

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, April 16, 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 April 13, 1945, were approved unani-  
mously.

Letter dated April 14, 1945, to Mr. Douglas, Assistant Vice  
President of the Federal Reserve Bank of New York, reading as follows:

"It is understood that you wish to send seven men from the Federal Reserve Bank of New York to the Graduate School of Banking at Rutgers this year, four of whom will be first year students, two second year students, and one third year student; that the School is willing to accept the seventh man; and that you have inquired as to whether the Board has any objection to all the men going on the usual basis with respect to leave and expenses as outlined in the Board's letter of December 28, 1938, S-137.

"The Board has no objection to such proposal."

Approved unanimously.

Letter to the Federal Deposit Insurance Corporation reading  
as follows:

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"Pursuant to the provisions of section 12B of the Federal Reserve Act, as amended, the Board of Governors of the Federal Reserve System hereby certifies that the State Bank of Mansfield, Mansfield, Texas, became a member of the Federal Reserve System on April 13, 1945 and is now a member of the System. The Board of Governors of the Federal Reserve System further hereby certifies that, in connection with the admission of such bank to membership in the Federal Reserve System, consideration was given to the following factors enumerated in subsection (g) of section 12B of the Federal Reserve Act:

1. The financial history and condition of the bank,
2. The adequacy of its capital structure,
3. Its future earnings prospects,
4. The general character of its management,
5. The convenience and needs of the community to be served by the bank, and
6. Whether or not its corporate powers are consistent with the purposes of section 12B of the Federal Reserve Act."

Approved unanimously.

Letter to Mr. Peyton, President of the Federal Reserve Bank of Minneapolis, reading as follows:

"The audit report of the Helena Branch as of March 21, 1945, a copy of which was furnished the Board, contains the following comment on pp. 1 and 2:

'3. MEMBER BANK RESERVES

'The Security Trust & Savings Bank, Billings, was assessed \$3.19 for a deficiency in reserves during the last period in November. The penalty was figured on a deficiency of \$38,822.00 but was actually \$138,822.00, resulting in an additional penalty of \$8.22. This was caused by an error originally made at Head Office by crediting the Security Trust & Savings Bank with \$100,000.00 which should have been credited to another member bank. On December 8 and 9 letters were written to the Branch explaining the error and suggesting that reserves be adjusted. The Branch Accounting department did not post the adjustments on the

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"work sheets for either bank and as a result, the correction was overlooked when reserves were figured. As the additional penalty was the result of errors by both the Head Office and the Branch, and due to the late date at which it was disclosed, it seemed advisable, subject to the Board's approval, not to make the charge to the member bank.'

"In the circumstances, the Board authorizes your Bank to waive the additional penalty amounting to \$8.22."

Approved unanimously.

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

"The Standing Committee of the Examiners' Conference met at the Board's offices in Washington on December 18 and 19, 1944 to consider suggestions relative to examination matters and possible changes in the form and extent of information required by the report of examination. Enclosed is a copy of the report of the Committee submitted to Mr. Paulger, Director of the Division of Examinations. Following the receipt of the report, it was submitted to the officers in charge of examinations at all Federal Reserve Banks, except those represented on the Committee, for their comments.

"The Board is in accord with the suggestion of the Committee, in item 1, that each Reserve Bank 'carefully review the organization, operation, and personnel of its Bank Examination Department and, if need is indicated, take prompt steps to augment the examining staff with men of the highest possible qualifications for such work as soon as they become available upon release from the armed services or otherwise'. It is assumed that this suggestion will have appropriate consideration at each Reserve Bank.

"With respect to item 2, the Board feels that, if it has not already been done, the Bank Examination Department at each Reserve Bank should effect appropriate arrangements with the Research Department so that information developed from surveys and studies made by the Research Department, pertinent to supervisory activities, may be most effectively utilized. Several of the Reserve

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"Banks indicated that they would not favor the proposal to include in reports of examination a schedule of member bank operating ratios. Although the Committee did not submit recommendations as to the ratios to be selected, the periods to be included, and the forms to be used, the three Reserve Banks represented on the Committee will include operating ratio statistics in their examination reports for a trial period. Most of the Reserve Banks now make use of the operating ratio studies in their supervisory activities and a number of the Reserve Banks frequently make reference in reports of examination to various ratios of the bank examined as compared with the group averages. It is contemplated that at some future date the Committee will submit further recommendations regarding the matter of including a schedule of member bank operating ratio statistics in reports of examination, and it is understood that the Committee will give due consideration to the views of the officers in charge of examinations at the other Reserve Banks.

"In line with the Committee's suggestion in item 3, the Board's Division of Examinations will furnish each Reserve Bank copies of pertinent analyses and memoranda prepared concerning State member banks rated C or D in its District.

"The officers in charge of examinations at some of the Reserve Banks raised objections to the proposal, in item 4, to broaden the scope of the report to include a summary statement concerning outstanding young officers and senior employees. In the circumstances, therefore, it is felt that the proposal should not be put into effect at this time.

"The proposed changes in the form and content of the examination report as suggested, in item 5, by the Committee regarding pages 9, 11, 11(b), and 12 are approved. The revised pages of the report form will be made available as soon as practicable.

"With respect to the proposal concerning pages 18 and 19, which would have resulted in showing the information regarding directors, officers, and employees in the confidential section, several of the Reserve Banks offered objections in view of the usefulness of the information shown on these pages to the managements of member banks and to certain State Banking Departments. Accordingly,

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"it is felt that the continuation of the work involved in preparing the information required is warranted even though there may be some duplication."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie  
Secretary.

Approved:

W. Steeles  
Chairman.