

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, June 23, 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 June 22, 1942, were approved unanimously.

Memorandum dated June 19, 1942, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending (1) that Alfred Bettman of Cincinnati, Ohio, be appointed on a part-time basis as a Special Consultant in that Division, in connection with Mr. Hansen's work on urban redevelopment, with salary at the rate of \$50.00 for each day worked up to a total of 60 days, and (2) that Mr. Bettman be reimbursed for his actual necessary travel expenses between Cincinnati and Washington in connection with trips to Washington for consultation with the Board's staff and to and from other points to which he might be sent under proper written travel authorization on official business of the Board.

Approved unanimously, with the understanding that Mr. Bettman would not be required to take the usual physical examination and that he would not become a

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member of the retirement system.

Memorandum dated June 16, 1942, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that Julius Margolis be appointed as a junior economist in that Division on a temporary basis for a period of not to exceed three months, with salary at the rate of \$225 per month, 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.

Memorandum dated June 19, 1942, from Mr. Wyatt, General Counsel, recommending that, effective July 1, 1942, (1) the salary of Jerome W. Shay be increased from \$3,200 to \$3,800 per annum and his title changed from law clerk to Assistant Counsel, and (2) the salary of Wilson L. Hooff, a law clerk, be increased from \$3,300 to \$3,600 per annum.

Approved unanimously.

Memorandum dated June 11, 1942, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that Mrs. Margaret Collier, a clerk-stenographer in that Division, be granted a leave of absence for a period of not to exceed six months from June 15 to December 15, 1942. The memorandum stated that Mrs. Collier's accumulated and accrued annual leave would carry her through 4:45 p.m. on July 16, 1942, after which she would be absent 152 days and one hour without pay, and that during her absence without pay it was proposed that

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neither she nor the Board would contribute to the retirement system on her behalf. The reason for the leave was that Mrs. Collier was recently married to Raymond Collier, an employee of the Board now on active duty in the Navy, and that she desired to spend the time with him in Boston, Massachusetts, where he was stationed prior to being sent abroad at some later date.

Approved unanimously, with the understanding that this action will not constitute a precedent except in an exactly similar case.

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

"It is noted from your letter of June 12, 1942, that at the meeting of the Executive Committee of your Board of Directors held on June 11, 1942, Mr. H. A. Bilby was appointed a Manager and has been assigned by you as Manager, Check Department; also, that Mr. Bilby will continue as Assistant Secretary. The Board approves payment of salary to Mr. Bilby, Manager, Check Department and Assistant Secretary, at his present rate of \$7,500 per annum for the period ending March 31, 1943.

"It is also noted from your letter that on June 10, 1942, Mr. C. N. Van Houten, formerly Manager, Security Custody Department, was assigned to the Foreign Property Control Department with the title of Manager, Foreign Property Control Department."

Approved unanimously.

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

"Receipt is acknowledged of your letter of June 16, 1942 with regard to the proposed termination of the affiliate relationship between J. P. Morgan & Co. Incorporated

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"and Morgan Grenfell & Co. Limited, which affiliate relationship was referred to in the Board's letter of April 23, 1942 approving the application of J. P. Morgan & Co. for membership in the Federal Reserve System. You enclosed a letter from Mr. Henry C. Alexander, Vice President of J. P. Morgan & Co., requesting the Board to rule that, upon certain steps having been taken, the affiliate relationship will be terminated.

"It appears that it is expected that at an election of directors of Morgan Grenfell & Co., which will be held at an early date, the number of shares voted will be more than twice the number of voting shares of the company owned or controlled by J. P. Morgan & Co. It also appears that at an early date J. P. Morgan & Co. will transfer to certain trustees the legal title and voting rights to all of the voting shares it owns in Morgan Grenfell & Co. in accordance with the terms of a trust agreement, a copy of which you have forwarded to the Board. It is provided in such agreement that it shall continue in force until June 1, 1952, or until prior termination thereof upon the happening of certain contingencies over which J. P. Morgan & Co. does not have a control. We are also advised by Mr. Alexander that neither J. P. Morgan & Co. nor any of its officers or directors control or possess the power to control in any manner the trustees named in the proposed trust agreement.

"On the basis of the information which has been submitted, the Board is of the opinion that, upon the steps described above having been taken, the affiliate relationship between Morgan Grenfell & Co. and J. P. Morgan & Co. will have been terminated. As indicated, the Board's views are expressed on the basis of the facts now before it and, of course, if there should be any change in such facts the Board's conclusion as to the affiliate relationship may be different.

"Please advise J. P. Morgan & Co. of the Board's views in the premises."

Approved unanimously.

Letter to the Pentson Corp. of New Jersey and the Home and Foreign Securities Corporation, both of Jersey City, New Jersey, reading as follows:

"This refers to your joint letter of June 8, 1942, transmitted through the Federal Reserve Bank of New York,

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"relating to the status of your corporations as holding company affiliates.

"The Board understands that Pentson Corp. of New Jersey owns a majority of the common stock of Home and Foreign Securities Corporation; that Home and Foreign Securities Corporation owns 12,722 shares, and its subsidiary, Oils & Industries, Inc., owns 7,062 shares, of the 40,000 outstanding shares of stock of Colonial Trust Company, New York, New York, the total (19,784 shares) being more than 50 percentum of the number of shares (26,677 shares) voted for the election of directors of the trust company at the preceding election; and that neither Pentson Corp. of New Jersey nor Home and Foreign Securities Corporation owns or controls any stock of, or manages or controls, any banking institution other than Colonial Trust Company.

"In view of these facts, the Board has determined that your corporations are not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks, or trust companies, within the meaning of section 2(c) of the Banking Act of 1933, as amended, and, accordingly, your corporations are not holding company affiliates for any purposes other than those of section 23A of the Federal Reserve Act.

"If, however, either of your corporations should at any time own or control a substantial portion of the stock of, or manage or control, more than one banking institution, this matter should again be submitted to the Board for its determination. The Board reserves the right to make a further determination at any time on the basis of the then existing facts."

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

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

"Your wire June 22. Item 5 in Group A in section 13(a) of Regulation W includes batteries and accessories for trucks."

Approved unanimously.

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Thereupon the meeting adjourned.

Chester Morrie

Secretary.

Approved:

W. H. ...

Chairman.