

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, June 29, 1942, at 2:15 p.m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. Szymczak
Mr. McKee
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 26, 1942, were approved unanimously.

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on June 27, 1942, were approved and the actions recorded therein were ratified unanimously.

Memorandum dated June 24, 1942, from Mr. Wyatt, General Counsel, referring to the arrangement approved by the Board under which Miss Mary McDonnell, stenographer in the Office of General Counsel, was granted extended leave of absence without pay to July 1, 1942, and recommending (1) that the Board approve a further extension of her leave of absence without pay for a period of a year from July 1, 1942, in order that she might continue her work in the office of Mr. Stettinius, Lend-Lease Administrator, (2) that during such absence no contributions to the Retirement System be made by her or by the Board, and (3) that upon return to active service she be permitted to retain the benefits accruing from service rendered prior to such absence,

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provided she does not withdraw her contributions to the Retirement System. The Personnel Committee attached a memorandum to the file under date of June 26, 1942, recommending that the leave be granted for six months only and that in view of the considerable increase in salary being paid to Miss McDonnell in her present position, her attention be called to the fact that, upon her return to the Board's employ, the Board is under no commitment to pay her a salary in excess of the amount she was receiving at the time she went on leave without pay. The Personnel Committee memorandum also stated that whether any salary above that amount would be paid would depend upon the situation of the Board at the time and the recommendation of the Division Chief.

The recommendation of the Personnel Committee was approved unanimously with the understanding that during the period of her absence Miss McDonnell would not be a member of the Retirement System.

Memorandum dated June 25, 1942, from Mr. Morrill, recommending that the following increases in salaries of employees in the Secretary's Office be approved, effective as of July 1, 1942, with the understanding that if Miss Morin's work continues to be as satisfactory as in the past, a recommendation will be made after the first of the year for a further adjustment to the average of her grade:

<u>Name</u>	<u>Designation</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
J. Edward Kilgore	Administrative Assistant	\$3,400	\$3,800
Florence Morin	Clerk	1,360	2,100

Approved unanimously.

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Memorandum dated June 26, 1942, from Mr. Leonard, Director of the Division of Personnel Administration, submitting for approval by the Board a budget in the amount of \$21,932 covering the estimated cost of operating the Division of Personnel Administration for the period July 1 to December 31, 1942, inclusive. The memorandum also recommended approval of the transfer from other divisions, effective July 1, 1942, of the following employees to the Division of Personnel Administration (provision having been made in the proposed budget for the salaries of these employees):

<u>Name</u>	<u>Title</u>	<u>Salary</u>
Bangs, Olga W.	Secretary to Mr. Leonard	\$2,400
Edwards, Harry L.	Clerk	1,440
Kilgore, J. Edward	Administrative Assistant	3,800
Morin, Florence R.	Clerk	2,100
Parkhill, Dorothy M.	Clerk-Stenographer	1,920
Stone, A. M.	Senior Clerk	3,600
Westergren, Ruth A.	Personnel Clerk	2,600
Fishburn, Judith M.*	Interviewer	2,500
Wickline, M. Callie	Nurse	1,800
Jarvis, Ruth L.	Maid	1,080
Sullivan, Mary Alice	Substitute Nurse	6.00 per calendar day
French, Amy P.	Substitute Maid	3.00 per week day

*On a temporary basis until certain questions involving the volume of work in the Division in the future have been resolved.

Approved unanimously.

Memorandum dated June 24, 1942, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that Miss Helen

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E. Gervais be transferred from the Office of the Secretary to the Division of Research and Statistics as a clerk-stenographer, with salary at the rate of \$1,800 per annum.

Approved unanimously, effective as of July 1, 1942.

Memorandum dated June 18, 1942, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending, for the reasons stated in the memorandum, that Mrs. Kathryn S. Faulkner be permitted to discontinue her payments to the Federal Reserve Retirement System for the full pay periods (May 16 through October 15, 1942), during which she is on leave without pay because of confinement. The memorandum also recommended that, in order to provide for life and disability coverage during the remainder of Mrs. Faulkner's absence, the Board continue its contributions on her behalf during the period of her leave of absence without pay.

Approved unanimously.

Memorandum dated June 25, 1942, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that Miss Leila M. Doebler be appointed as a clerk in that Division, with salary at the rate of \$1,620 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed satisfactorily the usual physical examination.

Approved unanimously.

Memorandum dated June 24, 1942, from Mr. Nelson, Assistant

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Secretary, recommending that Miss Virginia M. Colon be appointed as a junior file clerk in the Secretary's Office on a temporary basis for an indefinite period, with salary at the rate of \$1,260 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed satisfactorily the usual physical examination, with the understanding that, if her work is satisfactory during the six months' probationary period and the special work for which she is employed lasts beyond that period, a further recommendation will be submitted that her salary be increased to \$1,440 per annum.

Approved unanimously.

Memorandum dated June 29, 1942, from Mr. Nelson, Assistant Secretary, submitting the resignation of Stephen Ackerman as a guard in the Secretary's Office, to become effective as of the close of business on June 25, 1942, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

Letter to Mr. Pinar Crane, reading as follows:

"The Board of Governors has accepted your resignation as a guard in the Office of the Secretary, effective at the close of business August 11, 1942.

