

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, March 24, 1944, at 11:30 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 March 23, 1944, were approved unani-
mously.

Telegrams to Messrs. Treiber and Clouse, Secretaries of the Federal Reserve Banks of New York and Cleveland, respectively, Mr. Leach, President of the Federal Reserve Bank of Richmond, Messrs. Dillard and Stewart, Secretaries of the Federal Reserve Banks of Chicago and St. Louis, respectively, Mr. Ziemer, Vice President of the Federal Reserve Bank of Minneapolis, Mr. Caldwell, Chairman of the Federal Reserve Bank of Kansas City, Mr. Gilbert, President of the Federal Reserve Bank of Dallas, and Mr. Hale, Secretary of the Federal Reserve Bank of San Francisco, stating that the Board approves the establishment without change by the Federal Reserve Banks of

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Chicago, St. Louis, and San Francisco on March 21 and by the Federal Reserve Banks of New York, Cleveland, Richmond, Minneapolis, Kansas City, and Dallas on March 23, 1944, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

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

"In accordance with the request contained in your letter of March 17, 1944, the Board approves the appointment of Harold E. Schoonmaker as an assistant examiner for the Federal Reserve Bank of Philadelphia. Please advise us of the date upon which the appointment becomes effective."

Approved unanimously.

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

"In accordance with the request contained in your letter of March 20, 1944, the Board approves the designation of E. G. Hudel as a special examiner for the Federal Reserve Bank of Dallas."

Approved unanimously.

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

"Section 117 of the Revenue Act of 1943 (enacted February 25, 1944) added a new subsection (f) to section 54 of the Internal Revenue Code, providing that organizations which are exempted from income taxes by section 101 shall file annual returns of income. There are enclosed for ready reference a copy of section 117, a copy of the pertinent provisions of section 101, and an excerpt from

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"the report of the Ways and Means Committee giving the reasons for the enactment of the new provisions.

"Certain organizations are exempt from this new requirement, including corporations which are instrumentalities of the United States and exempt from Federal income taxes and which are 'wholly owned by the United States or any agency or instrumentality thereof, or a wholly owned subsidiary of such a corporation.' In an informal discussion a representative of the Bureau of Internal Revenue stated the opinion that the Federal Reserve Banks are required to file returns under the new subsection since they are not wholly owned by the United States. However, if it appears desirable to do so, the Board will address a letter to the Commissioner of Internal Revenue requesting a ruling on this question.

"We understand that returns required by the new subsection must be filed by May 15, 1944 for corporations on a calendar year basis. Regulations and the form of return (Form 990, revised) are now in the course of preparation. It is possible that representatives of the Board may have an opportunity to make informal suggestions regarding the form of return, and if this develops it will be our purpose to make such suggestions as we can, even though a letter may have been sent to the Commissioner of Internal Revenue requesting a ruling with respect to the Federal Reserve Banks.

"We will be glad to have any views that you may care to express in this matter as promptly as possible, and by wire if practicable."

Approved unanimously.

Letter to Mr. John D. Hospelhorn, Chairman of the Executive Committee of the National Association of Supervisors of State Banks, Baltimore, Maryland, reading as follows:

"The Board is pleased to know that your Committee has accepted the invitation to luncheon for the 15th of April. The time indicated, 1:00 p.m., will be very satisfactory.

"The Board is also pleased to be advised as to the list of topics which will receive the consideration of

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"your Committee because it is very much interested in several of them.

"In connection with the luncheon, it will be appreciated if you will let us know at your earliest convenience the names of those who will be in your group so that we may arrange the necessary details."

Approved unanimously.

Memorandum dated March 23, 1944, from Mr. Hooff, Attorney, recommending that there be published in the April issue of the Federal Reserve Bulletin statements in the form attached to the memorandum with respect to the following subjects:

Consumer Credit
Amendment to Regulation W
Maximum Credit Values for Used 1942
Automobiles

Foreign Funds Control
Treasury Department Releases

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morris
Secretary.

Approved:

W. C. C. C.
Chairman.