

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, June 25, 1941, at 2:30 P.m.

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

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary
Mr. Clayton, Assistant to the Chairman
Mr. Wyatt, General Counsel
Mr. Vest, Assistant General Counsel

Mr. McKee stated that in a letter dated June 23, 1941, the Board's architect advised that the contract plans and specifications for the addition to the Board's building would be ready on July 14 and that, therefore, the question was before the Board whether it should proceed with the construction of the addition.

Chairman Eccles referred to his earlier conversations with the President which had been reported to the Board with respect to the construction of the addition and stated that he now was inclined to feel that, unless there were some definite assurance that other Federal banking agencies would occupy the addition, the construction should not be undertaken at this time.

The other members of the Board indicated agreement with this position and it was the consensus of the members present that the Chairman should endeavor to see the President again about the matter.

Mr. Morrill suggested that, if the Board should decide not to

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construct the addition, the architect be advised as promptly as possible, as he was preparing the invitations for bids and other necessary documents on the basis of invitations for bids being sent out and a contract let as soon as the plans and specifications were ready.

Mr. Morrill was requested to advise the architect that he should leave out dates wherever they were called for in the invitation for bids and contract forms, so that they could be filled in whenever the decision to build the addition was reached.

Mr. McKee called attention to the draft of resolution which had been prepared levying an assessment on the twelve Federal Reserve Banks to cover the expenses of the Board during the last six months of 1941, including about \$387,000 which it was estimated might be spent during the six-months period in connection with the construction of the addition if the Board should decide to proceed with the building, and suggested that the resolution be changed to provide that the latter amount be made payable by the Reserve Banks at such times during the period as the Board might determine with the understanding that unless the construction were undertaken these funds would not be called for payment. He also suggested that the letter to the Federal Reserve Banks transmitting the resolution include an explanation of this arrangement.

These suggestions were discussed and the following resolution was adopted by unanimous vote:

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"WHEREAS, Section 10 of the Federal Reserve Act, as amended, provides, among other things, that the Board of Governors of the Federal Reserve System shall have power to levy semiannually upon the Federal Reserve Banks, in proportion to their capital stock and surplus, an assessment sufficient to pay its estimated expenses and the salaries of its members and employees for the half year succeeding the levying of such assessment, together with any deficit carried forward from the preceding half year, and

"WHEREAS, it appears from a consideration of the estimated expenses of the Board of Governors of the Federal Reserve System that for the six months' period beginning July 1, 1941, it is necessary that a fund equal to three hundred and eighty-seven thousandths of one per cent (.00387) of the total paid-in capital stock and surplus (Section 7 and Section 13b) of the Federal Reserve Banks be created for such purposes, exclusive of the cost of printing, issuing and redeeming Federal Reserve notes:

"NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, THAT:

"(1) There is hereby levied upon the several Federal Reserve Banks an assessment in an amount equal to three hundred and eighty-seven thousandths of one per cent (.00387) of the total paid-in capital and surplus (Section 7 and Section 13b) of each such bank at the close of business June 30, 1941.

"(2) Thirty-four and a half per cent ($34\frac{1}{2}\%$) of such assessment shall be paid on July 1, 1941; thirty-four and a half per cent ($34\frac{1}{2}\%$) thereof shall be paid on September 2, 1941; and the remainder, thirty-one per cent (31%), shall be paid at such times and in such amounts as the Board may call for the payment thereof during the six months' period ending December 31, 1941.

"(3) Every Federal Reserve Bank except the Federal Reserve Bank of Richmond shall pay such assessment by transferring the amount thereof on the dates as above provided through the Interdistrict Settlement Fund to the Federal Reserve Bank of Richmond for credit to the account of the Board of Governors of the Federal Reserve System on the books of that bank, with telegraphic advice to Richmond of the purpose and amount of the credit, and the Federal Reserve Bank of Richmond shall pay its assessment by crediting the amount thereof on its books to the Board of Governors of the Federal Reserve System on the dates as above provided."

