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022103. A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, November 18, 1942, at 11:00 a.m.

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

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 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 November 17, 1942, were approved unanimously.

Memorandum dated November 12, 1942, from Mr. Morrill, recommending that Miss Joan Conlen and Mrs. Vera M. Sherrill be appointed as pages in the Secretary's Office on a temporary basis for an indefinite period, with salary at the rate of \$1,260 per annum, effective as of the respective dates upon which they enter upon the performance of their duties after having passed satisfactorily the usual physical examination.

Approved unanimously.

Memorandum dated November 16, 1942, from Mr. Morrill, submitting the resignation of Lenwood Corbin as a page in the Secretary's

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Office, to become effective as of the close of business on November 25, 1942, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

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

"Reference is made to your letter of November 12, 1942, submitting the request of the 'Auburn Trust Company', Auburn, New York, for permission to establish a branch in Port Byron, New York, in connection with the proposed purchase of assets and assumption of deposit liabilities of The National Bank of Port Byron.

"In view of your recommendation and the information submitted, the Board approves the establishment and operation of a branch in Port Byron, New York, by the Auburn Trust Company, Auburn, New York, provided the transaction is consummated substantially in accordance with the plan as submitted, the approval of the appropriate State authorities is obtained and counsel for the Reserve Bank is to be satisfied with the legal aspects of the transaction."

Approved unanimously.

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

"Reference is made to your letter of November 9, 1942 and other correspondence and documents submitted concerning the transaction whereby 'The Licking County Bank,' Newark, Ohio, purchased certain assets and assumed the deposit liabilities of 'The Union Trust Company of Newark', Newark, Ohio, and effected a change in its corporate title to The Union Licking Bank.

"From the information submitted, it does not appear that the transaction has resulted in any change in the general character of the business of the member bank or in the scope of the corporate powers exercised by it within the meaning of its condition of membership numbered 1, and the Board will interpose no objection to the transaction."

Approved unanimously.

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Telegram to Mr. Raisty, Manager of Consumer Credit Control
at the Federal Reserve Bank of Atlanta, reading as follows:

"Retel 18th Board has already ruled on inquiry from another Reserve Bank that articles sold as toys would be listed articles only in case they are working models of practical use, differentiated from regular items chiefly by smaller size, such as a small phonograph capable of playing regular records. Also that games would be listed articles if they are designed principally for use by adults, as in the case of chess and playing cards. On the basis of the principles here involved a doll would clearly not be a listed article.

"Concerning wheel goods a bicycle would be included no matter of what size because bicycles are specifically listed in item (8) but a tricycle would not. Further consideration is being given to classification of children's games such as children's croquet sets."

Approved unanimously.

Letter to the Chairmen of all the Federal Reserve Banks, reading as follows:

"Since the meeting of the Conference of Chairmen on October 5, 1942, the boards of directors of all of the Federal Reserve Banks have met and the Chairmen have had an opportunity to discuss with their respective boards the resolutions adopted by the Conference with respect to (1) the implementation of the executive development plan, (2) relationship of Reserve Bank auditors, (3) procedure for reporting indebtedness of Reserve Bank officers and employees, (4) increasing the powers and functions of Federal Reserve Bank branches, and (5) regional program for economic studies and planning.

"The Board of Governors would like very much to be kept informed as to the actions taken or contemplated by the directors of the Federal Reserve Banks in connection with all of these matters, and it will be appreciated if you will advise the Board of the consideration that has been given to these topics and, from time to time, of the important developments with respect to each of them.

"It has been suggested that the revised minutes and stenographic record of the Chairmen's Conference be sent to the Chairmen promptly. Accordingly, will you kindly

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"forward as soon as convenient, and if possible not later than November 27, any suggestions that you have to make with respect to changes in the minutes or in the stenographic transcript."

Approved unanimously, with the understanding that the last paragraph of the above letter would not be included in the letters to the Chairmen of the Federal Reserve Banks of New York, Philadelphia, and San Francisco.

Letter to Mr. James Lawrence Fly, Chairman of the Board of War Communications, Washington, D. C., reading as follows:

"This letter is written in response to yours of November 4, 1942 (which was received in this office on November 13), asking for information with respect to (a) books of telegraph messages sent by the Board over commercial lines and (b) the use of leased circuits.

