

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, September 19, 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 18, 1945, were approved unanimously.

Letter to Mr. Hilkert, Assistant Vice President of the Federal Reserve Bank of Philadelphia, reading as follows:

"The Board of Governors approves the changes in the Personnel Classification Plan of the Federal Reserve Bank of Philadelphia, involving the establishment of three new positions, as submitted with your letter of September 15, 1945."

Approved unanimously.

Letter to Mr. McLarin, President of the Federal Reserve Bank of Atlanta, reading as follows:

"The Board of Governors approves the payment of salary to Mr. L. W. Starr, Assistant Cashier, Birmingham

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"Branch, for the period September 1, 1945, to May 31, 1946, inclusive, at the rate of \$4,200 per annum, which is the rate fixed by your Board of Directors as reported in your letter of September 15, 1945."

Approved unanimously.

Letter to Mr. Meyer, Assistant Cashier of the Federal Reserve Bank of Chicago, reading as follows:

"The Board of Governors approves the changes in the personnel classification plan of the Federal Reserve Bank of Chicago, involving the Elevator Men's and the Janitors' departments, as submitted with your letter of September 7, 1945.

"In view of the circumstances described in your letter, the Board of Governors also approves the payment of salaries to Irving Marlette and John Zwierzynski at the rate of \$2,122.23 per annum which is \$106 in excess of the maximum approved for the position of Janitor to which they are assigned."

Approved unanimously.

Letter to Mr. Caldwell, Federal Reserve Agent of the Federal Reserve Bank of Kansas City, reading as follows:

"In accordance with the request contained in Mr. Koppang's letter of September 15, 1945, the Board of Governors approves the payment of salary to Mr. I. A. Thornton as Federal Reserve Agent's Representative at the Omaha Branch at the rate of \$3,360 per annum, effective October 1, 1945."

Approved unanimously.

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

"This refers to your letter of September 8, 1945, regarding the question whether certain loans made by the

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"Vandalia State Bank, Vandalia, Missouri, which are grouped on page 11(a) of the report of examination of that bank as of August 6, 1945, involve violations of the provisions of section 11(m) of the Federal Reserve Act.

"From the report of examination of the bank it appears that each of the loans in question was originally a single loan, secured by stock collateral, which exceeded the amount which could be loaned by the bank on stock and bond collateral under section 11(m). However, the examiner states that 'to circumvent the provisions of this law with respect to the individual notes of these borrowers, the debts were divided into two notes with the entire security designated as collateral to one note in an amount equal to this bank's limit under section 11(m) and the balance of the line designated as unsecured and supported by estimates of the borrowers' worths.'

"It is not expressly stated that the note in each case which is secured by stock collateral contains an 'overlap' provision under which the bank has the right to hold such collateral as security for any other indebtedness of the borrower to the bank. However, the examiner states that 'in each instance the current market value of the collateral furnishes adequate margin to protect the entire debt of each of the individuals'; and it is presumed, therefore, that the bank has the legal right to resort to the stock collateral for protection on the note which is designated as unsecured and that the loan represented by such note is in fact secured by stock collateral.

"Regardless, however, of whether the secured note contains such an 'overlap' provision, it is believed that the separation of the notes in each case was an obvious attempt to evade the provisions of the law and that such separation cannot be regarded as taking the case out of the statutory prohibition."

Approved unanimously.

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

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"Board approves proceeding with plans for air conditioning remaining nine floors of head office building. It is understood cost of project will be approximately \$400,000."

Approved, Messrs. Eccles and Ransom  
voting "no".

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

"Enclosed is a copy of the Export-Import Bank Policy Statement referred to in our letter of September 13. You will note that it is not to be released until September 21. Printed copies of the statement will be available at the end of this month and Governor Szymczak has arranged for one hundred to be sent to each of the Reserve Banks plus fifty for each Reserve Bank Branch for distribution to member banks seeking information on Export-Import Bank procedures.

"For the present the Federal Reserve Banks will be called on to do no more than furnish information respecting these procedures, and the Board's Division of Research and Statistics will be responsible for working with the Reserve Banks in developing this service. It will facilitate matters if each Reserve Bank that has not already done so will inform the Board as to what member of the Bank's staff will be responsible for helping member banks become familiar with the Export-Import Bank procedures. The Division of Research and Statistics is now preparing material to send to the staff member designated for this work at each Reserve Bank."

Approved unanimously.

Telegram prepared for the signature of Chairman Eccles to Mr. William H. Williams, President of the Banque Nationale de la Republique d'Haiti, Port-au-Prince, Haiti, reading as follows:

"Dr. Henry Wallich, who has been working with Dr. Triffin in Dominican Republic, is returning to this

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"country and plans to stop in Haiti about last of September or first of October. We shall appreciate your courtesies to Dr. Wallich during his brief stay."

Approved unanimously.

Letter to Mr. William H. Livingston, Philadelphia, Pennsylvania, prepared for the signature of Mr. Morrill, Special Adviser, reading as follows:

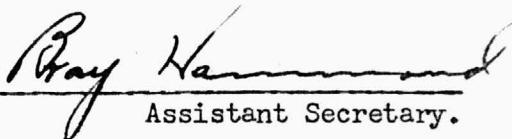
"We had already learned from the press the sad news of Mr. Cret's death before your kind letter of September 11 arrived, and we had telegraphed Mr. Williams, President of the Federal Reserve Bank of Philadelphia, and asked him to convey to Mr. Cret's family and to his associates the assurance of our sympathy.

"Our building is a matter of great pride to us, and we are glad to have Mr. Cret's name associated with it. Those of us who were closely associated with Mr. Cret feel especially gratified in the memory of that association.

"I have showed your letter to Chairman Eccles and other members of the Board; Dr. Miller is out of town, but if he has not already received the news, he will be informed of your letter when he returns."

Approved unanimously.

Thereupon the meeting adjourned.

  
Assistant Secretary.

Approved:

  
Chairman.