

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

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

Mr. Morrill, Secretary
Mr. Carpenter, Assistant Secretary
Mr. Hammond, Assistant Secretary
Mr. Thurston, Assistant to the Chairman
Mr. Goldenweiser, Economic Adviser,
Division of Research and Statistics
Mr. Smead, Director of the Division of
Bank Operations
Mr. Thomas, Director of the Division of
Research and Statistics
Mr. Vest, General Attorney
Mr. Piser, Chief, Government Securities
Section, Division of Research and
Statistics
Mr. Conkling, Technical Assistant, Division
of Bank Operations

There were presented telegrams to Mr. Flanders, President of the Federal Reserve Bank of Boston, Messrs. Treiber and McCreedy, Secretaries of the Federal Reserve Banks of New York and Philadelphia, respectively, Mr. McLarin, President of the Federal Reserve Bank of Atlanta, Mr. Dillard, Vice President of the Federal Reserve Bank of Chicago, Mr. Caldwell, Chairman of the Federal Reserve Bank of Kansas City, and Mr. Earhart, Vice President of the Federal Reserve Bank of San Francisco, stating that the Board approved the establishment without change by the Federal Reserve Bank of San Francisco on March 27, by the Federal Reserve Bank of Atlanta on March 28, by the Federal

3/30/45

-2-

Reserve Banks of New York, Philadelphia, Chicago, and Kansas City on March 29, 1945, and by the Federal Reserve Bank of Boston today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

There was presented a revised draft of letter to Mr. F. J. Bailey, Assistant Director of the Bureau of the Budget, reading as follows:

"This refers to your letter of March 27, 1945, requesting our comments on the enrolled enactment of H. R. 2404, 'An Act to increase the debt limit of the United States, and for other purposes'.

"This is to advise you that the Board of Governors has no objection to the approval of this bill."

Approved unanimously.

Mr. Ransom referred to the informal discussion by members of the Board on March 27, 1945, of the telegram sent to the Presidents of all of the Federal Reserve Banks by Under Secretary of the Treasury Bell on March 24, asking that the Reserve Banks arrange with the large banks in their respective districts to furnish the names and addresses of persons withdrawing or depositing currency in amounts of \$25,000 or more, the purpose of the request being to aid the Treasury in apprehending income tax evaders and black market operators. Mr. Ransom stated that, in accordance with the suggestion made during the informal discussion, he called Mr. Bell on the telephone for the purpose of ascertaining some of the background for the Treasury wire,

3/30/45

-3-

that Mr. Bell stated that he had intended to discuss the matter with the Board and then to telephone the Presidents of all of the Federal Reserve Banks regarding the matter, but that because of the lack of time he had gotten in touch with only the Federal Reserve Banks of Boston, New York, Cleveland, and Chicago and found them generally favorable to the suggestion that the request be made. Mr. Ransom said that since March 27 he had discussed the matter further with Mr. Sproul who had stated that the reaction to the request had not been consistently favorable as he had thought it would be, that Mr. Young of Chicago apparently had commenced to modify somewhat his original favorable approach to the problem, and that Mr. Williams of Philadelphia had stated in a telephone conversation that, while it had been hoped to discuss the matter with Mr. Bell when he was in Philadelphia this week, an opportunity for such a discussion had not developed. Mr. Ransom had also been advised, during his conversation with Mr. Sproul, that the New York Bank had turned over to the Treasury in connection with frozen funds control operations a considerable amount of information which had not been processed by the Treasury, and that the Treasury might get a considerable amount of the kind of information desired by reviewing these records.

In the ensuing discussion, Mr. McKee questioned whether this was a matter which the Federal Reserve Banks should be asked to handle for the Treasury, either as fiscal agents or otherwise, and there

3/30/45

-4-

was agreement among the members of the Board present that the request probably would not be very effective in developing the desired information and that it could not be kept confidential as contemplated by the Treasury. This matter had been placed on the docket at the request of Mr. Ransom for determination of the question whether the Board should say anything to the Treasury or to the Federal Reserve Banks with respect to it.

