

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, July 7, 1942, at 11:00 a.m.

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

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary

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 July 6, 1942, were approved unanimously.

Memorandum dated July 1, 1942, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that Miss Ruby M. Shipman be appointed as a clerk-stenographer in that Division, with salary at the rate of \$1,800 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed the usual physical examination.

Approved unanimously.

Memorandum dated July 3, 1942, from Mr. Morrill, recommending that Daniel M. Derrick be appointed to the position of guard in the Secretary's Office on a temporary basis for an indefinite period, with salary at the rate of \$1,380 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.

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Letter to the board of directors of "The Farmers & Merchants Bank of Spencer, N. Y.", Spencer, New York, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H and the following special condition, 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 New York:

- "4. Prior to admission to membership, such bank, if it has not already done so, shall charge off or otherwise eliminate estimated losses of \$1,974 as shown in the report of examination of such bank as of February 7, 1942, made by an examiner for the Federal Reserve Bank of New York."

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

Letter to the Federal Deposit Insurance Corporation, reading as follows:

"Pursuant to the provisions of section 12B of the Federal Reserve Act, as amended, the Board of Governors of the Federal Reserve System hereby certifies that The Peoples Bank, Beaufort, South Carolina, became a member of the Federal Reserve System on July 3, 1942, and is now a member of the System. The Board of Governors of the Federal Reserve System further hereby certifies that, in connection with the admission of such bank to membership in the Federal Reserve System, consideration was given to the following factors enumerated in subsection (g) of section 12B of the Federal Reserve Act:

1. The financial history and condition of the bank,
2. The adequacy of its capital structure,
3. Its future earnings prospects,
4. The general character of its management,
5. The convenience and needs of the community to be served by the bank, and

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- "6. Whether or not its corporate powers are consistent with the purposes of section 12B of the Federal Reserve Act."

Approved unanimously.

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

"There is enclosed a copy of a letter dated June 17, 1942, to a Federal Reserve Bank regarding the applicability of Regulation W to the resale of an automobile by a financing institution which had a lien upon the automobile securing a loan. The letter states that the automobile may not be resold to a third person on terms which do not conform to the requirements of the Regulation.

"In this connection, however, your attention is invited to a difference in wording between Sections 10(a)(1) and 10(a)(2). The latter exempts action taken 'for the Registrant's own protection,' but the former does not contain this limitation. Accordingly, under Section 10(a)(1), the contract with the obligor could be revised on any terms which the Registrant deemed necessary to protect the interests of the obligor."

Approved unanimously.

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

"Your wire June 13. When Registrant converts account pursuant to sections 5(d)(2) or 5(d)(3), Regulation W, the default is cured irrespective of whether it is regarded as paid. However, mere assignment and discounting of account is not payment in the usual case where the customer remains liable to the store."

Approved unanimously.

Letter to Mr. Hodgson, Assistant Counsel at the Federal Reserve
Bank of Minneapolis, reading as follows:

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"As requested, Mr. McCauley's letter is returned herewith."

Approved unanimously.

Letter to Mr. J. C. Capt, Director of the Bureau of the Census, Department of Commerce, reading as follows:

"Receipt is acknowledged of your letter of June 26 enclosing a sample copy of a detailed analysis of housing conditions in the City of Norfolk, Virginia, presenting data on ownership, mortgage status, rentals, year built, and other housing characteristics—block by block.

"It is noted that you will be glad to inform State banks with investments of one-half million or more in real estate mortgages concerning the availability of these bulletins and to furnish them with sample copies. For your confidential use in that connection there is enclosed a list of State bank members of the Federal Reserve System which on December 31, 1941, reported \$500,000 or more of real estate mortgage loans on residential properties."

Approved unanimously.

Memorandum dated July 7, 1942, from Mr. Bethea, submitting a voucher in the amount of \$100.42 covering traveling expenses incurred by Mr. Kenton R. Cravens, War Loans Administrator, and recommending, for the reasons stated in the memorandum, that the voucher be approved for payment as submitted.

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie
Secretary

Approved:

Donald T. Mason
Vice Chairman.