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A letter to the Presidents of the Federal Reserve Banks was also approved unanimously in the following form:

"There is attached a copy of a resolution adopted by the Board of Governors of the Federal Reserve System levying an assessment upon the various Federal Reserve Banks in an amount equal to three hundred and eighty-seven thousandths of one per cent (.00387) of the total paid-in capital stock and surplus (Section 7 and Section 13b) of the Federal Reserve Banks as of the close of business June 30, 1941, to defray the estimated expenses and salaries of the members and employees of the Board from July 1 to December 31, 1941.

"The resolution also contains instructions with regard to the manner in which the payments on the assessment shall be deposited with the Federal Reserve Bank of Richmond.

"It will be noted from paragraph (2) of the resolution that of the assessment $34\frac{1}{2}\%$ is to be paid on July 1, $34\frac{1}{2}\%$ on September 2, and the remainder, 31%, at such times and in such amounts as the Board may call for the payment thereof during the second half of 1941. Provision for payments is made in this manner for the reason that the total assessment includes an estimate of \$387,067 (in addition to obligations already incurred for architect's fees and incidental expenses) to cover expenditures which may be required during the second half of this year for construction of the proposed addition on the Board's existing property, which was discussed at the last conference of the Presidents. Payments on this portion of the assessment will not be required, however, unless and until the Board decides that a contract should be let for the construction of the building."

Chairman Eccles reviewed for the information of the other members of the Board the recent conversations in which he and members of the Board's staff had participated with Rolf Nugent, of the Office of Price Administration and Civilian Supply, with respect to the contemplated executive order placing authority in the Federal Reserve System for the application of installment credit controls, and stated that as

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a result of these conferences a draft of order had been prepared which would cover the installment credit field, except housing, and which, in a supplementary section would give the System authority to adopt regulations designed to prevent evasion of the order. Housing would be left out of the order at this time, Chairman Eccles said, with the thought that it might be covered subsequently by a further order. He also said that, unless there were objection on the part of the members of the Board, it was now contemplated that, pursuant to the previous agreement of the members of the Board, he in company with Mr. Henderson, Administrator of the Office of Price Administration and Civilian Supply, would discuss the matter with the President with the view to the executive order being issued as a part of the Government's program of price control.

There was unanimous agreement that Chairman Eccles should proceed with Mr. Henderson in the manner outlined.

Chairman Eccles then stated that, in accordance with earlier conversation with members of the Board, he had stated to Mr. Henderson that, if the proposed executive order were issued, the Board would be glad to add Mr. Nugent to its staff for service in connection with the administration of the order.

At this point Messrs. Wyatt and Vest left the meeting and the action stated with respect to each of the matters hereinafter referred to was then taken by the Board:

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Federal Reserve System held on June 24, 1941, were approved unanimously.

Telegram to Mr. Fry, Vice President of the Federal Reserve Bank of Richmond, reading as follows:

"Retel June 24. Board approves designation as special assistant examiners of following employees:

Daniel W. Hobbs, Jr.

Howard H. Scherer

William C. Scheiner, Jr.

Clark S. Sperry

John H. Zirckel

"It is understood that these employees will not be transferred permanently to examination work without the Board's approval."

Approved unanimously.

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

"In accordance with the request contained in Mr. Diercks' letter of June 17, 1941, the Board approves the appointment of Mr. Franklin Clement Keyes as an examiner for the Federal Reserve Bank of Chicago. Please advise us of the effective date."

Approved unanimously.

Letter to Mr. Leedy, First Vice President of the Federal Reserve Bank of Kansas City, reading as follows:

"The Board of Governors approves the changes in the personnel classification plan of your Bank as requested in your letter of June 18, 1941."

Approved unanimously.

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Thereupon the meeting adjourned.

Chester Merrill
Secretary.

Approved: [Signature]
Chairman.