

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, September 12, 1945, at 11:00 a.m.

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

Mr. Hammond, Assistant Secretary
Mr. Connell, General Assistant,
Office of the Secretary
Mr. Morrill, Special Adviser
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 September 11, 1945, were approved unanimously.

Memorandum dated September 10, 1945, from Mr. Thomas, Director of the Division of Research and Statistics, submitting the resignation of Miss Mary Gumbart, an Economist in that Division, and recommending that the resignation be accepted as of September 15, 1945.

The resignation was accepted as recommended.

Memorandum dated September 12, 1945, from Mr. Bethea, Director of the Division of Administrative Services, submitting the resignation of Wylie Ratliff, a laborer in that Division, and recommending that the resignation be accepted effective as of the close

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of business September 7, 1945, with the understanding that proper payment will be made for any accrued annual leave remaining to his credit at that time.

The resignation was accepted as recommended.

Telegram to Mr. Wayne, Vice President of the Federal Reserve Bank of Richmond, reading as follows:

"Relet September 10. Board approves designation of Percy W. Jennings as special assistant examiner for Federal Reserve Bank of Richmond."

Approved unanimously.

Letter to "The Farmers Savings Bank Company," Ashley, Ohio, the "Billings State Bank," Billings, Montana, and "The Farmers Bank of Lincoln," Lincoln, Missouri, reading as follows:

"The Board is glad to learn that you have completed all arrangements for the admission of your bank to membership in the Federal Reserve System and takes pleasure in transmitting herewith a formal certificate of your membership.

"It will be appreciated if you will acknowledge receipt of this certificate."

Approved unanimously.

Letter to Mr. Fletcher, Vice President of the Federal Reserve Bank of Cleveland, reading as follows:

"In accordance with the recommendation contained in your letter of September 1, 1945, the Board approves the establishment and operation of a branch in Euclid,

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"Ohio, by The Cleveland Trust Company, Cleveland, Ohio, with the understanding that counsel for the Reserve Bank will review all steps taken to establish the branch and satisfy himself as to the legality thereof."

Approved unanimously.

Letter to Mr. Leo T. Crowley, Chairman of the Federal Deposit Insurance Corporation, reading as follows:

"In accordance with the request contained in your letter of August 31, 1945, the Board of Governors of the Federal Reserve System hereby grants written consent, pursuant to the provisions of subsection (k)(2) of Section 12B of the Federal Reserve Act, for examiners for the Federal Deposit Insurance Corporation to make an examination of The Wayne State Bank, Wayne, Michigan, in connection with its application for continuation of insurance after withdrawal from membership in the Federal Reserve System.

"The bank has experienced a relatively large growth in recent years and the Reserve Bank has been urging the formulation and execution of a definite program for increasing capital but, so far, no definite program has been adopted. Other than that there are no unfulfilled conditions nor incomplete corrective programs with respect to the member bank."

Approved unanimously.

Letter to "The Culpeper National Bank," Culpeper, Virginia, reading as follows:

"The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers, and grants you authority 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

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"come into competition with national banks are permitted to act under the laws of the State of Virginia, 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.

"This letter will be your authority to exercise the fiduciary powers granted by the Board pending the preparation of a formal certificate covering such authorization, which will be forwarded to you in due course."

Approved unanimously.

Letter to Mr. Wallace H. Fulton, Executive Director of the National Association of Securities Dealers, Inc., Philadelphia, Pennsylvania, reading as follows:

"This is in reply to your letter of August 30, 1945, which referred to the recent change in Regulation T providing that an appropriate committee of a national securities association may authorize extensions of time in connection with cash transactions in securities.

"The term 'national securities association' means any association of brokers or dealers registered with the Securities and Exchange Commission as a national securities association pursuant to section 15A of the Securities Exchange Act of 1934, as amended. As the National Association of Securities Dealers, Inc., is the only one so registered, the term presently refers only to your association.

"This action was taken as a result of a number of complaints over the years to the effect that brokers and dealers not located in cities having national securities exchanges were handicapped by distance in obtaining extensions of time. The problem is reported to have been particularly troublesome in recent months because of the wartime dislocations and delays in communications. Furthermore, there has been on occasion some reluctance on the part of exchanges to handle requests for extensions from non-members. It was a suggestion of several of your members that local committees of your association would be in a position to perform this function. The Board welcomed this suggestion and believed that such action would

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"prove of considerable assistance both to dealers and to the Board."

Approved unanimously.

Letter to Senator J. W. Bailey reading as follows:

"This is with reference to your letter of August 30, 1945, with which you enclosed two letters concerning the Board's Regulation W. Your correspondents' particular interest is in the regulation's application to home repair and improvement loans secured by first mortgages.

"Regulation W has never been applicable to loans to purchase homes, but it has related to repair and improvement loans in general from the beginning. Certain of the latter were, however, exempt until June 11, 1945, under a provision which excepted loans secured by first liens on improved real estate. At that time, in connection with a number of other changes, the first lien exemption was removed. The reasons were, first, that some abuses had developed in connection with the taking of first liens as a means of avoiding the regulation, and second, that there did not seem to be any good reason why an exemption should be obtained just because the circumstances of the particular case facilitated the giving of a first lien. The larger part of the repairs and improvements financed on credit during the war have been financed under the regulation's terms.

"The sudden ending of the war has, of course, made some changes in the basic situation with which the regulation has to deal. The Board is studying these changes carefully with a view to determining what modifications in the regulation may be appropriate. You may be sure that the problem in which your correspondents are interested is being given special attention and that their views will receive earnest consideration."

Approved unanimously.

Thereupon the meeting adjourned.


Assistant Secretary.

Approved:


Chairman.