

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, November 27, 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 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 25, 1942, were approved unanimously.

Telegrams to Mr. Paddock, President of the Federal Reserve Bank of Boston, Mr. Treiber, Secretary of the Federal Reserve Bank of New York, Messrs. Leach and McLarin, Presidents of the Federal Reserve Banks of Richmond and Atlanta, respectively, Messrs. Stewart and Powell, Secretaries of the Federal Reserve Banks of St. Louis and Minneapolis, respectively, Mr. Caldwell, Chairman of the Federal Reserve Bank of Kansas City, and Mr. Hale, Secretary of the Federal Reserve Bank of San Francisco, stating that the Board approves the establishment without change by the Federal Reserve Bank of Kansas City on November 21, by the Federal Reserve Banks of St. Louis and San Francisco on November 24, by the Federal Reserve Banks of New York, Atlanta, and Minneapolis on November 25, 1942, and by the Federal Reserve Banks of Boston, Richmond,

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and St. Louis today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated November 25, 1942, from Mr. Smead, Chief of the Division of Bank Operations, submitting the resignation of Miss Mildred C. Milles as a clerk in that Division, to become effective as of the close of business on December 7, 1942, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

Telegram to Mr. Fleming, President of the Federal Reserve Bank of Cleveland, reading as follows:

"Reference letter November 23, Board approves appointment of Francis A. Mekus as assistant examiner. Please advise salary and date appointment becomes effective."

Approved unanimously.

Letter to Mr. Meyer, Assistant Cashier of the Federal Reserve Bank of Chicago, reading as follows:

"In accordance with your request of November 9, 1942, the Board of Governors approves the payment of salaries to Walter E. Hoadley, Jr., Statistician and Analyst, Research and Statistics Department, at the rate of \$3,800 per annum, and Arthur C. Zimmerman, General Man (Sr.), Personnel Department, at the rate of \$3,900 per annum, which are \$200 and \$400 respectively, in excess of the maximum annual salaries provided in the personnel classification plan for these positions."

Approved unanimously.

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

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"This refers to the Board's letter of October 1, 1942, (S-562), with respect to the computation of guarantee fees payable to the Guarantor in cases where the first advance is made by the Financing Institution prior to the actual execution of the guarantee agreement. A question has arisen as to the interpretation of the Board's letter in view of the provisions of section 11 of the standard form of guarantee agreement dated May 14, 1942.

"Under the provisions of the standard form of guarantee agreement, the Financing Institution's obligation for the payment of guarantee fees would not ordinarily begin before the date of execution of the guarantee agreement. In cases where for any reason it is necessary to make an advance a day or two prior to the execution of the guarantee agreement and this advance is to be covered by the terms of the guarantee, it may be possible to provide by appropriate language in the guarantee agreement either that the effective date of the agreement shall be the date of the advance or that the advance in question shall be covered by the guarantee agreement, in which event the computation of the guarantee fee would begin with the date of the advance. Unless this is done, however, the guarantee fee should not cover any period prior to the date on which the Guarantor becomes obligated to purchase the specified percentage of the loan, which ordinarily will be the date of execution of the guarantee agreement.

"We have conferred with the War Department, Navy Department, and Maritime Commission with respect to this matter, and they are in agreement with the views expressed above."

Approved unanimously.

Letter to Mr. Trimble, Assistant General Counsel of the Federal Reserve Bank of New York, reading as follows:

"This refers further to your letter of October 21, 1942, enclosing a copy of a letter from the firm of Davis Polk Wardwell Sunderland & Kiendl of the same date, with respect to the inclusion in all guarantee agreements of certain provisions which were included in the guarantee agreement executed with respect to the loan made to General Motors Corporation.

"As you have heretofore been advised, this matter was referred to the War Department and the Navy Department with letters dated October 27, 1942. We have now received advice

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"from the Navy Department that, since the mandatory and optional conditions were adopted by the War Department, Navy Department and Maritime Commission in standard form, and in view of the fact that a complete revision of the form of guarantee agreement is now pending, it is not felt advisable at this time to approve any modification in any of the mandatory or optional conditions until such time as a new form of guarantee agreement is adopted as standard for all three Services. Informal advice to the same effect has likewise been received from the War Department."

Approved unanimously, with the understanding that copies of the letter would be sent to Mr. Mitchell of the Navy Department and Colonel Cleveland of the War Department.

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

"Referring to the Board's letter of August 20, 1942, (S-542), it will be appreciated if you will mail so as to reach the Board not later than February 1, 1943, a copy of the 1943 budget for the bank examination and the statistical and analytical functions. Please submit these statements on Form B-1318a and B-1318b, separately for the Head Office and for each of your Branches, if any, and for the Head Office and Branches combined. In addition, please submit with each budget a memorandum setting forth briefly the reasons for the principal increases and decreases in the budget estimates for 1943 as compared with actual expenses in 1942. "A supply of Forms B-1318a and B-1318b is enclosed."

Approved unanimously.

Thereupon the meeting adjourned.

Chesster Mowbray
Secretary.

Approved:

W. A. R. R. R.
Chairman.