

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, May 29, 1940, at 11:00 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. Szymczak
Mr. McKee
Mr. Davis
Mr. Draper

Mr. Morrill, Secretary
Mr. Carpenter, Assistant Secretary
Mr. Clayton, 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 May 28, 1940, were approved unanimously.

The minutes of the meeting of the Board of Governors of the Federal Reserve System with the Presidents of the Federal Reserve Banks held on May 28, 1940, were approved unanimously.

Memorandum from Mr. Carpenter, Assistant Secretary, submitting the resignation of Hazel I. Coffman as a File Clerk in the Secretary's Office, effective as of the close of business on June 30, 1940, and recommending that the resignation be accepted as of that date.

Approved unanimously.

Memorandum from Mr. Wyatt, General Counsel, submitting the resignation of Richard A. Hill as a File Clerk in the Office of

5/29/40

-2-

General Counsel, effective as of the close of business on July 10, 1940, and recommending that the resignation be accepted as of that date.

Approved unanimously.

Memorandum dated May 24, 1940, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that, for the reason stated in the memorandum, Miss Kathryn Stevens be appointed on a temporary basis for a period not to exceed three months as a clerk in that Division, with salary at the rate of \$120 per month, effective as of the date upon which she enters upon the performance of her duties.

Approved unanimously.

Telegram to Mr. Leedy, Secretary of the Federal Reserve Bank of Kansas City, reading as follows:

"Referring your letter of May 24, following discussion by Messrs. Hamilton and Caldwell of salary of Mr. Brown, Cashier of Denver Branch, with Governor Szymczak, Board has approved salary for Mr. Brown at rate of \$5,400 per annum for period June 1, 1940 to May 31, 1941."

Approved unanimously.

Letter to the Western Union Telegraph Company, Washington, D. C., reading as follows:

"This refers to Mr. Davies' letters of December 28, 1939, January 25 and May 10, 1940, and our subsequent conversations relating to the proposal of the

5/29/40

-3-

"Western Union Telegraph Company covering the installation of perforator switching telegraph equipment on the circuits of the Federal Reserve Leased Wire System which are connected with the Washington office of that System. There are enclosed herewith three executed copies of an application by the Board of Governors of the Federal Reserve System for the furnishing of the telegraph services set forth therein.

"This application provides that the services requested will be furnished subject to and in accordance with the Company's lawful rates and regulations and it is understood that these rates and regulations are contained in Tariff FCC No. 155, 'Special Contract Service (Leased Facilities)', filed by your Company with the Federal Communications Commission.

"While the applicable tariff indicates that all services are furnished for an initial minimum contract period of one month and may be cancelled thereafter upon a minimum of one day's notice by either party, it is understood that the services to be provided in the present case (including such modifications therein as may be ordered by the Board from time to time) shall be furnished for an established minimum period of one year and that thereafter the services may be terminated by either party to the contract only by giving written notice to the other party of not less than 30 days.

"It is also noted that the tariff to which the contract will be subject contains a provision to the effect that the facilities furnished under the tariff may be employed only for the private use of those companies whose offices are connected to the circuits and that such facilities shall not be used either directly or indirectly for the handling of communications for the public or any person, firm, or corporation other than those whose offices are connected to the circuits or their affiliated and subsidiary companies and their representatives. As your Messrs. Davies and Allen have been advised, it has been the practice of the Board for a number of years to transmit over the Federal Reserve Leased Wire System messages for other governmental agencies for which Federal Reserve Banks may be authorized to act as fiscal agents, custodians or depositories. It is contemplated that this practice will be continued and it is understood that the provisions of the attached contract and the applicable tariffs will not be inconsistent with the

5/29/40

-4-

"continuation of the practice of the Board in requiring reimbursement for the transmission of messages over the leased wires for certain other Government agencies for which the Federal Reserve Banks may be authorized to act as fiscal agents, custodians and depositaries and for the transmission of messages in connection with the functions of the Federal Reserve Banks as fiscal agents and depositaries of the United States.

"The form of contract provides that the Board agrees to pay for the services rendered in accordance with your Company's established billing practices. It has been the established practice of the Board to make payment for telegraph facilities furnished during a calendar month upon the submission during the succeeding month of proper vouchers and it is understood that payment in this manner will be in accordance with the provisions of the contract.

