A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, October 21, 1942, at 1:30 p.m.

PRESENT: Mr. Eccles, Chairman
Mr. McKee
Mr. Draper
Mr. Evans
Mr. Morrill, Secretary
Mr. Bethea, 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 October 20, 1942, were approved unanimously.

Letter to Mr. Lassiter, Chairman of the Federal Reserve Bank of Richmond, reading as follows:

"At the completion of the examination of the Federal Reserve Bank of Richmond, made as of August 15, 1942, by the Board's examiners, a copy of the report of examination was left for your information and that of the directors. A copy was also furnished President Leach.

"The Board's attention has been called to the large indebtedness of Mr. C. D. Spangler who was appointed in June and attached to the Charlotte Branch as a special investigator of Regulation W matters. It is understood that Mr. Leach is making a thorough investigation to determine whether or not Mr. Spangler can work out of his financial problems.

"The Board will appreciate advice that the report has been considered by the Board of Directors. Any comments you may care to offer regarding discussions with respect to the examination or as to action taken or to be taken as a result of the examination will also be appreciated."

Approved unanimously.
Memorandum dated October 13, 1942, from Mr. Clayton, reading as follows:

"Mr. Jesse I. Miller, of the Military Government Division of the Provost Marshal General's office, called on me today in response to Chairman Eccles' letter of October 5, 1942, to Major General Allen W. Gullion.

"Our preliminary discussion developed the difficulty of making definite allocations to the Treasury and to the Board with reference to financial, monetary, and banking problems arising out of a military occupation. Furthermore, the Board of Economic Warfare is already engaged in studies under Mr. Tirana relating to the post-war reconstruction and rehabilitation of occupied territories of the United Nations, which, they feel, gives them a direct concern in the economic and financial aspects of any military occupation by United States forces. Mr. Tirana has already made a report on occupational currency, prepared by a sub-committee, on which the Treasury and the Board were represented (Messrs. Gardner and Knapp for the Board).

"No pattern has been adopted as yet for any potential occupation, and Mr. Miller admitted that such a pattern would simplify the task of preparing in advance the detailed plans, materials, and technical personnel for the job.

"The first thing he would like of us at this stage is our help in procuring personnel, even though this is, in a sense, getting the cart before the horse. In spite of this difficulty, people qualified in international finance, central banking, bank regulation and supervision, and bank operation could be listed and their qualifications and situation examined.

"The general plan is to commission qualified men in the Army Specialist Corps, leaving them on inactive status, but available for either domestic or foreign duty on short notice. From time to time, these men, earmarked in advance as especially qualified for a certain country or area, would be sent to some University for a three or four weeks' course in Military Government. With reference to the draft, these men must be in the third deferment, and preferably should be so situated that they would be not only desirous of such an assignment but able to respond to active duty call on short notice.

"Messrs. Gardner and Knapp then joined up for the ensuing discussion, and it was agreed that within a short period we would submit a list of recommended names to Mr. Miller. It was the thought that we would not only canvass the Board's staff, but would also take the matter up with the Federal Reserve Banks, and, through them, with important commercial banks.
which have or have had branches in foreign countries or areas of potential occupation.

"I recommend that I be authorized to supervise the compilation of a list of names, using Mr. Leonard as the contact between the Board and the Reserve Banks."

The recommendation contained in the last paragraph of the memorandum was approved unanimously.

Thereupon the meeting adjourned.