

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, July 30, 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 July 29, 1942, were approved unanimously.

Memorandum dated July 24, 1942, from Mr. Smead, Chief of the Division of Bank Operations, recommending that Miss Mary Ann Chadik be appointed as a clerk in that Division, with salary at the rate of \$1620 per annum, effective as of the date upon which she enters upon the performance of her duties on or after August 1, 1942, after having passed satisfactorily the usual physical examination.

Approved unanimously.

Letter to Mr. Creighton, Chairman of the Board of the Federal Reserve Bank of Boston, reading as follows:

"Reference is made to your letter of July 22, 1942, advising that Mr. Lewis S. Reed has resigned as Class A director of the Bank and that his resignation has been accepted, to take effect upon the election of his successor.

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"It is noted from your letter that you have been informed that the present classification of member banks in the Boston District for the purpose of electing Class A and Class B directors has been satisfactory and that you do not know of any reason why it should be changed. In the circumstances, the Board interposes no objection to your Bank's arranging for a special election by member banks in Group 2 to choose a successor to Mr. Reed, Group 2, as at present classified, to consist of banks with a capital and surplus of over \$300,000 and not more than \$1,200,000."

Approved unanimously.

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

"Enclosed is a letter from the Modern-Art & National Shuffleboard Co., Irvington, New Jersey, which states that before receiving the Board's letter of July 13 stating that Shuffleboards were listed articles under Regulation W, they had made several sales which did not comply with the requirements of the Regulation because they thought that Shuffleboards were not listed articles.

"The letter is referred to your Bank for handling in accordance with S-496" (letter relating to corrections of apparent violations of Regulation W).

Approved unanimously.

Letter to Mr. McLarin, President of the Federal Reserve Bank of Atlanta, reading as follows:

"Reference is made to the file of correspondence which you forwarded to us relating to alleged violations of Regulation W by the Clark Brothers Furniture Company of Chattanooga, Tennessee.

"Your letter indicates that this is a case which has not responded to the usual informal procedure and that more drastic measures may be necessary. For your information we are working on the procedure which we believe it would be desirable to follow in such cases. Our Counsel's Office has already prepared suggested forms for use in discussing the question with several of the banks' counsel who, in the light of their trial experience, have been asked for their advice preliminary to a submission of the suggested forms to all of the Federal Reserve Banks for their consideration

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"and recommendations. The question of whether or not the particular case is the type of case with respect to which you wish to proceed would seem to be best resolved in the light of such procedure when it is adopted. We hope to be able to submit something to you for your consideration and suggestions by not later than August 20th."

Approved unanimously, together with a similar letter to Mr. Dillard, Vice President of the Federal Reserve Bank of Chicago, relating to alleged violations of Regulation W by the Consumers Home Equipment Company of Detroit, Michigan.

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

"This is in reply to your letter of July 23 enclosing a copy of a letter from Mr. E. F. Pettis, suggesting that the default date on charge accounts under Regulation W be changed from the 10th to the 15th of the month.

"A similar suggestion has previously been made to the Board, but it would not seem that the net result of the suggested change would, on the whole, be favorable in view of the fact that the several hundred thousand retailers who carry charge accounts, and many of their millions of customers, have now been educated to the fact that the 10th of the month is the 'default date' for charge accounts under Regulation W.

"It also seems doubtful that a change to the 15th would really be successful in taking care of the cases that Mr. Pettis mentions in his letter, involving customers who are paid on the 15th and last day of the month, since it is quite likely that payments from such persons would arrive not on the 15th but on the 16th or 17th of the month.

"Out of the many suggestions that the Board has received and is considering for the relaxation of section 5 in one respect or another, the letter from Mr. Pettis is only the second that has come to the attention of the Board requesting the particular change that he recommends. In view of this fact, it seems to us unlikely that this change would be of any great importance to the merchants subject to section 5 -- although, of course, if it should be developed that we are incorrect in this assumption, the point will be given further consideration."

Approved unanimously.

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Letter to Mr. Young, President of the Federal Reserve Bank of Chicago, reading as follows:

"Reference is made to your letter of July 23, 1942, regarding shipments of currency for army pay roll purposes to the First National Bank of Rantoul, Illinois.

"While this matter has been discussed with Mr. Batchelder of the Treasury Department, it seems to us that where the volume of shipments is out of proportion to the size of the banks in the local communities that are involved, arrangements should be made to ship the currency direct to the camps concerned at the expense of the War Department."

Approved unanimously.

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

"Reference is made to the Board's letter of July 21, 1942, transmitting certain correspondence with the Bureau of Governmental Requirements, War Production Board. Copies of the forms and instructions referred to in the last paragraph of the letter from the War Production Board, dated July 13, 1942, have now been received and are enclosed, as follows:

1. Circular from War Production Board, dated July 11, 1942.
2. Form PD-408, 'Application for Priority Assistance (Federal Agencies) under the Governmental Requirements Plan--Section A: Equipment Requirements'.
3. Form PD-408, 'Continuation Section A: Equipment Requirements'.
4. Form PD-408, 'Application for Priority Assistance (Federal Agencies) under the Governmental Requirements Plan--Section B: Requirements for Maintenance and Repair Materials and Operating Supplies'.
5. Instructions with respect to the Governmental Requirements Plan.
6. Selected Headings from a Classified List of Commodities.
7. Priorities Regulations No. 3 as Amended June 26, 1942, effective July 1, 1942.

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"It will be noted from the War Production Board's letter of July 11, 1942, that Form PD-408 should be used in lieu of Form PD-1A effective August 1, 1942. If your Bank desires preference rating assistance for the third calendar quarter, 1942, Forms PD-408 should be filled out and submitted to us as soon as practicable for transmission to the War Production Board."

Approved unanimously.

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

"Retel July 29. Change of phrase 'a State bank' to 'a State banking institution' in caption for use in joint publication of condition reports, and provision of space to show State charter number of reporting bank in States where this added information is desired are satisfactory to Board."

Approved unanimously.

Telegram to the Presidents of all the Federal Reserve Banks and Mr. Cameron, Assistant Cashier of the Detroit Branch of the Federal Reserve Bank of Chicago, reading as follows:

"Weekly reports of number of applications for loans and guarantees on hand under Executive Order No. 9112 requested in Board's wire of May 2, 1942, S-468, may be discontinued."

Approved unanimously.

Mr. Evans stated that in accordance with the action taken at the meeting of the Board on July 21, 1942, he and Mr. Goldenweiser had revised, in the light of suggestions made by members of the Board, the tentative outline of subjects indicating the field within which special regional and national studies might be made by the research departments of the Federal Reserve Banks, and that copies of the revised outline were being sent today to the Presidents, Chairmen, and research depart-

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ments of the Federal Reserve Banks.

Thereupon the meeting adjourned.

Chester Morrill
Secretary.

Approved:

W. C. Clegg
Chairman.