

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, February 28, 1946, at 2:00 p.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 hereinafter referred to was taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on February 27, 1946, were approved unanimously.

Memorandum dated February 26, 1946, from Mr. Bethea, Director of the Division of Administrative Services, recommending, for the reasons stated in the memorandum, that Mrs. Lyda Sanders, cafeteria helper in that Division, be granted leave without pay from February 1, 1946, to March 9, 1946. The memorandum stated, further, that Mrs. Sanders is a participant in the Board's Retirement Plan without death benefit and she, therefore, will not make any contributions to the Retirement System during the period of leave without pay.

Approved unanimously.

Memorandum dated February 27, 1946, from Mr. Leonard, Director of the Division of Personnel Administration, recommending that, for the reasons stated in the memorandum, the temporary appointment of

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Mrs. Jane Pearson Roark, clerk-typist in that Division, be extended for a period of six months, with no change in her present salary of \$1,836 per annum, effective as of the expiration of her present temporary appointment on February 28, 1946. The memorandum stated that Mrs. Roark is a member of the Federal Reserve Bank Retirement System.

Approved unanimously.

Letter to the Chairmen and Presidents of all Federal Reserve Banks reading as follows:

"Mr. Walter Wyatt, who has been a member of the Board's staff since 1917, and its General Counsel since 1922, has resigned effective February 28, 1946, to accept the position of Reporter of Decisions for the Supreme Court of the United States, effective March 1, 1946.

"Effective March 1, 1946, the designation of Mr. George B. Vest has been changed from General Attorney to General Counsel, and that of Mr. Leonard Townsend from Assistant General Attorney to Assistant General Counsel."

Approved unanimously.

Letter to the Presidents and Federal Reserve Agents of all Federal Reserve Banks, except at Atlanta, reading as follows:

"Referring to the Board's letter of January 14, 1946, there are attached a copy of a letter from the Fiscal Assistant Secretary of the Treasury Department regarding the procedure to be followed in the destruction of unissued reserve stocks of Federal Reserve notes, series 1928, and a confidential memorandum entitled 'Special Procedure for Destruction of Federal Reserve Notes, Series - 1928' approved by the Secretary of the Treasury. The only change of any significance in this memorandum from the one enclosed in the Board's letter of January 14, 1946, is the addition of the words 'but will make an examination of the residual cash' at the end of paragraph 4 on page 2.

"Advice will be appreciated as to whether in your opinion satisfactory facilities for the destruction of the notes are available (a) at your Bank or (b) at some other place in your city. It will also be appreciated if you will furnish us similar information for each of your branches, if any, at which unissued stocks of Federal Reserve notes are held. If you feel that such facilities are available, please furnish the Board, in accordance with the request contained in the February 13,

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"1946, letter of the Fiscal Assistant Secretary, the name of the person you recommend for appointment to the Committee, referred to in paragraph numbered 1 on page 3 of the enclosed memorandum, to conduct the destruction of notes of your Bank."

Approved unanimously.

Letter to Mr. Kunz, Vice President and Cashier of the Chase Bank, New York, New York, reading as follows:

"Reference is made to your letter of February 6, 1946 (2-45-WCK) in which you refer to the limitations imposed by Section XIII of Regulation K on the types of drafts and bills of exchange which may be accepted by your bank.

"You state that it is customary for French banks to accept drafts in the nature of straight finance paper at a preferential interest rate and as the Regulation does not provide for your bank's acceptance of this type of draft, its Paris Branch is at a distinct competitive disadvantage with other banks. You inquire whether the Board of Governors would be willing to modify Regulation K in order that your bank may provide its customers with acceptance facilities of the type mentioned.

"The Board of Governors of the Federal Reserve System will interpose no objection to the Paris Branch of The Chase Bank engaging in the types of acceptance credit transactions which are generally customary in France when such transactions are within the limitations prescribed by the Federal Reserve Act and the other applicable limitations of the Board's Regulation K. It is understood, of course, that in effecting such transactions you will be guided by the laws of France and by sound business judgment and banking principles."

Approved unanimously, together
with the following letter to Mr. Wiltse,
Vice President of the Federal Reserve Bank
of New York:

"Attached is a letter to Vice President and Cashier Kunz of The Chase Bank advising that the Board of Governors will interpose no objection to the Paris Branch of the bank

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"engaging in the types of acceptance credit transactions which are generally customary in France when such transactions are within the limitations of the Federal Reserve Act and the other applicable limitations of the Board's Regulation K. Please deliver the letter to Mr. Kunz. A copy is enclosed for your files."

Telegram to Mr. Johns, General Counsel and Secretary of the Federal Reserve Bank of Kansas City, reading as follows:

"Retel February 27. Refer Amendment No. 5 to Regulation U effective July 16, 1945 which substituted new provision for section 2(e). Loan secured by stock and to purchase registered stock directly from corporation is now subject to Regulation."

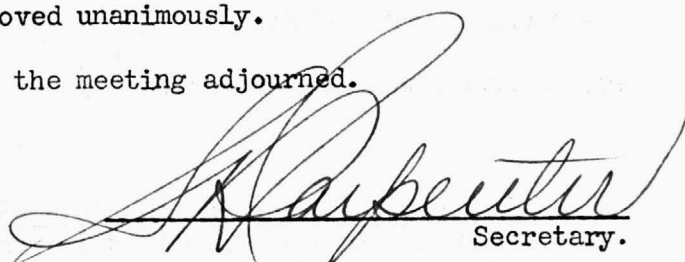
Approved unanimously.

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

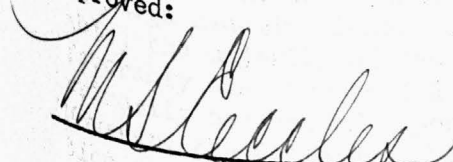
"The Board of Governors has received and noted your letter of January 17, 1946, with which was enclosed a letter of corresponding date addressed to you by President Sproul, regarding the examination of the Federal Reserve Bank of New York conducted by Federal Reserve Examiner Millard as of November 17, 1945."

Approved unanimously.

Thereupon the meeting adjourned.


Secretary.

Approved:


Chairman.