

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, December 14, 1942, at 4:45 p.m.

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

Mr. Morrill, Secretary  
Mr. Carpenter, Assistant Secretary  
Mr. Clayton, Assistant to the Chairman  
Mr. Dreibelbis, General Attorney

Mr. Dreibelbis made substantially the following statement:

I talked this morning with Mr. Cox, Assistant Solicitor General of the Department of Justice, with respect to the attempt of the District of Columbia to tax the Board's building. Mr. Douglas Maggs, attorney in the Department, was called in by Mr. Cox to participate in the discussion. I told Mr. Cox that the Board still felt that it did not want to seek legislation to exempt its building from taxation, and the discussion was based on the assumption that such a course would not be followed.

Messrs. Cox and Maggs were favorably inclined to the suggestion that we attempt to get the situation with respect to the Board's building clarified by having a statement made in the Committee report on the pending bill which would exempt from taxation by the District of Columbia all property of the United States, and it was agreed that this course should be followed. Mr. Cox did not like the suggestion that the Board undertake to get quitclaim deeds from the Federal Reserve Banks for the purpose of removing any possible question of the ownership of the building, for the reason that such a course would be an indication of weakness in the Board's position.

I also raised the question of the employment of outside counsel who was familiar with procedure in the District of Columbia and could look at the case from the standpoint of the District Government, but Mr. Cox felt that that would be a sign of weakness also, particularly in view of the fact that the Board's position is that it is an agency of Government and the position could be taken that the case should be handled within the Government.

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Mr. Cox raised the question as to the desirability of an opinion of the Attorney General, and I stated that we would like very much to have one. Thereupon, Mr. Cox said that such an opinion could be requested by the White House through the Budget Bureau on behalf of the Board, and he indicated that the Department of Justice would expect the Board to make such a request.

We then discussed the steps that might be taken if the District offered the building for sale, and I stated that a policy of taking no action appealed to me. Messrs. Cox and Maggs recognized the value of that course but indicated a feeling, for reasons which they outlined, that the Department of Justice should institute an injunction proceeding before the building was actually offered for sale.

Upon my return to the office I found that the bill exempting from taxation all property in the District of Columbia belonging to the United States had been passed, and I called Mr. Maggs and advised him accordingly. The present understanding is that we will turn over to Mr. Maggs all of the documents available on the matter and collaborate with him in the preparation of the case, and that he will handle for the Department of Justice whatever proceedings are instituted.

Question was raised whether the Board should inform counsel for some of the Federal Reserve Banks of the developments in the case and ask their advice in the matter, and the decision on this point as well as on the question whether outside counsel should be employed was referred to Messrs. Ransom and Dreibelbis with power to act.

At this point, Mr. Ransom left the meeting and upon his return stated that he had just been informed that action had been taken by the District Commissioners to remove the Board's building from the list of property being advertised for sale for the nonpayment of taxes.

Mr. Dreibelbis then withdrew from the meeting, and the action stated with respect to each of the matters hereinafter referred to was then taken by the Board:

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The minutes of the meeting of the Board of Governors of the Federal Reserve System held on December 12, 1942, were approved unanimously.

Letter to Mr. Gilbert, President of the Federal Reserve Bank of Dallas, reading as follows:

"Reference is made to your letter of December 10, 1942, in which it is noted that the First National Bank of Alpine, Brewster County, Texas, has made formal application to be transferred from the territory served by the San Antonio Branch to that served by the El Paso Branch and that your investigation shows that the proposed transfer will result in better service to that bank. It is noted also that this is the only bank in Brewster County.

"In view of the foregoing, the Board approves the transfer of Brewster County, Texas, from the San Antonio Branch territory to the El Paso Branch territory, the specific date of transfer to be fixed at the discretion of your board of directors in connection with its formal action on the application. Please advise the Board of Governors the exact date of transfer."

Approved unanimously.

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

"There is attached a memorandum from the War Department, dated December 7, 1942, setting forth the procedure to be followed in the future in making amendments to executed guarantee agreements.

"We have been advised that the procedure outlined in the War Department memorandum will be satisfactory to the Navy Department and to the Maritime Commission.

"The Federal Reserve Bank of New York has furnished us with a copy of a form it proposes to use in effecting changes, other than changes in the amount of the loan, in guarantee agreements. This form, a copy of which will be sent to you under separate cover, has been reviewed by representatives of the War Department, Navy Department, and Maritime Commission, and they are all in agreement that this constitutes a very satisfactory form of supplemental agreement for use in the class of cases referred to in paragraphs 5 and 6 of the enclosed War Department memorandum."

Approved unanimously.

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Telegram to the officers at the Federal Reserve Banks in charge of pay roll savings reports, reading as follows:

"Relets S-429 and S-435 regarding reporting information on pay roll savings plan, our understanding is that Item 1 of report need not include (a) part-time employees, (b) intermittent employees who work only at irregular intervals and, (c) those employed on a strictly temporary basis, say for a period not in excess of 60 days; and that Item 2 should represent salaries of regular employees before deductions for retirement system contributions, group insurance, or other purpose, but need not include supplemental compensation, overtime, and supper money. Please advise whether your reports in general adhere to above and cover Series E War Savings bonds only."

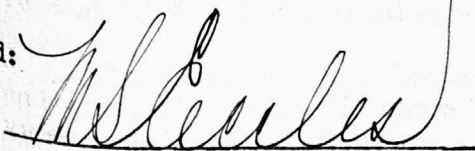
Approved unanimously.

Memorandum dated December 9, 1942, from Mr. Leonard, Director of the Division of Personnel Administration, submitting a form of questionnaire which, if approved by the Board, it was proposed to circulate among the Board's employees to obtain their preferences as to working hours. The memorandum stated that the reason for requesting approval of the circulation of the questionnaire was that it was felt it should not be circulated at this time unless the Board was prepared to give favorable consideration to the general preference of the employees as reflected in the replies.

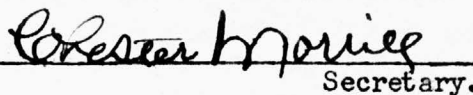
The circulation of the questionnaire was approved unanimously.

Thereupon the meeting adjourned.

Approved:



Chairman.



Secretary.