

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, November 6, 1944, at 10:30 a.m.

PRESENT: Mr. Szymczak
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:

Letter to Mr. Sproul, President of the Federal Reserve Bank of New York, reading as follows:

"This refers to Mr. Gidney's letter of October 19, reporting on negotiations with the Bank Commissioner of Connecticut for joint publication of reports of condition rendered by State member banks to the State banking department and to your Bank.

"It is observed from Mr. Gidney's letter and from an examination of the enclosures that the Bank Commissioner has made substantial concessions toward the Federal Reserve publication requirements, and that all differences of any substance between the State form and the Board's requirements appear to have been harmonized satisfactorily and in a manner consistent with the general instructions governing publication appearing on page 3 of Form F. R. 105a. The following points in particular were noted in reviewing the proposed form of joint published statement:

"1. Valuation reserves in savings department. As indicated in Mr. Gidney's letter, under the Board's general instructions all valuation reserves--savings department and commercial department--are required to be netted against the pertinent asset figures. It is observed, however, from the Bank Commissioner's letter of October 9 that any such reserves set up in the savings department cannot be netted against the pertinent asset figures, in reports rendered to the State banking department, because

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"that 'would throw the savings department out of balance.' Therefore, as pointed out in Mr. Gidney's letter, if the State form is used, it will be necessary for any Connecticut State member bank having such valuation reserves in its savings department to (1) interline the total amount as a separate item above 'Other liabilities' in the condition report submitted to your Bank on Form F. R. 105, and (2) furnish a supplementary memorandum showing how much of the valuation reserves are applicable to the various asset items in the condition report, so that appropriate adjustments may be made in tabulating statistics from the reports of condition.

"2. Omission from the State form of the following memorandum item appearing in the Board's form because, as stated in the State Bank Commissioner's letter of October 9, 'neither of these items are pertinent to Connecticut':

- 31(c) Assets pledged to qualify for exercise of fiduciary or corporate powers, and for purposes other than to secure liabilities.

"The reports of condition for June 30, 1944 of three State member banks in Connecticut (one in the New York and two in the Boston district) show amounts against item 31(c). Reference to the examination reports, however, shows that in two of the cases (including the one in your district) the condition reports are in error; the amounts represent assets pledged against uninvested trust funds deposited in the banking department and should have been reported against item 31(a) or 31(b). In the third case the condition report apparently is correct, since examination reports indicate that the amount reported represents securities pledged with the local clearing house. In the circumstances, item 31(c) need not be included in the proposed form of joint published statement.

"3. Omission from the State form of the following memorandum item appearing in the Board's form because, as stated in the State Bank Commissioner's letter of October 9, 'neither of these items are pertinent to Connecticut':

- 32(d) Deposits preferred under provisions of law but not secured by pledge of assets.

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"Four banks in the Boston District and none in the New York District showed preferred deposits ranging from \$907 to \$50,893 against item 32(d) of the June 30, 1944 condition reports. Assuming that the Bank Commissioner's letter means that there is no provision in State law for preference of deposits, the amounts shown presumably represent unsecured deposits preferred under provisions of Federal law (Section 3466 U.S.R.S.). In the circumstances and in view of the statement made by the Bank Commissioner of Connecticut, the Board will interpose no objection to the omission of the item in the proposed joint published statement.

"4. Attestation of three directors. It is understood from a telephone conversation with Mr. Gidney that it is not anticipated that the Bank Commissioner will have any objection whatever to including, in the proposed form of joint published statement, provision for the names of the three directors of the State member bank who attest to the correctness of the condition report on Form F. R. 105 submitted to your Bank, even though this is not required by the State.

"Under the above conditions, and in view of your Bank's recommendation, the Board will interpose no objection to the acceptance, until further notice, of the publication of condition reports of Connecticut State member banks in accordance with the draft of the proposed form enclosed with Mr. Gidney's letter of October 19."

Approved unanimously.

Letter to Mr. McCreedy, Secretary of the Federal Reserve Bank of Philadelphia, reading as follows:

"The Board of Governors approves the payment of salary to Mr. Robert N. Hilkert, Assistant Vice President, Federal Reserve Bank of Philadelphia, for the period November 16, 1944 through April 30, 1945, at the rate of \$8,500 per annum, which is the rate fixed by your Board of Directors as reported in your letter of November 2, 1944."

Approved unanimously.

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Thereupon the meeting adjourned.

Chester Morie
Secretary.

Approved:

W. Szymanski
Member.