

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, August 28, 1943, at 11:00 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. Szymczak
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 August 27, 1943, were approved unanimously.

Memorandum dated August 27, 1943, from Mr. Morrill, submitting the resignation of Mrs. Maude Ellis as a charwoman in the Secretary's Office, to become effective as of the close of business on September 17, 1943, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

Letter to the board of directors of the "Lockport Exchange Trust Company", Lockport, New York, stating that, subject to conditions of membership numbered 1 to 6 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 New York.

8/28/43

-2-

Approved unanimously, together with a letter to Mr. Sproul, President of the Federal Reserve Bank of New York, reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of the 'Lockport Exchange Trust Company,' Lockport, New York, 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 Superintendent of Banks for the State of New York for his information.

"Standard condition of membership numbered 6 has been prescribed in order that its provisions may be invoked at any time in the future if necessary, but as in other cases and in accordance with the general authorization previously granted by the Board, you are authorized to waive compliance with the condition until further notice insofar as the condition applies to funds which are given statutory preference in the State of New York."

Memorandum dated August 25, 1943, from Mr. Ransom and Mr. Parry, Chief of the Division of Security Loans, submitting and recommending the adoption, effective immediately and for the reasons stated in the memorandum, of the following Amendment No. 10 to Regulation W, Consumer Credit:

"Amendment No. 10 to Regulation W

"Regulation W is hereby amended in the following respects, effective September 1, 1943:

"1. By striking out the figure \$5.00 in section 5(f) and inserting in lieu thereof the figure \$10.00 so that section 5(f) will read as follows:

(f) 'Authorization' of Small Items. - In case a Registrant makes a charge sale of a listed article the cash price of which is \$10.00 or less, he shall not be deemed to have violated section 5(b) if the person authorizing such sale on behalf of the Registrant acts in good faith without knowledge that the customer's charge account is in default, provided the Registrant, promptly upon discovery that such charge account is in default and in any event within 15 days from the date of sale, makes a request of the customer that he either return the article or else pay for it in full immediately.

8/28/43

-3-

"2. By adding at the end of the first paragraph of section 12(m) entitled 'Cycle Billing' the following sentence: Such provisions shall be applicable also to any Registrant who shall have established such a system after having received from the Federal Reserve Bank of his district a notification which is still in force stating that the Federal Reserve Bank is satisfied (1) that the system is intended to effectuate operating economies with respect to manpower or office machinery and (2) that its adoption is not for the purpose of circumventing this regulation."

The amendment was adopted by unanimous vote, to become effective on September 1, 1943, with the understanding that the Federal Reserve Banks would be advised by wire of the Board's action and would be requested to have the amendment printed and distributed to interested persons, and that on August 30, 1943, a statement in the form attached to the memorandum would be given to the press for immediate release.

Thereupon the meeting adjourned.

Robert M. Miller
Secretary.

Approved:

W. S. C. C. C. C.
Chairman.