

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, May 13, 1942, at 11:00 a.m.

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

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 12, 1942, were approved unanimously.

Renewal bond in the amount of \$40,000, executed under date of May 12, 1942, by Miss Josephine E. Lally as Deputy Fiscal Agent of the Board of Governors of the Federal Reserve System.

Approved unanimously.

Memorandum dated May 12, 1942, from Mr. Nelson, Assistant Secretary, recommending that Karl J. Steger be appointed as a chauffeur in the Secretary's Office on a temporary basis for an indefinite period, with salary at the rate of \$1,320 per annum, effective as of the date upon which he enters upon the performance of his duties after having passed satisfactorily the usual physical examination.

Approved unanimously.

Letter to Mr. Fletcher, Vice President of the Federal Reserve

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Bank of Cleveland, reading as follows:

"Reference is made to your letter of May 7 in which you stated that Peoples-Pittsburgh Trust Company, Pittsburgh, Pennsylvania, did not submit nor publish a report of its affiliate, Hotel Conneaut at Conneaut Lake, Pennsylvania, Incorporated, as of April 4, 1942.

"It is noted from your letter that the omission was an oversight caused by the changing status of the hotel corporation. In the circumstances, the Board agrees with you that publication of the report at this time would serve no useful purpose and it will not insist upon the publication. If, however, the affiliation exists at the time of the next call for condition reports, the report of the affiliate should be submitted and published unless waived by the waiver provisions printed on form F.R. 220b. Please advise the member bank accordingly."

Approved unanimously.

Telegram to Mr. Kennel, Assistant Counsel of the Federal Reserve Bank of Boston, reading as follows:

"Referring your telephone call May 6. Principle stated in W-10 is now stated in section 11(e) and is equally applicable to provisions regarding minimum monthly payments. Therefore, in effect your question is whether a balance of \$18.00 may be paid in 3 monthly instalments of \$5.00 followed by one instalment of \$3.00. This is permitted."

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

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

"Receipt is acknowledged of your letter of May 7, 1942, in which you point out that according to common

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"trade terminology, as used in many department stores, 'wearing apparel' covers outer garments such as coats, suits, dresses, blouses, skirts, etc., and that the term 'accessories' has been used to apply to such items as gloves, hosiery, underwear, negligees, and the like. However, you have stated definitely that for the purposes of Regulation W, the term 'wearing apparel' as used in section 13, includes all such accessory items and any other items of apparel whether under or outer garments, including infants' wear.

"The Board agrees with your interpretation."

Approved unanimously.

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

"The Board agrees with your interpretation (of Regulation W) with respect to automobile accessories."

Approved unanimously.

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

"This refers to your letter of May 4, 1942, with regard to the effort of the Committee on Foreign Banking of New York City to obtain some legislative clarification of the status of bankers' acceptances for the purposes of the Excess Profits Tax.

"It is noted that you have had no information with regard to any further developments in connection with a proposed amendment to the Internal Revenue Code since the conference attended by Mr. Lucius A. Buck, Mr. Douglas of your bank, and others in the office of Mr. Tarleau, Legislative Counsel for the Treasury Department. We, too, have had no further information regarding the matter since that time.

"The memorandum relating to bankers' acceptances enclosed with your letter is very interesting and we are glad to have it for our records. However, we have no suggestions to make concerning it at this time.

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"In the event any further developments in connection with this matter come to our attention, we will, of course, advise you."

Approved unanimously.

Letter prepared for the signature of Chairman Eccles to Rear Admiral Charles Conard, Chairman of the Interdepartmental War Savings Bond Committee, reading as follows:

"This refers to your letter of April 24, 1942, enclosing a copy of Executive Order No. 9135 of April 16, 1942, establishing the Interdepartmental Committee for the Voluntary Pay Roll Savings Plan for the Purchase of War Savings Bonds.

"Pursuant to the authority contained in paragraph 1 of the Executive Order, I hereby designate Mr. Liston P. Bethea, Assistant Secretary of the Board of Governors, who is now serving as the Board's liaison officer in connection with the War Savings Bond program, as my alternate to act for me in all matters relating to the Committee.

"With reference to paragraphs 2 and 3 of the Order prescribing the functions and duties of the Committee, leading to the adoption of a uniform plan for Pay Roll Savings in the executive branch of the Government, you will be interested to know that the Board of Governors was the first Government organization to establish a pay roll plan for the purchase of United States Savings Bonds. Over a year ago it adopted a voluntary pay roll deduction plan for the purchase of Series E Bonds by its employees. The plan went into effect on May 1, 1941, the first day 'Defense Savings Bonds' were placed on sale by the Treasury. At present 97.1 per cent of the Board's personnel is participating in the plan and the percentage of salary deductions to total salaries paid is 5 per cent. Since the Treasury's announcement two week's ago setting as a new goal a quota of 10 per cent of gross salaries, an active campaign has been under way in the Board's organization to increase the percentage of gross deductions to total salaries paid.

"You may be assured that you will have the complete cooperation of this organization in carrying out the

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"provisions of the Executive Order."

Approved unanimously.

Memorandum dated May 8, 1942, from Mr. Goldenweiser, Director of the Division of Research and Statistics, submitting the budgets for the statistical and analytical function, including library services, at the respective Federal Reserve Banks for the year 1942, and recommending that the Board approve the proposed budgets in the following amounts:

<u>Federal Reserve Bank</u>	<u>Budget</u>
Boston	\$ 37,145
New York	205,322
Philadelphia	60,193
Cleveland	37,167
Richmond	27,825
Atlanta	23,018
Chicago	66,605
St. Louis	28,720
Minneapolis	19,206
Kansas City	24,498
Dallas	24,466
San Francisco	51,710

Approved unanimously.

Letter to the Comptroller of the Currency, reading as follows:

"It is respectfully requested that you place an order with the Bureau of Engraving and Printing, supplementing the order of June 14, 1941, for printing of Federal Reserve notes of the 1934 Series in the amount and denomination stated for the Federal Reserve Bank of Dallas:

Denomination	Number of sheets	Amount
\$10	50,000	\$6,000,000"

Approved unanimously.

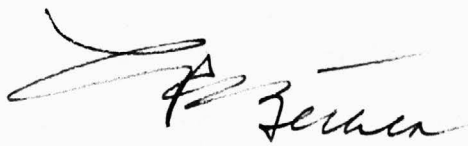
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It was recommended that the Board approve the addition of the amount of \$1,700 to the appropriate item of the non-personal services budget of the Secretary's Office to cover the cost of a new seven-passenger Chrysler limousine which was being purchased upon recommendation of Chairman Eccles.

Approved unanimously.

Thereupon the meeting adjourned.



Assistant Secretary.

Approved:



Chairman.