

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, October 15, 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, 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 October 12, 1945, were approved unanimously.

Memorandum dated August 6, 1945, from Mr. Bethea, Director of the Division of Administrative Services, recommending that when the functions of the Fiscal Agent are consolidated with those of the Accounting Section of that Division, effective January 1, 1946, the reconstituted section be known as the Fiscal Section of the Division of Administrative Services, and that Sampson H. Bass, Supervisor, Accounting Section, and Wayne A. Pollard, Accountant, be designated Chief, Fiscal Section, and Assistant Chief, Fiscal Section, respectively. The memorandum also recommended that Mr. Bass be authorized to act as Disbursing Officer and to sign, in that capacity, checks

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drawn against the Board's account with the Federal Reserve Bank of Richmond, and that Josephine E. Lally, Deputy Fiscal Agent, be transferred to the Fiscal Section of the Division of Administrative Services as Deputy Disbursing Officer, and that the basic annual salary of each of the following employees be increased as shown below:

<u>Name</u>	<u>Title</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
S. H. Bass	Chief, Fiscal Section	\$4,520	\$5,180
W. A. Pollard	Accountant	3,860	4,190
Josephine E. Lally	Deputy Fiscal Agent	3,310	3,640

The memorandum further recommended that the Board obtain a commission as Notary Public for Mr. Pollard so that he may be in a position to act in that capacity in the absence of Miss Lally.

A memorandum dated October 11, 1945, was submitted from the Personnel Committee recommending approval of Mr. Bethea's memorandum with the two following modifications:

- "1. That the salary of Miss Lally be increased to \$3,970, the top of the grade to which the position has been allocated, instead of to \$3,640 as originally proposed.
- "2. That the salary increases for Mr. Pollard and Miss Lally be made effective at the beginning of the next pay roll period following approval of the memorandum rather than January 1, 1946."

Approved unanimously.

Memorandum dated October 5, 1945, from Mr. Bethea, Director of the Division of Administrative Services, recommending that, effective January 1, 1946, a Public Official Schedule Bond in the form attached to the memorandum be obtained at the Board's expense covering

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the following employees in that Division in the amounts set opposite their respective names:

Sampson H. Bass	Chief, Fiscal Section and Disbursing Officer	\$25,000
Josephine E. Lally	Deputy Disbursing Officer	25,000
F. Allison Kramer	Accounting Clerk	5,000

In his memorandum Mr. Bethea suggested that the Board consider whether the Director and Assistant Director of the Division of Administrative Services, both of whom are authorized to certify vouchers for payment and countersign checks, should be included in the proposed schedule bond. The reasons for this suggestion were (1) that the Fiscal Section after January 1, 1946, will be under the supervision of the Director and Assistant Director of the Division of Administrative Services and (2) the practice of having certifying officers bonded is generally followed in other Government agencies.

In a memorandum dated October 10, the Personnel Committee recommended, for the reasons stated above, that Messrs. Bethea and Nelson, as Director and Assistant Director of the Division of Administrative Services, be included in the proposed schedule bond, each in the amount of \$25,000, the additional premium to be paid by the Board as contemplated in the cases of the three employees in the Fiscal Section who are to be covered by the bond.

Approved unanimously.

Memorandum dated October 10, 1945, from Mr. Szymczak stating that Mrs. Dorothy Klise, his secretary, expects to leave at the end of

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the year and that he would like to have Miss Elnyr Newcome, secretary to Mr. Cagle, succeed Mrs. Klise and recommending that, in anticipation of that move, Miss Newcome be transferred from the Division of Examinations to his office as a stenographer and that her salary be increased from \$2,760 to \$2,980 per annum effective October 21, 1945.

Approved unanimously.

Memorandum dated October 12, 1945, from Mr. Carpenter submitting the resignation of Miss Mary M. Gallimore, a file clerk in the Secretary's Office, and recommending that the resignation be accepted as of the close of business October 5, 1945, and that a lump sum payment be made for any annual leave remaining to her credit at that time.

The resignation was accepted as recommended.

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

"The Board of Governors approves the payment of salary to Mr. Carl F. Ehninger as Auditor of the Federal Reserve Bank of Cleveland, for the period November 1, 1945, to April 30, 1946, inclusive, at the rate of \$6,000 per annum, which is the rate fixed by your Board of Directors as reported in your letter of October 6, 1945."

Approved unanimously.

