A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, January 4, 1945, at 10:30 a.m.

PRESENT: Mr. Ransom, Vice Chairman
Mr. Szymczak
Mr. McKee
Mr. Draper
Mr. Evans
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 January 3, 1945, were approved unanimously.

Memorandum dated December 29, 1944, from Mr. Leonard, Director of the Division of Personnel Administration, calling attention to a new law which became effective December 21, 1944, and which provides:

1. For the lump sum payment for accumulated and current accrued annual leave to Federal employees separated from service or electing to be paid for annual leave upon entering military or maritime service. (Heretofore compensation for such leave has been paid by carrying the employee upon the pay roll until the expiration of the leave.)

2. That if an employee who has received such a payment for leave is reemployed in the Federal service or in the service of the District of Columbia under the same leave system prior to the expiration of the period covered by such leave payment, he shall make appropriate refund to the employing agency and shall be credited by the employing agency with the
amount of leave represented by such refund. The refund is an amount equal to the compensation covering the period between the date of reappointment and the expiration of the leave period covered by the lump sum payment. The amount so refunded shall be covered into the Treasury as "Miscellaneous Receipts", or, in the case of reemployment by the District of Columbia to the credit of the District of Columbia.

3. That in cases involving transfers to agencies under different leave systems, accumulated and current accrued leave shall be liquidated by a lump sum payment. (No refunds are involved.)

4. That the lump sum payments so authorized shall not be regarded as salary or compensation except for the purposes of taxation and shall not be subject to retirement deductions.

5. That upon death in service, compensation for all accumulated and current accrued annual leave be paid in a lump sum. (Heretofore there has been no provision for payment of leave in the case of death and the amount of leave to the credit of the employee has been forfeited.)

The memorandum stated that the Board's counsel had consistently held that the general statutes relating to leave for Government employees and the Executive Orders and regulations issued thereunder were not applicable to the Board, but that as a matter of policy the Board followed generally the Government provisions, and that therefore, it was recommended:

1. That the Board adopt the Government practice of making lump sum payments for accumulated and accrued annual leave in cases of separation from service and in cases of employees going into military or maritime service who elect to receive payment for their annual leave. (This contemplates that an employee coming to the Board from another agency would not be required to make refund of leave payment if he is employed by
the Board prior to the expiration of the period of
leave for which he has received lump sum compensation.)

2. That the Board authorize continuation of the present
practice whereby an employee coming to the Board with-
out break in service from another agency may be given
credit for, or charged with, the balance of sick leave
as certified to by the other agency.

3. That in the case of death of an employee of the Board,
lump sum payment be made for all accumulated and ac-
crued annual leave.

Approved unanimously, with the under-
standing that, for the reasons stated in
Mr. Leonard's memorandum, the application
of the recommendations to procedures relat-
ing to withholding tax deductions and retire-
ment questions would be in the light of
Government practice when these procedures
were further clarified.

Memorandum dated January 4, 1945, from Mr. Bethea, Director of
the Division of Administrative Services, recommending that Mrs. Evelyn
M. Loveless be appointed as a cafeteria helper in that Division on a
temporary basis for a period of not to exceed 60 days, with basic sal-
ary at the rate of $1,080 per annum, effective January 4, 1945. The
memorandum stated that Mrs. Loveless would not become a member of the
Board's retirement system during the period of her temporary employ-
ment.

Approved unanimously.

Memorandum dated January 2, 1945, from Mr. Goldenweiser, Di-
rector of the Division of Research and Statistics, recommending, for
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the reasons stated in the memorandum, that Miss Ruth Brooks, administrative clerk in that Division, be granted an extension of leave without pay for an additional period of not to exceed 30 days, from January 3, 1945, through February 1, 1945, and that the Board continue its contributions to the retirement system in her behalf during the additional period of her absence provided she continues her own payments.

Approved unanimously.

Memorandum dated January 3, 1945, from Mr. Goldenweiser, Director of the Division of Research and Statistics, submitting the resignation of Mrs. Frances L. Johnson as a clerk-typist in that Division to become effective as of the close of business on January 8, 1945, and recommending that the resignation be accepted as of that date.

The resignation was accepted as recommended.

Telegrams to Mr. Grady, Chairman of the Federal Reserve Bank of San Francisco, authorizing him to issue limited voting permits, under the provisions of Section 5144 of the Revised Statutes of the United States, to the "Old National Corporation" and "Investment and Securities Co.", both of Spokane, Washington, entitling such organizations to vote the stock which they own or control of "The Old National Bank of Spokane" and the "First National Bank in Spokane",
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Spokane, Washington, at any time prior to April 1, 1945, and to elect directors of such banks at the annual meetings of shareholders, or any adjournments thereof, and to act thereat upon such matters of a routine nature as are ordinarily acted upon at the annual meetings of such banks.

Approved unanimously.

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

"For your information and guidance there is enclosed a copy of a War Department memorandum, dated December 30, 1944, signed by Colonel Paul Cleveland, Chief, Advance Payment and Loan Branch, regarding the procedure to be followed with respect to the deposit of guarantee fees, refunds and other payments in connection with War Department guaranteed loans. This memorandum supplements the War Department memorandum dated September 28, 1944, a copy of which was forwarded with the Board's letter S-796 of September 30, 1944."

Approved unanimously.

Telegram to Mr. Hitt, First Vice President of the Federal Reserve Bank of St. Louis, reading as follows:

"Retel January 2, Board will interpose no objection to your Bank's incurring additional expense of approximately $26,500 in connection with wreckage at night of structure of overhead bridge across St. Charles Street."

Approved unanimously.
Thereupon the meeting adjourned.

Assistant Secretary.

Approved:

Vice Chairman.