

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, April 22, 1942, at 11:00 a.m.

PRESENT: Mr. Ransom, Vice Chairman
Mr. McKee
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 hereinafter referred to was taken by the Board:

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

"In accordance with the request contained in your letter of April 16, 1942, the Board approves the designation of Edwin N. Davis as a special assistant examiner for the Federal Reserve Bank of Chicago."

Approved unanimously.

Letter to the board of directors of "The State Bank of Milan", Milan, Indiana, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H and the following special condition, the Board approves the bank's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of Chicago:

- "4. Prior to admission to membership, such bank, if it has not already done so, shall charge off or otherwise eliminate estimated losses of \$1,137 as shown in the report of examination of such bank as of March 7, 1942, made by an examiner for the Federal Reserve Bank of Chicago."

The letter also contained the following special comment:

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"It has been noted that the bank has outstanding common capital stock of \$35,000, which is in excess of the figure at which the stock is shown on the books of the bank. In this connection, the Board feels that the bank should, as soon as practicable, take such action within its power as may be necessary to cause the common stock to be shown at its par value. Such adjustments may be effected through conservation of earnings of the bank, through reduction of its outstanding common capital stock, if and when such a reduction may be accomplished under the applicable provisions of State law, or through such other means as may be within the power of the bank."

Approved unanimously, for transmission through the Federal Reserve Bank of Chicago.

Letter dated April 21, 1942, to the Presidents of all the Federal Reserve Banks, except Cleveland, reading as follows:

"There is enclosed for your information a copy of a letter addressed by the Board to the Vice President of a Federal Reserve Bank under date of April 17, 1942 regarding certain questions of procedure in connection with the execution of guarantees and the making of loans pursuant to authorizations given by the War Department under Executive Order No. 9112. The procedure described in this letter will of course be adopted with respect to all Federal Reserve Banks."

Approved unanimously.

Telegram to Mr. Koppang, First Vice President of the Federal Reserve Bank of Kansas City, reading as follows:

"Retel April 21. Maritime Commission instructions now being drafted and hope that they will be issued in near future but cannot advise definitely at this time. Your wire has been discussed informally with a representative of the Maritime Commission, who suggests that the subcontractor communicate with prime contractor and request latter to get in touch with Maritime Commission with regard to handling this particular case. If this for any

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"reason turns out not to be feasible, suggest you furnish us with more specific information on this case so that we can pass it on to the Maritime Commission for consideration."

Approved unanimously.

Letter to Mr. Nardin, Chairman of the Federal Reserve Bank of St. Louis, reading as follows:

"At the completion of the examination of the Federal Reserve Bank of St. Louis, made as of February 21, 1942, by the Board's examiners, a copy of the report of examination was left for your information and that of the directors. A copy was also furnished President Davis.

"The Board will appreciate advice that the report has been considered by the Board of Directors. Any comments you may care to offer regarding discussions with respect to the examination or as to action taken or to be taken as a result of the examination will also be appreciated."

Approved unanimously.

Memorandum dated April 21, 1942, from Mr. Wingfield, Assistant General Counsel, recommending that there be published in the May issue of the Federal Reserve Bulletin statements in the form attached to the memorandum with respect to the following subjects:

War Financing
Regulation V

Consumer Credit
Interpretations of Regulation W

Alien Property Custodian
Appointment of Deputy Custodian
Regulations

Government Contracts
Executive Order Dealing with War
Contracts

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Foreign Funds Control
Public Circular Issued by the Secretary
of the Treasury

Approved unanimously.

Memorandum dated April 20, 1942, from Mr. Nelson, Assistant Secretary, recommending that approval be given to the continuation for an indefinite period of the group insurance contract which was executed by the Board on December 2, 1938, with the Aetna Life Insurance Company and which will expire on April 30, 1942.

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved: [Signature]
Vice Chairman.