

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, May 28, 1946, at 10:30 a.m.

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

Mr. Carpenter, Secretary
Mr. Morrill, Special Adviser
Mr. Thurston, Assistant to the Chairman

As stated in the minutes of the meeting on May 8, 1946, Mr. Vardaman was absent on official business.

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 May 27, 1946, were approved unanimously.

Memorandum dated May 24, 1946, from Mr. Leonard, Director of the Division of Personnel Administration, recommending the transfer of Mrs. Ann Linkins, a clerk in the Division of Research and Statistics, to the position of Clerk-Stenographer in the Division of Personnel Administration. The memorandum also recommended adjustments in the salaries of Mrs. Linkins and the following employees in the Division of Personnel Administration:

<u>Name</u>	<u>Title</u>	<u>Salary Adjustment</u>	
		<u>From</u>	<u>To</u>
Allen, Dwight L.	Personnel Technician	\$3,970	\$4,190
Ayers, June E.	Personnel Technician	2,650	2,980
Lamb, Ruth S.	Clerk	1,860	1,902
Linkins, Ann	Clerk-Stenographer	2,166	2,298
Underwood, Evelyn	Leave Clerk	2,040	2,166

Approved unanimously, effective June 2, 1946.

5/28/46

-2-

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

"The Board of Governors approves the changes in the personnel classification plan of the Federal Reserve Bank of Cleveland, relating to the Cash, Fiscal Agency, and Research departments, as submitted with your letter of May 24, 1946."

Approved unanimously.

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

"In accordance with the request contained in your letter of May 22, 1946, the Board approves the designation of the following employees at the Detroit Branch as special assistant examiners for the Federal Reserve Bank of Chicago:

Allen, H.	Laird, James H.	Peters, Glave
Banner, L.	Lazevnich, Joseph	Pletcher, J.
Baxter, P.	Leach, V.	Reid, George G.
Burkinshaw, C. W.	Mindling, G.	Tatro, V.
Flannery, G.	Neale, J. T.	Vernier, P.
Haines, J. C.	Neff, G.	White, D.
Johnson, Ernest	Noren, H.	Zarecki, L."

Approved unanimously.

Letter to Mr. Sherman, Assistant Cashier of the Federal Reserve Bank of Kansas City, reading as follows:

"In your letter of May 18, 1946, you request the Board's approval of the payment of salaries to Bess G. Parrish and Harry H. Ainsworth from July 1, 1946 to December 31, 1946, inclusive, in accordance with the Board's letter of February 4, 1946, S-895.

"It is noted that the Discount Committee, after a thorough review of the facts, approves the continuation of Miss Parrish and Mr. Ainsworth in active service through December 31, 1946. However, the Board's letter of February 4, 1946, S-895, referred to above, specifies that the continu-

5/28/46

-3-

"ation of such employees must be approved by the board of directors.

"The Board approves the payment of salaries to Bess G. Parrish and Harry H. Ainsworth in active service for the remainder of the year if their retention in service is authorized by the board of directors.

"It is noted that the services of Miss Parrish and Mr. Ainsworth are to be terminated as of January 1, 1947."

Approved unanimously.

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

"Reference is made to your letter of May 20, 1946, submitting the request of the 'Northern New York Trust Company', Watertown, New York, for permission to establish a branch in Evans Mills, New York, in connection with the proposed purchase of assets and assumption of deposit liabilities of the Peoples Bank of Evans Mills, Evans Mills, New York.

"The Board of Governors concurs in your opinion that the proposed transaction will not result in a change in the general character of the assets of the trust company or the functions exercised by it within the meaning of the condition of membership to which it is subject.

"In view of your recommendation, the Board approves the establishment and operation of a branch in Evans Mills, New York, by the 'Northern New York Trust Company', Watertown, New York, provided the purchase of assets and assumption of deposit liabilities of the Peoples Bank of Evans Mills is accomplished substantially as proposed and the prior approval of the appropriate State authorities is obtained, and with the understanding that Counsel for the Reserve Bank is to review and satisfy himself as to the legality of all steps taken to effect the absorption and establish the branch."

Approved unanimously.

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

5/28/46

-4-

"In accordance with the recommendation contained in your letter of May 21, 1946, the Board approves the establishment and operation of a branch in Fairview, Ohio, by 'The Cleveland Trust Company', Cleveland, Ohio, 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.