"In your letter tendering your resignation because of your voluntary enlistment in the United States Coast Guard Reserves, you state that 'since it is contrary to the Board's policy to grant military leave to an employee in my status, I hereby resign***'. The status to which you refer in your letter is a temporary one, since you were employed on a temporary basis to fill a vacancy caused by a permanent employee leaving for active military service. The Board's policy with respect to leave for military service is identical with that established

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"by Congress, and Congress has not granted to employees in temporary positions the right of reemployment upon their return from service. While the Board grants leave for military service to permanent employees, it does not grant such leave to temporary employees and, therefore, a tender of your resignation is in accordance with accepted procedure.

"In the event you wish to apply for a position with the Board after you have completed your services with the armed forces of the United States, consideration will be given to your application in connection with any vacancy existing at that time."

Approved unanimously.

Memorandum dated June 25, 1942, from Mr. Morrill, submitting a voucher in the amount of \$504.73 from the Federal Reserve Bank of Minneapolis dated June 17, 1942, covering expenses in connection with the assignment of Mr. Thomas H. Hodgson to the Board's staff for the period from May 1 to May 15, 1942, inclusive. The memorandum stated that on October 30, 1941, the Board approved the reimbursement of the Minneapolis Bank for expenses in connection with Mr. Hodgson's assignment for a period of six months ending May 2, that, at Governor Ransom's request, the assignment was continued through May 15, 1942, and that, therefore, it would be necessary for the Board to approve the payment of the voucher. The memorandum also recommended that approval be given for an increase in the appropriate item of the 1942 budget of the Division of Security Loans to cover these expenses for the additional period of Mr. Hodgson's assignment.

Approved unanimously.

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Letter to Mr. Gilbert, President of the Federal Reserve Bank of Dallas, reading as follows:

"The Board appreciates the action of your directors, to which reference is made in your letter of June 19, 1942, with respect to the continuation of Mr. Taylor as Chairman and Federal Reserve Agent at the Federal Reserve Bank of Dallas notwithstanding his absence from Dallas on active duty with the United States army.

"In view of the uncertainty as to the duration of Mr. Taylor's absence and since the duties of the Chairman of a Federal Reserve Bank, under the law, may be performed in his absence by the Deputy Chairman, the Board sees no need for any action on its part at this time. As you know, Mr. Taylor's term as Class C director expires at the end of the current year when the matter can be considered again in the light of the then existing situation.

"The members of the Board join with your directors in their good wishes to Mr. Taylor in his new responsibilities and concur in the decision that copies of the resolution adopted by your board should be sent to him and to the members of his family."

Approved unanimously.

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

"In view of circumstances as outlined in your telegram of June 26 to Mr. Paulger and in line with your recommendation, Board amends condition of membership numbered 4 applicable to Union Bank of Michigan, Grand Rapids, Michigan, adding the following:

'Provided, however, that in the event operation of the branch located at Home Acres is discontinued on or before January 1, 1943, the increase in the bank's capital stock shall not be required and the reserve for dividends payable in common stock may be transferred to other capital accounts.'

"Please advise the bank accordingly."

Approved unanimously.

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

"The Board has received from the War Department a memorandum dated June 24, 1942, transmitting a letter addressed to all Federal Reserve Banks from Colonel John C. Mechem, Chief, Miscellaneous Branch, Fiscal Division, stating that the standard form of guarantee agreement of May 14, 1942, with certain necessary minor changes therein, will be used in cases arising under paragraph (g) of section 3 of the War Department's instructions to all Federal Reserve Banks dated April 8, 1942, as modified April 14, 1942, where a guarantee agreement is entered into between the War Department and a Federal Reserve Bank with respect to a loan made or participated in by such Federal Reserve Bank. There is enclosed herewith a copy of the letter from the War Department, together with a copy of the standard form of guarantee agreement of May 14, 1942, as modified in accordance with the letter, for use in cases in which a loan made or participated in by a Federal Reserve Bank is guaranteed by the War Department. You will note that the changes in the standard form of guarantee agreement in cases of this kind are identical with the changes in the agreement which the Navy Department's letter of June 11, 1942, and the Maritime Commission's letter of June 12, 1942, stated should be made in cases where a loan made or participated in by a Federal Reserve Bank is guaranteed."

Approved unanimously.

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

"The phrase 'residential building' in section 8(a) of Regulation W does not include a houseboat or a trailer, although there may be unusual cases where it would apply as, for example, where the wheels have been taken off the trailer and it has been attached to a permanent foundation."

Approved unanimously.

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

"Your wire June 24. Boy Scouts of America and Y.M. C.A. are exempted under section 8(1) of Regulation W."

Approved unanimously.

Letter to Mr. Ray R. Reagan, Ketchikan Merchants Association, Ketchikan, Alaska, reading as follows:

"This will acknowledge your telegram of June 24, 1942, stating that Alaska merchants believe the Board's Regulation W dealing with consumer credit should be applicable in Alaska as well as in the continental United States.

"When Regulation W was originally adopted September 1, 1941, its provisions applied only to instalment credit. It was thought undesirable to make it effective in Alaska and certain other areas because of special problems in those places, including administrative problems arising from the fact that there are no Federal Reserve Banks or Branches outside the continental United States. More recently, when charge accounts and single-payment loans were made subject, the same considerations appeared to be conclusive.

"It is not through any belief that the problem of curtailing consumer credit is unimportant in Alaska that the regulation is inapplicable there, and the Board is truly appreciative of the interest of the Alaska merchants in the problem.

"Enclosed for your information are copies of Regulation W and a press statement concerning its recent revision."

Approved unanimously.

Thereupon the meeting adjourned.

Cheser Morrie
Secretary.

Approved:

W. S. Swanson

Chairman.