

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, July 16, 1942, at 11:30 a.m.

PRESENT: Mr. Eccles, Chairman  
Mr. Ransom, Vice Chairman  
Mr. Szymczak  
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 July 15, 1942, were approved unanimously.

Memorandum dated July 14, 1942, from Mr. Morrill, recommending that Miss Carrie Heddings be appointed as a telephone operator in the Secretary's Office, with salary at the rate of \$1,440 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.

Memoranda dated July 15, 1942, from Mr. Morrill, submitting the resignations of the following employees in the Secretary's Office, to become effective as of the close of business on the respective dates indicated, and recommending that the resignations be accepted as of those dates:

<u>Name</u>	<u>Designation</u>	<u>Resignation date</u>
Mrs. Bernice O'Brien	File Clerk	Sept. 10, 1942
Robert L. Tucker	Plumber	July 20, 1942
Joseph E. Scott	Guard	August 11, 1942
Mary Elizabeth Eaheart	Charwoman	August 23, 1942

The resignations were accepted.

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Memorandum dated July 14, 1942, from Mr. Goldenweiser, Director of the Division of Research and Statistics, submitting the resignation of Miss Gretchen Hill as a clerk in that Division, to become effective as of the close of business on August 30, 1942, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

Telegram to Mr. Ashley, Assistant Federal Reserve Agent at the Federal Reserve Bank of Dallas, reading as follows:

"Board approves appointment of John Armstrong Boyd as Federal Reserve Agent's Representative at Houston Branch effective July 16, 1942, at present salary, to serve during incapacity of I. J. Reed in accordance with the terms of your letter July 13, 1942."

Approved unanimously.

Letter to the board of directors of the "DeMotte State Bank", DeMotte, Indiana, 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 Chicago:

- "4. Prior to admission to membership, such bank, if it has not already done so, shall charge off or otherwise eliminate estimated losses of \$500 as shown in the report of examination of such bank as of June 20, 1942, made by an examiner for the Federal Reserve Bank of Chicago."

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

Letter to Mr. West, Vice President of the Federal Reserve Bank of San Francisco, reading as follows:

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"The Board has received a request dated July 7, 1942, from Mr. A. L. Cavell, Controller of First Trust and Savings Bank, Pasadena, California, for an extension of time of forty-five days within which to file reports of the bank's affiliates.

"Please inform the member bank that the Board has extended to August 18, 1942, the time within which the bank shall file the reports of its affiliates as of June 30, 1942. It might be advisable to request the bank to make any similar requests in the future through your Bank."

Approved unanimously.

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

"In order that we may have available information showing the aggregate amount of funds advanced by financing institutions on each loan guaranteed pursuant to the provisions of Executive Order No. 9112, it will be appreciated if you will furnish the Board in duplicate separate reports for the War Department, Navy Department, and Maritime Commission for the period March 26 to June 30, and for each month thereafter, showing the total amount advanced during the period on each guaranteed loan. The loan should be identified by the number assigned to the guarantee agreement applicable thereto."

Approved unanimously.

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

"Retel July 6, the undisbursed portion of irrevocable loan commitments should be reported in contingent liability schedule of condition reports."

Approved unanimously.

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

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"This is in response to your letter of June 24, 1942, concerning certain enforcement problems arising out of possible violations of Regulation W by a branch located in the Fifth Federal Reserve District which is managed by an officer located in the Fourth District, the parent company being registered in the First District.

"The Board agrees that each Federal Reserve Bank, in connection with enforcement, should be responsible for all branches located in its district, even though the main office may be registered in another district. It also agrees that the enforcement activities of each Federal Reserve Bank should be confined to its district, and that each Federal Reserve Bank should make any investigations which may be necessary in its district. (See last paragraph of S-518).

"Accordingly, it is suggested that you furnish the Federal Reserve Bank of Richmond with such information as you may have regarding the possible violation, in order that it may proceed with the necessary investigation. It might also be desirable for you to inform the Federal Reserve Bank of Boston in order that it may advise the parent company. However, if you should feel, in this case or in any other case involving more than one Federal Reserve District, that the Board could be of assistance in coordinating the efforts of the Federal Reserve Banks, the Board, of course, would be glad to lend its services.

"The foregoing applies to routine cases concerning which there is no reason to think that the normal and usual informal contacts will not bring satisfactory results. If more drastic measures are necessary, or if it appears likely that they will be, the Board would like the case to be reported to it before any such action is taken. This suggestion is made in order to enable the Board to coordinate an enforcement program, and applies to any case, whether or not it involves action outside a particular district. In cases involving such action the Board will, of course, communicate with the proper Federal Reserve Bank through which appropriate action can be taken."

Approved unanimously, with the understanding that copies of the above letter would be sent to the Presidents of all the Federal Reserve Banks.

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

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"Your wire July 13. Section 7(a) (of Regulation W) makes certain requirements as to the cases specified therein and does not exempt any loan from any provision of the Regulation. Section 7(b) covers all 'single-payment loans' except those subject to section 7(a). Therefore, section 7(b) covers loan to purchase listed article costing under \$15."

Approved unanimously.

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

"Retel July 14, 1942, suggested caption for use in joint publication of condition reports rendered to State and Federal Reserve authorities, quoted in your letter, is satisfactory to Board and we will be glad to supply amended form F.R. 105e bearing that caption to the Reserve Banks for use in States in which joint publication is made. Please advise when Commissioner McAdams of Texas clears the matter with other State banking authorities so that we can inform all Federal Reserve Banks."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie  
Secretary.

Approved:

W. C. C. C.  
Chairman.