It was stated that the Board had been informed of at least the preliminary response to the request by the Presidents of the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Chicago, Minneapolis, and Kansas City, and Mr. Szymczak suggested that before a decision was made as to action to be taken the Board communicate with the Presidents of the remaining Federal Reserve Banks for the purpose of ascertaining what they had done in connection with the request and what their views were with respect to it.

In accordance with this suggestion, it was understood that Mr. Morrill would call the Presidents of the Federal Reserve Banks of Richmond, Atlanta, St. Louis, Dallas, and San Francisco.

There was then presented a draft of letter to Mr. Norman J. Wall, Head of the Division of Agricultural Finance, Bureau of Agricultural Economics of the Department of Agriculture, reading as follows:

"In response to your request of February 26, the

3/30/45

-5-

"reports of condition of State member banks of the Federal Reserve System as of December 30, 1944 will be made available to the Federal Deposit Insurance Corporation for the tabulation by States, counties, and size groups of cities in which the reporting banks are located, of agricultural loans, real estate loans on farm land, and deposits.

"It is understood that if condition reports of national banks and State member banks are made available by the Comptroller of the Currency and the Board, respectively, the Federal Deposit Insurance Corporation will tabulate the data of all insured commercial banks for the use of the Bureau of Agricultural Economics as outlined in your request. The State member bank reports will be made available to the Federal Deposit Insurance Corporation with the understanding that the Bureau of Agricultural Economics will not publish figures obtained therefrom, or make them available except for official use in your Department, in a manner that would disclose figures for any county or size group containing less than three insured commercial banks.

"A copy of this letter is being sent to Mr. Homer Jones, Chief, Division of Research and Statistics, Federal Deposit Insurance Corporation."

Consideration was also given to a related letter to Mr. Homer Jones, Chief of the Division of Research and Statistics of the Federal Deposit Insurance Corporation, which was in the following form:

"There is attached a copy of a letter to Mr. Norman J. Wall, Head, Division of Agricultural Finance, Bureau of Agricultural Economics, Department of Agriculture, stating that the reports of condition of State member banks of the Federal Reserve System as of December 30, 1944, will be made available to your office for the tabulation described in his request.

"It is understood from Mr. Wall's letter that this tabulation will be made at the time of the usual tabulation of agricultural loan data for the Agricultural Credit Department of the American Bankers Association. The condition reports may also be used for the latter tabulation under the same conditions as those outlined in the Board's

3/30/45

-6-

"letter of August 20, 1942, to Mr. A. G. Brown of the American Bankers Association, namely, that the tabulation is for the confidential use of the Association and that no figures for any county will be made available to the Association if there are less than three insured commercial banks in the county."

The proposed letters were considered in the light of the arrangement which had been in effect since 1942 for the tabulation by the Federal Deposit Insurance Corporation of information taken from call reports of all insured commercial banks for the use of the Bureau of Agricultural Economics and the Agricultural Credit Department of the American Bankers Association. It was stated that the tabulating work had been done by the Federal Deposit Insurance Corporation rather than by the Board for the reason that the Corporation had card punching equipment which made it possible to prepare the tabulation with a minimum of expense.

At the conclusion of the discussion, upon motion by Mr. Evans, the letters to Messrs. Wall and Jones were approved unanimously.

It was stated that the bank holding company bill which had been submitted by the Board to the Chairmen of the Banking and Currency Committees of the Senate and House of Representatives had been introduced in the respective Houses on Monday, March 26, 1945. Question was raised as to what, if anything, should be done to expedite consideration of the bill, but no action was taken.

3/30/45

-7-

At this point Messrs. Goldenweiser, Smead, Thomas, Vest, Piser, and Conkling withdrew from the meeting.

The action stated with respect to each of the matters herein-after referred to was then taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on March 29, 1945, were approved unanimously.

