

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, April 18, 1942, at 11:00 a.m.

PRESENT: Mr. Ransom, Vice Chairman  
 Mr. McKee  
 Mr. Draper  
 Mr. Evans

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 April 17, 1942, were approved unanimously.

Letter to Mr. Howard Phillips of the Dr. P. Phillips Company, Orlando, Florida, reading as follows:

"The Board of Governors has received your letter of April 11, 1942, in which you tender your resignation as a member of the board of directors of the Jacksonville Branch because of your having been called to active duty with the United States Army.

"Your resignation is accepted with regret, and the members of the Board have asked me to extend to you their sincere thanks for your service during the past four years and their very best wishes for the days that lie ahead.

"If your tour of duty should bring you to Washington, and you could find the time to do so, we should be very glad indeed to have you drop in to visit us."

Approved unanimously.

Memorandum dated April 17, 1942, from Mr. Smead, Chief of the Division of Bank Operations, reading as follows:

"It is recommended that weekly figures of 'Debits to demand deposit accounts except interbank and United States Government accounts', which are reported as memorandum items in the weekly condition reports of member banks in leading cities, be shown in the weekly member bank press statement

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"beginning next week. A copy of the present statement, with the proposed additional item indicated thereon in red, is attached. If this recommendation is approved, it is suggested that the following announcement be made on the reverse side of the first page of the next weekly member bank condition statement:

'Beginning with this week the statement shows, as a memorandum item, the amount of debits to demand deposit accounts, except interbank and United States Government accounts, as reported by member banks in 101 leading cities for the week ending on the report date (Wednesday). The new figures differ from the bank debits figures now published in a separate weekly statement which, as already announced, will be published monthly only beginning in May. The older series represents debits to both demand and time deposit accounts of all depositors except other banks, and the figures are currently reported by member and nonmember reporting banks in 274 centers; for 141 centers this series is available since 1919.

'Debits to demand deposit accounts, except interbank and United States Government accounts, as shown in the new series for banks in New York City, amount to approximately 98 per cent of the total debits reported for New York City in the more complete series. For all weekly reporting banks in the 100 other leading cities, bank debits as shown in the new series approximate 92 per cent of total debits reported for the 140 centers (other than New York) included since 1919 in the more complete series. As a result, there is a marked similarity in the weekly fluctuations of the two series, as to both direction and amount.'

"Debits figures for weekly reporting member banks have been received by the Board since September 1934, but have not as yet been published. In view, however, of the discontinuance of the regular weekly bank debits statement, which has caused some concern to a number of persons making regular use of such figures (we have received eleven requests

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"that publication of the weekly bank debits figures be continued), it is believed that the publication of the weekly figures for banks in the 101 leading cities will serve a worth-while purpose. The insertion of the proposed additional item in the weekly member bank condition statement would not increase our work or the work of reporting banks."

Approved unanimously.

Letter to Mr. Belmont Frank, Frank's Economy Store, Burlington, Vermont, reading as follows:

"This refers to your letter of April 6, 1942 regarding certain service charges on checking accounts which have been instituted by the Chittenden County Trust Company and other banks in Burlington, Vermont.

"The bank to which you specifically refer is not a member of the Federal Reserve System and is therefore not subject to the supervision of the Board of Governors.

"It may be mentioned, however, that there is no provision of Federal law which prohibits or restricts the making of service charges by banks. The amount of such charges depends upon the cost of the service rendered and the benefit to the bank of the particular account, although to some extent, of course, the amount charged may depend upon competitive influences. Frequently, the amount imposed by banks in a particular community is governed by a rule of the local clearing house association or other bankers' association; and such information as has come to our attention indicates that in the long run the charges established by such associations reflect the cost of furnishing service to depositors.

"It is hoped that the above information may be of some assistance to you in this connection."

Approved unanimously.

Thereupon the meeting adjourned.

Approved:

Chester Morrie  
Secretary.

Donald H. Johnson  
Vice Chairman.