

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, February 13, 1943, at 11:30 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. Szymczak
Mr. McKee
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 February 12, 1943, were approved unanimously.

Memorandum dated February 11, 1943, from Mr. Paulger, Chief of the Division of Examinations, recommending that, effective as of the date upon which he enters upon the performance of his duties after having passed satisfactorily the usual physical examination, Carl V. Adams be appointed as an Assistant Federal Reserve Examiner on a temporary basis for an indefinite period, with basic salary at the rate of \$3,000 per annum, and with official headquarters at Chicago, Illinois.

By unanimous vote, Mr. Carl V. Adams was appointed on a temporary basis for an indefinite period as an examiner to examine Federal Reserve Banks, member banks of the Federal Reserve System, and corporations operating under the provisions of Sections 25 and 25(a) of the Federal Reserve Act, for all purposes of the Federal Reserve Act and of all other acts of Congress pertaining to examinations made by, for, or under the direction of the Board of Governors of the

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Federal Reserve System, and was designated as an Assistant Federal Reserve Examiner, with official headquarters at Chicago, Illinois, and with basic salary at the rate of \$3,000 per annum, all effective as of the date upon which he enters upon the performance of his duties after having passed satisfactorily the usual physical examination.

Memorandum dated February 10, 1943, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that Mrs. Franc S. Valentine be reappointed as a clerk-stenographer in that Division, with basic salary at the rate of \$1,920 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed satisfactorily the usual physical examination.

Approved unanimously.

Memorandum dated February 4, 1943, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that the salary of Miss Lucille Barnett, a clerk in that Division, be increased from \$1,920 to \$2,040 per annum, effective February 16, 1943.

Approved unanimously.

Memoranda dated February 11, 1943, from Mr. Paulger, Chief of the Division of Examinations, submitting the resignations of Donald C. Niles and Edward S. Myers as Assistant Federal Reserve Examiners, to become effective as of the close of business on March 23 and March 10, 1943, respectively, and recommending that the resignations be accepted as of those dates.

The resignations were accepted.

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Letter to Mr. Paddock, President of the Federal Reserve Bank of Boston, reading as follows:

"In accordance with the request contained in your letter of February 9, 1943, the Board approves the appointment of Lester H. Sellers as an assistant examiner for the Federal Reserve Bank of Boston. Please advise us of the date upon which the appointment becomes effective.

"With reference to the indebtedness of Mr. Sellers as represented by a loan in his wife's name and held by the Arlington Trust Company of Lawrence, it is assumed that this obligation will be placed on a regular reduction basis, if such is not already the case."

Approved unanimously.

Letter to Mr. Treiber, Secretary of the Federal Reserve Bank of New York, reading as follows:

"Referring to your letter of February 5, 1943, the Board of Governors approves the reappointment of Messrs. Arthur G. Nelson, Edward J. Noble, William H. Pouch, and Francis B. Reynolds, as members of the Industrial Advisory Committee for the Second Federal Reserve District to serve for terms of one year each beginning March 1, 1943.

"It is noted that, owing to the continued small volume of applications for 13-b loans, the directors consider it inadvisable at this time to appoint a new member of the Committee to fill the vacancy caused by the death of Mr. Beach in May 1941."

Approved unanimously.

Telegram to Mr. Evans, Vice President of the Federal Reserve Bank of Dallas, reading as follows:

"Retel Board approves designations L. O. Moore, Jr., and Raymond L. Staskey as special assistant examiners."

Approved unanimously.

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

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"Referring to your letter of February 4, 1943, the Board of Governors approves the reappointment of Messrs. Henry D. Nichols, Shannon Crandall, Wakefield Baker, Edmund Hayes, and Walter A. Starr, as members of the Industrial Advisory Committee for the Twelfth Federal Reserve District to serve for terms of one year each beginning March 1, 1943."

Approved unanimously.

Letter to Mr. Norman D. Jordan, Executive Manager of the Michigan Merchants Credit Association, Detroit, Michigan, reading as follows:

"This will acknowledge your letter of February 3, 1943, concerning what you refer to as proposed amendments of Regulation W.

"Your letter was no doubt prompted by word of an inquiry the Board sent January 1, 1943 to a number of trade associations requesting information concerning so-called 'add-on' credit. It apparently was not made clear to you that the Board has no proposal for change in the regulation before it and the inquiry was designed only to bring forth information on a subject that has been under study ever since the regulation was adopted.

"As you know, this matter is at the heart of the instalment selling business and we feel that we must know as much as possible about it if we are to administer the regulation effectively.

"Your letter gives some indication that you may possibly have the impression that there were three proposals, all of which might be adopted at the same time. Actually these were alternative steps, one of which might be taken at some time in the future and we wanted to get a reaction as to what the trade associations thought about these various methods and about any other methods they would care to discuss. Incidentally, we assume that the statement on page 4 of your letter that instalment buying has increased nearly 40 per cent is a typographical error.

"The Board is at all times glad to receive comments on Regulation W and careful consideration will be given to the ideas you have expressed and the information you have furnished."

Approved unanimously.

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Letter to Mr. Knoke, Vice President of the Federal Reserve Bank of New York, reading as follows:

"As requested in your letter of February 11, the Board has increased to a total of \$750,000,000 the authority heretofore given to your bank to purchase United States Government securities for the account of foreign central banks and governments."

Approved unanimously.

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

"This refers to your letter of December 22, advising that there is a possibility of inconsistency in your reports of branch changes on Form F.R. 412 because of doubt in certain cases as to whether an office established in a military camp should be considered a branch.

"As you know, the 'banking facilities' which are being provided at military reservations through arrangements made by the Treasury Department with banks designated as depositaries and financial agents of the Government perform functions similar to those of regularly authorized branches. Moreover, these facilities are in several instances being provided through previously existing branches. In these circumstances, it has been decided that in our published figures we should not attempt to segregate the 'banking facilities' from branches operating at military reservations; and we will include all offices at such places in a separate category as 'branches and additional offices at military reservations'.

"We have arrangements with the Treasury Department to be advised of all instances where banks, by virtue of their designations as depositaries and financial agents of the Government, are authorized to provide banking facilities at military reservations. On the basis of this and other information, we have prepared and there are enclosed two copies of a list of branches and additional offices at military reservations. It will be appreciated if you will advise us whether, according to information you have available, the list appears to be correct in so far as your district is concerned. Supplements to the enclosed list will be sent to you from time to time as additional information is received.

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"It will also be appreciated if you will continue to report monthly on Form F.R. 412 the establishment of all additional offices, including 'banking facilities' authorized by the Treasury, which come to your attention."

Approved unanimously, together with a similar letter to the Presidents of all the Federal Reserve Banks except Richmond.

Letter to Mr. McLarin, President of the Federal Reserve Bank
of Atlanta, reading as follows:

"Thank you for your letter of February 8, 1943, enclosing a copy of your letter to Mr. Bell regarding your endeavor further to decentralize fiscal agency operations by installing complete fiscal service at your limited-power branches.

"Recently, another Reserve Bank made arrangements to expand the fiscal agency operations at its branches and found it necessary to substitute certain other equipment for the I.B.M. machines originally desired because of the scarcity of such machinery. This Bank also located some used adding machines on which no preference rating was required. After discussions in Washington with representatives of the Treasury and of the War Production Board the Bank was able to obtain priority assistance on a minimum quantity of equipment necessary to do the work."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morris
Secretary.

Approved:

d: W. S. Lewis
Chairman.