

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, November 21, 1945, at 11:00 a.m.

PRESENT: Mr. Eccles, Chairman  
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 November 20, 1945, were approved unanimously.

Memorandum dated November 15, 1945, from Mr. Carpenter recommending that Raymond J. Collier, who has been on military leave, be reemployed in the Secretary's Office as a general assistant, with basic salary at the rate of \$4,300 per annum, effective as of the date upon which he enters upon the performance of his duties after having passed the usual physical examination.

Approved unanimously.

Letter to Mr. Rounds, Chairman of the Retirement Committee, Federal Reserve Bank of New York, reading as follows:

"In your letter of October 19, 1945, you ask to be

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"advised of the Board's wishes regarding a request from a participant in the Board Plan that his retirement allowance be on a joint and survivorship basis in proportions other than those available under the Civil Service Retirement Act.

"You advised that you have no doubt that the Retirement Committee would grant the request if the working rules were amended to make such a settlement possible and add that there is no practical objection from the point of view of the Retirement System to granting the request, since the amount of the allowance would be calculated by the Actuary and would have the same actuarial value as the basic allowance. As a possible alternative to amending the working rules, you suggest that the Board might express a willingness for the Retirement Committee, in its discretion, to grant such requests.

"The Board will interpose no objection to the Retirement Committee, in its discretion, granting requests from participants of the Board Plan for joint and survivorship allowances in proportions other than those available under the Civil Service Retirement Act, provided, of course, that in each case any such allowance would have the same actuarial value as the basic allowance."

Approved unanimously.

Letter to Mr. Gilbert, President of the Federal Reserve Bank of Dallas, reading as follows:

"This is in reply to your letter of November 14, 1945, advising of the program of postwar salary adjustments approved by the Board of Directors at its meeting of November 8.

"The Board of Governors authorizes your Bank to exceed adjusted maximum annual salaries under the personnel classification plan of your Bank in individual cases by as much as 15% of the first \$3,000 of the adjusted maximum annual salary, provided that the total annual salary, including any such excess over the adjusted maximum annual salary under the personnel classification plan, shall not exceed \$7,500.

"In accordance with the discussions at the recent joint meeting of the Board with the Conference of Presidents this authorization is granted as a temporary measure

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"to take care of individual cases in the postwar situation pending a comprehensive revision of the personnel classification plan.

"It is noted from your letter that under the authorization contained in the Board's letter of October 31, 1945 (S-881), the program as approved by the directors includes the discontinuance of supplemental compensation as such effective as of the close of business December 31, 1945, and the merger of supplemental compensation with the basic salary together with increases in the maximum annual salaries under the personnel classification plan to provide for the merger of supplemental compensation with basic salary effective January 1, 1946.

"It is also noted from your letter that prior to January 1, 1946, a list of the officers' salaries affected as a result of the action taken by the Board of Directors will be submitted to the Board of Governors for approval and that a list of the positions affected under the personnel classification plan also will be forwarded to the Board."

Approved unanimously.

Letter to the "Bank of Gueydan," Gueydan, Louisiana, 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 the board of directors of the "First Trust and Savings Bank," Paris, Tennessee, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H, the Board approves the bank's application for membership in the Federal

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Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of St. Louis. The letter also contained the following special comment:

"It has been noted that the bank is authorized to exercise fiduciary powers and formerly exercised such powers but is not doing so at present and does not contemplate again accepting trust business. It has been noted also that the bank possesses certain other powers which are not being exercised and which are not necessarily required in the conduct of a banking business, such as the powers to guarantee the payment of bonds and mortgages and to guarantee titles to real estate. Attention is called to the fact that if the bank should decide in the future to exercise fiduciary powers or to exercise any other powers not actually exercised at the time of admission to membership, it will be necessary under condition of membership numbered 1 to obtain the permission of the Board of Governors before doing so. In this connection, the Board understands that there has been no change in the scope of corporate powers exercised by the bank since the date of its application for membership."

