

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, August 13, 1942, at 11:30 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Szymczak
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 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 August 12, 1942, were approved unanimously.

Memorandum dated August 11, 1942, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that Miss Mary Hall Gumbart be appointed as an economic assistant in that Division, with salary at the rate of \$2,000 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 August 10, 1942, from Mr. Morrill, recommending (1) that William Hyde be promoted from the position of guard to that of senior guard in the Secretary's Office, on a temporary basis for an indefinite period, with an increase in his salary from \$1,500 to \$1,680 per annum, effective August 16, 1942, and continuing

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only during the period he serves as senior guard, and (2) that J. Frank Bell be appointed as a chauffeur in the Secretary's Office on a temporary basis for a period of not to exceed three months, 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.

Memorandum dated August 8, 1942, from Mr. Morrill, recommending that, because of illness, Miss Bernardine McNeany, a junior file clerk in the Secretary's Office, be granted leave of absence without pay for the period from 10:30 a.m. on July 30, 1942, to September 23, 1942, and that during her absence the Board continue to make its contributions to the retirement system on her behalf provided she continues her own contributions during the period.

Approved unanimously.

Letter prepared for the signature of Chairman Eccles to Honorable Randolph Paul, General Counsel of the Treasury, reading as follows:

"I have brought to the attention of the other members of the Board of Governors your letter of August 12 submitting your resignation as a Class C director of the Federal Reserve Bank of New York. They join with me un-animously in this expression of the Board's appreciation of the public service that you have rendered in that capacity and therefore it is with sincere regret that the Board ac-cepts your resignation."

Approved unanimously.

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Letter to Mr. Fleming, President of the Federal Reserve Bank of Cleveland, reading as follows:

"In accordance with the request contained in your letter of August 6, 1942, the Board approves the appointment of James Hart Nichols as an assistant examiner for the Federal Reserve Bank of Cleveland. Please advise of the date upon which the appointment becomes effective, and also as to the salary rate."

Approved unanimously.

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

"Subsection (g) of section 3 of the War Department's instructions of April 8, 1942 (as modified April 14, 1942) provides that a guarantee of a loan to be made or participated in by a Federal Reserve Bank may be executed by a liaison officer on such terms and conditions as he may deem advisable if the amount of such guarantee, together with other guarantees or loans made by the War Department, Navy Department and Maritime Commission, through the agency of such Federal Reserve Bank and outstanding with respect to the same enterprise, does not exceed \$100,000. However, in a directive dated May 20, 1942, signed by Lieutenant General Brehon Somervell, it was expressly stated that, pending detail of liaison officers and until definite instructions to the contrary are issued, all approvals of, or commitments to make guarantees, regardless of amount, will be executed by financial contracting offices attached to the Fiscal Division in the Services of Supply, Washington, D. C.

"The War Department's memorandum of July 22, 1942, enclosed with the Board's letter of July 25, 1942 (Z-811), authorized the Federal Reserve Banks, effective August 1, 1942, to execute guarantee agreements on behalf of the War Department in certain specified circumstances without the approval of Headquarters, Services of Supply; but that memorandum contained no provision authorizing liaison officers to execute guarantees of \$100,000 or less with respect to loans made by Federal Reserve Banks.

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"We have informally consulted the War Department with respect to this matter and have been advised that, until notice to the contrary, a liaison officer is not authorized to execute guarantee agreements in any amounts without first submitting the matter to the Advance Payment and Loan Section of the War Department."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morris

Secretary.

Approved:

W. S. Cooley

Chairman.