

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, November 23, 1942, at 11:00 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. Szymczak
Mr. McKee
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 November 21, 1942, were approved unanimously.

Memorandum dated November 18, 1942, from Mr. Morrill, recommending that Robert H. Bell be appointed as an operator (duplicating devices) in the Secretary's Office on a temporary basis for an indefinite period, with salary at the rate of \$1,800 per annum, effective as of the date upon which he enters upon the performance of his duties after having passed satisfactorily the usual physical examination.

Approved unanimously.

Memorandum dated November 17, 1942, from Mr. Goldenweiser, Director of the Division of Research and Statistics, submitting the

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resignation of Guy Greer as a senior economist in that Division, to become effective as of the close of business on December 31, 1942, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

Letter prepared for the signature of Chairman Eccles to the President of the United States, reading as follows:

"Under the provisions of the last paragraph of your memorandum of November 17, 1942, regarding deferment from military service of employees in Federal agencies, I am bringing to your attention the case of Mr. Leroy M. Piser, one of our married men who has recently been reclassified from 3-A to 1-A.

"Mr. Piser is Chief of the Board's Government Securities Section. He advises the Board and the Federal Open Market Committee as to the changing conditions in the Government bond market and as to the measures that should be taken to maintain the stability in the market necessary to permit the sale of the billions of dollars of securities required to finance the war. Before each financing the Secretary of the Treasury seeks the advice of representatives of the Federal Reserve System as to the timing, amounts, and types of securities that could be sold with the least disturbance to the market and the general economy. In this connection Mr. Piser presents an analysis of the various possibilities and an estimate of the probable results, and advises with the Board and the Federal Open Market Committee as to the recommendations which should be made. Mr. Piser's work is essential to the Board in the discharge of its responsibilities with respect to advising the Treasury and to maintaining conditions conducive to the orderly financing of the war.

"Attached is a statement in some detail with respect to Mr. Piser's duties, responsibilities, and training.

"I respectfully urge that he be reclassified."

Approved unanimously.

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

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"In accordance with the recommendation contained in your letter of November 12, 1942, the Board approves the establishment and operation by the Peoples-Pittsburgh Trust Company, Pittsburgh, Pennsylvania, of a branch at Dormont, Pennsylvania, upon consummation of the proposed plan under which the trust company will purchase certain of the assets and assume the deposit liabilities of the Dormont Savings & Trust Company, Dormont, Pennsylvania. Such approval is on condition that (1) your counsel is of the opinion that the branch may be legally established and is satisfied as to the other legal aspects involved, and (2) prior approval of the appropriate State authorities is obtained."

Approved unanimously.

Letter to the Presidents of all the Federal Reserve Banks, Lieutenant Colonel Paul Cleveland of the War Department, Mr. Sidney A. Mitchell of the Navy Department, and Mr. R. E. Anderson of the Maritime Commission, reading as follows:

"For your information, there is enclosed a copy of a letter received by the Board from Mr. C. B. Upham, Deputy Comptroller of the Currency, dated November 19, 1942, enclosing a copy of a letter from Mr. L. H. Sedlacek, Deputy Comptroller, to Mr. Gibbs Lyons, District Chief Bank Examiner, New York City, dated November 12, 1942, regarding the applicability of Exception 10 to Section 5200 of the Revised Statutes to participations in loans covered by guarantees or take-over commitments pursuant to Executive Order No. 9112."

Approved unanimously.

Letter to Mr. and Mrs. Dale Kuhn, Port Arthur, Texas, reading as follows:

"Your letter of November 3, addressed to President Roosevelt, has been referred to this office for attention since your inquiry concerns this Board's Regulation W, governing consumer credit. We are enclosing a copy of the regulation for your information.

"The Board has interpreted section 12(e) of the regulation as providing that the refinancing of a contract

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"made before September 1, 1941, where the contract has not been renewed or revised since that date, is not subject to the regulation. Such a 'prior contract' may be extended or refinanced once to extend payment of the balance over any length of time that the creditor would have granted in the absence of the regulation. However, after one revision any subsequent change in the contract would be subject to the requirements of Regulation W in effect at the time of that change.

"Under this rule it would appear that the finance company holding your February 1941 contract is permitted to refinance the balance due on it without regard to the maximum terms now set forth in the regulation, if the company desires to do so. On the other hand, as stated in section 12(k) of the regulation, there is nothing that requires the finance company to grant credit on any more liberal terms than it desires to grant. However, in a case like this which involves the refinancing of an extension of credit which was made before September 1, 1941, if it has not been renewed or revised since that date, the permission to refinance once without complying with the other provisions of the regulation may be applied to a refinancing either by the same creditor or by means of a loan from some other lender.

"Administration of the regulation is decentralized and if you wish further information concerning Regulation W and the restrictions on consumer credit we suggest that you write to the Houston Branch of the Federal Reserve Bank of Dallas, 1301 Texas Avenue, Houston, Texas, which has charge of questions arising under the regulation in the district in which you live."

Approved unanimously.

Letter to Mr. Howard N. Meyer, Special Assistant to the Attorney General, United States Attorney's Office, New York, New York, reading as follows:

"In response to the request contained in your letter of November 17, 1942 (DMS), there is enclosed one photostat copy of each of the foreign exchange reports listed in your letter.

"As you know, we have already communicated with Mr. Knoke, Vice President of the Federal Reserve Bank of New York, with respect to the subject matter of your inquiry,

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"and we are advising him today that you may call on him in that connection."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morley
Secretary.

Approved: W. S. ...
Chairman.