

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, September 25, 1942, at 9:45 a.m.

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

Mr. Morrill, 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 September 24, 1942, were approved unanimously.

Telegrams to Mr. Treiber, Secretary of the Federal Reserve Bank of New York, Mr. Taylor, Vice President of the Federal Reserve Bank of Cleveland, Mr. Walden, First Vice President of the Federal Reserve Bank of Richmond, Messrs. Dillard and Stewart, Secretaries of the Federal Reserve Banks of Chicago and St. Louis, respectively, Mr. Ziemer, Vice President of the Federal Reserve Bank of Minneapolis, Mr. Caldwell, Chairman of the Federal Reserve Bank of Kansas City, Mr. Stroud, First Vice President of the Federal Reserve Bank of Dallas, and Mr. Hale, Secretary of the Federal Reserve Bank of San Francisco, stating that the Board approves the establishment without change by the Federal Reserve Bank of San Francisco on September 22, by the Federal Reserve Bank of Kansas City on September 23, and by the Federal Reserve Banks of New York, Cleveland,

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Richmond, Chicago, St. Louis, Minneapolis, and Dallas on September 24, 1942, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated September 24, 1942, from Mr. Goldenweiser, Director of the Division of Research and Statistics, submitting the resignation of Mrs. Alice Randall as a clerk in that Division, to become effective as of the close of business on September 30, 1942, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

Memorandum dated September 24, 1942, from Mr. Goldenweiser, Director of the Division of Research and Statistics, submitting the resignation of Miss Bonnie Beth Blake as a clerk-stenographer in that Division, to become effective as of the close of business on October 6, 1942, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

Memorandum dated September 25, 1942, from Mr. Morrill, Secretary, submitting the resignation of Miss Laura S. Talbott as a junior file clerk in the Secretary's Office, to become effective as of the close of business on November 4, 1942, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

Letter to Captain Maxwell E. Becker, Assistant Personnel Officer, Military Intelligence Service, War Department, reading as follows:

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"We are advised that Mr. Ellery W. Baker, presently employed by the Board of Governors of the Federal Reserve System, has offered his services to the War Department for Military Intelligence duties.

"This is to advise that Mr. Baker has the consent of the Board of Governors to accept appointment in the Army of the United States should he receive such appointment."

Approved unanimously, with the understanding that in the future the Secretary or an Assistant Secretary would be authorized to sign similar authorizations.

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

"In accordance with your request the Board of Governors approves the changes in the personnel classification plan of the Head Office and the Buffalo Branch, as submitted with your letter of September 22, 1942."

Approved unanimously.

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

"In accordance with your request the Board of Governors approves the changes in the personnel classification plan of the Cincinnati and Pittsburgh Branches of the Federal Reserve Bank of Cleveland, as submitted with your letter of September 19, 1942."

Approved unanimously.

Letter to Mr. Davis, Vice President of the Federal Reserve Bank of Philadelphia, reading as follows:

"This is in reply to your letter of September 17 with respect to a request made by Mr. William L. Dambach, who was recently employed in a temporary capacity in the Fiscal Agency Department of your Bank to assist primarily in the sales and promotion of Series E War Savings Bonds.

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"It appears that Mr. Dambach has been employed by a member of the New York Stock Exchange and desires to retain his status as a registered employee of that firm in order that he may retain certain brokerage accounts. It is our further understanding that if this arrangement is permitted, he will be in a position to receive some income from the accounts and to hold them as a nucleus should he reenter the securities business following the termination of his temporary appointment with the Reserve Bank. It is understood from Mr. Dambach's letter, however, that if the arrangement is permitted, so long as he is in the employ of the Reserve Bank he will not be active in the securities business, either by soliciting new accounts or soliciting additional activity in his present accounts.

"The Board will offer no objection to an arrangement of this kind.

"Although Mr. Dambach has requested a letter from your bank to 'Any Member of the New York Stock Exchange', it is understood that you propose to address the letter to the particular firm with which he was connected, possibly sending a copy to the New York Stock Exchange.

