

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, December 4, 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 herein-after 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 3, 1941, were approved unanimously.

Letter addressed to John C. Brennan, President of the Reserve Board Club, by Chairman Eccles with the approval of the Personnel Committee and in accordance with the action taken by the Board at its meeting on December 1, 1941:

"It has come to the attention of the Board of Governors that there is a feeling among the employees of the Board that they do not understand the Board's personnel policies and that they do not have adequate means of access to the Board for the purpose of advising it as to their points of view with respect to such policies.

"As you know, the Board handles all personnel problems involving its employees through the heads of its various divisions and informs them from time to time as to its decisions in this field. The employees, therefore, have been in position to obtain available information by taking the matter up with their respective division heads.

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"However, the Board wishes the employees to feel assured that it is prepared to give full consideration to any questions which the employees may wish to submit and to any views that they may wish to express regarding the Board's personnel policies.

"To this end and in view of the fact that the Reserve Board Club is a voluntary organization numbering among its membership a large proportion of the Board's employees, the Board believes that it is appropriate in the circumstances to offer the suggestion through you as President of the Club that there be set up a committee of employees, at least one of whom should be a woman and not more than one of whom should be a member of any one division of the Board's staff, through whom the employees may present any questions and submit any views that they may desire to have considered from time to time by the Board's Personnel Committee or by the Board if, after consideration by the Board's Personnel Committee, that course would seem desirable.

"The Board has not felt that it should attempt to determine the manner in which this should be brought about, believing that this can well be left to the good judgment of you and your associates in the Club. The Board's Personnel Committee will be glad to confer with you on this subject if you wish. In this connection, the Board recognizes the fact that there are one or two groups of employees who may have problems not necessarily shared generally by all other groups and consequently is arranging for special representation of these groups.

"It may be well to add for the information of your associates that the Board's Personnel Committee is composed of the Chairman of the Board as Chairman ex officio and two other members of the Board. The latter two members of the Board serve for periods of a year and are replaced each year by two other members of the Board. The present membership of the Personnel Committee consists of the Messrs. Szymczak and Draper and myself, and in this capacity we will serve for the year ending on March 31, 1942."

Approved unanimously.

Memorandum dated December 1, 1941, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that assent be given by the Board to the examination and certification by

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the Civil Service Commission of Miss Lucile G. Wilson, a clerk-stenographer in that Division, for the position of junior stenographer.

Approved unanimously.

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

"In accordance with the request contained in your letter of December 1, 1941, the Board approves the designations of Oscar Dreusicke and George R. Siegler as special assistant examiners. Such approval is given with the understanding, of course, that they will not be transferred permanently to examination work without the Board's approval."

Approved unanimously.

Telegram to Mr. Force, Federal Reserve Agent of the Federal Reserve Bank of San Francisco, reading as follows:

"Your letter November 24 not received until December 1. Board of Governors approves appointment of W. F. Volberg as Assistant Federal Reserve Agent effective when he enters upon his duties and of G. A. Snow as Alternate Assistant Federal Reserve Agent effective January 1, 1942, at their present salaries, which, according to our records, are \$4,800 per annum each, with understanding that they will be placed upon the Agent's pay roll and will be solely responsible to him, or, during a vacancy in the office of Agent, to the Board of Governors in the case of Mr. Volberg and to the Assistant Federal Reserve Agent and Board of Governors in the case of Mr. Snow for the proper performance of their duties. When not engaged in the performance of their duties as Assistant and Alternate Assistant Federal Reserve Agents they may, with the approval of the Federal Reserve Agent and the President perform such work for the Bank as will not be inconsistent with their duties as Assistant and Alternate Assistant Federal Reserve Agents. They should each execute usual oaths of office and surety bonds in the amount of \$10,000 and should not enter upon performance of their duties as

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"Assistant and Alternate Assistant Federal Reserve Agents until bonds have been examined by your counsel to determine whether their execution complies fully with rules printed on reverse side of form of bond 182, following which bonds should be forwarded to Board promptly for approval. This approval is given with understanding that Mr. Shortt, Assistant Federal Reserve Agent, will resign as of the date Mr. Volberg's appointment becomes effective. Please advise effective date of Mr. Volberg's appointment."

Approved unanimously.

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

"Reg. W-113. Under section 4(e) of Regulation W, as amended effective December 1, 1941, a seller may disregard the down-payment requirement in connection with the sale of any listed article on which the requirement would be \$2 or less.

"It is to be noted that section 4(e) applies only in case the entire down-payment otherwise required on the particular sale would be \$2 or less; it does not permit a seller to reduce a down-payment which would be more than \$2. For example, if the required down-payment would be \$38, the provision does not authorize this to be reduced to \$36.

"If several separate articles are sold to a customer, section 4(e) permits each to be treated separately for the purpose of determining whether the down-payment requirement may be disregarded. This would be true even though all the articles were covered by a single invoice or bill. On the other hand, where the sale consists of a group of closely related items sold as a unit, such as a suite of furniture, the entire group should be considered as a unit in determining whether the sale is exempted from the down-payment requirement, and this would be true regardless of how the sale was invoiced or billed."

Approved unanimously.

Letter to Mr. Phelan, Assistant Vice President of the Federal Reserve Bank of New York, reading as follows:

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"Receipt is acknowledged of your letter of November 29, 1941 reporting upon and enclosing correspondence relating to the so-called '90 Day Deferred Payment Plan' of The Morris Plan Industrial Bank of New York. A copy of a telegram which Governor Ransom has dispatched to Mr. Syd J. Hughes, Vice President of the aforesaid bank, is enclosed for your information."

Approved unanimously, together with the following telegram to Mr. Syd J. Hughes, Vice President of The Morris Plan Industrial Bank of New York, New York, New York, referred to in the above letter:

"Replying your wire November 29, Board is of opinion that, as indicated by the Federal Reserve Bank of New York in its letter of September 19 to you, the result you desire could not be accomplished by interpretation but would require an amendment to the Regulation. In this connection the Board, when it received a copy of your letter of September 17, construed it as advocating an amendment, and this seems to be borne out by the subsequent correspondence upon the subject. In any event, since the Board has not amended the Regulation in the respect which you suggest, it could not, of course, suspend the applicability of the current provisions pending a hearing. However, we will be glad to confer with you on the matter of amendments at such time as can be conveniently arranged."

Thereupon the meeting adjourned.

Robert Morrie  
Secretary.

Approved:

W. S. C. C. C. C.  
Chairman.