

12/19/41 A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, December 5, 1941, at 11:00 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 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 4, 1941, were approved unanimously.

Telegrams to Mr. Sanford, Secretary of the Federal Reserve Bank of New York, Mr. Davis, Assistant Secretary of the Federal Reserve Bank of Philadelphia, and Messrs. Hays, Dillard, and Hale, Secretaries of the Federal Reserve Banks of Cleveland, Chicago, and San Francisco, respectively, stating that the Board approves the establishment without change by the Federal Reserve Bank of San Francisco on December 2, by the Federal Reserve Banks of New York, Cleveland, Chicago, and San Francisco on December 4, 1941, and by the Federal Reserve Bank of Philadelphia today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

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Memorandum dated December 1, 1941, from Mr. Smead, Chief of the Division of Bank Operations, recommending that the following increases in salaries of employees in that Division be approved, effective as of December 16, 1941:

<u>Name</u>	<u>Designation</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
Myrick, L. S.	Technical Assistant	\$6,200	\$6,400
Daniels, Mortimer B.	Technical Assistant	4,800	5,000
Mitchell, Willis H.	Supervisor, Call Report Section	3,200	3,300
Scudder, Dilver	Supervisor, Reserve Bank Section	3,100	3,200
Hurley, John J.	Senior Clerk	2,800	2,900
Smith, Jewell B.	Secretary to Mr. Smead	2,400	2,500
Goheen, Loretta M.	Senior Clerk	2,100	2,200
Jones, Marjorie F.	Senior Clerk	2,100	2,200
Hainer, Sybil E.	Secretary	2,000	2,100
Boyer, Rita S.	Clerk	1,900	1,980
Buchanan, Avelyn	Secretary	1,900	2,000
Bryan, Evelyn	Clerk	1,800	1,860
Ball, Margaret K.	Clerk	1,740	1,800
Hemminger, Tressa B.	Clerk-Stenographer	1,740	1,800
Martin, Dora	Clerk	1,740	1,800
Wright, Zelpha M.	Clerk	1,740	1,800
Conover, Esther W.	Clerk	1,700	1,800
Millican, Thelma C.	Clerk	1,680	1,740
Thomas, Ellen C.	Clerk	1,620	1,680
Hopping, Catherine E.	Clerk-Stenographer	1,620	1,680
Trott, Sarah Louise	Clerk-Stenographer	1,620	1,680
Milles, Mildred C.	Clerk	1,500	1,560
Jarvenpa, Aili L.	Clerk-Stenographer	1,440	1,560
Shaffer, Charlotte M.	Clerk	1,440	1,500

Approved unanimously.

Memorandum dated December 1, 1941, from Mr. Nelson, Assistant Secretary, recommending that assent be given by the Board to the examination and certification by the Civil Service Commission of Robert W.

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Rieseberg, an accounting clerk in the accounting section of the Secretary's Office, for the position of accounting and auditing assistant.

Approved unanimously.

Memorandum dated December 2, 1941, from Mr. Nelson, Assistant Secretary, recommending that assent be given by the Board to the examination and certification by the Civil Service Commission of Vincent L. Bogart, a supply clerk in the procurement section of the Secretary's Office, for the position of junior typist.

Approved unanimously.

Memorandum dated December 2, 1941, from Mr. Paulger, Chief of the Division of Examinations, submitting the resignation of Laurence E. Skees as a Federal Reserve Examiner in that Division, to become effective as of the close of business on January 7, 1942, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

Memorandum dated November 27, 1941, from Mr. Goldenweiser, Director of the Division of Research and Statistics, submitting the resignation of Bruce Waybur as a junior economist in that Division, to become effective as of the close of business on December 6, 1941, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

Memorandum dated December 1, 1941, from Mr. Goldenweiser, Director of the Division of Research and Statistics, submitting the

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resignation of Robert B. Martin as a clerk in that Division, to become effective as of the close of business on December 1, 1941, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

Bond in the amount of \$10,000, executed under date of December 3, 1941, by John Henry Zirckel as Federal Reserve Agent's Representative at the Baltimore Branch of the Federal Reserve Bank of Richmond.

Approved unanimously.

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

"There are enclosed a copy of the Board's letter of November 10 to the Administrator of the Farm Security Administration, and a copy of the reply of the Acting Administrator dated November 28, 1941, relating to section 6(k) of Regulation W.

"The phrase 'member banks' in the last paragraph of the letter of November 28 apparently refers to the Federal Reserve Banks, and therefore, although your bank is of course free to advise any interested person as to the contents of these enclosures, there would seem to be no need for circularizing all the member banks in your district unless you feel that it is desirable to do so."

Approved unanimously.

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

"This is with reference to your letter of November 26, 1941, concerning the classification of a certain gas cooking range under the Supplement to Regulation W.

