

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, August 22, 1942, at 11:00 a.m.

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

Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary
Mr. Paulger, Chief of the Division of Examinations

Mr. Szymczak stated that in response to a request which he made of Mr. Fleming, President of the Federal Reserve Bank of Cleveland, when he was in Washington recently, President Fleming had written a letter under date of August 19, 1942, giving additional information relating to the borrowings and check operations of Mr. G. H. Wagner, Vice President of the Cleveland Bank, knowledge of which had first come to the Board in the form of an anonymous letter from Cleveland.

The letter from Mr. Fleming was read and there was agreement on the part of the members of the Board present that, before the Board would be able to reach a decision as to what, if any, action it should take in the matter, additional information would have to be obtained.

Accordingly, Mr. Paulger was requested to prepare for consideration by the Board a draft of a letter to President Fleming outlining the additional information desired.

It was also understood that Mr. Szymczak would call Mr. Brainard, Chairman of the

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Cleveland Bank, who is in Washington, and acquaint him with the information that had come to the Board regarding the matter.

At this point, Mr. Paulger left the meeting, and the action stated with respect to each of the matters hereinafter referred to was taken:

Letter to Mr. Hays, Vice President and Secretary of the Federal Reserve Bank of Cleveland, reading as follows:

"There is transmitted herewith a copy of a memorandum received by the Board of Governors from the War Department, in which it is requested that certain provisions of the loan agreement customarily used by your bank in connection with Regulation V loans be revised. We will be glad to hear from you regarding this matter after you have had an opportunity to consider it."

Approved unanimously.

Letter to Mr. Wiltse, Managing Director, Buffalo Branch of the Federal Reserve Bank of New York, reading as follows:

"Enclosed is a letter dated August 12 which was received by Mr. Ransom, along with an advertisement of a store in Rochester which was attached to the letter.

"It would appear from the final paragraph of this advertisement, which reads,

'If you can't pay by that date, government regulations make provision for that, too.

See our credit department.'

that any charge sale made on the basis suggested in the advertisement might prove to be in violation of sections 5(a) and 11(a) of Regulation W. In this connection we are enclosing herewith an extra copy of the Board's telegram S-471, dated May 7, 1942, which seems to be relevant to this matter.

"Notwithstanding the fact that this material was sent to the Board anonymously, it would appear that some action with respect to the type of charge sale suggested

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"by this advertisement would be in order, and the advertisement is therefore forwarded to you for such action as you may consider appropriate."

Approved unanimously.

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

"Captain Winkler of the U. S. Army called at the Board's offices on August 21 and showed us a telegraphic money transfer order drawn payable to a woman in Brooklyn, New York, for \$30. The drawee has tried to have it cashed at several banks without success. This money order originated in the Signal Corps of the U. S. Army, Alaska Communications System, and was drawn by Charles W. Jones of the Alaska Communications System on the Auditor of Alaska Communications System, Seattle, Washington. It appears that the Signal Corps offices in Alaska wired their office in Seattle to draw this order in the amount stated. While there is nothing on the money transfer order to so indicate, we are advised by the War Department that the order will be paid through the clearing house by the Seattle First National Bank, Seattle, Washington.

"The War Department is considering the advisability of having these money orders stamped to indicate that they are payable through the above-named bank. In the meantime, however, the War Department will greatly appreciate it if your Bank will do what it can to facilitate the payment of these money orders, which represent funds transferred to their families by our boys in Alaska.

"While there is no information available here to indicate how many of these money orders have been issued, it is apparent that the amount of such orders runs into several hundred thousand dollars."

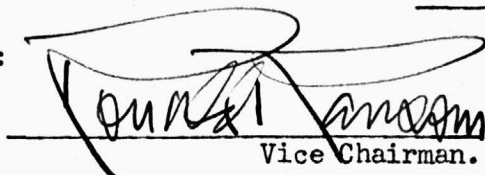
Approved unanimously.

Thereupon the meeting adjourned.



Assistant Secretary.

Approved:



Vice Chairman.