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

"In accordance with the request contained in your letter of October 6, 1945, the Board approves a supplemental contribution to the Retirement System for the

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"benefit of Mr. Frank V. Grayson sufficient to provide the same retirement allowance beginning November 1, 1945, as he would receive were he to retire February 1, 1946, upon reaching age 65. It is understood that the amount of the supplemental contribution will be approximately \$1,300."

Approved unanimously.

Letters to the "Bank of Yazoo City," Yazoo City, Mississippi, and the "Johnson County Bank," Tecumseh, Nebraska, 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.

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

"Referring to your October 13 letter re Narragansett Machine Company, War Department authorized 100% guarantee of \$1,000,000 T-Loan. Air Mailing you properly executed copies of guarantee agreement and accompanying exhibits as submitted with your letter.

"Colonel Bachman advises that changes in the standard forms as contained in the guarantee agreement, loan agreement and exhibits have been approved for use in this case by proper officers of Navy Department, Maritime Commission and Office of Contract Settlement. Changes have also been approved by Board."

Approved unanimously.

Letter to Mr. Fred M. Vinson, Secretary of the Treasury, reading as follows:

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"Reference is made to the existing stock of unissued Federal Reserve notes of the 1928 series, which bear on their face the words 'Redeemable in gold.' These notes have been held as a reserve stock for emergency use since December 1935, when the Board of Governors of the Federal Reserve System and the Federal Reserve Banks acquiesced in a proposal of the Secretary of the Treasury to discontinue their issuance as soon as a sufficient stock of the Federal Reserve notes of the 1934 series was available for current requirements. At the present time the stock of these notes consists of approximately \$4,100,000,000 of completed notes, of which \$2,812,000,000 are held in the Treasury vaults and \$1,292,000,000 are in the hands of the Federal Reserve agents, and about 683,000 sheets of incomplete face printed notes held by the Bureau of Engraving and Printing.

"The Board has recently reviewed this matter and has concluded that the existing stock of unissued Federal Reserve notes of the 1928 series should be destroyed in view of the unlikelihood that they will ever be used for circulation purposes. Destruction of these notes will release needed vault space at the Federal Reserve Banks and at the Treasury and remove whatever risk there is in maintaining large stocks of 'dead currency.' In reaching the above mentioned conclusion, the Board has assumed that the Treasury would not be favorable to the use of such notes for circulation purposes and that it does not intend to again ask Congress for an appropriation with which to replace the notes.

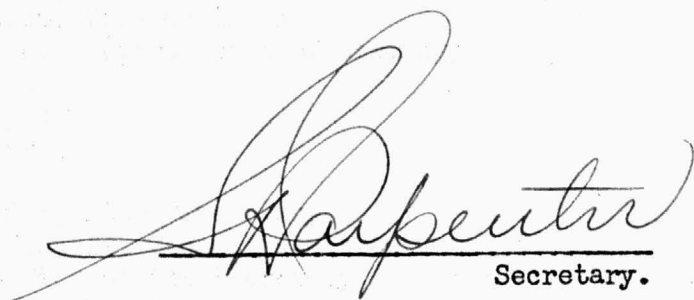
"In the circumstances, the Board will shortly ask the Federal Reserve Banks and agents to have the stock of these notes held by the Federal Reserve agents cancelled and forwarded to Washington for destruction, and if agreeable to the Treasury, it is suggested that arrangements be made to have all completed and incomplete Federal Reserve notes of the 1928 series held in the vaults of the Treasury or at the Bureau of Engraving and Printing destroyed. The method and time of shipment to Washington by the Federal Reserve Banks of the 1928 series notes will be taken up with the Treasury in due course.

"The cost of replacing the completed notes would be about \$1,400,000, excluding \$200,000 for transportation costs from Washington for notes held by the Federal Reserve agents. The cost of the stock of incomplete notes was about \$53,000."

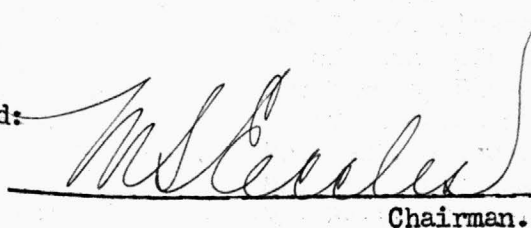
Approved unanimously:

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Thereupon the meeting adjourned.

  
Secretary.

Approved:

  
Chairman.