Approved unanimously, together with a letter to Mr. Davis, President of the Federal Reserve Bank of St. Louis, reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of the 'First Trust and Savings Bank,' Paris, Tennessee, for membership in the Federal Reserve System, subject to the conditions prescribed in the enclosed letter which you are requested to forward to the Board of Directors of the institution. Two copies of such letter are also enclosed, one of which is for your files and the other of which you are requested to forward to the Superintendent of Banks for the State of Tennessee for his information.

"The directors appear to recognize the need for strengthening the management by the addition of an officer who will be capable of succeeding to the leadership

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"of the bank upon the retirement of the president within the next few years and it is said that efforts are being made to obtain the services of such a person. It has been noted that you intend to follow the case closely until the situation has been corrected and it will be appreciated if you will keep the Board advised as to developments."

Letter to the board of directors of the "First State Bank of Stevensville Montana," Stevensville, Montana, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H and the following special condition, the Board approves the bank's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of Minneapolis:

- "4. Such bank shall increase the number of its directors to not less than five, the minimum number required in the case of all member banks under the provisions of section 31 of the Banking Act of 1933, as amended."

Approved unanimously, together with a letter to Mr. Peyton, President of the Federal Reserve Bank of Minneapolis, reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of the 'First State Bank of Stevensville Montana,' Stevensville, Montana, for membership in the Federal Reserve System, subject to the conditions prescribed in the enclosed letter which you are requested to forward to the Board of Directors of the institution. Two copies of such letter are also enclosed, one of which is for your files and the other of which you are requested to forward to the Superintendent of Banks for the State of Montana, for his information.

"In connection with condition of membership numbered 4, it has been noted that the bank has agreed to increase the

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"number of its directors to five at its next annual stockholders' meeting. With the understanding that the matter will be attended to at that time, the Board will not object to the admission of the bank to membership with only four directors.

"It is assumed that you will follow the matter of the bank's bringing into conformity with the provisions of law and the Board's regulations the savings account mentioned on page 16 of the report of examination for membership."

Telegram to Mr. Day, President of the Federal Reserve Bank of San Francisco, stating that, subject to conditions of membership numbered 1 to 6 contained in the Board's Regulation H, the Board approves the application of the "Security Trust & Savings Bank of San Diego," San Diego, California, for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of San Francisco. The telegram requested that the Federal Reserve Bank advise the applicant bank of the Board's approval of the application and conditions of membership prescribed, together with necessary instructions as to the procedure for accomplishing membership, and stated that a letter containing detailed advice regarding such approval would be forwarded to the applicant bank through the Reserve Bank.

The telegram contained the following additional statements:

"Since it is reported that the losses estimated in the report of examination for membership have been charged off, the usual condition of membership requiring the elimination of losses has not been prescribed.

"A letter approving the retention and operation of the branches at Chula Vista, California, and Escondido, California, is being transmitted which you are requested to forward to the Board of Directors of the applicant bank. Copy of letter is also being sent for your files.

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"Board also approves the proposed establishment and operation of a branch in Oceanside, California, by the Security Trust & Savings Bank of San Diego, San Diego, California, with the understanding that counsel for the Reserve Bank will review and satisfy himself as to the legality of all steps taken to establish the branch.

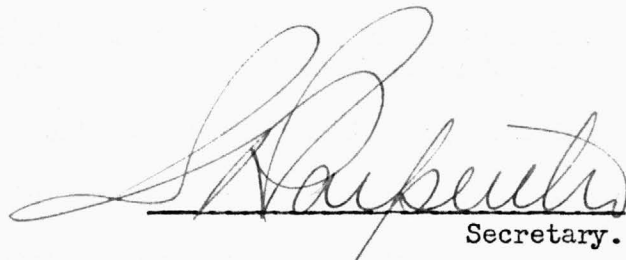
"If applicant bank has not been informed of the requirement under condition of membership numbered 6 that securities pledged with commercial or savings department must equal the amount of trust funds deposited in such departments, regardless of deposit insurance, please so advise the bank when notifying it that membership application has been approved."

Approved unanimously.


Memorandum dated November 19, 1945, from Mr. Smead, Director of the Division of Bank Operations, recommending that \$90 be added to the 1945 budget for that Division to cover estimated expenses under the item "Stationery and Supplies."

Approved unanimously.

Thereupon the meeting adjourned.

  
Secretary.

Approved:

  
Chairman.