A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, August 18, 1942, at 2:30 p.m.

PRESENT: Mr. Eccles, Chairman  
Mr. Ransom, Vice 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 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 August 17, 1942, were approved unanimously.  

Memorandum dated August 15, 1942, from Mr. Bethea which, after referring to the action taken by the Board on June 23, 1942, with respect to the appointment of Alfred Bettman on a part-time basis as a Special Consultant in the Division of Research and Statistics, read as follows:  

"Mr. Bettman is shown on the Board's records as an 'employee', but he is not carried on the regular pay roll because most of his work will be performed in Cincinnati or elsewhere outside of Washington during irregular periods. Therefore, arrangements have been made whereby Mr. Bettman will submit bills periodically covering his
"compensation as Special Consultant, showing the days and hours worked on specific dates computed on the basis of $50.00 for each eight-hour work day. While this procedure is believed to be consistent with the intent of the Board's June 23 authorization, it is recommended, in order that the record may be perfectly clear, that the Board authorize payment of bills submitted by Mr. Bettman on the basis indicated, with the understanding that appropriate adjustments will be made in the personal services budget of the Division of Research and Statistics.

"On July 9 and 10th, 1942 Mr. Bettman made a trip from Cincinnati to Washington and return on official business of the Board and has submitted the attached voucher covering his expenses in the amount of $57.62. Mr. Bettman traveled by rail from Cincinnati to Washington and by plane from Washington to Cincinnati. The voucher includes, in addition to rail, plane, and taxi fares, per diem in lieu of subsistence in the amount of $7.50, representing 1 1/4 days at $6.00 per day. This charge is reasonable and probably less than Mr. Bettman would have claimed had he requested reimbursement for 'actual necessary travel expenses' under the Board's authorization of June 23. It is recommended, therefore, that the Board authorize payment of the attached voucher as submitted and broaden the existing authorization so as to allow Mr. Bettman $6.00 per diem in lieu of actual subsistence expenses whenever he submits claims on that basis."

Approved unanimously.

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

"Relet August 14 concerning expiration of charter of 'Barnes Banking Company', Kaysville, Utah, you are correct in assuming that if membership is desired application must be made by the successor institution (or by the organizers thereof on its behalf) in same manner as in case of any other newly organized bank and submitted to Board with your recommendation. Assuming new bank is, in practical effect, merely the continuation of predecessor, the question whether examination should be made in connection with application will be left to your discretion."

Approved unanimously.
Letter to "The Lawrenceburg National Bank", Lawrenceburg, Kentucky, reading as follows:

"The Board of Governors of the Federal Reserve System has given consideration to your supplemental application for fiduciary powers, and, in addition to the authority heretofore granted to act as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, and committee of estates of lunatics, grants you authority to act, when not in contravention of State or local law, in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of Kentucky, the exercise of all such rights to be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

"This letter will be your authority to exercise the fiduciary powers granted by the Board pending the preparation of a formal certificate covering such authorization, which will be forwarded to you in due course."

Approved unanimously.

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

"For your information, in connection with the execution of guarantee agreements on behalf of the War Department under Executive Order 9112, the Board has received from the War Department a memorandum dated August 15, 1942, signed by Lieutenant Colonel Paul Cleveland, Chief, Advance Payment and Loan Section, containing the following statement regarding a change which has been made in the form of memorandum authorizing guarantees:

1. The Federal Reserve Banks sometimes find that the loan conditions recommended by them and approved by the War Department cannot be arranged exactly as contemplated and that various changes in conditions are required before the consummation of the loans."
2. In order to make it clear that it is not necessary to refer various minor changes in conditions to the War Department for approval, the form of memorandum authorizing a guarantee will be changed so as to state that the conditions shall be "substantially" as referred to in such memorandum.

3. Therefore, after a guarantee has been authorized, it will be unnecessary for the Federal Reserve Bank to obtain prior approval of the War Department for minor changes of conditions when such changes are considered by the Federal Reserve Banks in their discretion not to make any important or substantial alteration in the conditions authorized, and the Federal Reserve Banks are authorized to make such minor changes provided that the liaison officer does not make prior objection thereto."

Approved unanimously.

Thereupon the meeting adjourned.

[Signature]

Chairman.

[Signature]

Secretary.