

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, December 5, 1942, at 11:00 a.m.

PRESENT: Mr. Eccles, 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 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 December 4, 1942, were approved unanimously.

Letter to the board of directors of the "Curwensville State Bank", Curwensville, Pennsylvania, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H and the following special condition, 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 Philadelphia:

"4. Prior to admission to membership, such bank, if it has not already done so, shall charge off or otherwise eliminate estimated losses of \$1,142.13, as shown in the report of examination of such bank as of October 5, 1942, made by an examiner for the Federal Reserve Bank of Philadelphia."

The letter also contained the following special comment:

"It appears that the bank possess certain powers which are not being exercised and which are not necessarily required in the conduct of a banking business, such as the power to act as surety in certain circumstances. Attention is invited to the

12/5/42

"fact that if the bank desires to exercise any powers not actually exercised at the time of admission to membership, it will be necessary under condition of membership numbered 1 to obtain the permission of the Board of Governors before exercising them. In this connection, the Board understands that there has been no change in the scope of the corporate powers exercised by the bank since the date of its application for membership."

Approved unanimously, together with a letter to Mr. Williams, President of the Federal Reserve Bank of Philadelphia, reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of the 'Curwensville State Bank', Curwensville, Pennsylvania, for membership in the Federal Reserve System, subject to the conditions prescribed in the enclosed letter which you are requested to forward to the Board of Directors of the institution. Two copies of such letter are also enclosed, one of which is for your files and the other of which you are requested to forward to the Secretary of Banking for the Commonwealth of Pennsylvania for his information.

"It is assumed that you will follow the matter of the bank's bringing into conformity with the provisions of law and the Board's regulations the practices with respect to the payment of interest on time certificates of deposit."

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

"There is enclosed a copy of a letter we have received from the Treasurer of the League Credit Union of St. Paul, Minnesota, requesting information regarding the possibility of a Credit Union becoming a member of the Federal Reserve System. Copies of the enclosures in the Treasurer's letter are no doubt in your possession or can readily be obtained by you and, accordingly, we are not enclosing copies of these enclosures.

"You will recall that under date of August 6, 1942, we wrote you a letter discussing in detail the question of possible membership in the Federal Reserve System of Credit Unions. It will be appreciated if in the light of the discussion contained in that letter you will communicate with the Treasurer of the League Credit Union and advise him of the Board's position in the matter.

-3-

12/5/42

"As you know, a copy of the letter we wrote you on August 6 was forwarded to all of the Federal Reserve Banks with the request that if they should receive in their districts any indication of an interest in or need for membership by Credit Unions we would like to be advised, but we have not received any indication of any such interest or need from the other Federal Reserve Banks."

Approved unanimously.

Letter to Mr. C. W. Warburton, Deputy Governor of the Farm Credit Administration, United States Department of Agriculture, reading as follows:

"This refers further to that part of your letter of December 20, 1941 relating to enforcement of Regulation W in so far as institutions subject to supervision and examination of the Farm Credit Administration are concerned.

"Subsequent to the receipt of your letter, the Board has adopted a comprehensive program for the enforcement of Regulation W. For your information in this connection, there is enclosed a copy of a letter dated May 28, 1942 which the Board has forwarded to the Presidents of all the Federal Reserve Banks, together with an outline of the enforcement program. In view of the interest of the Department of Justice in matters of this kind, this program has been cleared by the Board with that Department. In this connection, there is enclosed a copy of a letter the Board has received from the Department of Justice, together with a copy of a circular which that Department has sent to all of its United States Attorneys.

"In order to avoid duplication of steps to discover violations of the regulation, the Board would like to have the cooperation of the Farm Credit Administration with respect to any violations which may occur in institutions subject to its supervision and examination. It is understood that these institutions include the Federal Land Banks (acting on their own behalf and on behalf of the Land Bank Commissioner and the Federal Farm Mortgage Corporation), the Production Credit Associations, the Banks for Cooperatives, the Federal Intermediate Credit Banks, and the Regional Agricultural Credit Corporations. Specifically, we would like to have the cooperation of the Farm Credit Administration along the following lines:

1. Take such steps as you deem appropriate in the examination of such institutions to determine whether violations of Regulation W exist;
2. If violations are discovered which in the opinion of representatives of your Administration

-4-

"are inadvertent take steps to obtain correction of the violations along the lines which it is contemplated will be taken by the Federal Reserve Banks in similar circumstances under section IIIA of the enclosed outline of enforcement program; and

3. If violations are discovered which in the opinion of representatives of your Administration are apparently willful and steps should be taken to determine whether penalties should be prescribed report the facts in the case to the Federal Reserve Bank of the district in which the apparently willful violation occurs.

"In carrying out the above program, we would like to have representatives of your Administration and appropriate representatives at the various Federal Reserve Banks maintain close informal contacts in order that the Federal Reserve Bank representatives may be of all possible assistance to you in your cooperation with us in this matter."

Approved unanimously.

Letter prepared for the signature of Chairman Eccles to Honorable Leon Henderson, Administrator of the Office of Price Administration, reading as follows:

"This will reply to your letter dated November 25, which, however, did not reach my office until November 30. In your letter you advise that it is your plan to have nation-wide ration banking in operation at an early date and would like our views on the proposed plan of clearing ration checks. Since the Federal Reserve System would play a major role in the proposed scheme of ration check clearing, we shall be very glad to give this matter our prompt and careful consideration.

"Governor M. S. Szymczak has been designated by the Board to take charge of this work. By way of anticipation, we have already called an early meeting of the System Committee on Collections, consisting of five experienced operating officials selected from among the twelve Federal Reserve Banks. The Committee includes Mr. Willis of the Federal Reserve Bank of New York, who has participated in some of the recent discussions with members of your organization respecting the proposed plan. We expect the Committee to meet within the next

12/5/42

-5-

"few days, and it is planned that members of your staff will be asked to join in some of the meetings.

"It is our desire to cooperate to the utmost in devising the most workable, expeditious and economical plan for carrying on this important work."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

W. S. ...
Chairman.