"Enclosed as a matter of possible interest is a copy of the interpretation of the rules of the New York Stock Exchange governing registered employees which was published in the Exchange's Educational Circular No. 11, dated July 10, 1942."

Approved unanimously.

Letter to Mr. Swanson, Vice President of the Federal Reserve Bank of Minneapolis, reading as follows:

"This is in reply to your letter of September 18, 1942, which raises a question concerning Amendment No. 6 to Regulation W in its application to the installation of coal stokers.

"The principle which S-546 was intended to express was that the stoker qualifies only when the physical characteristics of the coal are such that proper combustion cannot be obtained except by the use of the stoker. In many cases somewhat better results might be obtained with mechanical stoking rather than hand-firing and there would be greater convenience, but these reasons would not be sufficient to justify an exemption.

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"The coal available in various areas of the country differs widely and is known by different names; consequently, it would not be possible to say definitely that the 'screening fuel' sold in your area is or is not such as would necessitate the use of a stoker. In general, however, it might be said that very fine coal does require a stoker in order to burn properly.

"We hope that this information will be of some assistance to you. We have recognized that this rule is not as precise as we would like it, but it appears to be the only distinction possible in view of the terms of section 8(m) as it now stands."

Approved unanimously.

Letter to Mr. Ira A. Weller, Orlando, Florida, reading as follows:

"The President has asked us to reply to your letter of August 27, 1942, since it relates to the Board's Regulation W dealing with consumer credit.

"We are enclosing a copy of a press release dated May 5, 1942, which will give you an idea of the reasons for this regulation. You will note that the President, in a special message to Congress on April 27, urged the paying off of debts, mortgages and other obligations. Regulation W is in conformity with the President's program which has as its principal purpose the imposition of restraints on rises in the cost of living. We know that you will recognize the very great importance of restraining price rises, particularly to those who do not enjoy very high incomes.

"It is highly desirable that people make every effort both to retire their obligations and to purchase War Savings Bonds to the utmost. It is not, however, necessary that, after making all possible sacrifices with respect to their current living expenditures, people should reduce payments on their obligations or even increase their obligations in order to purchase the War Savings Bonds. Such a program would actually tend to help the war effort very little and would put the individual in a worse position than otherwise because of the interest charges he would be paying, perhaps at a high rate and because his debts might bring about severe hardship in the future.

"It would appear to us and we believe you will agree with us, when you have had your attention called to the aspects of the regulation discussed above, that the restrictions of the regulation are in no way opposed to your interests and, in fact, taking a broad view of the picture, very definitely for your welfare."

Approved unanimously.

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Letter to the Comptroller of the Currency, reading as follows:

"It is respectfully requested that you place an order with the Bureau of Engraving and Printing, supplementing the order of June 17, 1942, for printing of Federal Reserve notes of the 1934 series in the stated denominations and amounts for the following Federal Reserve Banks:

<u>Bank</u>	<u>Denomination</u>	<u>Number of sheets</u>	<u>Amount</u>
Minneapolis	\$5	417,000	\$25,020,000
San Francisco	5	33,333-1/3	2,000,000
	10	10,000	1,200,000
	20	66,666-2/3	16,000,000

"The above request for Federal Reserve notes of the Federal Reserve Bank of San Francisco is to cover notes to be overprinted for use in Hawaii in accordance with request received from the Treasury Department dated September 23, 1942."

Approved unanimously.

Letter to Mr. Evans, Vice President of the Federal Reserve Bank of Dallas, reading as follows:

"This refers to your letters of August 25, August 31, and September 10, 1942, and to the letter dated August 24, 1942, from Mr. John Q. McAdams, Commissioner of Banking of the State of Texas, concerning the proposed standard caption to appear at the top of form F. R. 105e when that form is used for joint publication of condition reports rendered by State member banks to State banking departments and Federal Reserve Banks, respectively.

