

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, March 29, 1946, at 10:30 a.m.

PRESENT: Mr. Ransom, Vice Chairman
Mr. Szymczak
Mr. Draper

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:

Telegram to Mr. Whittemore, President of the Federal Reserve Bank of Boston stating that the Board approves, effective March 29, 1946, (1) elimination of rate of one per cent on advances to nonmember banks under the last paragraph of Section 13 of the Federal Reserve Act, with the understanding that the rate of two per cent established effective October 27, 1942, on advances to individuals, partnerships, and corporations other than banks, under the last paragraph of Section 13 will hereafter include nonmember banks and (2) the establishment without change of the other rates of discount and purchase in the Bank's existing schedules.

Approved unanimously.

Telegrams to Messrs. Leach and McLarin, Presidents of the Federal Reserve Banks of Richmond and Atlanta, respectively, Mr. Dillard, Vice President of the Federal Reserve Bank of Chicago, Mr. Stewart, Vice President and Secretary of the Federal Reserve Bank of St. Louis, Mr. Powell, First Vice President of the Federal Reserve Bank of Minneapolis, Mr. Caldwell, Chairman of the Federal Reserve Bank of Kansas City,

3/29/46

-2-

Mr. Gilbert, President of the Federal Reserve Bank of Dallas, and Mr. Mangels, Vice President of the Federal Reserve Bank of San Francisco, stating that the Board approves the establishment without change by the Federal Reserve Bank of San Francisco on March 26, and by the Federal Reserve Bank of Atlanta on March 27, and by the Federal Reserve Banks of Richmond, Chicago, St. Louis, Minneapolis, Kansas City, and Dallas, on March 28, 1946, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated March 26, 1946, from Mr. Bethea, Director of the Division of Administrative Services, recommending that the basic annual salary of each of the following employees in that Division be increased as indicated below, effective at the beginning of the next pay roll period following approval by the Board:

<u>Name</u>	<u>Title</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
John Blash	Maintenance Mechanic	\$2,496	\$2,650
Royal J. Murphy	Marble Mason	2,650	2,760
Sydnor C. Orndoff	Painter	2,430	2,562
Everett Jones	Laborer	1,680	1,770
Katie Gill	Cafeteria Helper	1,620	1,638
William Myers	Cafeteria Helper	1,620	1,704
Mary K. Tavenner	Cafeteria Helper	1,560	1,572
L. L. Ball	Assistant Supervisor, Telegraph Office	2,760	2,870
Mary S. Seagle	Telegraph Operator	2,298	2,364

Approved unanimously, effective
April 7, 1946.

Memorandum dated March 28, 1946, from Mr. Carpenter, submitting the resignation of Mrs. Virginia C. Breeden, File Clerk in the Office

3/29/46

-3-

of the Secretary, effective as of the close of business March 29, 1946, and recommending that the resignation be accepted as of that date and that appropriate payment be made for the accumulated annual leave remaining to her credit at that time.

The resignation was accepted
as recommended.

Memorandum dated March 29, 1946, from Mr. Morse, Assistant Director of the Division of Research and Statistics, recommending that the military leave of Miss Dorothy M. Gaites, an Economic Assistant in that Division be terminated as of March 24, 1946, inasmuch as she was discharged from the United States Army on March 23, 1946, in order to accept a civilian position with the War Department, which she did on March 24, 1946.

Approved unanimously.

Letter to Mr. Douglas, Vice President of the Federal Reserve Bank of New York, reasing as follows:

"In accordance with the request contained in your letter of March 27, 1946, the Board of Governors approves, for a further period of six months beginning April 16, 1946, the continuation of Mr. Thomas P. Howard in an unassigned position in the Cash and Collection Function, with the understanding that the salary paid him while serving in this capacity will not exceed the salary he would be eligible to receive in the position he occupied at the time he was given such assignment.

Approved unanimously.

Letter to Mr. Hill, Vice President of the Federal Reserve Bank of Philadelphia, reading as follows:

3/29/46

-4-

"In accordance with the request contained in your letter of March 26, 1946, the Board approves the designation of the following as special assistant examiners for the Federal Reserve Bank of Philadelphia:

Harry G. Roeder
 John P. Hennessey
 Bernard S. Weingart
 Frederic C. Eddowes
 Henry W. Burd

"Appropriate notations will be made in our records of the names reported as changed and names deleted."

Approved unanimously.

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

"In accordance with the request contained in your letter of March 25, 1946, the Board approves the appointment of James Oscar Russell, at present an assistant examiner, as an examiner for the Federal Reserve Bank of Dallas. Please advise us of the date upon which the appointment becomes effective."

Approved unanimously.

Letter to the Organizers of "North Shore Bank", Miami Beach, Florida, stating that, subject to conditions of membership numbered 1 to 3 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 Atlanta:

- "4. At the time of admission to membership, such bank shall have a paid-up and unimpaired capital stock of not less than \$400,000 and a surplus of not less than \$75,000."

The letter also contained the following special comments:

3/29/46

-5-

"Since the application for membership was made on behalf of the North Shore Bank, Miami Beach, Florida, prior to its organization as a State bank, it is requested that, in connection with the acceptance of the conditions of membership prescribed by the Board, the board of directors of the State bank ratify, after the charter has been issued, the action which has been taken in its behalf in making application for membership in the Federal Reserve System.

