

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, February 12, 1945, 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. Thurston, 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 February 10, 1945, were approved unanimously.

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

"In accordance with the request contained in your letter of February 8, 1945, the Board of Governors approves the payment of salary to Mrs. May K. Pichel as a Senior Clerk in the Wire Transfer Section, Wire Transfer Division, Collection Department, for a further period of six months beginning February 1, 1945, at the rate of \$3,000 per annum, which is \$300 in excess of the maximum annual salary provided in the personnel classification plan for the position she occupies."

Approved unanimously.

Telegram to Mr. Brainard, Chairman of the Federal Reserve Bank of Cleveland, reading as follows:

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"Your letter January 31. Board approves appointments of Messrs. Howard Evans and Harry H. Ostendorf as Federal Reserve Agent's Representatives at the Pittsburgh and Cincinnati Branches, respectively.

"Approval is given with understanding that they will be placed upon Agent's pay roll and be solely responsible to him, or during vacancy in office of Agent to Assistant Federal Reserve Agent, and to Board of Governors for proper performance of duties. When not engaged in performance of duties as Federal Reserve Agent's Representatives they may, with approval of Federal Reserve Agent or, in his absence, of Assistant Federal Reserve Agent and Vice President in charge of Branch, perform such work for Branch as will not be inconsistent with duties as Federal Reserve Agent's Representatives.

"Messrs. Evans and Ostendorf should execute the usual oath of office, but, assuming that they will be covered under the bankers blanket bond, execution of the usual surety bond may be deferred, if you desire, pending the disposition of the matter of discontinuing surety bonds referred to in Board's letter February 9.

"Please advise effective date of appointments. It is assumed that salaries proposed for Messrs. Evans and Ostendorf as Federal Reserve Agent's Representatives will be submitted to Board for approval in accordance with the usual practice."

Approved unanimously.

Letter to Mr. Meyer, Assistant Cashier of the Federal Reserve Bank of Chicago, reading as follows:

"The Board of Governors approves the changes in the personnel classification plan of the Federal Reserve Bank of Chicago, involving the establishment of two new positions, as requested in your letter of February 6, 1945."

Approved unanimously.

Letter to Mr. Gilbert, President of the Federal Reserve Bank of Dallas, reading as follows:

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"The Board of Governors approves the appointment of Messrs. Charles R. Moore, E. P. Simmons, Lawrence S. Pollock, Ira T. Moore, and Jake L. Hamon as members of the Industrial Advisory Committee for the Eleventh Federal Reserve District to serve for terms of one year each, beginning March 1, 1945, in accordance with the action taken by the Board of Directors of the Federal Reserve Bank of Dallas, as reported in your letter of February 8, 1945."

Approved unanimously.

Letter to Mr. Charles R. Erdman, Jr., Commissioner, Department of Economic Development, Trenton, New Jersey, reading as follows:

"With further reference to your letter of January 17, 1945, there is enclosed a copy of an amendment to Regulation W which was adopted by the Board effective February 5, 1945. The amendment has the effect of exempting from the Regulation any extension of credit guaranteed in full or in part by any State agency pursuant to State legislation similar to Title III of the Servicemen's Readjustment Act of 1944, and since, as you say in your letter of November 29, 1944, the Veterans Loan Authority of New Jersey is empowered to guarantee payment of 90 per cent of unpaid balances of loans made to qualified New Jersey veterans for the purpose of establishing or reestablishing themselves in businesses or professions, it is clear that the enclosed amendment to Regulation W would exempt such loans."

Approved unanimously.

Letter to Mr. Flanders, President of the Federal Reserve Bank of Boston, reading as follows:

"Many thanks for your letter of February 2, 1945, relating to the restriction of travel pursuant to the request of the Director of War Mobilization. I have shown your letter to the members of the Board and they feel that the question whether, and to what extent, the

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"travel which you have in mind is essential in the light of Justice Byrnes' request is one for the exercise of your own good judgment."

Approved unanimously.

Letter to Mr. Rounds, Chairman, Retirement Committee, Retirement System of the Federal Reserve Banks, Federal Reserve Bank of New York, reading as follows:

"Reference is made to your circular letter No. 93 of January 15, 1945, regarding the proposed amendment to the resolution adopted by the Board of Trustees of the Retirement System on May 5, 1942, which provided special benefits for employees reemployed after military service.

"It is noted that this resolution was designed not only to enable the Reserve Banks to comply with the Selective Service Act with respect to the retention of pension benefits under the Retirement System, but that it went beyond this requirement in that it provided for a special additional benefit of a pension for the period of military service, all benefits being conditioned, among other things, upon application for reemployment within forty days after discharge from the service of the United States, the period specified in the Selective Service Act for reemployment rights.

"Since the Selective Service Act has been amended recently to extend the period for reemployment rights to cover a period within ninety days after discharge from military service, or within ninety days after hospitalization continuing for not more than one year after discharge, you raise the question of whether the employing banks will wish to have the resolution amended to conform with this change in the law.

"The Board favors an amendment as proposed in your letter which would extend the period within which an individual may apply for reemployment and still receive the special pension benefits."

Approved unanimously.

Letter to Mr. Leach, President of the Federal Reserve Bank of Richmond, reading as follows:

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"Reference is made to the Board's letter of February 3, 1943 and your reply thereto dated February 5, 1943, in which it was agreed that Mr. R. S. Brock, Jr., Auditor of your Bank, would undertake the work of auditing the books and accounts of the Board of Governors for the calendar years 1943 and 1944.

"It occurs to the Board that it would be desirable to designate the auditor of the Board's accounts to audit transactions covering three calendar years rather than two as has been the practice in recent years. The longer period will afford more economical and efficient audits from a long-range point of view. It has been the Board's experience that each time a new auditor is selected it takes some time for him to become acquainted with the records and procedure. Therefore, while the Board does not contemplate any change in its policy of rotating the task among the auditors of several of the Federal Reserve Banks, the Board will be glad to have your institution carry on this work for the calendar year 1945. It is understood from our recent conversation by telephone with you that the continuation for an additional year of the arrangement which has been in effect during the last two years would meet with your approval. However, your confirmation of this understanding will be appreciated."

Approved unanimously.

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

"Retel February 12 and telephone conversation, Board will interpose no objection to expenditure of approximately \$328,532 for alterations and additions to Nugent Building and reroofing present Bank building."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie  
Secretary.

Approved:

W. S. ...  
Chairman.