

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, August 1, 1942, at 11:00 a.m.

PRESENT: Mr. Eccles, Chairman  
Mr. Ransom, Vice Chairman  
Mr. Szymczak  
Mr. McKee  
Mr. Draper

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

The action stated with respect to each of the matters hereinafter 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 31, 1942, were approved unanimously.

Memorandum dated August 1, 1942, from Mr. Leonard, Director of the Division of Personnel Administration, stating that the custodial salary act (H.R. 6217), which was approved today, (1) increased the salary range of the first eight custodial grades and the first two sub-professional grades under the Classification Act of 1923 to the ranges set forth in the memorandum, and (2) raised all the grades of guards by one grade. The memorandum recommended that, in order that there might be no delay in moving to meet the objectives of the legislation, salaries of all employees of the Board in the custodial grades (the Board has no employees in the first two subprofessional grades) now receiving less than the new minimums established by the amendment be increased to those minimums, effective August 1, 1942. The increases which would be approved by the Board under this recommendation were as follows:

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<u>Name</u>	<u>Designation</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
<u>Board Members' Offices</u>			
James F. Hamilton	Messenger	\$1,140	\$1,320
<u>Division of Bank Operations</u>			
Wesley B. Collins	Messenger	1,260	1,320
<u>Division of Personnel Administration</u>			
Ruth L. Jarvis	Maid	1,080	1,200
Amy P. French	Substitute Maid	\$3.00 per working day	\$4.00 per working day

In connection with Mr. Leonard's memorandum there was also submitted a memorandum dated August 1, 1942, from Mr. Morrill, stating that there were certain employees in the Secretary's Office whose compensation was below the minimum rate for the corresponding grade prescribed by the custodial salary act and that it was felt their salaries should be adjusted to the minimum of the respective grades in order to be in line with the compensation paid for comparable work in other Government agencies. For that reason, it was recommended in the memorandum that the salaries of the following employees be increased to the amounts set opposite their names, effective August 1, 1942:

<u>Name</u>	<u>Designation</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
C. B. Dampley	Painter	\$1,980	\$2,040
John Blash	General Mechanic	1,560	1,680
Morris Mayhew	Gardener	1,620	1,680
Edwin C. Burk	Plumber	1,800	1,860
E. F. Anderson	Acting Captain of the Guard*	1,800	2,200
David Sullivan	Senior Guard	1,560	1,680
John Carmen	Guard	1,380	1,500
Frank Constable	Guard	1,380	1,500
Daniel Derrick	Guard	1,380	1,500
James Minor, Jr.	Guard	1,380	1,500
Fred Parquette	Guard	1,380	1,500
Paul Snouffer	Guard	1,380	1,500

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<u>Name</u>	<u>Designation</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
Franklin Taylor	Guard	\$1,380	\$1,500
John F. Horrigan	Guard	1,380	1,500
Herbert E. Becke	Guard (to report about August 6, 1942)	1,380	1,500
Percy Riston	Assistant Foreman of Laborers	1,620	1,680
Edward W. Cook	Laborer	1,080	1,200
Madalena Bertolini	Charwoman**	\$.55 per hr.	1,200
Alice K. Bardales	Charwoman	.50 per hr.	1,200
Ida M. Beach	Charwoman	.50 per hr.	1,200
Alene D. Carroll	Charwoman	.50 per hr.	1,200
Clara R. Cooke	Charwoman	.50 per hr.	1,200
Sarah F. Corbin	Charwoman	.50 per hr.	1,200
Maude E. Ellis	Charwoman	.50 per hr.	1,200
Mary J. Enrico	Charwoman	.50 per hr.	1,200
Mary B. Marshall	Charwoman	.50 per hr.	1,200
Mary C. McNeill	Charwoman	.50 per hr.	1,200
Clara Mock	Charwoman	.50 per hr.	1,200
Dorothy Rogers	Charwoman	.50 per hr.	1,200
Lulu Mae Shelton	Charwoman	.50 per hr.	1,200
Libbie L. Spicer	Charwoman	.50 per hr.	1,200
Almeda Steiner	Charwoman	.50 per hr.	1,200
Ethel M. Sunderman	Charwoman	.50 per hr.	1,200
Lillie J. Wiklund	Charwoman	.50 per hr.	1,200

\* Recommended salary applies only during the period in which Mr. Anderson holds the position of Acting Captain of the Guard

\*\*Title to be changed from Assistant Supervisor of Charwomen

The memorandum added that the proposed change in compensation of the charwomen also involved a change from an hourly basis of 5 hours per day to a full-time basis of 44 hours per week; that it was proposed, for the reasons stated in the memorandum, to increase the salaries of the 17 women now on the char force as it did not seem desirable immediately to discharge three of them to reduce the force to 14 which is all that would be required on a full-time basis and which would be considered as a standard force; that it was believed the present force would be further reduced by voluntary resignations; and that inasmuch

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as the labor force was short two men at the present time the services of the three additional charwomen could be used to good advantage.

Mr. Leonard's memorandum made the further statement that the proposed increases would unbalance the salary differentials between some employees within grades, and that a study of these discrepancies was being made and recommendations for adjustments would be submitted promptly to restore the balance.

The salary increases recommended in the two memoranda and the arrangement with respect to the charwomen were approved unanimously.