"The Board of Governors very rarely has occasion to send books of messages over the regular commercial lines. On only two or three occasions in the past year have we sent such messages and these went to 19 or fewer addresses.

"The Federal Reserve System maintains a system of telegraph communications connecting the offices of the Board of Governors in Washington and the 12 Federal Reserve Banks located in different parts of the country. All of these connections are Western Union telemeter circuits except the following which are leased from the Western Union Telegraph Company on a 12-hour basis. The first two circuits are used for the full time of the lease with frequent overtime use. The remaining two circuits are used between eight and nine hours per day, but frequently when important business such as Treasury financing is being handled it is necessary to keep them open for the 12-hour period or longer:

Washington-Chicago	Duplex circuit
Washington-New York	Duplex circuit
Washington-Baltimore- Philadelphia	Single wire
Washington-Richmond	Single wire

"The 12 Federal Reserve Banks have 24 branches, and telegraphic communication is maintained by and through the head offices with the branches. As indicated above, the Baltimore Branch of the Federal Reserve Bank of Richmond

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"is on the Washington-Philadelphia circuit. With the exception of the Pittsburgh and Cincinnati branches of the Federal Reserve Bank of Cleveland, all of the other branches are served by telemeter, TWX, or regular commercial wires. The circuits from Cleveland to the Cincinnati and Pittsburgh branches are full-time wires leased from the American Telephone and Telegraph Company on a 12-hour basis and they are used on the average between eight and nine hours per day. However, as stated above, when important business is being handled, it is necessary at times to use them for longer periods.

"The Federal Reserve Leased Wire System is used for the purpose of handling communications between the Federal Reserve Banks and between the Board of Governors and the Banks on all matters which it is necessary to handle by telegraph, including telegraphic transfers of funds and interdistrict settlements in connection with the collection of checks by the Federal Reserve Banks.

"The Board of Governors is charged with the regulation of consumer credit and it has been its policy to have the regulation administered as far as possible by the 12 Federal Reserve Banks and their branches for the purpose of prompt and effective service to the large number of lenders and vendors throughout the country affected by it. Therefore, the leased wire system has handled a large volume of telegrams between the Board and the Reserve Banks on this subject.

"The Federal Reserve Banks act as fiscal agents for the Treasury in the issuance, exchange, and redemption of United States Government securities, the payment of Government checks, frozen funds control, and other matters, and telegrams relating to these activities are also handled over the leased wire system. In view of the magnitude and frequency of Treasury financing and other operations, the maintenance of this direct communication is highly important.

"The Federal Reserve Banks also act as fiscal agents for the armed services and the Maritime Commission in connection with the guarantee of loans for war purposes, and a considerable volume of telegrams in connection with this activity are also handled. As fiscal agents, custodians, and depositaries for the Reconstruction Finance Corporation the Reserve Banks have a considerable amount of telegraphic communication with that agency.

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"The maintenance of the leased wire system, in addition to saving a great deal of time on matters of major importance, results in a considerable saving over the cost of handling the business by commercial wire.

"If we can furnish any additional information, we shall be pleased to do so."


Approved unanimously.

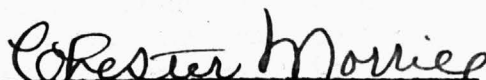
Memorandum dated November 12, 1942, from Mr. Smead, Chief of the Division of Bank Operations, recommending (1) that the Board approve a proposed revision of Form F.R. 105, which was attached to the memorandum, for use in obtaining reports of condition of State member banks on the forthcoming end-of-year call, provided that corresponding changes were made in the call report forms of national banks and insured nonmember banks, and (2) that the Division of Bank Operations be authorized to make any minor changes in phraseology and arrangement, which might be agreed upon in negotiations with the office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation. The memorandum stated that the proposed revision of Form F.R. 105 would reduce the end-of-year call report from four to two pages and at the same time provide an improved classification of loans, and that it was understood that the office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation were agreeable to making the changes.

Approved unanimously.

Thereupon the meeting adjourned.

Approved:


Chairman.


Secretary.