A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, April 27, 1943, at 11:30 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 herein-after referred to was taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on April 26, 1943, were approved unanimously.

Memorandum dated April 22, 1943, from Mr. Morrill, recommending that, effective May 1, 1943, (1) Mrs. Fannie A. Kramer, a clerk-stenographer in the Correspondence and Publications Section of the Secretary's Office, be transferred to the position of accounting clerk in the Accounting Section on a temporary basis for an indefinite period, with an increase in her salary from $1,860 to $2,000 per annum, (2) Miss Adala Boculis, a stenographer in the Secretary's Office, be transferred to the position of clerk in the Accounting Section on a temporary basis for an indefinite period, with an increase in her salary from $1,620 to $1,800 per annum, and (3) the salary of Miss Susie T. Oros, a clerk in the Accounting Section, be increased from $1,620 to $1,800 per annum.

Approved unanimously.
Memorandum dated April 24, 1943, from Mr. Goldenweiser, Director of the Division of Research and Statistics, submitting the resignation of Mrs. Amy Krohn as a clerk-stenographer in that Division, to become effective as of the close of business on April 24, 1943, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

Memorandum dated April 26, 1943, from Mr. Morrill, recommending, for the reason stated in the memorandum, that Elwood P. Watts, a laborer in the Secretary's Office, be separated from service effective as of the close of business on April 16, 1943.

Approved unanimously.

Memoranda of this date from Mr. Morrill, recommending, for the reasons stated in the memoranda, that Mrs. Pauline Warmke and Mrs. Henrietta Waldman, cafeteria helpers in the Secretary's Office, be separated from service effective as of the close of business on April 24 and 26, 1943, respectively.

Approved unanimously.

Letter to Mr. Grady, Chairman of the Federal Reserve Bank of San Francisco, reading as follows:

"Further reference is made to your letter of November 21, 1942, regarding the actions taken or contemplated by your directors in connection with the resolutions adopted at the Conference of Chairmen on October 5, 1942. The information contained in your letter with respect to Topic 2, 'Relationship of Reserve Bank Auditors' (pages 10-11), did not indicate clearly whether your practice conformed to the resolution adopted at the Chairmen's Conference nor make specific reference to the eight points in the Statement of Principles, a copy of which is enclosed. In
my letter of January 4 inquiry was made (page 5) concerning certain aspects of the matter. During his recent visit, Mr. Clerk went over the Statement of Principles point by point and stated that the procedure and the practice at the Federal Reserve Bank of San Francisco with respect to the relationship of the Auditor are in conformity therewith. Will you please confirm for our records that this is the understanding of your directors regarding the matter?

"With reference to Topic 3, 'Procedure for Reporting Indebtedness of Reserve Bank Officers and Employees', the procedure described in your letter of November 21 did not conform to the suggested procedure as contemplated by the Chairmen's resolution. Mr. Clerk's letter of March 18 transmitted a copy of Office Bulletin No. 31, revised, dated March 18, 1943, relative to a resolution adopted by the directors of your Bank relative to the matter of indebtedness. While the procedure at your Bank, as modified, differs somewhat from that suggested by the Chairmen's Conference, in accordance with our usual custom, the Board's examiners will review the procedure for reporting indebtedness of officers and employees at the time of their next examination and discuss the matter further with you at that time. For your information in this connection, the Board of Governors approved, among others, the resolution adopted at the Conference relative to the procedure for reporting indebtedness of Reserve Bank officers and employees. Enclosed for convenient reference is a mimeographed copy of the suggested procedure entitled 'Reports of Personal Indebtedness, etc.'

"We appreciate very much the information you and Mr. Clerk have furnished us and wish to assure you of our interest in learning of the further developments at your Bank regarding the various matters discussed at the Chairmen's Conference."

Approved unanimously.

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

"Referring to the Board's letter of November 24, 1942, S-591, wires as of the fifteenth of each month giving figures for number and amount of applications for industrial advances and commitments since date of the last monthly report on Form F. R. 417, may be discontinued."

Approved unanimously.
Telegram to Mr. Clerk, First Vice President of the Federal Reserve Bank of San Francisco, reading as follows:

"Your wire April 19 re purchase of 2 per cent depositary bonds issued under Treasury Circular 660. Board understands that in return for certain services provided by bank Treasury agrees to place deposit balance with the bank and to give it the privilege of investing such balance in 2 per cent depositary bonds. Instructions of Treasury (Form No. 387) provide three methods of payment for such purchases. Where bonds are paid for (1) by order on Federal Reserve Bank or (2) by draft or officer's check, no deposit is involved in the purchase. The third method of payment is authorization to the Treasury to purchase bonds with public monies authorized to be deposited with purchasing bank. Where this method used, it appears that funds are first placed to credit of the bank by the Treasury and then used in making payment for the bonds. In such case, Board is of opinion that deposit payable to the United States is not one which arises as the result of subscriptions for Government securities and is therefore not exempt from reserve requirements under Act of April 13, 1943."

Approved unanimously, together with the following telegram to Mr. Earhart, Vice President of the Federal Reserve Bank of San Francisco:

"Retel April 20, Board agrees that the first deposit account described is exempt from reserve requirements and the three others are not exempt. Account No. 1 is specifically covered by Board's April 17 telegram. Account No. 2 presumably stands in the name of the issuing agent and is not therefore 'payable to the United States' even though the funds in due course will have to be remitted to the Federal Reserve Bank as fiscal agent. Accounts No. 3 and 4 presumably stand in name of employer and apparently also are not 'payable to the United States'. However, when the bank debits the 'Special account or suspense account' (Account No. 4) and credits the proceeds to 'Series E Bond Account', the funds become 'payable to the United States' and exempt from reserve requirements, even though actual issue of bonds is deferred until receipt of schedule of owners."

Unanimous approval was also given to a letter to the Presidents of all the Federal Reserve Banks transmitting copies of the incoming telegrams from Messrs. Clerk and Earhart and the above replies.
Letter to Mr. Day, Chairman of the Presidents' Conference, Federal Reserve Bank of San Francisco, reading as follows:

"It has been suggested that it would be helpful if, at the next meeting of the Conference of Presidents of the Federal Reserve Banks with the Board of Governors, discussion could be had of:

(1) Participation by representatives of the Board in discussions with the Treasury of fiscal agency matters,

(2) Procedure followed by the Federal Reserve Banks in connection with matters to be taken up with departments or agencies of the Government (see Board's letter of January 24, 1938, S-69), and

(3) Submission to the Board of copies of information exchanged among the Federal Reserve Banks on matters of System importance.

Accordingly it will be appreciated if you will have these items placed on the agenda for the next Presidents' Conference."

Approved unanimously.

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

"Receipt is acknowledged of your letter of April 22, 1943, requesting that the Board designate a person to represent the Federal Reserve Bank of Chicago in witnessing the mutilation of a plate bearing the facsimile signature of Mr. Alfred T. Sihler, Vice President, which has been used in signing checks drawn on the Treasurer of the United States in payment of Series E War Savings bonds sent in for redemption.

"The Board has designated Mr. John DeLaMater of the Division of Bank Operations to represent your Bank in witnessing the mutilation of the plate and is today informing the Assistant Treasurer of the United States of this appointment.

"Advice will be furnished you when the mutilation of the plate has been witnessed."

Approved unanimously.
Thereupon the meeting adjourned.

Signed:

[Signature]
Chairman.

[Signature]
Secretary.