A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, June 5, 1940, at 11:30 a.m.

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

Mr. Morrill, Secretary
Mr. Bethea, Assistant 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 June 4, 1940, were approved unanimously.

Memorandum dated May 31, 1940, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that, for the reason stated in the memorandum, Miss Louise H. Larson be appointed on a temporary basis for a period of not to exceed three months as a clerk in the 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.

Reference was made to the informal agreement reached previously by the members of the Board that, pending the appropriation by Congress of funds for the payment of the expenses of the Advisory Commission to the Council of National Defense, the Board, upon the written request of Governor Davis or Mr. McReynolds, Secretary of the Commission,
would place on its payroll persons employed by the Commission, with
the understanding that as soon as funds were made available to the
Commission by Congress the employees would be transferred to the pay-
roll of the Commission and the Board would be reimbursed for any sal-
aries paid. In accordance with this arrangement, Mr. Davis, with the
approval of Mr. McReynolds, had submitted written requests for the
employment for a temporary period of not to exceed three months of
the following persons, effective as of the opening of business on
June 10, 1940:

<table>
<thead>
<tr>
<th>Name</th>
<th>Payroll Designation</th>
<th>Monthly Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>George K. Perkins</td>
<td>Page</td>
<td>$90.00</td>
</tr>
<tr>
<td>Fred T. Lininger</td>
<td>Receptionist</td>
<td>100.00</td>
</tr>
</tbody>
</table>

The employment of Messrs. Perkins
and Lininger under the arrangement out-
lined above was approved unanimously.

Letter dated June 4, 1940, from Mr. McCabe, Chairman of the
Federal Reserve Bank of Philadelphia, in which he stated that, after
several conferences with Dr. Balderston, who had been engaged to direct
the study of official salaries at the Federal Reserve Banks being made
by the Chairmen, and after consideration of suggestions received from
Messrs. Young, Brainard, Neely, and Wood, Chairmen of the Federal Re-
serve Banks of New York, Cleveland, Atlanta, and Chicago, respectively,
an outline covering the purposes of the study had been prepared and
that Mr. McCabe would like to submit the outline to the Chairman of
each Federal Reserve Bank with a request that he submit it to the board of directors of his bank for approval and for authorization of a sum of not to exceed $1,000 to cover the expense of the study. The outline referred to, a copy of which was enclosed with the letter from Mr. McCabe, was discussed by him while he was in Washington today with members of the Board and an addition was made to item 6 of the outline.

The secretary was requested to advise Mr. McCabe that the outline was satisfactory to the Board.

Letter to Mr. Dillard, Secretary of the Federal Reserve Bank of Chicago, reading as follows:

"The Board of Governors has received your letter of May 25, advising it of the adoption by the Board of Directors of the Federal Reserve Bank of Chicago of a resolution requesting the Board of Governors to consider two amendments of its Regulation U.

"The Board of Governors has requested its staff to present to it a recommendation with respect to the second of the two amendments, namely, that dealing with the transfer of undermargined loans from brokers to banks. It is taking no action at this time with respect to the first of the two amendments, inasmuch as this amendment may be discussed by the Federal Advisory Council at its next meeting."

Approved unanimously.

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

"Thank you for your letter of May 6, 1940, enclosing for the Board's information and files copies of a number of memoranda prepared by your Bank in connection with the applicability of exception numbered (5) of section 8 of the Clayton Act."
"The Board, of course, has no facts other than those submitted by you with respect to the cases referred to, but on the basis of such facts there appears to be no reason to differ from the conclusions reached by you respecting the cases submitted with your letter."

The interlocking directorates referred to in the memoranda mentioned in the above letter involved the following individuals:

- H. K. Alexander
- G. A. Brockway
- Joseph J. Corcoran
- Herman J. Ludescher
- B. J. Dolan
- H. S. Osborn
- Lewis H. Pierson
- Jacob Wyckoff

Approved unanimously.

Thereupon the meeting adjourned.

[Signature]

Secretary.