

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, October 31, 1941, at 10:30 a.m.

PRESENT: Mr. Szymczak
Mr. McKee
Mr. Draper

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:

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, Mr. Dillard, Secretary of the Federal Reserve Bank of Chicago, Mr. Caldwell, Chairman of the Federal Reserve Bank of Kansas City, and Mr. Clerk, First Vice President of the Federal Reserve Bank of San Francisco, stating that the Board approves the establishment without change by the Federal Reserve Bank of Kansas City on October 25, by the Federal Reserve Bank of San Francisco on October 28, by the Federal Reserve Banks of New York, Atlanta, and Chicago on October 30, 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.

Memorandum dated October 30, 1941, from Mr. Nelson, Assistant

10/31/41

-2-

Secretary, recommending that the temporary appointment of Arthur Norris as a messenger in the Board Members' section be extended until the close of business on November 15, 1941, in order to give him the benefit of the accumulated annual leave which he has earned during the period of his services.

Approved unanimously.

Letter to Mr. D. B. Vaughan, Chief of the Administrative Management Division of the Economic Defense Board, reading as follows:

"Your letter of October 27, referring to the Economic Defense Board's desire to employ Mr. Nathaniel Weyl as senior economist, has been received.

"The Board of Governors interposes no objection to the release of Mr. Weyl to the Defense Board. Furthermore, in accordance with the suggestion in your letter, the Board is willing to detail Mr. Weyl to the Defense Board on a reimbursable basis, at his present salary of \$3400 per annum, pending his transfer. In order, however, to enable the Board to rearrange its own work promptly, it is understood that this arrangement will be effective for a period not exceeding thirty days."

Approved unanimously.

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

"Reg. W-108. Amendment No. 2 to Regulation W will affect certain interpretations previously issued by the Board, and the following comments will be pertinent to the interpretations indicated:

W-15 See sec. 9(f) as amended relating to 'Farmer Plans'.

W-16 Even if not instalment sale credit, transaction would involve a 'purpose loan' under sec. 5(a) as amended.

W-19, W-28, W-49 and W-65 Note postponement

10/31/41

-3-

- "of effective date of secs. 8(a) through 8(d) as amended; note the provisions of amended sec. 8(b) relating to add-ons; and note provisions relating to the statement of necessity now contained exclusively in sec. 8(d) as amended. Otherwise the principle stated in W-19, W-28, W-49 and W-65 will not be affected.
- W-25, W-26, W-27, W-30 and W-48 Not affected, but note that sec. 6(a) has been amended and broadened.
- W-33 Note amendment of sec. 5(a) as to 'purpose loans'; and note amended sec. 4(e) relating to down payments.
- W-45 Note that the figure in sec. 5(b) as amended is \$1,500.
- W-92 Note that sec. 6(a) has been amended and broadened, and note change to \$1,500 in sec. 5(b), as amended.
- W-24, W-36, W-37 and W-53 will be obsolete after November 30.
- W-35 will be obsolete after December 31. See sec. 5(d) as amended."

Approved unanimously.

Memorandum dated October 28, 1941, from Mr. Parry, Chief of the Division of Security Loans, recommending that the Board (1) approve the following letter to the Presidents of all the Federal Reserve Banks and the registration form (a copy of which is attached to these minutes) and other enclosures mentioned in the letter, (2) authorize the printing and other enclosures mentioned in the letter, (2) authorize the printing of a sufficient number of copies of the registration statement to serve the purposes of the System (possibly 500,000 or more), and (3) authorize an increase in the printing and binding classification of the Service Functions budget of the Secretary's Office to cover the cost of printing the statement:

"A form of registration statement for purposes

10/31/41

-4-

"of Regulation W (Form F.R. 563) has been approved by the Board, and several mimeographed copies are enclosed herewith. The form is now being printed here on single sheets, 8-1/2 by 11 inches, with the instructions on the reverse side. Please notify the Board as to the number of printed copies that you will require.

"The distribution of these forms will be, in general, in the hands of the Federal Reserve Banks and will be effected by such means as they may determine. It is assumed that ordinarily two copies of Form F.R. 563 will be needed by each prospective Registrant, one to be returned to the Reserve Bank of the district in which his head office is located and the other to be retained by him. The facilities of trade associations, chambers of commerce, and local banks may be used in distributing these forms to whatever extent you consider desirable. The Board has agreed, however, to supply forms to the Federal Home Loan Bank Board for distribution to all building and loan associations, to the Farm Credit Administration for distribution to all Federal credit unions, and to the Credit Union National Association for distribution to all State-chartered credit unions. Building and loan associations and credit unions, therefore, will not as a rule have to obtain their forms or notices from the Reserve Banks.

