

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, March 22, 1943, at 11:00 a.m.

PRESENT: Mr. Ransom, Vice Chairman
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 herein-after referred to was taken by the Board:

Letter to the "Commercial National Bank of Kinston", Kinston, North Carolina, reading as follows:

"The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers, and grants you authority to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of North Carolina, the exercise of all such rights to be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

"This letter will be your authority to exercise the fiduciary powers granted by the Board pending the preparation of a formal certificate covering such authorization, which will be forwarded to you in due course."

Approved unanimously.

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

"You will find enclosed copy of a War Department memorandum, dated March 17, 1943, signed by Colonel John C. Mechem, Chief, Advance Payment and Loan Branch, with further

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"reference to guarantees and loans made by Federal Reserve Banks under the decentralization of authority granted by the War Department.

"A copy of Colonel Mechem's memorandum is being sent to each Liaison Officer."

Approved unanimously.

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

"This is with reference to your letters of February 27, 1943 and March 4, 1943, concerning the application of Regulation W to 'contract accounts'.

"As you know from discussions with Mr. Bonnar Brown when he was in Chicago, the staff has been working on a possible amendment to the regulation to take care of this problem of 'contract sales'. Enclosed for your comment and criticism is a tentative draft, not yet considered by the Board or submitted to any other Federal Reserve Bank, which would have the effect of exempting business of this kind. You will note that it also covers certain sales by manufacturers and wholesalers which, while technically subject to the regulation, are doubtless being handled quite generally as exempted transactions. We should like to have your opinion on the proposed revision both as to substance and form. In this connection, you will wish to consult Mr. Kemper and perhaps other interested persons in the trade, with the understanding of course that in this preliminary stage any public reference to the matter is to be avoided.

"We agree with the conclusion mentioned in your letter of March 4, 1943 to the effect that flashlights are listed articles on the basis of their inclusion in Group A-28 (Portable lights, etc.). In connection with the inquiries mentioned in that letter, you may wish to call the attention of your correspondents to the fact that sales of goods that become the property of the Defense Plant Corporation would be exempt under the terms of section 8(1), Credit to Governmental Agencies and Religious, Educational or Charitable Institutions."

Approved unanimously.

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Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved: Ronald Johnson
Vice Chairman.