

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, May 30, 1942, at 10:30 a.m.

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

Mr. Bethea, 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 29, 1942, were approved unanimously.

Memorandum dated May 28, 1942, from Mr. Paulger, Chief of the Division of Examinations, recommending that the salary of Fred W. Troup, an Assistant Federal Reserve Examiner in that Division, be increased from \$2,800 to \$2,900 per annum, effective June 16, 1942.

Approved unanimously.

Letter to Mr. Williams, President of the Federal Reserve Bank of Philadelphia, reading as follows:

"Referring to your letter of May 23, 1942, the Board of Governors approves payment of salaries to the following officers of the Bank for the year beginning May 1, 1942, at the rates fixed by your Board of Directors.

Alfred H. Williams, President	\$22,000
Frank J. Drinnen, First Vice President	16,000
Wm. G. McCreedy, Assistant Vice President	9,000
P. F. Coleman, Assistant Vice President	5,000

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"James M. Toy, Assistant Cashier	\$8,000
Philip M. Poorman, Auditor	7,000
MacCoy, Brittain, Evans and Lewis (Retainer)	2,500

The Board also approves a salary at the rate of \$3,500 per annum for Arthur E. Post, Secretary, for the period May 1 to June 30, 1942, in addition to his salary at the rate of \$4,500 per annum, as Assistant Federal Reserve Agent.

"Governor Szymczak talked with you about the proposed increases in salaries of the officers named in your letter of May 23, and, in accordance with the understanding arrived at at that time, the Board has deferred action on the proposed increases. Pending action thereon, the Board approves payment of salaries to Messrs. McIlhenny, Davis, Hill, Sienkiewicz and Donaldson at the rates in effect for such officers on April 30, 1942, if fixed by your Board of Directors at such rates."

Approved unanimously.

Letter to Mr. Williams, President of the Federal Reserve Bank of Philadelphia, reading as follows:

"Referring to your letter of May 23, 1942, this is to advise you that the Board of Governors approves the payment of \$8,000, as granted by your Board of Directors, to supplement Mr. Post's retirement allowance upon his retirement on July 1, 1942."

Approved unanimously.

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

"The Board of Governors of the Federal Reserve System has considered the recommendation of the Board of Directors of your Bank contained in your letter of May 19, 1942, and pursuant to the provisions of Section 19 of the Federal Reserve Act grants permission to 'South Chicago Savings Bank', Chicago, Illinois, to maintain the same reserves against deposits as are required to be maintained by reserve city banks, effective as of the date of its admission to membership."

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"Please advise the bank of the Board's action in this matter, calling its attention to the fact that such permission is subject to revocation at any time by the Board of Governors of the Federal Reserve System."

Approved unanimously.

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

"In connection with the execution of guarantee agreements on behalf of the United States Maritime Commission pursuant to Executive Order No. 9112, the Board has received from the Maritime Commission a letter addressed to all Federal Reserve Banks dated May 28, 1942, signed by Mr. R. E. Anderson, Director of Finance, designating representatives to act for the Maritime Commission under the instructions of the Commission to all Federal Reserve Banks dated May 7, 1942. Pursuant to the request of the Maritime Commission, a copy of this letter is being transmitted herewith."

Approved unanimously.

Memorandum dated May 29, 1942, from Mr. Vest, Assistant General Counsel, reading as follows:

"The attached letter from the Federal Advisory Council urges that all war contracts awarded by War and Navy Departments and Maritime Commission contain the 'no setoff clause' protecting an assignee of any such contract against claims of the Government against the contractor arising independently of the contract.

"The Federal Advisory Council letter recognizes that all contracts of the Navy Department do include such clause, and we have confirmed this informally by checking with the Navy Department.

"The Maritime Commission advises that it has no authority under the law to insert this clause in its contracts, and this confirms our examination of the statute on the subject.

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"We have been advised informally that it is the policy of the War Department, with rare exceptions, to include the setoff clause in all contracts unless the assignment of claims thereunder is expressly forbidden.

