

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, December 7, 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 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 5, 1942, were approved unanimously.

Memoranda dated December 2, 1942, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that the salaries of Roland I. Robinson, Senior Economist, and Kenneth B. Williams, an Associate Economist, in that Division, be increased from \$5,400 and \$5,000 to \$6,000 and \$5,600 per annum, respectively, effective December 16, 1942.

Approved unanimously.

Letter to the board of directors of the "William Penn Bank of Commerce", Pittsburgh, Pennsylvania, 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.

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The letter also contained the following special comment:

"It appears that the bank possesses 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 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 the 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. Fleming, President of the Federal Reserve Bank of Cleveland, reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of the 'William Penn Bank of Commerce', Pittsburgh, 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 has been noted that the F.D.I.C. supervising examiner has for a long time considered the institution a problem bank and feels that its management should be strengthened, this opinion being concurred in by State banking authorities. Your examiner who made the examination for membership expressed the opinion that the ability of the chief executive officer had not been proved. The Board understands that you have given full consideration to the question of management and that you feel reasonably certain that the present management will prove satisfactory. Nevertheless, it is felt that the situation will require constant and careful supervision by your office until the ability of the management has been demonstrated.

"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 savings account listed on page 16 of the report of examination for membership."

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

"This refers to your letter of November 23, 1942, with regard to the proper interpretation of mandatory condition (D) in connection with Regulation V loans.

"It is our view that the first sentence of this condition refers to security which is taken specifically as collateral for the Regulation V loan and which has been or is thereafter given specifically as collateral for other loans to the Borrower. We also agree generally with your interpretation of the second sentence of the condition. However, it has not been possible to date to obtain a formal interpretation of the language of the condition from the Services, but the matter is still under consideration.

"We enclose herewith for your information in this connection copies of correspondence between the War Department and another Federal Reserve Bank, which includes a statement of the War Department's position with respect to a specific case arising under condition (D).

"In the discussions with the Services which are now being held with regard to the proposed revision of the guarantee agreement, we have brought your letter to their attention and it is expected that the provisions on this subject as included in the revised form will be considerably changed.

"We appreciate your writing us about the matter in order that we could put the problem before the Services."

Approved unanimously.

Letter to the Comptroller of the Currency, reading as follows:

"It is respectfully requested that you place an order with the Bureau of Engraving and Printing, supplementing the order of June 17, 1942, for printing of Federal Reserve notes of the 1934 series of the Federal Reserve Bank of Dallas in the following amounts and denominations:

<u>Denomination</u>	<u>Number of sheets</u>	<u>Amount</u>
5's	250,000	\$15,000,000
10's	170,000	20,400,000
20's	125,000	30,000,000
50's	10,000	6,000,000"

Approved unanimously.

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It was agreed unanimously that, in accordance with the policy adopted for all Government agencies, the Board's offices would be closed on Christmas Day and that New Year's Day would be a full working day.

Thereupon the meeting adjourned.

Chester Morie  
Secretary.

Approved:

W. S. Currier  
Chairman.