

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, February 5, 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 February 4, 1942, were approved unanimously.

Memorandum dated February 4, 1942, from Mr. Parry, Chief of the Division of Security Loans, submitting the resignation of Miss Anne Beal as a statistical clerk in that Division, to become effective as of the close of business on February 8, 1942, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

Memorandum dated February 5, 1942, from Mr. Nelson, Assistant Secretary, submitting the resignation of Albert P. Brodell, Jr., as a page in the Secretary's Office, to become effective as of the close of business on February 15, 1942, and recommending that the resignation be

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accepted as of that date.

The resignation was accepted.

Memorandum dated February 5, 1942, from Mr. Nelson, Assistant Secretary, submitting the resignation of James H. Campion, Jr., as an elevator operator in the Secretary's Office, to become effective as of the close of business on February 9, 1942, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

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

"Referring to your letter of January 30, 1942, and Mr. Hays' letter of January 31, 1942, the Board of Governors approves the payment of a salary to Mr. K. H. MacKenzie, as Assistant Vice President, at the rate of \$4,800 per annum, if fixed by your Board of Directors at such rate, for the period January 29, 1942, to April 30, 1942.

"It is noted that Mr. MacKenzie will continue in charge of the Department of Business Statistics."

Approved unanimously.

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

"The Board of Governors approves the changes in the personnel classification plan of the Federal Reserve Bank of Richmond and its Baltimore and Charlotte Branches as requested in your letter of January 30, 1942.

"In reviewing the pages submitted with your letter it is noted that the maximum annual salary for the position of General Clerk, Discount and Credit Department, is shown as \$2,100, whereas our records indicate that

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"the maximum annual salary approved for this position is \$1,980. Since your letter states that this page has been revised only in so far as the description of work is concerned, it is assumed that the maximum annual salary of \$2,100 is a typographical error. However, if it is intended to increase the maximum annual salary for this position, it is suggested that a formal request be submitted to the Board for approval."

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 the Federal Reserve Bank of Dallas and the El Paso Branch as requested in your letter of January 29, 1942."

Approved unanimously.

Letter to Mr. Byron Price, Director of Censorship, reading as follows:

"This letter is in further reference to yours of January 13, 1942, requesting advice as to the class or classes of information, gleaned from the examination of international communications during the censorship process, the Federal Reserve System would be interested in receiving.

"The Board of Governors will greatly appreciate receiving any such information relating to international financial transactions which by their size or character seem to be of special interest. After having had an opportunity to review the material forwarded to us under this general request, we may be able to specify more exactly the types of information which we should like to receive. We may mention at this time, however, that under 'international financial transactions' we would include currency shipments or evidence of currency hoarding by foreigners. We will be particularly interested in all types of financial transaction in which foreigners appear

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"to be dealing directly with individuals or private agents in this country rather than through a bank in the United States.

"It is understood from a recent telephone conversation with Mr. Koop of your office that all of the information of the kind under consideration will be centralized in your Washington office and that the information of interest to the respective agencies of the Government will be sent out from that office. The Board plans to send to the respective Federal Reserve Banks such of the information received from you as is of interest to them."

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

"Recently the Board received a letter from the Director of Censorship stating that the censorship of international communications would result in the interception of much information of value to various agencies of the Government concerned with the conduct of the war, and requesting that the office be advised as to the particular class or classes of information so obtained which would be of interest to the Board. A copy of the Board's reply to this letter is enclosed.

"This office will arrange to send promptly to the Federal Reserve Banks such of the information received from the Office of Censorship as is of interest to them. Therefore, if there is any information other than that listed in our letter to the Director of Censorship that you feel would be of value to your Bank or should you not be interested in receiving any of the information referred to in that letter, it will be appreciated if you will advise us accordingly."

Memorandum dated January 28, 1942, from Mr. Bethea, Assistant Secretary, submitting a circular memorandum dated January 23, 1942, from the Military Director of Civil Aviation in which it was stated that each scheduled air carrier had been instructed to grant priority transportation upon presentation of a certificate in the form attached thereto, signed by an approved executive of a Federal

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department or agency or other competent Government official, that the granting of a priority makes it mandatory upon the air carrier to remove other passengers or cargo if necessary, and that, therefore, the persons authorized to sign the certificates should be limited as much as possible. The memorandum stated that the form of certificate required that the officer signing certify that the transportation desired "is necessary to the successful prosecution of the war effort". It also recommended that the Board (1) authorize each member of the Board of Governors, in his discretion, to sign certifications for his own use, and the Chairman and the Secretary of the Board to sign certifications in all appropriate cases for members of the staff, and (2) approve the following letter to the Presidents of all Federal Reserve Banks:

"There is transmitted herewith a copy of a memorandum dated January 23, 1942, with attachment, addressed to Government departments and agencies other than military by Brigadier General Donald H. Connolly, Military Director of Civil Aviation, regarding priority travel on scheduled air carriers.

"Since persons signing the priority travel certificates must certify that the travel is necessary to the successful prosecution of the war effort, and since it is urged that the number of persons authorized to sign the certificates be limited as much as possible, you will, no doubt, wish to require that any such certificates issued by your Bank be signed by the President or, in his absence, by the First Vice President."

Approved unanimously.

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Thereupon the meeting adjourned.

Robert Morrie  
Secretary.

Approved:

W. C. Carter  
Chairman.