

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, September 19, 1941, at 11:30 a.m.

PRESENT: 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

The action stated with respect to each of the matters hereinafter referred to was taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on September 18, 1941, were approved unanimously.

Telegrams to Mr. Young, President of the Federal Reserve Bank of Boston, Messrs. Sanford and Post, Secretaries of the Federal Reserve Banks of New York and Philadelphia, respectively, Mr. Bowman, Assistant Vice President of the Federal Reserve Bank of Atlanta, and Messrs. Dillard and Hale, Secretaries of the Federal Reserve Banks of Chicago and San Francisco, respectively, stating that the Board approves the establishment without change by the Federal Reserve Bank of San Francisco on September 16, by the Federal Reserve Banks of New York, Atlanta, Chicago, and San Francisco on September 18, 1941, and by the Federal Reserve Banks of Boston and Philadelphia today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

9/19/41

-2-

Memorandum dated September 18, 1941, from Mr. Nelson, Assistant Secretary, recommending (1) that the resignation submitted by Mrs. Virginia T. Carnduff, a stenographer in the Secretary's Office, be accepted as of the close of business on September 10, 1941, and (2) that Miss Esther Severud be appointed as a stenographer in the Secretary's Office, with salary at the rate of \$1,560 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed satisfactorily the usual physical examination.

Approved unanimously.

Letter to Mr. Hitt, First Vice President of the Federal Reserve Bank of St. Louis, reading as follows:

"The Board of Governors approves the changes in the personnel classification plan of your Memphis Branch as requested in your letter of September 15, 1941."

Approved unanimously.

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

"Reg. W-72. Inquiries have been received regarding cases in which the original instalment purchaser of an automobile or other listed article arranges the transfer of his equity to another purchaser, the transfer of the equity being arranged directly between the parties and not by or through any dealer or other Registrant, and the Registrant holding the obligation is in effect asked to recognize or approve the transfer.

"The Board is of the opinion that such a transfer of the automobile or other listed article subject to the original debt and lien may be made without restriction under the regulation provided the original purchaser (who is not a Registrant) remains liable on the contract and

9/19/41

-3-

"there is no change in the contract except the addition of the signature of the new purchaser.

"However, if the original purchaser is released from his obligation under the contract, or if the terms of the contract are altered except by including the subsequent purchaser, or if a new contract is entered into between the Registrant and the subsequent purchaser, the same requirements would apply as if the Registrant were making an ordinary instalment sale of the listed article. In such event, if the listed article involved was, for example, an automobile and the subsequent purchaser agreed to pay \$600 for the automobile, the Registrant could not extend credit to him in excess of \$400.

"It may be noted, of course, that under section 8(a) of the regulation the requirements stated in the preceding paragraph would not apply to action taken by the Registrant in good faith (1) with respect to any obligation of a member of the armed forces of the United States incurred prior to his induction into the service, or (2) for the Registrant's own protection in connection with any obligation which is in default and the subject of bona fide collection effort by the Registrant."

Approved unanimously.

Telegram to the Presidents of all of the Federal Reserve Banks

reading as follows:

"Reg. W-73. With reference to classification 'cooking stoves and ranges with less than seven heating surfaces' a warmer drawer in electric ranges is not considered a heating surface."

Approved unanimously.

Telegram to the Presidents of all of the Federal Reserve Banks

reading as follows:

"Reg. W-74. Refrigerators are not 'seasonal goods' within the meaning of section 4(d) or 5(c)(3)."

Approved unanimously.

9/19/41

-4-

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

"Reg. W-75. Taxes and fees payable as prerequisite to obtaining license plates in name of purchaser of automobile or motorcycle may be included in purchase price of automobile or motorcycle under section 4(f) (2) and under Parts 2, 3(a), and 3(b) of Supplement."

Approved unanimously.

Memorandum dated September 19, 1941, from Mr. Parry, Chief of the Division of Security Loans, submitting pursuant to the action taken at the meeting of the Board on September 17, 1941, a draft of amendment Number 1 to Part 3(a) of the Supplement to Regulation W, Consumer Credit, and recommending that it be adopted to become effective immediately. The memorandum stated that the amendment had been cleared by telephone with representatives of the Office of Price Administration, Federal Loan Agency, and the Treasury Department, and that no suggestions had been made by the "trade" except a minor suggestion of detail submitted by the Chrysler Corporation which seemed to the staff to be unacceptable.

The following resolution was adopted by unanimous vote:

Resolved that, effective September 20, 1941, Part 3(a) of the Supplement to Regulation W be amended to read as follows:

9/19/41

-5-

"(a) The maximum credit value of a new automobile shall be $66 \frac{2}{3}$ per cent of the bona fide cash purchase price of the automobile and accessories (including any sales taxes thereon and any bona fide delivery charges) but such maximum credit value shall in no event exceed $66 \frac{2}{3}$ per cent of the sum of the following items:

(1) The manufacturer's retail quotation at factory, or the equivalent of such quotation. (For the purposes of this regulation, this means the retail delivered price of the automobile with standard equipment at the factory, as advertised, or as suggested or recommended to dealers, by the manufacturer; or, in the case of a 1942 model for which such a price has not been so advertised or suggested or recommended, it means the price last so advertised or suggested or recommended for the corresponding 1941 model, increased or decreased by the percentage by which the manufacturer's wholesale price of the 1942 model is increased or decreased from the manufacturer's wholesale price of such 1941 model.)

(2) Transportation charges from factory to point of delivery as suggested or recommended by the manufacturer for inclusion in the retail delivered price at that point, or in the absence of any such suggestion or recommendation then an amount substantially equal to the freight by rail from factory to that point;

(3) Any Federal, State, or local taxes not included in the foregoing; and

(4) Any bona fide charges for delivery or accessories not included in the foregoing items.

"In case the automobile is sold for delivery at the factory, by a dealer in a given place to a resident of such place or its vicinity who actually intends to bring the automobile to such place or vicinity and use it there, an amount equal to the freight from the factory to such place may be included."

9/19/41

Thereupon the meeting adjourned.

Chester Morice

Secretary.

Approved:

Donald Hanson
Vice Chairman.