

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, September 9, 1941, at 4:30 p.m.

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

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary
Mr. Wyatt, General Counsel

Mr. Morrill presented a letter addressed to Chairman Eccles under date of August 27, 1941, by Mr. Bailey, Assistant Director of the Bureau of the Budget, transmitting a copy of a report submitted to the Bureau of the Budget by the Secretary of Commerce, in accordance with established procedure, which he proposed to send to the Chairman of the Senate Committee on Banking and Currency in relation to the price control bill (S. 1810), and stating that, before replying to the Secretary of Commerce, the Bureau would appreciate receiving an expression of the views of the Board regarding the enactment of the proposed legislation.

In the ensuing discussion of the reply to be made to Mr. Bailey's letter, Mr. Ransom pointed out that Chairman Eccles had been called to testify on the proposed legislation and was expected to do so on his return from the West, which raised the question whether the Board should make a report on the bill in the Chairman's absence or until he had testified on the legislation.

The Secretary was requested to prepare, for the consideration by the Board,

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a draft of letter to the Bureau of Budget along lines suggested during the discussion.

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

Memorandum dated September 5, 1941, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending, for the reasons stated in the memorandum, that \$2,000 be added to the personal services classification in the 1941 budget of the Division of Research and Statistics.

Approved unanimously.

Letter to the board of directors of "The Union Savings Bank of St. Charles", St. Charles, Missouri, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H, 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 St. Louis.

Approved unanimously for transmission through the Federal Reserve Bank of St. Louis.

Letter to Mr. Nichols, Chief of the Division of Examinations of the Federal Deposit Insurance Corporation, reading as follows:

"In response to the request contained in your letter of September 9, 1941, the Board of Governors of the

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"Federal Reserve System hereby grants written consent, in accordance with the provisions of subsection (k)(2) of section 12B of the Federal Reserve Act, for examiners for the Federal Deposit Insurance Corporation to make an examination of The Oakland County State Bank, Milford, Michigan, in connection with its application for continuation of insurance after withdrawal from membership in the Federal Reserve System."

Approved unanimously.

Letter to Mr. West, Vice President of the Federal Reserve Bank of San Francisco, reading as follows:

"Reference is made to your letter of August 30, 1941, and to a copy of a letter of August 14, 1941, from the Springville Banking Company, Springville, Utah, both relating to a request by the member bank for permission to increase the amount of its investment in bank premises by approximately \$32,500 for the purpose of remodeling its present banking quarters to provide additional needed working space and to modernize such quarters.

"In view of your recommendation and available information, the Board will interpose no objection to the transaction under the condition of membership numbered 8."

Approved unanimously.

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

"Reg. W-43. Questions have been received regarding the application of Regulation W to extensions of installment sale credit in cases in which there is delay in the delivery of the article sold, or in which time is required for the completion of a job of installation or construction.

"The general principle applicable to these cases is that if the delay in the delivery of the article or in the completion of the job is bona fide and is not for the purpose of evading any of the provisions of the regulation,

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"the date of delivery or completion may be used as the base for applying the requirements of the regulation. Hence the down-payment could be obtained in such cases at any time on or before such date of delivery or completion. Similarly, the 18 months maximum maturity in such cases could be calculated from such date of delivery or completion with, of course, the usual option under section 9(b) of making the 15-day adjustment permitted by that section for calculating the maximum maturity.

"For any such case in which any date later than the date of the contract between the seller and the purchaser is used as the base for applying the requirements of the regulation, it would be advisable for the Registrant's records to indicate clearly the facts justifying such use of a later date.

"A related question received by the Board deals with progress payments under a contract for the installation of a heating system, or under a contract for a similar construction job. Payment is to be made for the installation or construction as the job progresses. Each payment is to be made at the completion of a specified portion of the job and is to be approximately equal to the cost of that portion, the final payment being made at the completion of the job. If such an arrangement is a bona fide business practice which is followed for the convenience of the parties concerned and is not an effort to evade any of the provisions of Regulation W, the regulation does not require any change in the procedure."

Approved unanimously.

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

"Reg. W-44. The classification 'irons designed for household use' does not include hand irons, whether electrically or otherwise operated."

Approved unanimously.

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

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"In response to an inquiry one Federal Reserve Bank has been advised as follows:

'It is suggested that expenses incurred by liaison officer and his staff in connection with Defense Savings Bond program including salaries (other than those chargeable to General Overhead) be reported in the nonreimbursable column of the U. S. Savings Bond unit in the Functional Expense Report, Form E.'"

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

Ronald Hanson
Vice Chairman.