

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, December 9, 1944, at 10:30 a.m.

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

Mr. Morrill, 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:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on December 8, 1944, were approved unanimously.

Letters to the "First State Bank of Meriden", Meriden, Minnesota, and the "Platte Valley Bank, Ravenwood, Missouri", Ravenwood, Missouri, 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.

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

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"This is in reply to your letter of November 30, 1944 regarding the assignment and salary of Joseph F. Delaney.

"In view of the fact that the maximum annual salary for the position formerly occupied by Mr. Delaney was \$4,500 and that his present assignment to an 'unassigned' position in a roving capacity is part of the training program under your Executive Development Plan, the Board's letter of November 24, 1944 may be regarded as authorization for the continuation of Mr. Delaney in the 'unassigned' position for a further period of six months beginning December 1, 1944, without specific reference to his salary, which may be increased in an appropriate amount within the maximum of his former position."

Approved unanimously.

Letter to Mr. Leland, Federal Reserve Agent at the Federal Reserve Bank of Chicago, reading as follows:

"In accordance with the request contained in Mr. Meyer's letter of November 29, 1944, the Board of Governors approves the payment of salaries to the following members of the Federal Reserve Agent's staff, at the rates shown, effective December 1, 1944:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Charles J. Scanlon	Alternate Assistant Federal Reserve Agent	\$4,500
August J. Pettke	Federal Reserve Agent's Representative, Detroit Branch	4,000
Everett D. Jones	Federal Reserve Agent's Representative, Detroit Branch	3,740"

Approved unanimously.

Letter to Mr. Dolph Briscoe, a Class C director of the Federal Reserve Bank of Dallas, reading as follows:

"I have brought to the attention of the other members

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"of the Board of Governors your letter of December 1 submitting your resignation as a Class C director of the Federal Reserve Bank of Dallas, and it is with sincere regret that the Board accepts your resignation.

"Your interest in and contribution to the Federal Reserve System during the period of your service, first as a director of the San Antonio Branch, and then as a Class C director of the Federal Reserve Bank of Dallas, are indeed appreciated and the Board trusts that your interest will continue after the termination of your official connection with the System."

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 from the Federal Reserve Bank of Minneapolis, dated November 27, 1944, requesting an expression of the views of the Armed Services and the Maritime Commission as to the practice which should be followed in connection with T-Loans in obtaining legal opinion as to the incorporation of the borrower and the validity of the contract between the borrower and the financing institution.

"This inquiry was referred by the Board to the Armed Services and the Maritime Commission by letters dated December 1, 1944; and there is enclosed a copy of the Board's letter to the Navy Department, together with a copy of a memorandum received from the Navy Department in reply, dated December 2, 1944, signed by Commander Donald P. Welles, Chief of Finance Division."

Approved unanimously.

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

"There is attached a copy of the Board's 'Manual of Instructions Governing the Preparation of Earnings and Expense Reports and Profit and Loss Statements by the Federal Reserve Banks' (B-1067), revised, except

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"as hereinafter indicated, effective January 1, 1945. Also enclosed are samples of Forms F. R. 95, 96, 96a, and 418, revised for use beginning January 1945. A supply of the revised Manual and forms is being shipped to your Bank.

"The principal change in the instructions is the provision for reporting salaries of all employees, including cafeteria and telegraph employees, and building employees assigned to buildings classified as 'Other Real Estate', in the item 'Salaries' on Form 96, concerning which you have been advised in the Board's letter of October 25, 1944. In connection with this change, the expense item 'Cafeteria net expense' has been eliminated. Cafeteria expense will henceforth be reported in appropriate expense items on Form 96, and to the extent that they are reimbursable from cafeteria receipts, as an item of reimbursable expense on Form 96a. Also eliminated for the same reason are the profit and loss items, net income (or expense) of (1) other real estate originally acquired for banking house purposes, (2) miscellaneous assets acquired in settlement of claims account closed industrial advances. Henceforth, earnings derived from such assets and expenses incurred in connection therewith will be reported as earnings and expenses in appropriate captions on Forms 95 and 96, respectively. A similar procedure should be followed in reporting earnings and expenses of miscellaneous assets acquired account industrial loans on Form F. R. 418, the monthly statement of net earnings on industrial loans and commitments.

"Other changes are to clarify the instructions at certain points and bring them up to date. Among these are certain changes incorporating recommendations in the report of the Special Committee on Simplification of Functional and Operating Reports, which was approved by the Conference of Presidents on October 16, 1943. The functional expense report, Form E, was revised as of January 1, 1944, in accordance with the Special Committee's recommendations. In view of the changes made as of January 1, 1944, in the functional expense instructions, the following changes in present Form 96 instructions are effective retroactively to the first of this year:

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"1. Cost of currency shipments.

Branch reports, instead of head office reports, should include the cost of shipments made by the branch (a) of fit Federal Reserve notes to Banks of issue, (b) of unfit Federal Reserve notes to Washington, and (c) of currency of all kinds to the head office or other branches.

2. Contributions to the Retirement System.

a. Special contributions to the Retirement System should be included in expense item 3, 'Retirement System contributions for current service', instead of in 'Salaries'.

b. Retirement System contributions for current service of all employees, including cafeteria and telegraph employees, should be included in item 3, 'Retirement System contributions for current service'.

Adjustments to reflect these changes should be made in the current month's reports on Form 96. Revised reports for preceding months need not be submitted.

"Provisions regarding the establishment and maintenance of the 'Reserve for Registered Mail Losses', on pages 40-41, will become effective if and when the revised Loss Sharing Agreement between the Federal Reserve Banks is approved.

"A new schedule 'D' to accompany the annual profit and loss statement provides for a classification of losses according to the groups used in submitting reports on form R-126b, attached to the Board's letter of December 6, 1937 (R-126)."

Approved unanimously.

Thereupon the meeting adjourned.

Robert Morrie
Secretary.

Approved:

W. S. ...
Chairman.