"There are enclosed a suggested form of notice to accompany the forms distributed by the Federal Reserve Banks, and a form of 'Registration Certificate' to be used by the Reserve Banks in acknowledging the completed statements received. It is requested that each Reserve Bank determine for itself whether to use the suggested form of notice, either as it stands or with modifications, but that all Reserve Banks use a 'Registration Certificate' in the form enclosed. Each Reserve Bank will in any event arrange for its own printing.

"Your attention is invited to the fact that Form F.R. 563 includes a note suggesting that Registrants with questions or difficulties should direct their problems to the Reserve Banks. In order to assure a uniform treatment of these problems and in order to deal with many minor points that were suggested at the time the first draft of the registration statement was circulated, some additional notes for the use of the Reserve Banks (but not for distribution to the Registrants) have been prepared, and several copies are enclosed herewith.

"The Board's staff is working on plans for the tabulation of the information that will be brought in on these

10/31/41

-5-

"registration statements, and there will be further communications in due course on this subject."

Approved unanimously.

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

"Reference is made to your letter of October 8 and to our reply of October 14 regarding a meeting at the Board's offices desired by the Mohawk Home and Improvement Company and certain other Virginia concerns engaged in the roofing and siding business.

"It would be convenient to the Board's staff to have the meeting at 2:30 p.m. Friday, November 7. Will you please communicate this information to the interested persons and let us know whether the time and place is also agreeable to them?"

Approved unanimously.

Memorandum dated October 30, 1941, from Mr. Bethea, submitting a summary of the replies received from the Federal Reserve Banks to the Board's letter of October 11, 1941, R-901, and recommending that the Board approve a letter to the Presidents of all Federal Reserve Banks as set forth below relating to the discontinuance of the monthly bank relations reports submitted by the Banks, with the understanding that the Board's examiners would review the bank and public relations activities at each Federal Reserve Bank in the course of the regular examination of the Bank. The memorandum stated that it was proposed that the initial survey of such activities made during the next succeeding examination of each Federal Reserve Bank, beginning with the examination of the Federal Reserve Bank of New York now in progress, would be somewhat more in detail and the examiners' findings would

10/31/41

-6-

be incorporated in a supplemental report or a separate memorandum, and that these initial reviews would be broad enough to cover not only procedure and personnel but also the objectives of the individual Reserve Banks and their programs for attaining such objectives if definite programs had been formulated. The memorandum made the further statement that from a long-range point of view it had been the thought that the Secretary's Office, through its Correspondence and Publications Section, could be instrumental in bringing about better coordination and reasonable uniformity in the field of public relations, and the reports of the Board's examiners should provide valuable background information to that end. The letter to the Presidents of all the Federal Reserve Banks, referred to in the memorandum, read as follows:

"Replies to the Board's letter (R-901) of October 11, 1941, indicate that all of the Federal Reserve Banks favor the discontinuance of the monthly Bank Relations Reports. Accordingly, the Board herewith rescinds the instructions contained in its letters X-9680 and X-9793 (F.R.L.S. 3943 and 3944) of August 25, 1936 and January 13, 1937, respectively.

"Several of the Banks, however, have stated that they would like to continue receiving figures showing, by Federal Reserve districts, the number and aggregate deposits of State banks currently admitted to membership in the Federal Reserve System. Therefore, such information will in the future be made available a few days after the end of each month, in mimeographed form and without a covering letter, by the Board's Division of Bank Operations. The enclosed table shows, among other things, the number and aggregate deposits of State banks admitted to membership during 1940 and the first nine months of 1941."

Approved unanimously, together with
letters to Mr. Gidney, Vice President of

10/31/41

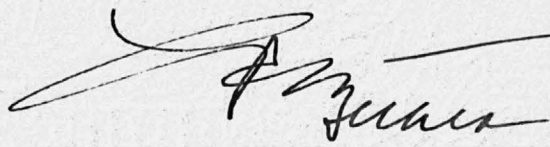
-7-

the Federal Reserve Bank of New York, and Messrs. Fleming and Leedy, Presidents of the Federal Reserve Banks of Cleveland and Kansas City, stating in each case that, since only two other Reserve Banks had expressed an interest in reports on the number of visits made by representatives of the Reserve Banks, the Board had decided not to require the Banks to report these figures, at least for the time being. The letter to Mr. Fleming also stated that his suggestion that a meeting of the men in charge of public relations activities at the Federal Reserve Banks be held in Washington had received consideration and that although the Board recognized that the suggestion had a great deal of merit, in view of the pressure of other activities, it did not favor calling such a meeting at this time.

