

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

PRESENT: Mr. Eccles, Chairman
 Mr. Ransom, Vice 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 December 10, 1945, were approved unanimously.

Memorandum dated December 5, 1945, from Mr. Paulger, Director of the Division of Examinations, recommending that Robert J. Schoenhoff, who has been on military leave, be reinstated in his position as an Assistant Federal Reserve Examiner, Division of Examinations, with salary at the rate of \$3,530 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.

Telegram to Mr. McLarin, President of the Federal Reserve Bank of Atlanta, stating that, subject to conditions of membership

12/11/45

numbered 1 to 3 contained in the Board's Regulation H, the Board approves the application of the "American Bank," St. Joseph, Tennessee, for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of Atlanta. 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 statement:

"Following comment to be included in letter to applicant bank:

"It has been noted that the bank is authorized to exercise fiduciary powers but is not doing so at present and that the bank possesses certain other powers which are also 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 any 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.

12/11/45

-3-

Letter to the Federal Deposit Insurance Corporation reading as follows:

"Pursuant to the provisions of section 12B of the Federal Reserve Act, as amended, the Board of Governors of the Federal Reserve System hereby certifies that the Lyon County State Bank, Rock Rapids, Iowa, became a member of the Federal Reserve System on December 7, 1945, and is now a member of the System. The Board of Governors of the Federal Reserve System further hereby certifies that, in connection with the admission of such bank to membership in the Federal Reserve System, consideration was given to the following factors enumerated in subsection (g) of section 12B of the Federal Reserve Act:

1. The financial history and condition of the bank,
2. The adequacy of its capital structure,
3. Its future earnings prospects,
4. The general character of its management,
5. The convenience and needs of the community to be served by the bank, and
6. Whether or not its corporate powers are consistent with the purposes of section 12B of the Federal Reserve Act."

Approved unanimously.

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

"Relet December 7. In view your recommendation Board will interpose no objection to proposed change in location of the American State Bank, Milwaukee, Wisconsin, and the proposed investment of \$450,000 in banking premises provided the capital increase described is effected."

Approved unanimously.

Telegram to Mr. Mangels, Vice President of the Federal Reserve Bank of San Francisco, reading as follows:

"Relet December 5. In view of your recommendation

12/11/45

-4-

"Board approves establishment and operation of a branch in Orinda, California, by American Trust Company, San Francisco, California, with understanding that counsel for the Reserve Bank will review and satisfy himself as to legality of all steps taken to establish branch."

Approved unanimously.

Letters prepared for the signature of Chairman Eccles to Mr. Patterson, Secretary of War, and Mr. Hensel, Acting Secretary of the Navy. The letter to Mr. Patterson read as follows:

"Your letter of November 30 commending the Board of Governors and the Federal Reserve Banks for the services they have been privileged to render to the War Department in facilitating and expediting war production through the V loan program will be a source of genuine gratification to all of those in the Reserve System who have had a share in discharging this responsibility. On behalf of the Board of Governors and the Reserve Banks, I wish to acknowledge and thank you for this expression. We are not unmindful of the fact that the success of this undertaking has depended largely upon the close cooperation and exceptionally able assistance which we have received from your own office and from the officers, personally known to you, with whom we have been associated in developing and carrying out the program.

"In accordance with your suggestion, I take particular pleasure in sending copies of your letter to members of the Board and our staff, as well as to the Federal Reserve Banks."

The letter to Mr. Hensel read as follows:

"On behalf of all of the members of the Board and of the staff who have shared in the responsibility for carrying out the V loan program, I wish to thank you for your letter of December 4 in which you express the appreciation of the Navy Department for the services this System has been privileged to render in the establishment and administration of Regulation V.

12/11/45

-5-

"Your words of commendation are most gratifying and will be deeply appreciated by all who are identified with the Federal Reserve System. We recognize that the successful operation of the program and the contribution thus made to the war effort has depended to a very great extent upon the splendid cooperation and outstandingly able assistance which officials and officers of the Navy, associated in this task, have unfailingly provided.

"While I note that you are also addressing letters to the individual Federal Reserve Banks, I am taking the liberty of distributing, not only to the Board and staff here but also to the Federal Reserve Banks, copies of your letter addressed to me as Chairman of the Board of Governors."

Approved unanimously, together with a letter to the Presidents of all the Federal Reserve Banks transmitting copies of the letters from Messrs. Patterson and Hensel and the Board's replies.

Letter to the Comptroller of the Currency reading as follows:

"It is respectfully requested that you place an order with the Bureau of Engraving and Printing, supplementing the order of June 9, 1945, for printing of \$75,000,000 of Federal Reserve notes of the 1934 Series for the Federal Reserve Bank of San Francisco in the \$50 denomination."

Approved unanimously.

Memorandum from Mr. Carpenter dated December 6, 1945, recommending certain minor changes in the statement of responsibilities of directors of Federal Reserve Banks which is sent by Chairman Eccles to each new director of the head offices of Federal Reserve Banks.

The statement in its revised form was approved unanimously.

Memorandum dated December 5, 1945, from Mr. Thomas, Director

12/11/45

of the Division of Research and Statistics, submitting a voucher for reimbursement for travel and other expenses incurred by C. Richard Youngdahl, an Economist in that Division, in the discharge of official duty from November 14 to November 16, 1945. The memorandum recommended approval of the voucher and stated that special consideration of the voucher by the Board was necessary because Mr. Youngdahl had to travel from Chicago to Washington by roomette due to the unavailability of less expensive Pullman accommodations.

Approved unanimously.

Thereupon the meeting adjourned.


Secretary.

Approved:


Chairman.