

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, January 5, 1946, at 10:30 a.m.

PRESENT: Mr. Ransom, Vice Chairman
 Mr. Szymczak
 Mr. McKee
 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 January 4, 1946, were approved unani-
 mously.

Letter to Mr. Rounds, First Vice President of the Federal Re-
 serve Bank of New York, reading as follows:

"This is in reply to your letter of December 24, 1945, requesting the Board's approval of the payment of salary to Mr. Peter P. Lang as a Special Assistant in the Foreign Department at the rate of \$6,800 per annum.

"The authorization contained in the Board's letter of December 13 with respect to payment of salaries in excess of the maximums, may be considered as applicable to the figure of \$6,000 referred to in the Board's letter of December 7, 1945, with respect to the position of Special Assistant, Foreign Department and which appears in the footnote to Form A, page 253-1A, covering such position.

"In the circumstances, specific authority to pay a salary to Mr. Lang as a Special Assistant in the Foreign Department at the rate of \$6,800 per annum, is not required at this time.

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"In the interests of simplicity, it is believed preferable not to make a change in the figure of \$6,000 as it appears in the personnel classification plan, but to leave the figure of \$6,000 as well as all maximum salaries under \$7,500 subject to the authorization contained in the Board's letter of December 13."

Approved unanimously.

Telegram to Mr. Young, President of the Federal Reserve Bank of Chicago, referring to the application of "The Wayne State Bank," Wayne, Michigan, for permission to withdraw immediately from membership in the Federal Reserve System, and stating that the Board waives the usual requirement of six months' notice of intention to withdraw, and that, accordingly, upon surrender of the Federal Reserve Bank stock issued to The Wayne State Bank, the Federal Reserve Bank of Chicago is authorized to cancel such stock and make appropriate refund thereon.

Approved unanimously.

Letter to Mr. Willett, First Vice President of the Federal Reserve Bank of Boston, reading as follows:

"In view of the recommendation contained in your letter of December 22, 1945, the Board of Governors approves the establishment and operation of a branch in Chicopee Falls, Massachusetts, by the Hadley Falls Trust Company, Holyoke, Massachusetts, 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."

Approved unanimously.

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Letter to Mr. Willett, First Vice President of the Federal Reserve Bank of Boston, reading as follows:

"Reference is made to your letter of December 22, 1945, submitting for the consideration of the Board of Governors, pursuant to condition of membership numbered 8 to which the member bank is subject, the proposal of the Norfolk County Trust Company, Brookline, Massachusetts, to invest \$150,000 additional in bank premises for the purpose of altering and improving its main office and the branch in Quincy.

"In view of your recommendation, the Board will interpose no objection to the additional investment of \$150,000 as proposed."

Approved unanimously.

Letter to Mr. W. R. Diercks, Assistant Vice President of the Federal Reserve Bank of Chicago, reading as follows:

"This refers to your letter of December 6, 1945, submitting to the Board for its consideration proposed changes in the Articles of Incorporation of the Metropolitan Trust Company, Chicago, Illinois, and investment by the trust company in stock of the affiliated Metropolitan Investment Company.

"Although the proposed changes in the Articles of Incorporation would materially broaden the powers of the trust company, the Board will not object to their adoption and hereby grants its permission to engage directly in the business of making Federal Housing Administration or similar Government-insured mortgages and in the business of buying, selling, and dealing in Government bonds, notes or other obligations. However, this permission is given with the understanding that no further change will be made in the general character of the trust company's business or in the scope of the corporate powers exercised by it except with the permission of the Board, as is prescribed in condition of membership numbered 1.

"With respect to the investment in stock of the Metropolitan Investment Company, Mr. Hodge has called your

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"attention to the opinion expressed by the Board in its letter of October 28, 1938 (S-129; F.R.L.S. #7087) stating in a somewhat analogous case that such an investment would be prohibited by section 5136 of the Revised Statutes. Accordingly, the Board, for the reasons stated in its 1938 opinion, feels that it would be contrary to the provisions of section 5136 for the Metropolitan Trust Company to acquire by investment stock of the Metropolitan Investment Company."

Approved unanimously.

Letter to Mr. Schlaikjer, Vice President and General Counsel of the Federal Reserve Bank of Boston, reading as follows:

"This refers to your letter to Mr. Vest dated November 6, 1945, enclosing a copy of an opinion of Mr. Berge, Assistant Counsel for your Bank, relating to the question whether section 32 of the Banking Act of 1933 is applicable to Messrs. Frederick Ayer, Carl P. Dennett, and Neil W. Rice, as directors of the First National Bank of Boston and as directors of Capital Managers, Inc.

"It is noted that Mr. Berge, although he expresses some doubt in the matter, is of the opinion that section 32 does not apply to the interlocking relationships mentioned above for the reasons which he discusses in his memorandum.

"After careful consideration of Mr. Berge's opinion and the information contained in his memorandum, the Board is not disposed at this time to raise objection to the interlocking relationships above mentioned. It should be understood, however, that should any changes in the relationship of Capital Managers, Inc., to General Capital Corporation, or in the activities of either of such corporations occur, further consideration should be given to this matter."

Approved unanimously.

Memorandum dated January 3, 1946, from Mr. Paulger, Director of the Division of Examinations, submitting letters to the following

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foreign banking corporations calling for the submission of reports of condition as of December 31, 1945:

Bankers Company of New York,	New York, New York
First of Boston International Corporation,	Boston, Massachusetts
French American Banking Corporation,	New York, New York
International Banking Corporation,	New York, New York
Morgan & Cie. Incorporated,	New York, New York
The Chase Bank,	New York, New York

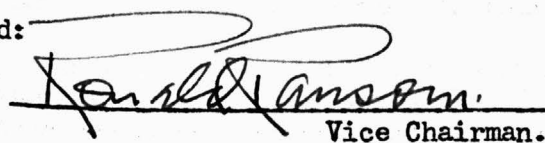
The first five corporations operate under agreements made with the Board pursuant to the provisions of Section 25 of the Federal Reserve Act, while The Chase Bank was chartered by the Board under the provisions of Section 25(a) of the Act.

The letters were approved unanimously.

Thereupon the meeting adjourned.


Secretary.

Approved: _____


Vice Chairman.