Memorandum dated October 29, 1941, from Mr. Parry, Chief of the Division of Security Loans, recommending, for the reasons stated in the memorandum, that \$500 be added to the item of Furniture and Equipment in the 1941 non-personal budget of that Division.

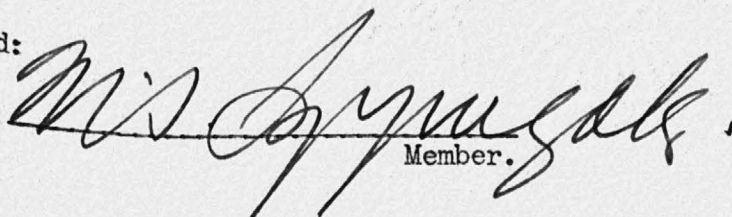
Approved unanimously.

Thereupon the meeting adjourned.



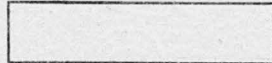
Assistant Secretary.

Approved:



Member.

Please leave



this space blank

This statement is to be filed with the Federal Reserve Bank of the district in which the main office of the Registrant is located, and should be sent to reach the Federal Reserve Bank on or before December 31, 1941. Before answering the questions, please read the instructions on the back of this form. If you have any question about this form which is not covered by the instructions on the back, please communicate with the Reserve Bank.

REGISTRATION STATEMENT

Date..... 1941

This statement is filed in accordance with the provisions of Regulation W issued by the Board of Governors of the Federal Reserve System pursuant to Executive Order No. 8843 issued by the President of the United States relating to consumer credit.

Name of Registrant (print or type); state also trade name if different from legal name

Street address

City

County

State

I. Indicate by check mark whether Registrant is in business as an individual....., partnership....., corporation....., or other form (specify).....

II. General nature of business

(Check the principal business of Registrant)

A. Financial business

- 1. Sales finance company
2. Commercial bank or trust company
3. Industrial loan company or bank
4. State-licensed small loan company
5. Credit union
6. Other financial business (specify).....

B. Dealer, contractor, or other business

- 7. Department or general store
8. Automobile dealer
9. Furniture or house furnishings store
10. Household appliance or radio store
11. Electric or gas utility company
12. Hardware or automotive accessory store
13. Dealer or contractor in heating, plumbing or air-conditioning equipment
14. Dealer or contractor in other construction or repair materials
15. Manufacturer (specify type of product).....
16. Other (specify).....

III. Credit outstanding and sales

(Whether or not subject to Regulation W)

A. Registrants in classes 1 to 6 please report the unpaid balance of retail and personal instalment paper held at close of business September 30, 1941:

Table with 3 columns for dollar amounts and 3 rows for: 1. Retail instalment paper purchased, 2. Retail instalment credit (loans) extended directly, 3. Personal instalment cash loans.

B. Registrants in classes 7 to 16 please report the following data:

Retail sales—12 months ending September 30, 1941:

Table with 3 columns for dollar amounts and 3 rows for: 4. Total net sales, 5. The sales reported in item 4 were approximately: a. Instalment sales (incl. down-payments) %, b. Other credit sales %, c. Cash sales %.

Retail receivables—unpaid balance at close of business September 30, 1941:

Table with 3 columns for dollar amounts and 2 rows for: 6. Instalment receivables, 7. Other receivables.

IV. Did Registrant have any branches on September 30, 1941?..... If so, how many?..... (Please attach a list of branches and their addresses, unless the Registrant is a bank insured by F. D. I. C.)

V. Is 50% or more of Registrant's voting stock owned or controlled directly or indirectly by any other company?..... If so, please fill in:

Name of controlling company

Street address

City

State

Nature of business of controlling company

VI. Explanation, if any, which Registrant may wish to add:.....

VII. This is to certify that to the best of my knowledge and belief the foregoing statement is correct (except as to any items marked "est." which are estimated in good faith).

Please print or type here the name and official title of the person whose signature appears at the right

Authorized signature

INSTRUCTIONS FOR REGISTRATION STATEMENT
(Numbered to correspond with questions on Registration Statement)

GENERAL INSTRUCTIONS:

III.—Instalment credit should include credit for which the agreed repayment is in two or more parts. Instalment sales should include sales made on instalment credit.

