

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, November 2, 1944, at 10:30 a.m.

PRESENT: Mr. McKee  
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:

Memorandum dated October 31, 1944, from Mr. Leonard, Director of the Division of Personnel Administration, recommending that, after having passed satisfactorily the usual physical examination, Mrs. Catherine Elizabeth O'Connell be appointed as substitute nurse in that Division, with salary at the rate of \$6 per day, plus overtime at the rate of 15%, for each calendar day worked including Sundays and holidays falling between days worked. The memorandum stated that, in view of the intermittent nature of her employment, Mrs. O'Connell would not become a member of the retirement system.

Approved unanimously.

Letter to Mr. Ashley, Assistant Federal Reserve Agent at the Federal Reserve Bank of Dallas, reading as follows:

"In accordance with the request contained in your letter of October 26, 1944, the Board of Governors approves the appointment of Mr. Llewellyn Glynn Davis as Alternate Assistant Federal Reserve Agent at his present

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"salary of \$1800 per annum, effective November 6, 1944.

"This approval is given with the understanding that he will be placed upon the Agent's pay roll and will be solely responsible to him, or, during a vacancy in the office of Agent, to the Assistant Federal Reserve Agent, and to the Board of Governors, for the proper performance of his duties. When not engaged in the performance of his duties as Alternate Assistant Federal Reserve Agent he may, with the approval of the Federal Reserve Agent, or during a vacancy in the office of the Federal Reserve Agent, of the Assistant Federal Reserve Agent, and the President, perform such work for the Bank as will not be inconsistent with his duties as Alternate Assistant Federal Reserve Agent.

"It is noted in your letter that upon receipt of advice of the Board's approval, Mr. Davis will be bonded and that, after examination by your counsel, the bond will be forwarded to the Board for approval.

"It is also noted that after Mr. Davis has qualified, Mr. Digings will be released from his duties as Alternate Assistant Federal Reserve Agent. Please advise us as to the action, if any, we should take with respect to releasing the Bonding Company from liability under bond of Mr. Digings."

Approved unanimously.

Letter to Mr. F. A. Carroll, Vice President of The National Shawmut Bank of Boston, Boston, Massachusetts, reading as follows:

"This refers to your letter of October 25, 1944, containing advice as to the liquidation and change in name of the Shawmut Corporation and inquiring whether such action would in any way prejudice your rights to form a new corporation under sections 25 or 25(a) of the Federal Reserve Act for the purpose of engaging in international or foreign banking.

"It appears from the Board's files that under date of December 26, 1929, the Board advised the Shawmut Corporation of Boston that its agreement under section 25 of the Federal Reserve Act had been cancelled by the Board in compliance with the request of the Corporation, and that it was no longer necessary for the Corporation

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"to comply with the regulations of the Board issued under section 25 of the Federal Reserve Act. On the basis of such information as the Board has at this time, we know of no reason why the matter referred to above should prejudice your rights to make application for authority under section 25 of the Federal Reserve Act to hold stock in a new corporation to be engaged in international or foreign banking, or to take steps to organize a corporation under section 25(a) of the Federal Reserve Act. Of course, the ultimate disposition of any such application would depend upon the facts and circumstances existing at the time it is submitted to the Board. If you should decide to make application for either of the privileges referred to above, it is suggested that you submit it to the Federal Reserve Bank of Boston, which will develop such information as it feels necessary before transmitting the matter to the Board.

"A copy of your letter of October 25 and a copy of this letter are being sent to the Federal Reserve Bank of Boston for its information."

Approved unanimously.

Letter to "The O'Laughlin Company", Chicago, Illinois, reading as follows:

"This refers to your request addressed to the Board of Governors of the Federal Reserve System under date of October 20, 1944, transmitted through the Federal Reserve Bank of Chicago, relating to the holding company affiliate relationship which will exist between The O'Laughlin Company, Chicago, Illinois, and the Prairie State Bank, Oak Park, Illinois, upon the latter's conversion into a national bank.

"The Board understands that upon the conversion of the Prairie State Bank into a national bank, your Company will own 2,612 of the 4,000 outstanding shares of stock of the national bank, but will not own or control any stock of, or manage or control any other banking institution.

"In view of these facts, the Board has determined that your Company will not be engaged directly or indirectly as a business in holding the stock of or managing or controlling banks, banking associations, savings

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"banks, or trust companies within the meaning of section 2(c) of the Banking Act of 1933, as amended; and, accordingly, your Company will not be a holding company affiliate for any purposes other than those of section 23(a) of the Federal Reserve Act.

"If, however, after the conversion of the State bank into a national bank, your Company should at any time own or control a substantial portion of the stock of, or manage or control more than one banking institution, this matter should again be submitted to the Board for its determination. The Board reserves the right to make a further determination at any time on the basis of the then existing facts."

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

Memorandum dated November 2, 1944, from Mr. Carpenter, reading  
as follows:

"At the present time the Federal Reserve wire system is served between Chicago and Washington by a duplex wire (which permits sending from both ends of the circuit at the same time). This line carries all of the business handled over the wire system between (1) the Federal Reserve Banks of Boston, New York, Philadelphia, Richmond, Atlanta, their branches, and the Board of Governors, and (2) the remaining Federal Reserve Banks and their branches. The present switching facilities were installed in the Washington office in 1940, and since that time there has been an increase in the volume of business handled, based on monthly averages, of more than 40 per cent. Recently the Chicago-Washington wire at times has been congested, with some complaint because of the resulting delay.

"Yesterday word was received from the chief telegraph operator at the Treasury that it was expected that the volume of telegraph business in connection with the Sixth War Loan drive would be substantially in excess of that handled in connection with previous drives and that, unless additional facilities were set up between Washington

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"and Chicago, there probably would be serious delays in handling the business.

"I have discussed the matter with Mr. Dillard, Chairman of the Leased Wire Committee, and he has taken it up with the other members of that committee, all of whom approve the installation of a telemeter circuit on the Chicago-Washington line to augment our existing facilities. The cost of this circuit would vary, depending upon the number of words sent, from a minimum of \$310 to a maximum of \$760 per month.

"It is believed that this additional circuit is entirely justified, and it is recommended that its installation be approved."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie  
Secretary.

Approved:

John (m) [Signature]

Member.