"The revised caption, as approved by the bank supervisory authorities in 37 States, is as follows:

REPORT OF CONDITION OF _____
 of _____
 at the close of business _____, a State banking institution organized and operating under the banking laws of this State and a member of the Federal Reserve System. Published in accordance with a call made by the State Banking Authorities and by the Federal Reserve Bank of this District.

The revision on the back of the form provides that the certificate of publication shall be signed and sworn to by an officer of the newspaper, thus replacing the present requirement that the certificate be signed (but not sworn to) by an officer either of the bank or of the newspaper.

"According to our records, there are now 39 States with which arrangements have been made for joint publication of

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"condition reports. This does not mean, as you doubtless know, that all of these States use the Board's form F. R. 105e and a standard caption pertaining to joint publication. Some States use their own forms for nonmember banks but accept from State member banks statements published in accordance with the Board's form F. R. 105e, while a few use a special form that meets their own as well as the Board's requirements. It is noted that Mr. McAdams lists Massachusetts and Connecticut as approving the standard caption. Arrangements have not previously been made in these States for joint publication because of the departmental banking forms used. Of the remaining seven States, Illinois, California, and Louisiana may be unable to adopt the proposed standard form because of certain State laws; Maine, New Hampshire, and Vermont (which has no State member banks) do not require the publication of condition reports; and North Dakota has no State member banks.

"A review of our files also indicates that the certificate of publication is signed by an officer of the newspaper in 32 States now cooperating and by an officer of the bank in four States. In the three other States in which joint publication is made there seems to be no uniformity on this point.

"In the above circumstances it has been decided to print two different editions of the publisher's copy, one (form F. R. 105e) for use in States where joint publication is made and the other (form F. R. 105e-1) for use where reports made to Federal Reserve Banks are published separately from those submitted to State banking authorities. Two copies of the draft of each form are enclosed. On the first form (F. R. 105e) jurats are provided on the face and reverse sides, and on the reverse side provision has been made for the execution of the certificate of publication by an officer of the newspaper. On the second form (F. R. 105e-1) no notary's jurat appears on either the face or reverse side. No provision has been made on either form for showing the State charter number in the upper right-hand corner, and in the few States where the charter number is required to be shown the forms may be appropriately stamped.

"It will be appreciated if you will advise the Board as soon as practicable how many copies of forms F. R. 105e and F. R. 105e-1 will be needed for the next call and how many copies, if any, of form F. R. 105e should be sent direct to each State banking department in your district.

"A copy of this letter is being sent to the Presidents of all other Federal Reserve Banks."

Approved unanimously, together with the following letter to the Presidents of all the Federal Reserve Banks:

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"There is enclosed a copy of the Board's letter of this date to Mr. W. J. Evans, Vice President of the Federal Reserve Bank of Dallas, referring to a proposed standard caption to appear at the top of form F. R. 105e when that form is used for joint publication of condition reports rendered by State member banks to State banking departments and Federal Reserve Banks, respectively.

"For some time Mr. John Q. McAdams, Commissioner of Banking in the State of Texas, at the request of the President of the National Association of Supervisors of State Banks and in consultation with officers of the Federal Reserve Bank of Dallas, has been endeavoring to formulate a standard caption which would be acceptable both to the State banking authorities of the various States and to the Board of Governors. The Board is now informed that supervisors in 37 States have approved the proposed caption, which had previously been approved by the Board. A list of these States appears in the enclosed copy of Mr. McAdams' letter of August 24.

"The Board has decided to print two different editions of form F. R. 105e, one for use in States where joint publication is made and the other for use where reports made to Federal Reserve Banks are published separately from those submitted to State banking authorities. Copies of the draft of each form (F. R. 105e and F. R. 105e-1) are enclosed.

"It will be appreciated if you will advise the Board as soon as practicable how many copies of forms F. R. 105e and F. R. 105e-1 will be needed for the next call and how many copies, if any, of form F. R. 105e should be sent direct to each State banking department in your district."

Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

Donald J. Mason
Vice Chairman.