average daily unused balance of the maximum principal amount of the loan, or in the alternative a flat fee of not to exceed \$50."

Approved unanimously.

Memorandum dated October 4, 1944, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that Eugene L. Gomberg be appointed as a Research Assistant in that Division on a temporary indefinite basis, with basic salary at the rate of \$2,000 per annum, effective as of the date upon which he enters upon the performance of his duties after having passed satisfactorily the usual physical examination and subject to a satisfactory check of his references.

Approved unanimously.

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Memorandum dated October 4, 1944, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that Miss Mary Patricia McCormick be appointed as a draftsman in that Division on a temporary indefinite basis, with basic salary at the rate of \$1,620 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 and subject to a satisfactory check of her references.

Approved unanimously.

Memorandum dated October 4, 1944, from Mr. Goldenweiser, Director of the Division of Research and Statistics, submitting a letter under date of September 29, 1944, from Mr. Emilio G. Collado, Chief, Division of Financial and Monetary Affairs, Department of State, requesting assistance from the Board in studies of various aspects of Japanese reparation, asking particularly for the assistance of Mr. Frank Tamagna of the Federal Reserve Bank of New York in an advisory and technical capacity, and recommending that the Board approve an arrangement whereby Mr. Tamagna will spend in Washington an average of one day a week and devote such time to the project in New York as is necessary and can be spared from his other duties there. The memorandum recommended further that the Board pay the transportation expenses of Mr. Tamagna's trips to Washington and a per diem at the rate

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of \$6.00 per day, this being in effect a continuation of the existing arrangement with Mr. Tamagna for another purpose. It was stated in the memorandum that in the past Mr. Tamagna had spent in Washington each week one day at the Board in preparation of the Civil Affairs Handbook on Japan and two days in the performance of special tasks for the Foreign Economic Administration and the Navy Department, and the Board had paid one-third of the expenses of his trips to Washington; that in the future it was contemplated that Mr. Tamagna would spend an average of one day a week in Washington and it would be necessary for the Board to pay all of his expenses; and that it was possible that the Foreign Economic Administration might again wish to use Mr. Tamagna's services for a day or so and in that event would share in paying his expenses.

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

"The Board of Governors at the request of the Secretary of State has been assisting the State Department in making studies of the financial position of various countries with special reference to the terms of peace settlements. One of these studies is to cover various aspects of Japanese reparation and we should like to enlist the assistance of Mr. Frank Tamagna, of your staff, in this project. Attached is a copy of a letter received from Mr. Collado of the State Department especially requesting Mr. Tamagna's help. If such an arrangement is

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"agreeable to you, we should like to have Mr. Tamagna plan to come to Washington an average of one day a week and to devote such time to the project in New York as is necessary and as can be spared from his other duties there.

"The Board would pay the transportation expenses of his trips to Washington and a per diem at the rate of \$6 per day. Mr. Tamagna has been spending one day a week with us in connection with work on a Handbook of Japanese Money and Banking for the Civil Affairs Division of the War Department. That task is now nearly completed and we should like for Mr. Tamagna to devote approximately the same amount of time to the reparation study.

"We believe that Mr. Tamagna is especially well equipped to help us and the State Department on this project and hope that it will be agreeable to you for him to do so."

Letter to the board of directors of "The North Side Bank", Evansville, Indiana, stating that, subject to conditions of membership numbered 1 to 6 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, together with a letter to Mr. Davis, President of the Federal Reserve Bank of St. Louis, reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of 'The North Side Bank', Evansville, Indiana, 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

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"the Director, Department of Financial Institutions for the State of Indiana, for his information.

"It is understood that in the State of Indiana trust funds deposited in the banking department of a bank are preferred claims in the event of liquidation of the bank. Therefore, you are authorized, in accordance with the general authorization previously granted by the Board, to waive compliance with condition of membership numbered 6 until further notice."

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

"For your information there is enclosed a copy of a War Department memorandum, dated October 4, 1944, with attachment, signed by Colonel Paul Cleveland, Chief, Advance Payment and Loan Branch, regarding compromise settlements involving guaranteed loans."

Approved unanimously.

Memorandum dated October 2, 1944, from Mr. Goldenweiser, Director of the Division of Research and Statistics, submitting for approval a supplemental budget of \$20,000 for the Research and Statistical Department (including Library) of the Federal Reserve Bank of Chicago for the calendar year 1944. The memorandum pointed out that early this year the Reserve Bank had submitted a proposed budget in the amount of \$174,000 covering this function for the year 1944, but the Board had approved an expenditure of not to exceed \$150,000; that the Reserve Bank was now asking the Board to approve a 1944 budget of \$170,000 for this function; and that the current rate of expenditures was higher and a budget of around \$185,000 for the year 1945 would be called for if present activities of the department were to be maintained. The

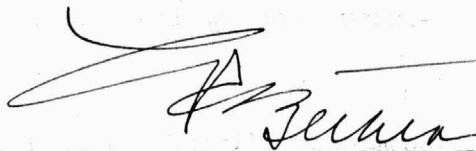
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memorandum stated further that it seemed to Mr. Goldenweiser that the additional information provided by the Reserve Bank (which was set forth in some detail in the memorandum) justified both the increase recommended and the maintenance of as large a clerical and stenographic force as the department now had, and that he, therefore, recommended approval of the supplemental budget requested by the Bank.

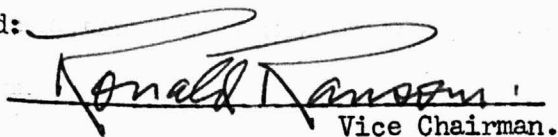
Approved unanimously.

Thereupon the meeting adjourned.



Assistant Secretary.

Approved:



Vice Chairman.