

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, July 4, 1945, at 11:00 a.m.

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

Mr. Carpenter, Secretary
 Mr. Connell, General Assistant,
 Secretary's Office
 Mr. Morrill, Special Adviser to
 the Board
 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 July 3, 1945, were approved unanimously.

Letter to the board of directors of the "Princeton Bank & Trust
 Company," Princeton, West Virginia, 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 Richmond. The letter also contained the following spe-
 cial comment:

"It is understood that the bank wishes to discontinue
 its trust department and that the Board of Directors contem-
 plates disposal, as soon as practicable, of the trusts now
 being administered. In the circumstances, the application
 has been approved on the same basis as if fiduciary powers
 were not being exercised and attention is invited to the
 fact that if the bank should decide in the future to exer-
 cise such powers, other than to the limited extent necessary
 in administering the accounts now on its books until the
 proposed liquidation of the trust department can be completed,

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"it will be necessary under condition of membership numbered 1 to obtain the permission of the Board of Governors before doing so."

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

Letter to the board of directors of "The Bank of Salem," Salem, Virginia, stating that subject to conditions of membership numbered 1 to 6 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 Richmond. The letter also contained the following special comment:

"It appears that the bank possesses certain powers which are not being exercised and which are not necessarily required in the conduct of a banking and trust business, such as the power to guarantee the payment of bonds and other obligations. Attention is invited to the fact that if the bank desires to exercise any powers not actually exercised at the time of admission to membership, it will be necessary under condition of membership numbered 1 to obtain the permission of the Board of Governors before exercising them. In this connection, the Board understands that there has been no change in the scope of the corporate powers exercised by the bank since the date of its application for membership."

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

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

"As you know, the State Department has communicated to us the request of the Dominican Republic for the services of Mr. Triffin in revamping the Dominican monetary and banking system; this request has been discussed by the staff group on foreign relations, who felt that it would be desirable to undertake the mission, with the understanding that Mr. Wallich would participate if agreeable to you. Subsequently a formal

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"request under date of June 20, 1945, addressed to Chairman Eccles, has been received from the Dominican Republic; a copy is attached. The Board approves compliance with the request.

"In accordance with the terms of the request, Mr. Triffin would assume responsibility for the mission, but would be assisted by Mr. Wallich in all work to be done both in the field and in this country. It is suggested that Mr. Triffin and Mr. Wallich proceed together to the Dominican Republic around the middle of July. Mr. Triffin would confine his work in the Dominican Republic to a preliminary survey of the situation and to assessing the views of Government officials and others concerned as to possible lines of solution. He would return to Washington after two or three weeks and report his findings to the Board and to the staff group on foreign relations. Mr. Wallich would remain in the Dominican Republic in order to continue the discussion and to complete all statistical and other information necessary to the planning of final legislation. This phase of his work might require another month or two. He would then return to this country and work out with Mr. Triffin the tentative legislation to be submitted to the Dominican authorities. These projects, however, would first be discussed with the staff group on foreign relations and possibly with representatives of other interested agencies in Washington. Mr. Triffin and Mr. Wallich would then return to the Dominican Republic and carry on necessary conversations with Government officials until full agreement had been reached on the legislative drafts to be submitted to the Dominican Congress.

"It is hoped that this final stage might be reached around the end of the year, but it is possible that brief occasional visits to the Dominican Republic might still prove necessary later on in connection with legislative hearings--although this is unlikely--or with the carrying out of the approved reforms.

"Mr. Triffin will be continued on the pay roll of the Board and his necessary expenses will be met by per diem and travel allowances, with the understanding, however, that if the Dominicans signify a wish to bear at least part of the cost, an arrangement be worked out whereby they would pay Mr. Triffin's living expenses while in the Dominican Republic. This arrangement is substantially consonant with the provisions of U. S. Code, title 5, sec. 118e, which specifically provides for participation by foreign governments in the expenses of Government representatives whose services are lent to them. We presume that the Bank would find a similar arrangement with the Dominicans agreeable with respect to Mr. Wallich's expenses.

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"It will be appreciated if you will inform us whether Mr. Wallich will be able to assist Mr. Triffin in the mission."

Approved unanimously.

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

"There is enclosed a memorandum from the War Department requesting that receipts be obtained from financing institutions covering payments of interest to them on suspended portions of guaranteed loans. You will note from the memorandum that the same procedure should be followed with respect to loans guaranteed by the Navy Department. We have been advised informally that the same procedure should be followed with respect to loans guaranteed by the Maritime Commission."

Approved unanimously.

Telegram to the officers at the Federal Reserve Banks who are in charge of Regulation W at the respective Banks reading as follows:

"For use in answering requests for copies of Regulation W, Board is preparing reprint of Regulation to incorporate amendments to date. We can furnish you photo-offset negatives for printing copies for use in your district. We are not advising either for or against general distribution of reprint at this time to all interested parties, but are leaving to judgment of each Reserve Bank what distribution, if any, it shall make in its district. Please wire by July 7 whether you wish negatives."

Approved unanimously.

Thereupon the meeting adjourned.


Secretary.

Approved:


Chairman.