

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, January 9, 1942, 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 January 8, 1942, were approved unanimously.

Telegrams to Mr. Young, President of the Federal Reserve Bank of Boston, Mr. Sanford, Secretary of the Federal Reserve Bank of New York, Mr. Leach, President of the Federal Reserve Bank of Richmond, Mr. Bowman, Assistant Vice President of the Federal Reserve Bank of Atlanta, and Messrs. Dillard, Stewart, Powell, and Hale, Secretaries of the Federal Reserve Banks of Chicago, St. Louis, Minneapolis, and San Francisco, respectively, stating that the Board approves the establishment without change by the Federal Reserve Bank of San Francisco on January 6, by the Federal Reserve Banks of New York, Richmond, Atlanta, Chicago, St. Louis, and Minneapolis on January 8, 1942, and by the Federal Reserve Bank of Boston today, of the rates of discount

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and purchase in their existing schedules.

Approved unanimously.

Telegram to Mr. Albert M. Creighton, Boston, Massachusetts,  
reading as follows:

"Board of Governors of Federal Reserve System has appointed you Class C director of Federal Reserve Bank of Boston for remainder three-year term ending December 31, 1944.

"Board has also designated you Chairman and Federal Reserve Agent at Federal Reserve Bank for year 1942 and has fixed your compensation as such on uniform basis fixed for same position at other Federal Reserve Banks, i.e., at same amount as aggregate of fees payable during same period to any other director for attendance corresponding to yours at meetings of the board of directors, executive committee and other committees of board of directors.

"It will be appreciated if you will advise by collect telegram of your acceptance.

"In accordance with usual procedure it will be necessary for you to execute usual oath of office and corporate surety bond in amount of \$10,000. When executed bond should be examined by counsel for Reserve Bank to see that it is executed in accordance with rules printed on reverse side of form of bond 181 and sent to Board promptly for approval. No announcement will be made to press until after your visit here next week."

Approved unanimously.

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

"The Board of Governors approves the changes in the personnel classification plan of the Federal Reserve Bank of New York and the Buffalo Branch as requested in your letter of December 24, 1941. Also, in view of the circumstances set forth in your letter, the Board approves the payment of a salary at the rate of \$5,500 per annum to Mr. Alfred J. Hudson, Chief, Press and Circulars Division, which is \$500 in excess of the maximum annual salary established for this position in the personnel classification plan of your Bank.

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"It is noted that the work of the Foreign Property Control Department has been reorganized and that new Form A pages reflecting the reorganization will be forwarded to the Board upon their completion."

Approved unanimously.

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

"The Board of Governors approves the changes in the personnel classification plan of your Bank as requested in your letter of January 2, 1942."

Approved unanimously.

Telegrams to the Presidents of all of the Federal Reserve Banks transmitting for the comments and suggestions of the Banks, the members of the Federal Advisory Council, and the trade, in accordance with the procedure outlined in the telegram sent to the Banks yesterday, a draft of Amendment No. 3 to Regulation W, which would add to the listed articles in Group C of the Supplement clocks, watches, cameras, projectors, lenses, shutters, and enlargers, and would add new paragraphs to sections 3(b) and 9(d) of the regulation.

Approved unanimously, together with a telegram to Edward E. Brown, President of the Federal Advisory Council, transmitting a copy of the amendment and asking for any suggestions or comments he, representing the Federal Advisory Council, would like to make with respect thereto.

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



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"Your wire January 3. Board is of opinion that transaction described is 'instalment sale credit' under W-16 and that, therefore, your first question should be answered 'yes' and second question answered 'no', since definition of instalment loan credit in section 2(e) excludes anything that is instalment sale credit."

Approved unanimously, together with a telegram to the Presidents of all Federal Reserve Banks, in the following form:

"Reg. W-124. Interpretation W-16 dealt with a case in which a dealer sells a listed article but does not take a note from the customer payable to the dealer, and instead, according to arrangements with a bank, takes a note payable to the bank. W-16 stated that the transaction constitutes an extension of instalment sale credit within the meaning of section 2(d) of Regulation W. The Board has recently been asked whether the transaction also constitutes an extension of instalment loan credit, in which event a 'Statement of Borrower' would have to be taken in connection with the transaction.

"It is the view of the Board that such a transaction does not constitute an extension of instalment loan credit since, under section 2(e) of the Regulation, instalment loan credit includes only specified transactions 'other than instalment sale credit.'

"It is to be noted, of course, that the definition of instalment sale credit in section 2(d) is by its terms confined to transactions involving a listed article, and that accordingly if the article involved were unlisted, the transaction might, as indicated in the last paragraph of W-119, be an extension of instalment loan credit."

Telegram to Mr. Swanson, Vice President of the Federal Reserve Bank of Minneapolis, reading as follows:

"Your wire January 6. In case of an add-on to a cash loan held by the same Registrant, answer to question 3 on form 564 would be yes if old note were cancelled and new note given for total amount, because old debt would be paid. Furthermore, information covered by question 6 would be needed in order to determine compliance with section 8(b)."

Approved unanimously.

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Memorandum dated January 2, 1942, from Mr. Carpenter, Assistant Secretary, submitting for approval by the Board a draft of a letter to the representative members of the Federal Open Market Committee with which it was proposed to enclose drafts of entries for the policy record covering actions taken by the Federal Open Market Committee during 1941. The memorandum stated that after any comments or suggestions from the representative members of the Committee had been received the entries would be placed in final form and submitted to the Board for approval.

The draft of letter was approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie

Secretary.

Approved:

W. E. C. C.

Chairman.