Letter to Mr. Edmund F. Ortmeier, Evansville 18, Indiana, reading as follows:

"This refers to your letter of May 18, 1946, in which you state that you are in the process of reorganizing a local Morris Plan Company into a State bank; that the Morris Plan Company is a wholly owned subsidiary of a finance company; and that the new State bank will become a wholly owned subsidiary of the finance company. In connection with this reorganization, you have asked several questions relating to the applicability of the Clayton Act and the Board's Regulation L to certain interlocking relationships.

"The directors of the holding finance company are not prohibited by the law and regulation referred to above from also being directors or officers of local banks. The law and regulation relate to interlocking relationships between banks, and it is assumed that the finance company is not a bank.

"You state that several of the persons who are to be directors of the subsidiary State bank are also directors of local banks which are members of the Federal Reserve System. Under the Clayton Act and the Board's Regulation L such interlocking relationships are prohibited unless they fall within one of the exceptions contained in the law and regulation. Your letter does not indicate that any of the exceptions are applicable.

"The service of the director of the new subsidiary State bank who is also a director of a member bank located approximately 125 miles from Evansville, would not be prohibited if such service falls within exception numbered 5 of section 2(d) of Regulation L. Your letter does not contain any facts as to the existence or location of any branches of the banks involved.

"A copy of the Board's Regulation L is enclosed herewith. If you have any further questions concerning this matter it is suggested that you communicate with the Federal Reserve Bank of St. Louis."

Approved unanimously.

5/28/46

-5-

Letter prepared for the signature of Chairman Eccles to Mrs. Carter Glass, reading as follows:

"Word of the death of Senator Glass reached the Board this morning and all of the members join me in expressing to you their sincere sympathies and their feeling of great loss in his passing.

Few men have served their country and the cause of good Government as effectively as Senator Glass. While many unusual honors have come to him in recognition of his great abilities, none is a more fitting monument to his unselfish statesmanship, courage, and tenacity of purpose than the Federal Reserve System. As Chairman of the House Banking and Currency Committee he was responsible for guiding the Federal Reserve Act past determined and powerful opposition to final passage in 1913. In 1938 when a bronze bas-relief of the Senator was unveiled in the Federal Reserve Building in commemoration of the 25th anniversary of the signing of that Act his outstanding contribution was recognized by President Roosevelt in a letter addressed to the Board of Governors in which he said: 'It is especially appropriate that you are marking the anniversary by unveiling on the wall opposite the portrait of President Wilson, a bas-relief of Senator Glass of Virginia, who, as one of the original sponsors of the Act, has always been its defender. The Federal Reserve System represents one of the great forward steps in dealing with our economic system.'

"On the same occasion Senator Wagner, Chairman of the Banking and Currency Committee, referred to the Senator as one 'to whom the Nation owes an eternal debt of gratitude for his leading part in the drafting and enactment of the Federal Reserve Act. He remains to this day the outstanding defender and exponent of the law which he fathered. This occasion signalizes for the American people a great victory in progressive action, and for Carter Glass a major personal triumph.' And Representative Steagall, Chairman of the House Banking and Currency Committee, when he unveiled the bas-relief, said: 'We know not how long this marble structure or this bas-relief will survive the vicissitudes of time, but the name and fame of Carter Glass of Virginia will endure to enrich the annals of the Republic. Senator Glass, we unveil this bas-relief placed here as a testimonial to your distinguished public service and as an expression of esteem and admiration of those who know you and love you.'

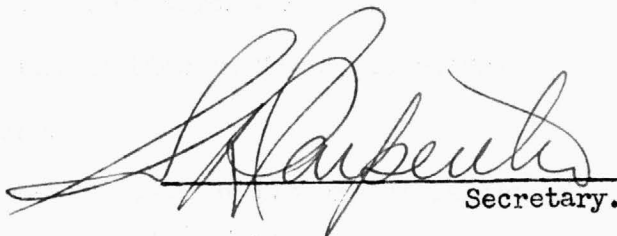
5/28/46

-6-

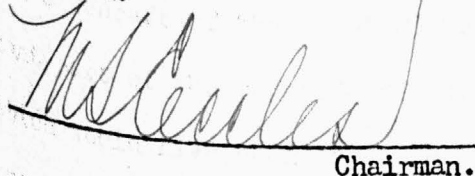
"We are sure that these signal honors that have come to the Senator will be a source of comfort to you and to the other members of the family and will ease the sorrow that you and all of his many friends will feel at the death of a truly great man."

Approved unanimously, together with the payment by the Board of the cost of an appropriate floral tribute to be sent by the Board to Senator Glass' funeral.

Thereupon the meeting adjourned.


Secretary.

Approved:


Chairman.