"In order to obtain an authoritative statement from the War Department which may be passed on to the Federal Advisory Council, it is suggested that the attached letter be sent to the Department.

"When a reply has been received from the War Department, the Board will be in a position to inform the Advisory Council as to the situation with respect to this matter. The Board can then also submit copies of the correspondence to the Comptroller of the Currency for his information pursuant to the suggestion contained in the last paragraph of the letter from the Advisory Council."

Approved unanimously.

Letter to Mr. K. H. Dickson, Assistant Cashier of The First National Bank of Westwood, New Jersey, reading as follows:

"This will acknowledge and thank you for your letter of May 8, 1942, commenting on the section of Regulation W that relates to 'insurance policy loans'.

"That section, as it now stands, is intended primarily to take proper account of the fact that as a rule the right of a policyholder to borrow from his life insurance company is a right which he possesses by reason of the contract between the company and himself. This whole matter, however, is being re-examined as part of the continuing study of the regulation and its operations that is being carried on by the Board. As a part of this study your comments, together with a number of others that have been received from bankers and others, will be given careful consideration."

Approved unanimously, together with substantially similar letters to the following:

- Mr. Phelan, Assistant Vice President of the Federal Reserve Bank of New York,
- Mr. John H. Lucas, Vice President of the Peoples-Pittsburgh Trust Company, Pittsburgh, Pennsylvania,

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- Mr. Mills B. Lane, Jr., First Vice President of
The Citizens and Southern National Bank, At-
lanta, Georgia,
Mr. George B. Power, Secretary of the Mississippi
Bankers Association, Jackson, Mississippi,
Mr. Dale Graham, Vice President and Cashier of
The National Bank of Commerce, New Orleans,
Louisiana,
Mr. John Burgess, Vice President of the North-
western National Bank and Trust Company,
Minneapolis, Minnesota, and
Mr. Roblin H. Davis, President of The Denver Na-
tional Bank, Denver, Colorado.

Letter to Mr. Raymond C. Willoughby, Managing Editor of Nation's
Business, Washington, D. C., reading as follows:

"Reference is made to your letter of May 18 addressed
to Chairman Eccles relative to bank debit figures used in
the preparation of 'The Map of the Nation's Business'.

"Although there may be a little delay in the release
of the first monthly statement of bank debits on the new
basis, it is hoped thereafter that it will be released by
the 8th of each month. Mr. Greene is on the mailing list
for the new monthly statement and a copy thereof will be
mailed to him promptly upon release. If desired, he or
his representative may obtain a copy of the statement at
the Board's offices immediately upon release; the state-
ments are released to the press at the Board's offices at
about the same time that they are placed in the mails.

"While Mr. Greene does not propose to release the
figures in advance of their publication by the Board,
nevertheless the Board does not think it desirable that
the Federal Reserve Banks give out district figures upon
individual requests in advance of their general release.
In any event, this procedure probably would not result in
his receiving the figures for all districts in advance of
the release of the complete statement in Washington, since
it is planned to issue the statement in Washington on the
first business day after the district figures become avail-
able at all of the respective Federal Reserve Banks. You

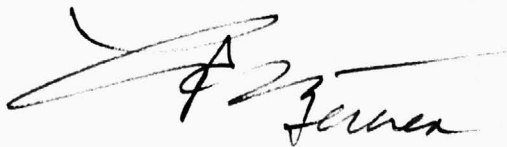
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"may be sure that the Board will make every effort to obtain the figures from all Federal Reserve Banks and make them available in time for Mr. Greene to use the data in preparing his manuscript for the printer. In the circumstances the Board does not feel that it would be justified in departing from its usual practice in the release of figures for publication."

Approved unanimously, together with a letter to the Presidents of all the Federal Reserve Banks transmitting copies of the above letter.

Thereupon the meeting adjourned.



Assistant Secretary.

Approved:



Chairman.