

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, September 28, 1942, at 1:45 p.m.

PRESENT: Mr. Eccles, Chairman  
 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 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 September 26, 1942, were approved unanimously.

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

"As requested in your letter of September 18, 1942, the Board of Governors approves the payment of salaries to the following officers at your Bank and the San Antonio and El Paso Branches, effective September 16, 1942, for the period ending May 31, 1943, at the following rates as fixed by your Board of Directors:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
<u>HEAD OFFICE:</u>		
W. E. Eagle	Assistant Cashier	\$5,400
<u>SAN ANTONIO BRANCH</u>		
Earl B. Austin	Managing Director	8,000
Claude M. Rowland	Cashier	4,800
<u>EL PASO BRANCH</u>		
Grover C. Page	Cashier	3,180"

Approved unanimously.

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

"Board does not contemplate making a fall call for condition reports upon State member banks. You may so advise State banking departments for their confidential information. Understand Comptroller's office has advised them that no immediate call for reports upon national banks is contemplated."

Approved unanimously.

Letter to Mr. Chalfont, Managing Director of the Detroit Branch of the Federal Reserve Bank of Chicago, reading as follows:

"This refers to your letter of September 18, 1942, enclosing a copy of a letter from Mr. J. F. Verhelle, Vice President and Controller, The Manufacturers National Bank of Detroit, dated September 16, 1942, regarding that provision of the standard form of guarantee agreement which prohibits the financing institution from exercising any option to accelerate the maturity of the obligation without the prior written consent of the Guarantor.

"It is our understanding that the provision in question refers only to cases in which the loan agreement makes provision for an option to accelerate maturity and does not refer to cases in which the loan agreement contains provisions for the automatic acceleration of maturity upon the happening of certain events. Ordinarily, it is believed that where maturity may be accelerated upon the happening of a certain event only after the giving of notice by the financing institution to the borrower, such acceleration is to be regarded as 'optional' rather than 'automatic'; and in such cases it would seem that under the terms of the standard form of guarantee agreement the financing institution's option to accelerate maturity may not be exercised without the prior written consent of the Guarantor.

"While we have not submitted this matter to the armed Services, we shall be glad to take the question up with the particular Agency concerned if the question should become material in any particular case."

Approved unanimously.

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Letter to Lieutenant Colonel Paul Cleveland, Chief of the Loan Section, Advance Payment and Loan Branch of the War Department, reading as follows:

"There is transmitted herewith a copy of a letter received from Mr. C. B. Strathy, Assistant Cashier, Federal Reserve Bank of Richmond, dated September 23, 1942, enclosing a list of guarantees executed by the Federal Reserve Bank of Richmond on behalf of the War Department which have been terminated and cancelled. This is in response to your memorandum of September 10, 1942, regarding the cancellation of terminated guarantee agreements."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morise  
Secretary.

Approved:

W. S. C. C. C.  
Chairman.