

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, August 17, 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 15, 1942, were approved unanimously.

Letter to Dr. A. D. Daughton, Washington, D. C., reading as follows:

"The Board accepts with regret your resignation as Alternate Medical Examiner tendered in your letter of August 10, 1942, due to the fact that you have been ordered to active duty with the Army Medical Corps.

"May we take this opportunity to express our appreciation of your services in the past and to extend our best wishes for the future."

Approved unanimously.

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

8/17/42

-2-

"In accordance with your request, the Board of Governors approves the changes in the Personnel Classification Plan of your bank submitted with your letter of August 8, 1942."

Approved unanimously.

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

"There is enclosed herewith for your information and guidance a copy of a memorandum which the Board has received from the War Department, dated August 11, 1942, signed by Lieutenant Colonel Paul Cleveland, Chief, Advance Payment and Loan Section, regarding the power of the Federal Reserve Banks to approve guarantees of increases in loans previously guaranteed up to an amount not exceeding \$100,000."

Approved unanimously.

Letter to Colonel John C. Mechem, Chief of the Miscellaneous Branch, Fiscal Division of the War Department, reading as follows:

"We have received a letter from the Federal Reserve Bank of Minneapolis referring to the memorandum of the War Department dated July 22, 1942, with regard to the execution of guarantee agreements in certain circumstances without first submitting the matter to Washington, and inquiring whether it is intended that the Helena Branch of the Federal Reserve Bank of Minneapolis may guarantee loans up to \$100,000 in the circumstances stated, without first referring them to Washington. In accordance with advice recently given to the bank after Mr. Smead conferred with you regarding the matter, the Helena Branch of the Federal Reserve Bank of Minneapolis is now sending applications for guarantees directly to Washington, obtaining the certificate of necessity from the liaison officer by air mail from Minneapolis. It is our understanding that it is agreeable to the War Department that the Helena Branch guarantee loans up to \$100,000 in the circumstances stated in the War Department's memorandum of July 22nd, without referring them first to Washington or to Minneapolis, after

8/17/42

-3-

"having obtained certificates of necessity from the liaison officer at Minneapolis. However, we will appreciate your advice on this matter in order that we may inform the Federal Reserve Bank."

Approved unanimously.

Letter to Colonel John C. Mechem, Chief of the Miscellaneous Branch, Fiscal Division of the War Department, reading as follows:

"There is enclosed herewith a copy of a letter received by Mr. Cravens from Mr. A. von Wening of the A. O. Smith Corporation, Milwaukee, Wisconsin, dated August 11, 1942, enclosing a copy of a letter addressed to Mayer, Meyer, Austrian & Platt by Mr. Olson of the Federal Reserve Bank of Chicago under date of June 1, 1942, together with a copy of Mr. Cravens' reply thereto dated August 13, 1942.

"You will note that Mr. von Wening has requested an authoritative interpretation concerning the words 'or credit for' and the words 'with respect to any cancelled contract' in section 6 of the guarantee agreement.

"It will be appreciated if you will let us have such comments as you may care to make regarding the points here raised in order that we may reply to Mr. von Wening's inquiry."

Approved unanimously.

Telegram to Mr. Raisty, Manager of the Statistical and Analytical Department of the Federal Reserve Bank of Atlanta, reading as follows:

"Retel Amendment No. 6 (to Regulation W) relates to conversion of heating equipment and not to replacement thereof. Consequently sale of coal circulating heater to replace gas heater would not be exempt from regulation."

Approved unanimously.

8/17/42

-4-

Thereupon the meeting adjourned.

Chester Morie  
Secretary.

Approved:

W. C. C. C.  
Chairman.