

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, December 3, 1941, at 11:30 a.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

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 December 2, 1941, were approved unanimously.

Memorandum dated November 27, 1941, from Mr. Paulger, Chief of the Division of Examinations, recommending that the designation of Assistant Federal Reserve Examiner Thomas P. Howard be changed to Federal Reserve Examiner, with an increase in salary from \$3,400 to \$3,600 per annum, both effective as of January 1, 1942.

Approved unanimously.

Memorandum from Mr. Nelson, Assistant Secretary, submitting the resignation of Paul T. Phinney as a clerk in the Secretary's Office, to become effective as of the close of business on February 4, 1942, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

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

"In accordance with the request contained in your letter of November 29, the Board approves the designations of the following employees of the Reserve Bank as special assistant examiners:

Arthur J. Bartels	Joseph W. O'Brien
Robert Wharton Clement	Joseph Shandle
John J. Kiefer	George C. Haag
Harry K. Margolf, Jr.	Edward P. Munro
Edward S. Stouch"	

Approved unanimously.

Letter to Mr. Powell, First Vice President of the Federal Reserve Bank of Minneapolis, reading as follows:

"Referring to your letter of November 24, 1941, the Board of Governors approves the payment of salaries to the officers of the Helena Branch shown below for the period ending May 31, 1942, at their present rates which, according to our records, are as follows:

C. J. Larson	Assistant Manager	\$4,250
A. W. Johnson	Assistant Manager	3,620

"It is understood from Mr. Peyton's letter of November 25, 1941, that Mr. Larson is to be brought into the Head Office for a training period and that Mr. Johnson's appointment as Assistant Manager will terminate upon Mr. Larson's return to the Helena Branch.

"It will be appreciated if you will advise the effective date of the above appointments; also, the effective date of Mr. Hoerr's resignation as Cashier of the Helena Branch."

Approved unanimously.

Letter prepared for the signature of Chairman Eccles to Honorable Francis Biddle, Attorney General of the United States, reading as follows:

"The Commissioners of the District of Columbia have

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"directed the Assessor to place on the list of taxable property the lots and building held and occupied by the Board of Governors of the Federal Reserve System between 20th and 21st Streets, north of Constitution Avenue, Northwest, Washington, D. C., and have submitted to the Board tax bills covering such property for the fiscal years 1938, 1939, and 1940 in the aggregate amount of \$200,985.86. Under date of December 3, 1941, the Commissioners published an advertisement in a local newspaper listing real estate which would be sold in the office of the Collector of Taxes beginning on January 6, 1942, for default in the payment of taxes, and included in such list the lots and building above described, with taxes indicated to be due thereon in the aggregate amount of \$315,019.04. The Commissioners have also directed the Water Registrar to remove the Federal Reserve Building from the list of those entitled to the free use of water.

"The property of the Government of the United States is not legally taxable by the District of Columbia, and the action of the District Commissioners, therefore, raises a question regarding the status of the Board of Governors as an establishment or part of the United States Government. It is clear from the history of the enactment of the Federal Reserve Act that Congress created the Board of Governors (formerly known as the Federal Reserve Board) as a 'strictly governmental organization' and this is confirmed by an opinion rendered by the Attorney General of the United States, under date of November 16, 1914.

"In view of the governmental functions which the Board performs and the nature and importance of the responsibilities with which it is charged under the law, the Board feels that it is important that no doubt should be permitted to arise as to its status as a part or establishment of the Government, and, accordingly, that it should not accede to the view that its property is subject to taxation by the District of Columbia when other Government property is not so subject. In the circumstances, the Board respectfully requests, pursuant to the terms of the Executive Order of the President dated May 31, 1918, that an appropriate proceeding be instituted against the Commissioners of the District of Columbia to quash the assessment of taxes which has been made or to enjoin their collection and for such other relief as may be deemed advisable.

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"Your attention is invited to the fact that the District of Columbia proposes to sell this property at a sale beginning on January 6th next and, accordingly, you will, I am sure, appreciate the necessity of prompt action in this matter.

"In view of the Board's interest in the matter and the specialized nature of the subject, it will be appreciated if your office will consult with the Board's Counsel in the consideration of this matter and in the institution and prosecution of the suggested proceeding.

"For your information in connection with this matter there are enclosed herewith copies of pertinent communications received by the Board from the Commissioners of the District of Columbia, together with copies of opinions rendered by the Corporation Counsel of the District of Columbia and by counsel for the Board of Governors with reference to the question at issue."

Approved unanimously.

Letter to Mr. Curtiss, Chairman of the Federal Reserve Bank of Boston, reading as follows:

"Your letter of November 26, 1941 in which you set forth the views of the Board of Directors of your Bank on the question of participation by the Bank in the foreign accounts maintained by the Federal Reserve Bank of New York, has been brought to the attention of the Board of Governors. The Board appreciates very much the consideration which your directors have given to this matter and the frankness with which they have stated their position.

"Since, as stated in your letter, a committee was appointed at the last Presidents' Conference to study the questions that have been raised in connection with these accounts, the Board will defer any further consideration of the subject until the committee has submitted its report."

Approved unanimously.

Letter to Mr. W. J. Snow, Jr., Director of Finance and Accounts of the Farm Credit Administration, United States Department of Agriculture,

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reading as follows:

"In reply to your letter of November 22, there is attached a list showing the amount of Federal intermediate credit bank debentures held by certain banks as of December 31, 1940 and June 30, 1941.

"The suggested form which accompanied your letter requested the par amount of such debentures, but in accordance with a telephone conversation with Mr. Patterson of your office, we are furnishing the book values as carried by the banks and as shown by their reports of condition.

"It is understood that you desire these figures for internal use in your organization and that they will not be published."

Approved unanimously.

Thereupon the meeting adjourned.

Walter M. Morie  
Secretary.

Approved:

W. S. Cooper  
Chairman.