

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, November 1, 1941, at 10:30 a.m.

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

Memorandum dated October 31, 1941, from Mr. Smead, Chief of the Division of Bank Operations, recommending that Wesley Collins be appointed as a messenger in that Division, with salary at the rate of \$1,080 per annum, effective as of the date upon which he enters upon the performance of his duties after having passed satisfactorily the usual physical examination.

Approved unanimously.

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

"System conference here on matters concerning Regulation W is set for Monday, Tuesday and Wednesday, November 17 to 19. Advisory Council will be here on that Monday and Tuesday and will be meeting with Board during some part of one or both of those days but arrangements will be made to prevent this from interfering with conference on Regulation W. Agenda is in preparation and will be forwarded soon."

Approved unanimously.

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Letter to Mr. John H. Fahey, Chairman of the Federal Home Loan Board, reading as follows:

"Reference is made to your letter of October 27 addressed to Mr. Eccles, in which your Board offers to distribute forms for registration under Regulation W to your member institutions, and to a telephone communication from Mr. R. W. Brown of your staff, notifying us of your Board's willingness to distribute the forms to savings and loan associations that are not members of the Federal Home Loan Bank System as well as to members. Both offers are gladly accepted. Accordingly we shall send you, at your direction, the number of registration statements needed for both member and non-member savings and loan associations. Will you please notify us as to the number of printed copies of the form that you will require.

"We believe that it will be helpful to the savings and loan associations if your office includes, in your letter of transmittal to them, special instructions to facilitate their filling in of the forms -- as you mention in your letter. We note that any such instructions will be cleared with this office before mailing, and we will be very glad to supply any desired assistance that our staff can give in the preparation of the instructions.

"For your information there are enclosed three mimeographed copies of the registration statement that will be used, with the instructions that will appear on the reverse side. There are also enclosed copies of some 'Additional Notes regarding the filling out of Form F.R. 563' which have been sent to the Federal Reserve Banks, and copies of a suggested form of notice which is designed to accompany copies of the registration form sent to prospective Registrants other than savings and loan associations. As noted above, we shall be glad to supply you with any further assistance that is desired."

Approved unanimously.

Letter to Mr. Milton Rygh, Assistant Director of the Credit Union Section of the Farm Credit Administration, reading as follows:

"You proposed in your letter of October 20 that forms for the registration of Federal credit unions under Regulation W be mailed out by your office and that your office

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"assist these credit unions in filling out the forms. The credit unions would then send the completed forms to your office, and you would forward them to the appropriate Federal Reserve Banks. This arrangement has been approved and accordingly we shall send you, at your direction, the forms needed for Federal credit unions. Will you please notify the Board as to the number of printed copies of the form that you will require.

"In order to be sure that there is no misunderstanding about the instructions sent to the various classes of Registrants, would you please submit to this office a draft of the letter of transmittal and instructions that you prepare to send to the credit union treasurers. We will clear the draft as promptly as possible.

"For your information there are enclosed three copies of the registration statement that will be used, with the instructions that will appear on the reverse side. You may wish to call to the Treasurers' attention the fact that under these instructions a Registrant who is unable to determine readily the exact division between items III-A-2 and III-A-3 may estimate this division. There are also enclosed copies of some 'additional Notes regarding the filling out of Form F.R. 563' which have been sent to the Federal Reserve Banks, and copies of a form of notice which has been designed to accompany copies of the registration form sent to prospective Registrants other than credit unions.

"In reply to your question about the reporting of branches against question IV of the form, an instruction on this point has been included among the instructions to appear on the reverse of the form, as you will see from the enclosed copies."

Approved unanimously.

Letter to Mr. Thomas W. Doig, Assistant Managing Director of the Credit Union National Association, Madison, Wisconsin, reading as follows:

"You proposed in your letter of October 10 that the registration statements for credit unions under Regulation W be mailed out by your office, together with a special letter of transmittal framing the instructions in such

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"terms that credit union treasurers would be able to comply with a minimum of difficulty. This arrangement has been approved as to the State-chartered credit unions, and accordingly we shall ship you, at your direction, the number of registration statements needed for this group of credit unions. A similar arrangement with respect to Federal credit unions has been made with the Farm Credit Administration.

"In order to be sure that there is no misunderstanding about the instructions sent to the various classes of Registrants, would you please submit to this office a draft of your proposed instructions to the treasurers. We will clear this draft as promptly as possible. Also, please notify the Board as to the number of printed copies of the form that you will require, on the basis of two copies (one for filing with the Reserve Bank and one for the Registrant's files) to each Registrant.

"For your information there are enclosed three copies of the form of registration statement that will be used, with the instructions that will appear on the reverse side. You may wish to call to the treasurers' attention the fact that under these instructions a Registrant who is unable to determine readily the exact division between items III-A-2 and III-A-3 may estimate this division. There are also enclosed copies of some 'Additional Notes regarding the filling out of Form F.R. 563' which have been sent to the Federal Reserve Banks, and copies of a form of notice which was designed to accompany copies of the registration form sent to prospective Registrants other than credit unions."

Approved unanimously.

Letter to Mr. Ashton C. Jones of the George H. Rucker Company, Arlington, Virginia, reading as follows:

"Receipt is acknowledged of your letter of October 24 regarding Regulation W. Your inquiry is whether a judgment creditor who has a judgment for about \$500 may release the judgment and take back a second trust, payable in monthly instalments of not less than \$10.

"Although an instalment loan of \$500 payable in more than 18 monthly instalments would not comply with the

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"requirements of the Regulation (unless it came within one of the exceptions contained in the Regulation), the Regulation does not prevent a creditor from taking any action which he deems necessary, in good faith, for his own protection in connection with an obligation which is in default and which is the subject of a collection effort.

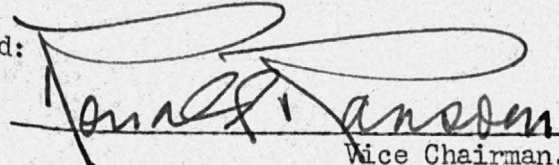
"It is obvious from the fact that the obligation has been reduced to a judgment that the obligation is in default, and therefore there would appear to be no reason why Regulation W would prevent the creditor from revising the terms of the debt upon any terms to which the parties may agree, and from taking any additional security which may be offered.

"The administration of the Regulation has been decentralized and therefore it is suggested that any further inquiries which you have should be addressed to the Federal Reserve Bank of Richmond, Richmond, Virginia."

Approved unanimously.

Thereupon the meeting adjourned.


Assistant Secretary.

Approved: 
Vice Chairman.