In case the records of the Registrant are kept on such a basis that receivables held on September 30, 1941, and sales for the 12 months ending on that date are not readily available, the Registrant may instead report the amount of receivables held on **some other date within 15 days before or after September 30**, and sales for the year ending on such other date—in which case the date used should be stated. Businesses which were not in operation on September 30, 1941, please

answer question III for such later date as is convenient, clearly indicating the date used. A business concern organized to succeed another concern doing similar business should report for the concern succeeded, if possible.

IV.—Branches should include stores or offices at which the Registrant is engaged in making instalment sales or otherwise extending instalment credit, or purchasing or discounting or making loans or instalment obligations.

VII.—This statement may be signed by any official ordinarily authorized to sign statements for the Registrant.

SPECIAL INSTRUCTIONS FOR FINANCIAL BUSINESSES:

(Sales finance company, bank, loan company, credit union, or other financial business).

III-A.—Any hypothecated payments or deposits which are for the purpose of retiring loans should be deducted before reporting the unpaid balances of such loans. In case a Registrant cannot readily secure an exact division of its outstandings between items III-A-1, 2 and 3, the division may be estimated.

should be reported in item III-A-1 and **loans made directly to consumers** for the purchase of and secured by such articles should be reported in III-A-2. **Do not include** loans made to dealers and finance companies on their own promissory notes, even if secured by the pledge of instalment paper.

III-A-1 and 2.—Include the unpaid balances of **all instalment credits arising from the retail sale of and secured by articles, whether or not listed in Regulation W**, such as automobiles, trucks, household appliances, furniture, clothing, jewelry, etc., including also loans for building repair or modernization (whether or not insured under FHA Title I and whether or not secured). Any retail instalment paper **purchased from or rediscounted for dealers or others**

III-A-3.—Report the unpaid balances of all secured and unsecured instalment loans which were made to individuals, including those used for such purposes as consolidation of debts, medical attention, general personal expenditures, etc. (but do not include any loans reported in item III-A-2, nor loans to business concerns for business purposes, nor loans secured by mortgages or other liens on real estate nor agricultural loans).

SPECIAL INSTRUCTIONS FOR DEALERS, CONTRACTORS, AND OTHERS:

III-B-4.—Give net retail sales figure (gross sales less returns and discounts), but do not deduct trade-ins. A store should include sales of leased departments for which it arranges and holds retail credit. A Registrant which is engaged in **manufacturing or other business** should report only the sales which it makes at retail. A Registrant who is a **contractor** should include receipts from repair work and the like. There should be excluded from item III-B-4, however, sales of **electricity or gas** by a Registrant who is a utility company and sales of **real estate** (and receivables arising from such sales should also be excluded from items III-B-6 and 7).

III-B-6 and 7.—Retail receivables should represent the unpaid balances of all receivables, whether represented by note, book accounts or otherwise, arising from **retail sales by the Registrant**, including sales of automobiles, trucks, household appliances, furniture, clothing, jewelry, building repair and modernization (whether or not insured under FHA Title 1), etc. Retail receivables should include such credits **even if pledged** as security for loans to the Registrant, but should not include credits sold to (or discounted with) a bank or finance or other company with or without recourse.

A concern which was in business on September 30 but was not in operation throughout the 12 months ending on that date, should report sales for only that part of the period for which it operated, indicating clearly the length of such period.

In case a Registrant, in addition to holding receivables arising out of its own retail sales (reportable against items III-B-6 and 7), **holds receivables which were purchased or which arose from lending by the Registrant**, the receivables of the latter types should be reported against the appropriate items in group III-A. (Some Registrants—such as some manufacturers or public utility companies—may have no retail sales or retail credit to report under group III-B but should report their purchased paper or loans under group III-A.)

III-B-5.—“Instalment sales” should include all sales on instalment credit, regardless of whether the paper is sold or discounted or held by the Registrant, and should include the down payment (whether cash or trade-in) as well as the amount deferred. “Other credit sales” should include those on open credit, charge account, or similar basis.

In case the Registrant is unable to determine exactly, without undue inconvenience or expense, the division of its receivables between instalment and other credit, this division may be estimated.

NOTE:—Section 3(d) of Regulation W provides in part as follows:

“The license of any Registrant may, after reasonable notice and opportunity for hearing, be suspended by the Board, either in its entirety or as to particular activities or particular offices or for specified periods, on any of the following grounds:

- (1) Any material misstatement or omission willfully or negligently made in the registration statement;
- (2) Any willful or negligent failure to comply with any provision of this regulation or any requirement of the Board pursuant thereto.”