

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, June 8, 1942, at 11:30 a.m.

PRESENT: Mr. Eccles, Chairman  
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 June 5, 1942, were approved unanimously.

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on June 6, 1942, were approved and the actions recorded therein were ratified unanimously.

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

"In accordance with the request contained in your letter of June 5, the Board approves the appointment of Charles W. Adams as an assistant examiner for the Federal Reserve Bank of Philadelphia. Please advise us of the date the appointment becomes effective."

Approved unanimously.

Letter to Mr. Fleming, President of the Federal Reserve Bank of Cleveland, reading as follows:

"In accordance with the request contained in your letter of June 3, 1942, the Board approves the designation

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"of Donald D. Hentze as a special assistant examiner, with the understanding, of course, that he will not be transferred permanently to examination work without the Board's prior approval."

Approved unanimously.

Letter to Mr. Hitt, First Vice President of the Federal Reserve Bank of St. Louis, reading as follows:

"In accordance with the request contained in your letter of June 1, the Board approves the appointments of Julius H. Klose, Melvyn Paul Cange and Samuel B. Hodges as assistant examiners for the Federal Reserve Bank of St. Louis. Please advise us of the dates upon which the appointments become effective.

"Also approved is the designation of Harold Norris Moore as a special examiner and that of Robert F. Schalk as a special assistant examiner, with the understanding of course that they will not be transferred permanently to examination work without the Board's approval."

Approved unanimously.

Letter to the board of directors of the "Marion State Bank", Marion, Texas, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H, 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 Dallas.

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

Telegram to Mr. Schelling, Assistant Federal Reserve Agent at the Federal Reserve Bank of Chicago, stating that, subject to the conditions set forth in the telegram, the Board of Governors of the Federal

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Reserve System authorizes the issuance of a general voting permit, under the provisions of Section 5144 of the Revised Statutes of the United States, to the "Wisconsin Bankshares Corporation", Milwaukee, Wisconsin, entitling such organization to vote the stock which it owns or controls of "The Baraboo National Bank", Baraboo, Wisconsin, at all meetings of shareholders of such bank, and that the period within which a permit may be issued pursuant to the authorization contained in the telegram is limited to 30 days from the date of the telegram unless an extension of time is granted by the Board. The conditions contained in the telegram upon which the permit was authorized were as follows:

- "1. Prior to the issuance of general voting permit authorized herein, applicant shall execute and deliver to you in duplicate, an agreement in form accompanying Board's letter X-9385, except that (a) paragraphs numbered 1, 2, 4 and 5 shall be omitted and remaining numbered paragraphs appropriately renumbered, and (b) all lettered paragraphs and introductory sentence immediately preceding them shall be omitted.
- "2. Prior to issuance of general voting permit authorized herein, applicant shall deliver to you in duplicate, Exhibit L (Form P-3) executed by 425 West Wisconsin Avenue, Inc., Milwaukee, Wisconsin, and Exhibit N (Form P-4) executed by applicant and consented to by such corporation, or furnish assurances satisfactory to you that it will deliver such exhibits to you within thirty days after issuance of such permit or furnish evidence in writing satisfactory to counsel for Federal Reserve Bank of Chicago that such exhibits are not required by Board's Regulation P and directions on printed forms referred to.
- "3. Prior to issuance of general voting permit authorized herein, the President and Executive Committee of the Federal Reserve Bank of Chicago shall approve issuance of such permit."

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The telegram also stated that, in advising the applicant of the Board's action, it should be advised as follows:

"As you know, consideration of the issuance of a general voting permit to your corporation covering The Baraboo National Bank was deferred last year because of the action taken by First Wisconsin National Bank of Milwaukee in retiring all of its outstanding preferred stock over the expressed objection of the Office of the Comptroller of the Currency. Subsequently, at a meeting between representatives of the Board and representatives of your corporation held in Washington for the purpose of discussing the responsibilities of your corporation with respect to its subsidiaries, representatives of your corporation felt that they could eliminate the differences that then existed between the Office of the Comptroller of the Currency and the First Wisconsin National Bank. Based upon the agreement reached between the First Wisconsin National Bank and the Office of the Comptroller of the Currency, providing for the restriction of dividends to a specified amount for the strengthening of the bank's capital and providing for the maintenance of conservative operating policies, the Board is now willing to authorize the issuance of a general voting permit covering The Baraboo National Bank."

Approved unanimously.

Telegram to Mr. Longmire, Director of the War Production Loan Agency at the Federal Reserve Bank of St. Louis, reading as follows:

"Retel June 5. Have informally contacted Mr. Mark Brown regarding statement in question quoted in American Banker May 28. Mr. Brown advises that statement is apparently misquoted and should have referred to 'section 5 of the agreement' instead of to 'the guarantee.' Guarantee of loan under section 1 of agreement is not affected by default of contractor. However, benefits of section 5 and section 6 do not apply unless war production contracts are cancelled without fault of contractor."

Approved unanimously.

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

"This refers to your letter of June 1, 1942, in which you request the Board's advice as to whether a bank or other financial institution may at the time of making a single-payment loan have an agreement with the customer regarding periodic renewals and reductions and still regard the transaction as a 'single-payment loan' as defined in section 2(i).

"In this connection you refer to W-39, W-47, and W-107 and ask whether the principles stated therein are still controlling in view of the revision of the Regulation effective May 6, 1942.

"W-39 is obsolete, but the principles stated in the other two interpretations are still controlling, although possibly of less practical importance in view of the provisions of section 7, section 8(j), and section 9."

Approved unanimously.

Letter to Mr. Hays, Vice President and Secretary of the Federal Reserve Bank of Cleveland, reading as follows:

"In your letter of May 29, 1942, you asked whether batteries and accessories designed for trucks and busses are included in section 13(a), Group A, Item 5.

"The Board's view is that the articles mentioned are included in Item 5, and that a dealer extending credit in connection with the sales of such articles is required to be licensed under section 3. However, as noted in your letter, the coverage under the regulation of tires and inner tubes is limited to those for passenger automobiles by Item 6."

Approved unanimously.

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

"This refers to your letter of May 28, 1942, enclosing a copy of your letter of May 28 to Mr. J. A. Burger,

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"Northern School Supply Company, Fargo, North Dakota, and a copy of Mr. Burger's letter to you of May 25, all relating to the exemption in section 8(1) of Regulation W.

"The Board agrees with your view that a High School Athletic Association or High School Activities Funds as described in Mr. Burger's letter to you are not exempt under section 8(1). It appears that the extension of credit would not be to a 'school' but to a separate facility of an extra-curricular nature.

"However, as you know, there are many schools or other educational institutions that would be entitled to exemption under section 8(1) but which are sustained by funds obtained by means other than taxation."

Approved unanimously.

Thereupon the meeting adjourned.

Chesler Morrie  
Secretary.

Approved:

W. S. ...  
Chairman.