Letter to the board of directors of the "Little River Bank and Trust Company", Miami, Florida, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H, the Board approves the bank's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of Atlanta. The letter also contained the following special comments:

"It appears that although the bank possesses authority to exercise fiduciary powers, on the date of examination for membership it was administering only one account, and it is understood that the bank does not contemplate seeking or accepting additional trust business. In the circumstances, the application has been approved on the same basis as if the bank were not exercising fiduciary powers and attention is called to the fact that, under the provisions of condition of membership numbered 1, if the bank should desire in the future to exercise such powers, other than to the extent necessary in connection with the account now being administered, it will be necessary to obtain the permission of the Board of Governors before doing so.

"In view of the fact that the First National Holding Corporation and The First National Bank of Miami will

3/30/45

-8-

"become holding company affiliates of your bank upon its admission to membership, the Federal Reserve Bank of Atlanta has been informed that before stock in the Federal Reserve Bank is issued to your bank it will be necessary for the First National Holding Corporation and The First National Bank of Miami to comply with any conditions to the issuance of general voting permits entitling them to vote the stock which they own or control of your bank."

Approved unanimously, together with a letter to Mr. McLarin, President of the Federal Reserve Bank of Atlanta, reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of the 'Little River Bank and Trust Company', Miami, Florida, for membership in the Federal Reserve System, subject to the conditions prescribed in the enclosed letter which you are requested to forward to the Board of Directors of the institution. Two copies of such letter are also enclosed, one of which is for your files and the other of which you are requested to forward to the State Comptroller for the State of Florida, for his information.

"Before issuing stock in the Federal Reserve Bank of Atlanta to the Little River Bank and Trust Company, you are requested to satisfy yourself that the First National Holding Corporation and The First National Bank of Miami have complied with any conditions to the issuance of general voting permits entitling them to vote the stock which they own or control of such bank."

Letter to "The First National Bank of Morgantown", Morgantown, West Virginia, reading as follows:

"The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers, and grants you authority to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks

3/30/45

-9-

"are permitted to act under the laws of the State of West Virginia, the exercise of all such rights to be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

"This letter will be your authority to exercise the fiduciary powers granted by the Board pending the preparation of a formal certificate covering such authorization, which will be forwarded to you in due course."

Approved unanimously.

Telegrams to Mr. Neely, Federal Reserve Agent at the Federal Reserve Bank of Atlanta, stating that, subject to the conditions set forth in the respective telegrams, the Board of Governors of the Federal Reserve System authorizes the issuance of general voting permits, under the provisions of section 5144 of the Revised Statutes of the United States, to "The First National Bank of Miami" and the "First National Holding Corporation", both of Miami, Florida, entitling such organizations to vote the stock which they own or control of the "Little River Bank and Trust Company", Miami, Florida, at all meetings of shareholders of such bank, and that the period within which a permit may be issued pursuant to the authorization contained in the telegrams is limited to 30 days from the date of the telegram unless an extension of time is granted by the Board. The conditions contained in the telegrams upon which the permits were authorized were (1) that the holding company affiliates should execute and deliver to the Federal Reserve Bank in duplicate an agreement in the form described in the respective

3/30/45

-10-

telegrams and (2) that the two voting permits authorized by the telegrams should be issued simultaneously. The telegrams also contained the following statement:

"Although Board has approved application of Little River Bank and Trust Company for membership subject to conditions set forth in letter which is in mail, general voting permit authorized herein should not be issued until bank is admitted to membership in the Federal Reserve 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 memorandum, dated March 28, 1945, received from the War Department, signed by Colonel Paul Cleveland, Chief, Advance Payment and Loan Branch, amending Explanatory Note No. 2 with respect to the 1944 V Loan Guarantee Agreement. You will note that this amendment has been approved by the Navy Department and the Maritime Commission."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Maurice
Secretary.

Approved:

Ronald Ransom
Vice Chairman.