

A meeting of the Board of Governors of the Federal Reserve System was held in Washington, on Thursday, July 26, 1945, at 10:30 a.m.

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

Mr. Carpenter, Secretary
Mr. Connell, General Assistant,
Office of the 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:

Memorandum dated July 23, 1945, from Mr. Thomas, Director of the Division of Research and Statistics, recommending that Mr. Paul Hermberg, an Economist in that Division, be retained on a temporary indefinite basis when his present year-appointment expires at the close of business July 31, 1945, and that his salary be continued at the basic rate of \$5,600 per annum, plus overtime of \$346.42 per annum on the basis of a 44-hour workweek. The memorandum also stated that Mr. Hermberg is a member of the Civil Service retirement system.

Approved unanimously.

Letter to Mr. Stewart, Vice President of the Federal Reserve Bank of St. Louis, reading as follows:

"The Board of Governors approves the changes in the personnel classification plan of the Federal Reserve Bank of St. Louis and its Branches as submitted with your two letters of July 16, 1945."

Approved unanimously.

7/26/45

-2-

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

"Receipt is acknowledged of your letter of July 20, with which you enclosed a copy of a letter from Mr. H. J. Stoddard, President of the Michigan National Bank, Lansing, Michigan, setting forth his reaction to the recent amendment to Regulation D which pertains to reserve requirements of member banks operating branches in central reserve or reserve cities.

"It is noted that you have had a telephone conversation with Mr. Stoddard since receipt of his letter and that you expect to see him this week. We shall appreciate it if you will advise the Board of the results of your discussions with Mr. Stoddard."

Approved unanimously.

Telegram dated July 25, 1945, to the Presidents of all of the Federal Reserve Banks, reading as follows:

"Acceptances purchased in open market this week by Federal Reserve Bank of New York will be shown in condition statement against caption 'Acceptances purchased', instead of former caption 'Bills bought in open market'."

Approved unanimously.

Letter to Mr. Frank G. Welch, President of The Peoples Savings Bank, Cedar Rapids, Iowa, reading as follows:

"Reference is made to your letter of July 9 in which you refer to certain transactions of the Federal Reserve Bank of Chicago and ask where a definition of a nonmember clearing account may be found.

"The term 'nonmember clearing account' as used in Section 13 of the Federal Reserve Act is reasonably adequately defined in the Act itself, and the Board has never found it necessary to further define it. As you know, the Federal Reserve Act provides that any Federal Reserve Bank 'solely for the purpose of exchange or collection, may receive from any nonmember bank or trust company deposits of current funds in lawful money, national bank notes, Federal Reserve notes, checks and drafts

7/26/45

-3-

'payable upon presentation, or maturing notes and bills; provided such nonmember bank or trust company maintains with the Federal Reserve Bank of its district a balance sufficient to offset the items in transit held for its account by the Federal Reserve Bank.... .'

"The Board has not prescribed specific conditions or requirements which should or should not be made by a Federal Reserve Bank in connection with the opening and maintenance of nonmember clearing accounts. Accordingly, if a Federal Reserve Bank in its discretion accepts such an account it may prescribe such requirements and conditions consistent with the law as in its judgment are advisable.

"A copy of your letter and of this reply is being sent to Mr. C. S. Young, President, Federal Reserve Bank of Chicago, for his information."

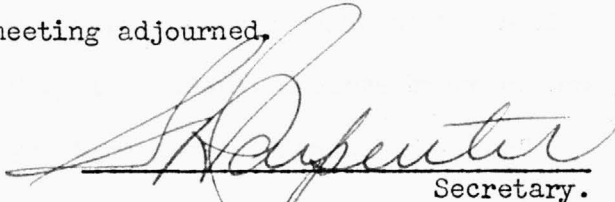
Approved unanimously.

Memorandum dated July 25, 1945, from Mr. Hooff, Attorney, recommending that, in addition to the material previously submitted, there be published in the August 1945 issue of the Federal Reserve Bulletin a statement in the form attached to the memorandum with respect to the following subject:

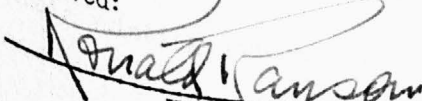
Consumer Credit
Consent Injunction under Regulation W.

Approved unanimously.

Thereupon the meeting adjourned.


Secretary.

Approved:


Vice Chairman.