* * * * *

"Acceptance of the conditions of membership contained in this letter should be evidenced by a resolution adopted by the Board of Directors after the charter has been issued and spread upon its minutes, and a certified copy of such resolution should be filed with the Federal Reserve Bank. Arrangements will thereupon be made to accept payment for an appropriate amount of Federal Reserve Bank stock, to accept the deposit of the required reserve balance, and to issue the appropriate amount of Federal Reserve Bank stock to the bank.

"The time within which admission to membership in the Federal Reserve System in the manner described may be accomplished is limited to October 1, 1946, unless the bank applies to the Board and obtains an extension of time. When the Board is advised that all of the requirements have been complied with and that the appropriate amount of Federal Reserve Bank stock has been issued to the bank, the Board will forward to the bank a formal certificate of membership in the Federal Reserve System."

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

"The Board of Governors of the Federal Reserve System approves the application made on behalf of the North Shore Bank, Miami Beach, Florida, for membership in the Federal Reserve System, effective if and when the bank is duly authorized to commence business by the appropriate State authorities, 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 State Comptroller for the State of Florida, for his information.

"Before issuing stock in the Federal Reserve Bank of Atlanta to the new State institution, you are requested to

3/29/46

-6-

"satisfy yourself that its capital stock of \$400,000 has been paid in, that the surplus of \$75,000 and additional capital funds as required by the State authorities have been provided, that the organization papers have been considered by your counsel, and that he is satisfied as to their legal aspects. It is requested that a copy of the opinion of your counsel given in this connection, together with properly certified copies of the bank's charter and letters patent, be forwarded to the Board as soon as possible. It is requested also that the Board be furnished with a copy of the resolution of the board of directors of the State institution ratifying the action taken in its behalf in making application for membership in the Federal Reserve System."

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

"Reference is made to Mr. Diercks' letter of March 4, 1946, submitting information regarding the purchase of assets and assumption of deposit liabilities of Farmers State Bank of Preble, Indiana, by The First State Bank of Decatur, Indiana, Decatur, Indiana, effected February 21, 1946.

"In view of the information submitted the Board of Governors concurs in the opinion of your counsel that the transaction did not involve a change in the general character of the business of the member bank nor in the scope of the corporate powers exercised by it, within the meaning of the condition of membership to which it is subject, and will interpose no objection to the transaction as consummated.

"It is understood that the general question of the issuance of capital debentures rather than common stock, raised by the relatively large amount of capital debentures issued in connection with the capital readjustments effected as a part of the plan in this case, was discussed with you and Mr. Diercks by Mr. Paulger on March 22, and that you expect to discuss the matter with the State banking authorities at an early date after which you will advise the Board of the position taken by such authorities."

Approved unanimously.

Letter to Mr. Bartelt, Fiscal Assistant Secretary, U. S. Treasury Department, reading as follows:

3/29/46

-7-

"Reference is made to your February 13, 1946, letter regarding the appointment of committees to witness the destruction of the unissued stocks of Federal Reserve notes of the 1928 series which bear the gold clause.

"We have asked the Federal Reserve Banks and agents for suggestions as to their representatives on the committees but have not yet received replies from all of them. We are enclosing herewith however a list of suggestions received up to this time. A supplementary list covering all other committees will be submitted as soon as practicable.

"It is suggested that wherever committees are to be appointed at a Federal Reserve branch bank, all persons designated to serve on the committees to witness the destruction of notes of a given Federal Reserve Bank, whether as principals or alternates, and whether at the Head Office or at a Branch, be authorized to serve along with, or in place of, any other person designated to serve in like capacity on any committee either at the Head Office or at one of its branches.

"In some cases the volume of notes to be piece counted may be so large as to make it desirable for the Federal Reserve Bank to designate additional persons to serve as watchers. It is recommended that the President or Federal Reserve agent be authorized to designate such persons in their discretion."

Approved unanimously.

Letter to Honorable Robert F. Wagner, Chairman of the Senate Committee on Banking and Currency, reading as follows:

"This is in response to your letter of March 20, 1946, requesting an opinion as to the merits of H. J. Res. 321, to authorize the making of settlement on account of certain currency destroyed at Fort Mills, Philippine Islands, and for other purposes.

"The subject matter of the proposed legislation was taken up with the Board by the Treasury Department several months ago; and the Board expressed its concurrence in the plan for adjustment in the accounts of currency destroyed in the Philippine Islands in so far as it relates to the amounts and denominations of Federal Reserve notes to be charged to the redemption funds of the various Federal Reserve Banks.

"It is the Board's view that the proposed legislation is desirable and that H. J. Res. 321 should be enacted."

Approved unanimously.

3/29/46

-8-

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


"You will recall that during an informal conference between the members of the Board and the Presidents at the time of the meeting of the Federal Open Market Committee on March 1, 1946, it was understood that Chairman Eccles would advise the Secretary of the Treasury informally that he could not give the Treasury the assurance that the Federal Reserve Banks would not act on the preferential discount rate in the near future.

"That advice went to Secretary Vinson in a personal and confidential note on March 22, and a copy of Mr. Vinson's reply dated March 28 is attached for your information.

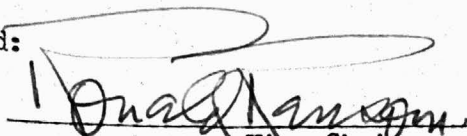
"The Board will be pleased to have any comments that you might wish to make with respect to the reply."

Approved unanimously.

Thereupon the meeting adjourned.


Secretary.

Approved:


Vice Chairman.