

11/27/45

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, November 27, 1945, at 10:30 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Draper
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 hereinafter referred to was taken by the Board.

Memorandum dated November 26, 1945, from Mr. Leonard, Director of the Division of Personnel Administration, recommending that Mrs. Jane Pearson Roark be appointed as a clerk-typist in that Division on a temporary basis for a period of three months at a salary of \$1,836 per annum, effective as of the date upon which she enters upon the performance of her duties, after having passed the usual physical examination. The memorandum stated that Mrs. Roark is a member of the Federal Reserve Bank Retirement System.

Approved unanimously.

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Memorandum dated November 26, 1945, from Mr. Bethea, Director of the Division of Administrative Services, recommending that Claiborne Johnson, who has been on military leave, be reinstated in his position as a mail clerk in that Division, at a basic salary of \$2,100 per annum, effective as of the date upon which he reports for duty, after having passed the usual physical examination.

Approved unanimously.

Memorandum dated November 23, 1945, from Mr. Paulger, Director of the Division of Examinations, recommending that the Board approve a change in the salary of Melvin McIlwain, recently appointed by the Board as an Assistant Federal Reserve Examiner, from \$3310 to \$3640 per annum, effective when he takes his oath of office.

Approved unanimously.

Memorandum dated November 16, 1945, from Mr. Paulger, Director of the Division of Examinations, recommending that the salary of Gordon R. Murff, Federal Reserve Examiner, be adjusted from \$6650 to \$6860, effective December 2, 1945.

Approved unanimously.

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Telegram to Mr. Young, President of the Federal Reserve Bank of Chicago, stating that, subject to conditions of membership numbered 1 to 6 contained in the Board's Regulation H, and the special condition stated below, the Board approves the application of the "Lyon County State Bank" Rock Rapids, Iowa, for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of Chicago. 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 also the following special condition:

"7. At the time of admission to membership such bank shall have a paid-up and unimpaired capital stock of not less than \$60,000 and a surplus of not less than \$20,000."

Approved unanimously.

Letter to The First National Bank of Thomasville, Thomasville, North Carolina, reading as follows:

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"This refers to the resolution adopted on June 5, 1945, by the board of directors of your bank, signifying the bank's desire to surrender its right to exercise fiduciary powers heretofore granted to it.

"The Board, understanding that your bank has been discharged or otherwise properly relieved in accordance with the law of all of its duties as fiduciary, has issued a formal certificate to your bank certifying that it is no longer authorized to exercise any of the fiduciary powers covered by the provisions of section 11(k) of the Federal Reserve Act, as amended. This certificate is enclosed herewith.

"In this connection, your attention is called to the fact that, under the provisions of section 11(k) of the Federal Reserve Act, as amended, when such a certificate has been issued by the Board of Governors of the Federal Reserve System to a national bank, such bank (1) shall no longer be subject to the provisions of section 11(k) of the Federal Reserve Act or the regulations of the Board of Governors of the Federal Reserve System made pursuant thereto, (2) shall be entitled to have returned to it any securities which it may have deposited with the State or similar authorities for the protection of private or court trusts, and (3) shall not exercise any of the powers conferred by section 11(k) of the Federal Reserve Act except with the permission of the Board of Governors of the Federal Reserve System."

Approved unanimously.

Letter to Mr. Neil B. Dawes, Vice President of the Federal Reserve Bank of Chicago, reading as follows:

"This refers to your letter of November 23, 1945, regarding the status under Regulation T of the 30 per cent payment recently made by Electric Bond & Share Company on its preferred stock.

"The information which we have regarding this payment indicates that it was made in partial liquida-

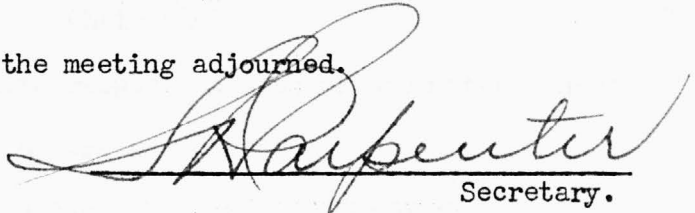
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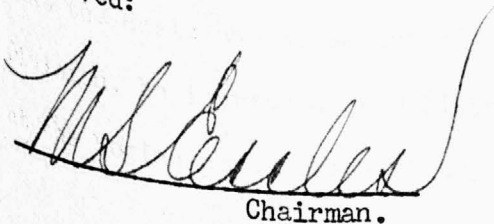
tion or redemption of the stock and that it is in effect a capital distribution. In the circumstances it would seem that the payment should be treated in the same way as the proceeds of the sale of a portion of the stock. This would mean that it should not be treated as a dividend which a creditor may pay to a customer from a restricted account under section 6(g). Likewise, the payment could not be used to purchase Electric Bond & Share preferred, or other securities, in a restricted account."

Approved unanimously.

Thereupon the meeting adjourned.


Secretary.

Approved:


Chairman.