A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, September 24, 1942, at 11:00 a.m.

PRESENT: Mr. Ransom, Vice Chairman
         Mr. Szymczak
         Mr. McKee
         Mr. Draper
         Mr. Evans
         Mr. Morrill, Secretary
         Mr. Carpenter, Assistant Secretary
         Mr. Thurston, Special Assistant to the Chairman
         Mr. Smead, Chief of the Division of Bank Operations

Mr. Thurston presented a letter which had been received this morning from Mr. Henderson, Administrator of the Office of Price Administration, outlining a plan which has been worked out by the Office of Price Administration and which provided for the transfer of ration credits through bank accounts in a manner similar to that in which money credits are transferred by check. The letter also stated that, as a means of testing the practicability of the plan, the Office of Price Administration proposed to try it experimentally for a period of six to eight weeks in Albany, Schenectady, and Troy, New York, and the surrounding territory, that the Office was particularly anxious to secure the assistance of the System in carrying out the experiment, and that if the test proved successful it would need the System's further assistance in developing and introducing the plan on a nation-wide basis.

Mr. Thurston stated that he had called the office of the Comptroller of the Currency and the Chairman of the Federal Deposit Insurance
Corporation and had been advised that similar letters had been received
by those offices and that they were being acknowledged today with the
statement that the respective agencies would be glad to do whatever they
could to cooperate.

The letter from Mr. Henderson was read, and during the ensuing
discussion it was stated that this whole matter had been discussed in-
formally by representatives of the Board with representatives of the Of-
face of Price Administration, the Comptroller of the Currency, and the

Federal Deposit Insurance Corporation in a conference which was held in
the Federal Reserve Building on September 8, 1942, and that Messrs. Rice
and Willis of the Federal Reserve Bank of New York had been in touch with
the matter and had assured the representatives of the Office of Price Ad-
ministration that the New York Bank would be glad to be of such assist-
ance as it could. In connection with a reference to the question of re-
imbursement of the commercial banks for the services rendered, Mr. Smead
stated that it was expected that the banks would be reimbursed but that
no decision had been reached on that aspect of the problem.

At the conclusion of the discussion,
the following reply to Mr. Henderson's let-
ter was approved unanimously, with the under-
standing that a copy of the reply and of the
incoming letter would be sent to Mr. Sproul,
President of the Federal Reserve Bank of
New York, with a request that he have appro-
priate representatives of the Federal Reserve
Bank keep in close touch with the experiment
to be conducted in New York State and advise
the Board from time to time during the course
of the experiment of the results being ob-
tained and, when the experiment is completed,
of any suggestions that have been made by banks or others in the territory for the improvement of the procedure, together with his own views:

"This is to acknowledge your letter Number 711: LJK, in regard to the plan which you desire to try experimentally for a period of six to eight weeks in Albany, Schenectady, and Troy, New York, and the surrounding territory.

"The Board has requested me to advise you that it desires to do everything possible to assist your office in the development of a practicable plan, in the light of what is learned from this experiment, the importance of which we all recognize."

Mr. Szymczak outlined briefly the arrangements that had been made by the Presidents of the Federal Reserve Banks for a dinner meeting at the Carlton Hotel on the evening of September 28 at which representatives of the Treasury would be present for a discussion of certain matters arising in connection with the work of the Victory Fund Committees. Mr. Morrill said that he had received a telephone call from Mr. Sienkiewicz, Secretary of the Presidents' Conference, in which the latter extended an invitation to the members of the Board and Messrs. Morrill and Smead of the Board's staff to be present.

It was agreed that Messrs. Eccles, Szymczak, Morrill, and Smead should attend the dinner meeting as the representatives of the Board.

Mr. McKee reported briefly on certain matters which were discussed at the Examiners' Conference in Philadelphia, which he attended on Tuesday and Wednesday of this week, and on discussions which he had in Philadelphia with Vice President West of the Federal Reserve Bank of San Francisco relating to the further expansion of banking offices owned or controlled by
Transamerica Corporation in the State of California.

At this point, Messrs. Thurston and Smead left the meeting, and the action stated with respect to each of the matters hereinafter referred to was then taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on September 22, 1942, were approved unanimously.

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on September 23, 1942, were approved and the actions recorded therein were ratified unanimously.

Letter to Mr. A. H. McKinley, Cashier of The Peoples National Bank of Hancock, Hancock, Maryland, reading as follows:

"This refers to your letter of September 18, 1942 requesting the issuance of a permit under the provisions of section 8 of the Clayton Act authorizing the services of Mr. J. S. Ambrose as a director of The Peoples National Bank of Hancock, Hancock, Maryland, and the Citizens National Bank of Berkeley Springs, West Virginia.

"Under the provisions of section 8 of the Clayton Act as amended by the Banking Act of 1935 the Board of Governors of the Federal Reserve System is no longer authorized to issue permits in individual cases. Whether an individual may lawfully serve at the same time as a director, officer or employee of more than one bank depends upon the applicability of certain exceptions contained in the statute and the Board's Regulation L relating to interlocking directorates. One of these exceptions provides, in effect, that a director, officer or employee of a member bank may serve at the same time as a director, officer, or employee of another bank provided such other bank is not located and has no branches in the same city, town or village as that in which such member bank is located or in any city, town or village contiguous or adjacent thereto.

"From available information it appears that neither of the banks named operates a branch; and it also appears that Hancock, Maryland, and Berkeley Springs, West Virginia, are not contiguous or adjacent to each other, since they are..."
"approximately six miles apart and are located in different States. Accordingly, it does not appear that the services of Mr. Ambrose as a director of the banks referred to are prohibited by the provisions of the Clayton Act or the Board's Regulation L."

Approved unanimously.

Thereupon the meeting adjourned.

Approved: 

Vice Chairman.

Secretary.