"As you have suggested, it is quite apparent from the descriptive material which you enclosed that while the range has more than seven heating surfaces it is clearly designed principally for home use. The test of

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"seven heating surfaces' is recognized to be not altogether satisfactory and some thought has been given to a substitute definition. If you have any suggestions along this line, the Board would be glad to receive them."

Approved unanimously.

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

"This is in reply to your letter of November 26 regarding the registration of Hemenway-Johnson Furniture Company and its subsidiary under Regulation W.

"We agree with your first conclusion, to the effect that the Hemenway-Johnson Company of Shreveport should file a single Registration Statement with the Federal Reserve Bank of Dallas covering the operations of all its stores. As to the registration of Hemenway Home Service, if its main office is located at Alexandria, Louisiana, section 3(c) of the regulation appears to require that its Registration Statement be filed with the Federal Reserve Bank of Atlanta, or a branch thereof. On the other hand, the fact that that subsidiary registers with the Atlanta bank need not affect the cordial relations enjoyed between the company and the Federal Reserve Bank of Dallas; if the natural channel for communicating with the Federal Reserve System is through the Shreveport office of the parent company, it seems highly desirable that any existing relationships that have proved mutually advantageous should be continued."

Approved unanimously.

Telegram to Mr. Hale, Vice President of the Federal Reserve Bank of San Francisco, reading as follows:

"Reference your telegram December 3 the classification 'radio receiving sets' in Supplement, Group C-10, includes automobile radios.

"We have been in touch with National Automobile Dealers Association and believe it will send out a correction."

Approved unanimously.

Letter to Mr. Caldwell, Chairman of the Federal Reserve Bank of

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Kansas City, reading as follows:

"Reference is made to your recent discussions with members of the Board relating to the retention by the Federal Reserve Bank of Kansas City of an outside firm of attorneys as counsel for the Bank. This matter has been given careful consideration by the Board and I have been requested to advise you of its conclusion.

"In 1937 the Board requested that a survey be made by a member of its legal staff of the legal divisions of the Federal Reserve Banks. Following the submission of the reports of these surveys the Board, in June 1938, adopted a resolution in which, in view of the material differences in the practices of the Federal Reserve Banks with respect to the employment of counsel and the manner in which their legal work was handled, the position was taken that as a matter of general policy the legal work of each Federal Reserve Bank should be conducted under the direction of a full time general counsel who represents only the Federal Reserve Bank; that, however, with respect to the banks which did not have such counsel the adoption of this policy should be regarded as an ultimate objective to be attained when circumstances permitted without disturbing existing arrangements if otherwise satisfactory; and that the President of each Federal Reserve Bank should be advised that it was the desire of the Board to be consulted informally before the Bank made any change in the manner of conducting its legal work or the principal personnel engaged therein.

"This policy was adopted by the Board after a careful study of all of the aspects of the matter and it does not feel that it would be justified in departing therefrom by approving the retention of outside counsel by the Kansas City Bank."

Approved unanimously, together with  
the following letter to the Presidents of  
all Federal Reserve Banks:

"In 1937 the Board requested one of the members of its legal staff to make a survey of the legal divisions of the Federal Reserve Banks. Following the submission of the reports of these surveys the Board, in June 1938, adopted a resolution in which, in view of the material differences in the practices of the Federal Reserve Banks

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"with respect to the employment of counsel and the manner in which their legal work was handled, the position was taken that as a matter of general policy the legal work of each Federal Reserve Bank should be conducted under the direction of a full time general counsel who represents only the Federal Reserve Bank; that, however, with respect to the banks which did not have such counsel the adoption of this policy should be regarded as an ultimate objective to be attained when circumstances permitted without disturbing existing arrangements if otherwise satisfactory; and that the President of each Federal Reserve Bank should be advised that it was the desire of the Board to be consulted informally before the bank made any change in the manner of conducting its legal work or the principal personnel engaged therein.

"Advice of the adoption of the policy as set forth in the resolution was not sent to the Federal Reserve Banks at the time for the reason that it was felt that the policy could be brought to the attention of the respective Federal Reserve Banks as occasion might require, but in accordance with the last clause of the resolution a letter was sent to the President of each of the Federal Reserve Banks on June 8, 1938, stating that it would be appreciated if, whenever circumstances developed in the future indicating the desirability of a change in the principal legal personnel or the manner in which the legal work of the Bank was conducted, the Bank would advise the Board informally before action was taken.

"Recently the Board has had occasion to reconsider and reaffirm the policy as set forth above and requested that all Federal Reserve Banks be advised of the position which the Board had taken."

Thereupon the meeting adjourned.

Chester Morrie  
Secretary.

Approved: Donald P. ...  
Vice Chairman.