

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, November 2, 1942, at 11:00 a.m.

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

Mr. Morrill, Secretary
Mr. Bethea, Assistant 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 October 31, 1942, were approved unanimously.

Memorandum dated November 2, 1942, from Mr. Carpenter, submitting the resignation of Miss Bernardine M. McNeany as a junior file clerk in the Secretary's Office, to become effective as of the close of business on October 31, 1942, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

Letter to the board of directors of "The Farmers & Citizens Bank", Tiro, Ohio, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H, the Board approves the bank's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of Cleveland.

Approved unanimously, for transmission
through the Federal Reserve Bank of Cleveland.

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

"With further reference to your letter of October 7, 1942, there is enclosed a copy of an opinion from the Comptroller General of the United States with regard to the assignment of Letters of Intent and Notices of Award under the Assignment of Claims Act of 1940."

Approved unanimously, together with a letter to the Presidents of all the Federal Reserve Banks transmitting a copy of the Comptroller General's opinion.

Telegram to Mr. McConnell, Assistant Vice President of the Federal Reserve Bank of Minneapolis, reading as follows:

"Your wire October 31. No objection to giving copies of Comptroller's letter dated October 28, 1942 (S-575-a) (with respect to the compliance of guaranteed loans with the requirements of exception (10) to section 5200, U.S.R.S.) to interested banks and their attorneys."

Approved unanimously.

Telegram to Mr. Hale, Vice President of the Federal Reserve Bank of San Francisco, reading as follows:

"Your wire October 30 regarding procedure to be followed so as to permit one bank as assignee of claim under Government contract to relinquish claim and permit second bank to obtain assignment of proceeds under same contract. Representative of General Accounting Office advises informally that it will be necessary for all persons on notice of first assignment to be furnished with copy of release. Second assignment may then be made following the usual procedure. This is in accordance with the practice followed in numerous cases by the General Accounting Office and is not regarded by that office as a 'further assignment' within the meaning of that term in the Assignment of Claims Act of 1940."

Approved unanimously.

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Letter prepared for the signature of Chairman Eccles to Mr. Sproul, President of the Federal Reserve Bank of New York, reading as follows:

"I was glad to have the studies on the Caribbean area which you sent me under date of September 30. Your letter stated that you were also sending copies to the Department of State, the Treasury Department, the Board of Economic Warfare, and the Office of the Coordinator of Inter-American Affairs.

"I can well understand your thought that these studies which were made by your Research Department would be of interest to the Governmental agencies mentioned but it has occurred to me that, from a System viewpoint, it would be better procedure if papers of this kind were routed through the Board of Governors. This procedure would be along the lines of the relationships that were contemplated when the Research Departments of the Federal Reserve Banks were transferred from the Federal Reserve Agents to the operating departments of the Banks. There might well be under way at any time, either within the Federal Reserve System or in other agencies, studies of a similar or related nature of which the Board would have knowledge and it would be in the interest of avoidance of confusion or duplication or some conflict if the Board were recognized as the appropriate channel through which the results of research work of the Federal Reserve System were made available to other Federal agencies.

"I would be pleased to learn how you feel about this point of view."

Approved unanimously.

Letter to Admiral Charles Conard, Chairman of the Interdepartmental War Savings Bond Committee, reading as follows:

"I take pleasure in advising you that during the month of October deductions made from salaries of the personnel of the Board of Governors of the Federal Reserve System under the Board's Pay Roll Savings Plan for the purchase of War Savings Bonds exceeded the 10% goal established by the Secretary of the Treasury.

"You may have noticed from the semi-monthly report submitted to you under separate cover on Form IWSBC-2, covering the period October 16-31, 1942, that the percentage of salary

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"deductions to gross pay roll was 10.7%. The ratio for the entire month of October, however, was 10.1% and that figure, of course, will appear in our monthly report to the Treasury Department.

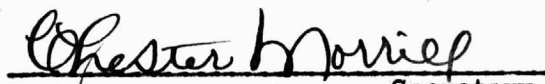
"Looking to the future, and having in mind particularly the impact of the recent tax legislation upon the participants in our Pay Roll Savings Plan, only time will tell whether this organization will be able to maintain 100% participation and a ratio of 10% or more of deductions to gross salaries. However, you may be assured that we shall exert every effort to maintain both percentages at the present level and to increase the percentage of deduction to gross salaries to the extent that it is feasible to do so."

Approved unanimously, together with a similar letter to Mr. Harold M. Graves, Assistant to the Secretary of the Treasury.

Thereupon the meeting adjourned.

Approved:


Chairman.


Secretary.