"You will note that there has been added to the contract a provision that no member of or delegate to Congress or resident commissioner shall be admitted to any share or part of the contract or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit. This is in accordance with the requirement of Section 22 of Title 41 of the United States Code.

"In order that the Board may receive actual notice of any change or modification in the regulations or tariffs filed by your Company with the Federal Communications Commission which may affect the terms of this contract, it will be appreciated if you will advise the Board of any such proposed change or modification as far in advance of its effective date as may be possible.

"It is understood that the services specified in the application include the following:

1. One duplex high speed operation page teleprinter operated circuit, twelve hours per day, seven days per week, connecting the telegraph office at the Federal Reserve Bank of New York and the telegraph office in the Board's building in Washington. The equipment to be installed at the Federal Reserve Bank of New York will consist of one page printer sending and receiving, one page printer receiving only, and one page printer sending and receiving (spare)

.....Monthly rental \$ 620.75

5/29/40

-5-

- "2. One single low speed page teleprinter operated circuit, twelve hours per day, seven days per week, connecting the telegraph office at the Federal Reserve Bank of Philadelphia, the telegraph office at the Baltimore Branch of the Federal Reserve Bank of Richmond, and the telegraph office in the Board's building in Washington. The equipment at the Philadelphia office is to consist of one page printer sending and receiving, and one selector (printer attachment). The equipment at the Baltimore office is to consist of one page printer sending and receiving, and one selector (printer attachment)Monthly rental \$ 346.00
3. One single low speed page teleprinter operated circuit, twelve hours per day, seven days per week, connecting the telegraph office at the Federal Reserve Bank of Richmond and the telegraph office in the Board's building in Washington. The equipment to be installed at the Richmond office is to consist of one page printer sending and receiving machine.Monthly rental \$ 227.00
4. One duplex high speed page teleprinter operated circuit, twelve hours per day, seven days per week, connecting the telegraph office at the Federal Reserve Bank of Chicago and the telegraph office in the Board's building in Washington. The equipment at the Chicago office is to consist of one switching control unit, one page printer sending and receiving, one page printer receiving only, one printer perforator, one automatic transmitter, one automatic perforator and transmitter.Monthly rental \$1,748.25
5. Printer perforator switching center in the Board's telegraph office in Washington in which the circuits described above will terminate. The equipment to be furnished with the switching center is to be as called for on your sketch 2-E of March 6, 1940, and, in addition one automatic numbering machine. It is also to include two-wire local circuits to the telegraph office in the Treasury Building and the telegraph office at the Reconstruction Finance Corporation, each of which offices is to be equipped with page printers, sending and receiving
.....Monthly rental \$ 491.75

5/29/40

-6-

"No changes are to be made in the existing Washington-Atlanta telemeter service except that the equipment on this circuit in the Washington office is to be made a part of the switching center and the teletypewriter machines in the Atlanta office are to be changed to accommodate plain roll paper eight and one-half inches wide and the keyboards are to be made to correspond with the machines on the other circuits connecting with Washington.

"It is understood there may be changes in the equipment at Chicago after you have discussed the needs of the office further with Mr. Dillard and that there may be changes in other equipment before the installation goes into operation, with appropriate adjustments in charges for any such changes.

"It is further understood that the installation of all of the equipment to be furnished will be completed a sufficient time in advance of the effective date, August 1, 1940, so that all necessary tests may be made to make certain that the equipment will operate satisfactorily and to acquaint the operators in all offices with the necessary routine.

"You are requested to confirm the Board's understanding with respect to the several matters referred to above and to return for our files one of the executed copies of the application."

Approved unanimously.

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

"The form of memorandum to accompany applications for membership has been revised with a view to simplification. It will be appreciated if the memoranda submitted by the Reserve Banks with applications for membership are prepared in the revised form, as outlined in the attached memorandum. Ten copies of the revised form are enclosed, and we shall be glad to furnish additional copies if desired.

"This supersedes letter X-7572 (Federal Reserve Loose-Leaf Service #3472)."

Approved unanimously.

5/29/40

-7-

Thereupon the meeting adjourned.

Chester Morris
Secretary.

Approved:

W. E. Fraser
Chairman.