

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, July 31, 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 27, 1945, from Mr. Bethea, Director of the Division of Administrative Services, recommending that Mrs. Willa Zimmerman be appointed as an elevator operator in that Division on a temporary basis for an indefinite period, with basic salary at the rate of \$1,440 per annum, plus supplemental compensation for overtime of \$216 per annum on the basis of a 44-hour workweek, effective as of the date upon which she enters upon the performance of her duties after having passed the usual physical examination and subject to a satisfactory check of her references. The memorandum stated that it is contemplated that Mrs. Zimmerman will become a member of the Board's retirement system.

Approved unanimously.

Memorandum dated July 30, 1945, from Mr. Carpenter submitting the resignation of Miss Dorothy Purcell, a file clerk in the Secretary's

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Office, effective as of the close of business August 11, 1945, and recommending that the resignation be accepted as of that date and that a lump sum payment be made for the accumulated and accrued annual leave remaining to her credit at that time.

The resignation was accepted as recommended.

Letter to The Farmers State Bank of Lawrenceville, Lawrenceville, Illinois, reading as follows:

"The Board of Governors of the Federal Reserve System has considered the application for permission to exercise fiduciary powers made by you on behalf of the 'Lawrenceville National Bank and Trust Co.,' Lawrenceville, Illinois, the national bank into which The Farmers State Bank of Lawrenceville, Lawrenceville, Illinois, is to be converted, and grants such national bank authority, effective if and when it is authorized by the Comptroller of the Currency to commence business, 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 are permitted to act under the laws of the State of Illinois, 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.

"After the conversion of The Farmers State Bank of Lawrenceville into the Lawrenceville National Bank and Trust Co., becomes effective and the Comptroller of the Currency authorizes the national bank to commence business, you are requested to have the board of directors of the national bank adopt a resolution ratifying your application for permission to exercise fiduciary powers, and a certified copy of the resolution so adopted should be forwarded to the Federal Reserve Bank of St. Louis for transmittal to the Board for its records. When a copy

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"of such resolution has been received by the Board, a formal certificate covering the national bank's authority to exercise trust powers will be forwarded."

Approved unanimously.

Letter to Mr. Charles P. McMeans, Cashier of the Bank of Lexington, Lexington, Alabama, reading as follows:

"We have received your letter of July 19, 1945, regarding an interpretation of the Board's Regulation Q and we are glad to have your views with respect to this matter.

"While your letter does not specifically indicate the interpretation which you have in mind, it is assumed that you have reference to the letter which was addressed by the Board of Governors to all member banks under date of June 22, 1945, regarding the policy of the Board with respect to the absorption of exchange charges by member banks; and a copy of that letter is enclosed for your information. The procedure set forth in that letter was adopted by the Board only after the most careful and thorough consideration and after consultation with many of the member banks affected.

"The general question whether absorption of exchange charges by member banks constitutes a payment of interest on demand deposits in violation of the prohibition contained in the Banking Act of 1933 has been the subject of considerable discussion in recent years and the Board has consulted the Federal Deposit Insurance Corporation on a number of occasions with respect to this question. However, the Board's Regulation, as well as the policy stated in the letter of June 22 mentioned above, applies only to banks which are members of the Federal Reserve System.

"We are sending a copy of your letter to the Federal Reserve Bank of Atlanta which serves the Federal Reserve District in which your bank is located; and if you should have any further questions in this connection, you may find it more convenient to take them up with the Federal Reserve Bank, which will be very glad to assist you in any way possible."

Approved unanimously.

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Letter prepared for the signature of Vice Chairman Ransom to Senator Claude Pepper, Chairman of the Foreign Trade Subcommittee, reading as follows:

"As Chairman Eccles is temporarily out of the city, I wish to acknowledge your letter of July 23 addressed to him in regard to the interest of your subcommittee in obtaining information about facilities available to small foreign traders for financing export shipments. Let me assure you on behalf of the Board that we shall, of course, be glad to cooperate with you and the subcommittee in every possible way to aid you in obtaining such information as you may regard as helpful to your study.

"I understand that Mr. Forbes of your staff has already been in touch with Mr. Walter Gardner, Chief of our International Section, with a view to working out, if possible, details of the information desired and how it may best be procured."

Approved unanimously.

Memorandum dated July 31, 1945, from Mr. Hooff, Attorney, recommending that there be published in the August 1945 issue of the Federal Reserve Bulletin statements in the form attached to the memorandum with respect to the following subjects:

Bretton Woods Agreements Act

Consumer Credit
Amendment to Regulation W

Export-Import Bank Act of 1945

Foreign Funds Control
Treasury Department Releases

The memorandum also stated that in the event the Bretton Woods Agreements Act and the Export-Import Bank Act of 1945 have not been signed by the President by the time the August Bulletin is paged they should

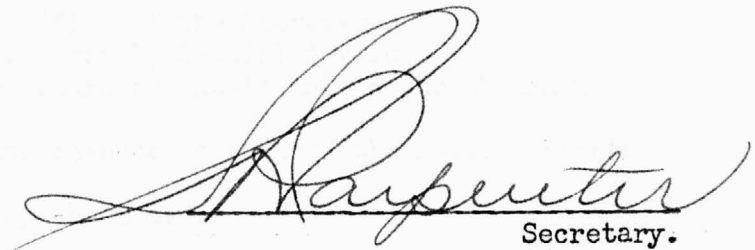
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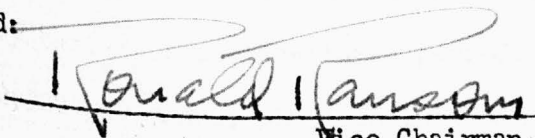
be held out for publication in the September issue.

Approved unanimously.

Thereupon the meeting adjourned.


Secretary.

Approved:


Vice Chairman.