

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, May 25, 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. 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 May 24, 1945, were approved unanimously.

Telegrams to Mr. Flanders, President of the Federal Reserve Bank of Boston, Mr. Brome, Assistant Secretary of the Federal Reserve Bank of New York, Messrs. Leach and McLarin, Presidents of the Federal Reserve Banks of Richmond and Atlanta, respectively, Mr. Dillard, Vice President of the Federal Reserve Bank of Chicago, Mr. Stewart, Secretary of the Federal Reserve Bank of St. Louis, Mr. Powell, First Vice President of the Federal Reserve Bank of Minneapolis, Mr. Caldwell, Chairman of the Federal Reserve Bank of Kansas City, Mr. Gilbert, President of the Federal Reserve Bank of Dallas, and Mr. Earhart, Vice President of the Federal Reserve Bank of San Francisco, stating that the Board approves the establishment without change by the Federal Reserve Banks of St. Louis and San Francisco on May 22, by the Federal Reserve Bank of Atlanta on May 23, by the Federal Reserve Banks of

5/25/45

-2-

New York, Richmond, Chicago, Minneapolis, Kansas City, and Dallas on May 24, 1945, and by the Federal Reserve Bank of Boston today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated May 21, 1945, from Mr. Thomas, Director of the Division of Research and Statistics, recommending that Alexander C. Vuillemin be appointed as an economist in that Division on a temporary basis for an indefinite period, with basic salary at the rate of \$4,000 per annum, effective as of the date upon which he enters upon the performance of his duties after having passed satisfactorily the usual physical examination and subject to a satisfactory check of his references. The memorandum stated that Mr. Vuillemin was a member of the Civil Service Retirement System and, therefore, would not become a member of the Board's retirement system.

Approved, Mr. McKee not voting.

Letter to the Secretary of State, reading as follows:

"The Federal Reserve Bank of New York, as fiscal agent of the United States and correspondent of foreign central banks and governments, is faced with numerous operating problems that have arisen because of the war and wartime regulations; and we find it highly desirable to have Mr. L. W. Knoke, Vice President in charge of the Foreign Department of the Federal Reserve Bank of New York, and Mr. Walter H. Rozell of the same department make a trip to London and other accessible European financial centers as soon as possible, the immediate object of their visit being to discuss with the officials of foreign central banks and treasuries the operating problems arising in connection with their accounts.

5/25/45

-3-

"At the same time the Board wishes to send its economic adviser, Dr. E. A. Goldenweiser, to confer with foreign central bank and government officials on economic and financial problems that concern the Board's sphere of responsibility.

"It is desired that the visits made by these gentlemen include as many of the Western European centers as possible. London, Paris, and Brussels are of first importance, but it is advisable that the Netherlands, Denmark, Norway, Sweden, Russia, and Switzerland also be visited, if possible. Mr. Luthringer and Mr. Nicholas of your Department have already been consulted on this subject informally and applications for passports are being submitted. It will be appreciated if the Department of State will approve the proposed travel and feel interested in facilitating it as of importance to the public interest."

Approved unanimously.

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

"In accordance with the requests contained in Mr. Diercks' letters of May 21, 1945, the Board approves the designation of John W. Garvy as a special examiner and George McCament as a special assistant examiner for the Federal Reserve Bank of Chicago."

Approved unanimously.

Letter to the board of directors of the "Bank of Luxemburg", Luxemburg, Wisconsin, 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 Chicago.

Approved unanimously, for transmission through the Federal Reserve Bank of Chicago.

5/25/45

-4-

Letter to Mr. Slade, Vice President of the Federal Reserve Bank of San Francisco, reading as follows:

"We regret the delay in replying to your letter of April 19, 1945, enclosing reports covering violations of Regulation W by Maurice M. May, an individual doing business as May Finance Co. and as Murray Motors Co., and by Murray Motors, Inc., a corporation of which Maurice M. May is president and principal stockholder.

"It is evident from your letter and its enclosures that Mr. May is definitely noncooperative and that his conduct, if steps are not taken, may be detrimental to the enforcement program in your district as a whole.

"In cases of this kind, the Board is strongly inclined to follow the recommendation of the Federal Reserve Bank, because the bank is in direct contact with the Registrants and is familiar with the conditions which must be met in enforcing the Regulation in its district. Furthermore, in any formal hearing, the Reserve Bank would have the responsibility of presenting the case, and will have this fact in mind in making its decision.

"Consequently, the Board is prepared to accept your recommendation that steps be taken to determine whether the Registrants' licenses under Regulation W should be suspended. In other cases, as you know, consent closings were arranged. Do you contemplate that this course may be followed in the present case? If so, would you prefer to have the Board's Order for Hearing in your hands when you are discussing the possibility of consent closings? In that event, the Order will be prepared and forwarded to you with authorization either to serve it upon the Registrants or to hold it if the consents are forthcoming or if for any other reason you decide that it should not be issued.

"In preparing the Order for Hearing we would only need your suggestions as to the time and place when the hearing should commence, and your suggestion as to whether there should be one Order or two, since the Order or Orders will follow substantially the form which was worked out by counsel for the Board and the Reserve Banks in August 1942 and will have your reports and recommendations of April 16 attached. If consent closings are arranged, the most practical way of handling the matter would probably be for your bank to prepare the agreements, the closing orders and press statement, and submit copies to the Board for approval before

5/25/45

-5-

"getting Mr. May to endorse his consent on them. This was the procedure followed in previous cases. You have copies of the forms used in the Consumers Home Equipment case, which may be helpful as models, and we will send you copies of those used in Clark Bros. and the Mitchell Clothing Co. cases if you so desire.

"If you should feel that it would be helpful at any stage to discuss the matter by telephone, we will be most glad to do so."

Approved unanimously.

Letter to Honorable A. W. Hall, Director of the Bureau of Engraving and Printing, reading as follows:

"Referring to your letter of May 5, 1945, it is estimated that Federal Reserve note printing requirements for the fiscal year ending June 30, 1947, will be approximately 20,000,000 sheets and that 5,000 certificates of stock for Federal Reserve Banks will be required."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie  
Secretary.

Approved:

Donald Hanson  
Vice Chairman.