

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, May 9, 1942, at 11:00 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. Szymczak
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 May 8, 1942, were approved unanimously.

The minutes of the meeting of the Board of Governors of the Federal Reserve System held with the Presidents of the Federal Reserve Banks on May 8, 1942, were approved unanimously.

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

"Referring to your letter of May 7, 1942, regarding salaries of officers of your Bank, the Board approves salaries at the rate of \$10,500 per annum for Mr. Kimball and at the rate of \$9,000 per annum for Mr. Sanford for the year beginning April 1, 1942.

"The Members of the Board note that your directors desire to continue to try to evolve some procedure which will establish certain principles of executive compensation for officers of the Bank and that you will confer with Governor Szymczak with regard thereto so that a mutually convenient time may be arranged for a conference of

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"representatives of your Committee of Directors on Welfare of Staff with the Board."

Approved unanimously.

Letter to Mr. Upham, Deputy Comptroller of the Currency, reading as follows:

"This refers to your letters of April 25 and May 2, 1942, and the telephone conversation between Messrs. Wingfield and Cagle, and Mr. Robertson of your office. It is understood that because of an inquiry from one of your examiners you desire to know whether it appears from the annual report filed by Transamerica Corporation with the Board as of December 31, 1941, that Transamerica Corporation has readily marketable assets of the kind and amount required by section 5144 of the Revised Statutes.

"It appears from this report that as of December 31, 1941, Transamerica Corporation controlled bank stocks subject to double liability having a par value in the amount of \$332,728 and controlled bank stocks not subject to double liability having a par value in the amount of \$35,486,489. The maximum reserve requirements of 25 and 12 per cent of the foregoing amounts, respectively, aggregate \$4,341,560. It also appears that as of December 31, 1941, Transamerica Corporation had cash and other readily marketable assets free and clear of any lien, pledge or hypothecation in the amount of \$4,723,480. On the basis of this report, therefore, it seems clear that Transamerica Corporation on December 31, 1941, had the kind and amount of readily marketable assets required by the provisions of section 5144 of the Revised Statutes.

"In connection with your suggestion that your examiner may not have had in mind the Board's ruling with reference to the consideration of cash as a readily marketable asset, attention is called to the ruling published on page 192 of the Federal Reserve Bulletin for March 1938.

"It is believed that the above gives you the information that you need to answer the inquiry submitted by your examiner, but if there is any further information you desire, please advise."

Approved unanimously.

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

"When Amendments No. 2 and No. 3 to Regulation W were issued, a telegram was sent to each of the Federal Reserve Banks (W-108 and W-129) showing how the Amendments would affect Interpretations previously issued.

"The Regulation as revised effective May 6, 1942 makes a great many changes in section numbers, in addition to changes in substance. Accordingly, a list corresponding to W-108 and W-129 has not been sent by telegraph but is enclosed herewith."

Approved unanimously.

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

"Your wire May 7. Last part of section 6(b) refers to a loan to retire an obligation held elsewhere whereas section 7(c)(1) refers to the renewal or extension of an obligation held by the registrant. Regulation is not entirely explicit on this point."

Approved unanimously.

Telegram to Mr. William Phillips, Assistant Cashier of the Federal Reserve Bank of Kansas City, reading as follows:

"Your wire May 7 not clear. If purpose of loan is to purchase listed article, loan would not be subject to Regulation U and therefore would not be exempted by section 8(b) of Regulation W."

Approved unanimously.

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

"Your wire May 7. Your understanding is correct that on basis of Section 12(e) the principles outlined in W-19

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"permitting one renewal or revision of a pre-September instalment contract on any terms which Registrant would have granted in good faith in absence of Regulation continue to be applicable. Charge accounts arising before May 1 are covered by sections 5(c)(1) and (2), and renewals of single-payment loans made prior to May 6 are not subject to Regulation in view of first sentence of section 7(c) as interpreted by WR-1."

Approved unanimously.

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

"Your letter April 16 regarding W-100. Requirements of section 4(d) of revised Regulation will be met if Statement of Transaction is given promptly to obligor, irrespective of whether it is given by seller or by some other person."

Approved unanimously, together with a letter to the Presidents of all the Federal Reserve Banks quoting the text of the above telegram.

Thereupon the meeting adjourned.

Chester Morie
Secretary.

Approved:

W. C. C. C.
Chairman.