

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, January 6, 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 5, 1945, were approved unanimously.

Memorandum dated January 6, 1945, from Mr. Bethea, Director of the Division of Administrative Services, recommending that Mrs. Sophie White be appointed as a charwoman in that Division on a temporary basis for a period of not to exceed 60 days, with basic salary at the rate of \$1,200 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. The memorandum stated that Mrs. White would not become a member of the Board's retirement system during the period of her temporary employment.

Approved unanimously.

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Memorandum dated January 5, 1945, from Mr. Bethea, Director of the Division of Administrative Services, submitting the resignation of Mrs. Geraldine May as a cafeteria helper in that Division, to become effective as of the close of business on January 13, 1945, and recommending that the resignation be accepted as of that date.

The resignation was accepted as recommended, with the understanding that the effective date of the resignation would be on an appropriate earlier date should annual leave be taken prior to January 13, 1945.

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

"The Board of Governors approves the changes in the personnel classification plan of the Federal Reserve Bank of New York, as submitted with your letter of December 21, 1944, with the exception of the establishment of the position of Secretary to the First Vice President.

"It is understood that the request for the approval of the establishment of this position is to be considered as having been withdrawn."

Approved unanimously.

Letter to Mr. Young, President of the Federal Reserve Bank of Chicago, reading as follows:

"The Board of Governors approves the payment of salary to Mr. John W. Garvy, Assistant Counsel, Federal Reserve Bank of Chicago, for the period January 1, 1945 to March 31, 1945, inclusive, at the rate of \$6,500 per annum, which is the rate fixed by your Board of Directors as reported in your letter of December 30, 1944."

Approved unanimously.

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

"Reurtel fifth Board approves designation of C. L. Childers as special assistant examiner for Federal Reserve Bank of Dallas."

Approved unanimously.

Letter to Mr. Hayden McIlroy, President, McIlroy Bank, Fayetteville, Arkansas, reading as follows:

"This refers to your letter of December 31, 1944, addressed to Mr. W. A. Chapman, and transmitted to the Board of Governors of the Federal Reserve System through the Federal Reserve Bank of St. Louis, relating to the holding company affiliate relationship between the McIlroy Bank and the Industrial Finance Company, both of Fayetteville, Arkansas.

"The Board understands that the Industrial Finance Company, which formerly was engaged in the instalment loan business but now is engaged in owning and managing real estate and a public warehouse, owns 1,955 of the 4,000 outstanding shares of stock of the McIlroy Bank which is more than 50 per cent of the number of shares voted for the election of directors of the bank at the last election but does 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 the Industrial Finance Company is not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks, or trust companies, within the meaning of section 2(c) of the Banking Act of 1933, as amended; and, accordingly, the Industrial Finance Company is not a holding company affiliate for any purposes other than those of section 23A of the Federal Reserve Act.

"If, however, the Industrial Finance 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

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"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, together with the following letter to Wm. E. Peterson, Vice President of the Federal Reserve Bank of St. Louis:

"Referring to your letter of January 2, 1945, relating to the status of the Industrial Finance Company, Fayetteville, Arkansas, as a holding company affiliate of the McIlroy Bank, Fayetteville, Arkansas, there is enclosed for transmittal a letter of this date addressed to Mr. Hayden McIlroy, President of the McIlroy Bank, advising him of the action taken by the Board with respect to this matter. A copy of the letter is enclosed for your files."

Letter to Mr. Woolley, Vice President of the Federal Reserve Bank of Kansas City, reading as follows:

"This refers to letters addressed to you and received from you under dates of August 12, September 1, September 4, September 7 and December 20, 1944, pertaining to certain data concerning certificates of the capital stock and dividend checks of Commerce Trust Company, Kansas City, Missouri.

"It is felt that the information requested in Mr. Cagle's letter of August 12, 1944, is within the purview of Section 21 of the Federal Reserve Act. It is desired that such information be developed during the course of your next examination of the bank.

"In the event the management of the bank does not wish to make available to your examiners the records necessary for the development of the desired information, please advise the Board promptly."

Approved unanimously.

Telegram to Mr. Ruml, Chairman of the Federal Reserve Bank of New York, authorizing him to issue a limited voting permit, under the

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provisions of Section 5144 of the Revised Statutes of the United States, to the "First Securities Corporation of Syracuse", Syracuse, New York, entitling such organization to vote the stock which it owns or controls of "The First National Bank of Canastota", Canastota, New York, the "Liverpool Bank", Liverpool, New York, and "The State Bank of Parish", Parish, New York, at any time prior to April 1, 1945, 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.

The telegram also contained the following statements:

"In connection with the issuance of the limited voting permit, dated January 7, 1942, the applicant was advised that the Board did not feel that the financial circumstances of the corporation warranted the use of any of its funds for the purchase of its own stock. The Board still feels that the financial circumstances of the corporation, including its contingent liability, the continued impairment of capital, and lack of actual net earnings do not warrant the use of any of its funds for the purchase of its own stock. Please advise the applicant accordingly. The Board has authorized issuance of a limited permit rather than a general permit, because of the existence of the large deficit and the indicated intention to liquidate the corporation. In the event you deem it advisable you may so advise the applicant."

Approved unanimously.

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

"Receipt is acknowledged of your letter of December 27, 1944, and the enclosed draft of an agreement creating the St. Louis Bank Credit Group.

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"We are glad to have the draft of agreement for our information and files but it does not appear to present any matter which requires the Board's approval.

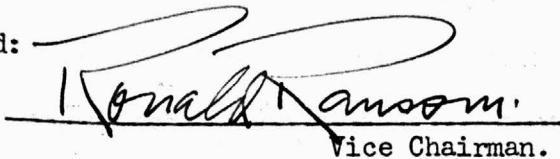
"The draftors of the agreement have undoubtedly considered the possible application of the Federal anti-trust laws. We have been told that a somewhat similar agreement was thought to be not in violation of those laws because the credit committee did not fix the rate of interest and because the terms of the agreement were such that it was impossible to 'freeze out' any prospective member who logically should be allowed to participate."

Approved unanimously.

Thereupon the meeting adjourned.


Assistant Secretary.

Approved:


Vice Chairman.