Memorandum dated July 31, 1942, from Mr. Paulger, Chief of the Division of Examinations, recommending that the salary of Miss Elnyr D. Newcome, a secretary in that Division, be increased from \$2,000 to \$2,200 per annum, effective August 1, 1942.

Approved unanimously.

Memorandum dated July 27, 1942, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending, with the concurrence of the Secretary's Office, that Edward D. Rogers, a laborer in the latter office, be transferred to the Division of Research and Statistics as a messenger on a continued temporary basis for an indefinite period, with an increase in his salary from \$1,200 to \$1,320 per annum, effective as of August 1, 1942.

Approved unanimously.

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Memorandum dated July 28, 1942, from Mr. Paulger, Chief of the Division of Examinations, submitting the resignation of Thomas P. Howard as a Federal Reserve Examiner, to become effective as of the close of business on July 31, 1942, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

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

"In your letter of June 22, 1942 (Inquiry No. 20), you asked for our views regarding the applicability of Regulation W to charges by hotels to the accounts of guests or tenants, including those arising from operations incidental to the primary purposes of hotels.

"In the usual cases, and for the purposes of the Regulation, it would not appear that hotels are 'engaged in' any of the businesses covered by section 3.

"The Board agrees with your view that a charge solely for room rent does not constitute a 'charge account' since the transaction involves the sale of a service rather than the sale of an 'article, whether listed or unlisted.' The same is true of charges for the sale of other services, e.g., barber, tailor, storage, etc., assuming that the value of any material involved would be insignificant in comparison with the total cost of the service.

"According to the facts disclosed in your letter, the incidental articles or services sold by hotels, or to be considered as sold by hotels although made available through concessionaires or independent contractors, and which may be charged to guests' hotel accounts ordinarily do not include listed articles. Accordingly, it is the Board's view that, unless it appears that a hotel is engaged in the business directly or indirectly of making charge sales of listed articles, charges to guests' hotel accounts for such incidental articles should not be considered as affected by the restrictions of the Regulation.

"You indicate that a hotel may make a cash advance to a guest, pay on behalf of a guest for a C.O.D. delivery by a local merchant, or purchase theatre or railway accommodations for a guest, the amounts thereof being charged to the

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"guest's account. However, it is doubtful whether hotels, as a practical matter, hold themselves ready to so accommodate all guests in this manner or to such an extent that the hotels should be considered as 'engaged in' the extension of the resulting credit as a business. It is the Board's view, therefore, that such casual or incidental operations, alone, do not constitute a business of the type covered by the Regulation."

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

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

"Replying your recent communications concerning applications of Standard Oil Company of California and Union Oil Company of California for cycle billing concession under section 12(m) of Regulation W and requesting comments of Board with respect to questions presented.

"To the extent that questions involve clause (1) in the first paragraph of section 12(m) they are perhaps to be determined by the Board as a matter of interpretation but to the extent that they involve findings of impracticability under clauses 2(A) and 2(B) they are within the province of the Federal Reserve Bank and as to these the Board's comments are to be taken as suggestive and not as controlling.

"Your original letter is correct in stating that the section was not intended to apply to situations like that outlined in Standard Oil letter. Standard Oil Company would not appear to qualify under clause (1) in the first paragraph of section 12(m). Company indicates that retail accounts are billed on one date and two groups of wholesale accounts are billed on other dates. But clause (1) calls for grouping within the retail accounts, since these are the only charge accounts that are affected by the regulation. The wholesale accounts would not appear to be affected since there are no restrictions on credit sales of unlisted articles in any kind of account and credit sales of listed articles at wholesale would be exempt under section 8(f).

"Referring to clauses 2(A) and 2(B) the description of the company's system of authorization given in your telegram of July 23 may not suffice to show that it would be impracticable for the company to conform with section

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"5(c) and still keep billing period on twentieth-of-month basis. Reason is that you may find system to be able to provide for notifying retail dealers concerning customer accounts that are in default by end-of-month criterion. It might be mentioned also that from the facts available there would appear to be some doubt that the company would gain any advantage from its own point of view if it were permitted to operate under section 12(m) rather than section 5(c).

"Re Union Oil, since company does not sell listed articles on credit cards, you may find that determination of whether any account is in default would not be significant problem for this company, since such determination is not necessary except in connection with credit sale of listed article. In absence of any such problem you will naturally wish to ascertain how it can be that company's present system makes it 'impracticable' for company to operate under section 5(c)."

Approved unanimously.

Letter to Mr. Powell, First Vice President and Secretary of the Federal Reserve Bank of Minneapolis, reading as follows:

"Reference is made to your letter of July 28, 1942, regarding the Governmental Requirements Plan for the handling of requests for priority assistance.

"In connection with the question raised in your letter, it would not seem that the Federal Reserve Banks should include in their estimates any equipment furnished to them by any Government departments or agencies. The estimates of the Reserve Banks should, however, include any equipment to be purchased or rented by them even though reimbursement is to be obtained from a Government department or agency.

"It is realized that the Reserve Banks are not in a position to anticipate requirements when services are requested by Government departments without advance knowledge. In such cases supplemental forms PD-408 may be submitted by your Bank and we will transmit them promptly to the War Production Board."

Approved unanimously.

Thereupon the meeting adjourned.

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Chester Morrie  
Secretary.

Approved: W. S. ...  
Chairman.