

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, April 10, 1944, at 11:00 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 8, 1944, were approved unanimously.

Memorandum dated April 6, 1944, from Mr. Morrill, recommending that the temporary appointment of Mrs. Vivienne Goebel as a stenographer in the Secretary's Office be made permanent, effective as of the expiration of her present appointment at the close of business on April 13, 1944, with no change in her present basic salary at the rate of \$1,800 per annum.

Approved unanimously.

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

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"The Board of Governors approves, effective April 1, 1944, the changes in the personnel classification plan of the Federal Reserve Bank of Richmond, involving increases in maximum annual salaries for three positions in the cafeteria as submitted with your letter of March 10, 1944. The revised pages for the certificates submitted with your letter of April 4 have been substituted for those sent with the original certificates.

"It will be appreciated if you will submit new Form A pages covering these positions, reflecting the changes as approved by the Board."

Approved unanimously, together with a letter to the Joint Committee on Salaries and Wages transmitting the original and four copies of three certificates of the Federal Reserve Bank of Richmond with respect to the increases in the maximum annual salaries for the three positions mentioned in the above letter.

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

"In accordance with the request contained in your letter of April 6, 1944, the Board approves the designation of John B. Collins and William P. Schwessinger as special assistant examiners for the Federal Reserve Bank of Chicago."

Approved unanimously.

Letter to Mr. Albert J. Williams, Media, Pennsylvania, reading as follows:

"The Federal Reserve Bank of Philadelphia has referred to us your letter of March 29, 1944, concerning Regulation W, a copy of which you sent directly to the Board. You suggest that loans by building and loan associations to shareholders, if fully secured by shares, should be exempted from the limitations imposed by the regulation.

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"The Board has received from time to time a number of proposals to exempt loans which are of the nature of the loans to which you refer -- those secured by savings pass-books, by credit union shares, by securities, and by other readily marketable collateral, including loans secured by building and loan shares. It has never appeared that such exemptions could be reconciled with the anti-inflationary objectives of the regulation. The money that is obtained adds to the general purchasing power of the public and is used to purchase all kinds of goods and services. The regulation's specific object is to restrain the addition of these credit dollars to a purchasing power which is already excessive as compared with the goods and services available. That the individual may dispose of his collateral in one way or another, and achieve the same result in so far as he himself is concerned, is correct, but he won't always do so and furthermore if he does the dollars obtained will be withdrawn from funds available to others.

"You refer to section 8(k) which exempts loans made by life insurance companies fully secured by the cash surrender value of their policies. As you know, such policies usually give their holders absolute contractual rights to obtain loans and the borrowers are not obliged to repay the advances. For these reasons, courts have been inclined to treat the advances as in the nature of deductions or withdrawals from the policyholders' accounts rather than as debts for which their estates would be liable. It is our understanding that this is a condition peculiar to this type of transaction and that it does not apply to loans of the type described in your letter.

"The Board is glad to have questions of this kind discussed fully, and if you wish to go into the matter further, we suggest that you get in touch with the Federal Reserve Bank of Philadelphia."

Approved unanimously.

Letter to Mr. Coffey, Chairman of the Federal Reserve Bank of Minneapolis, reading as follows:

"At the completion of the examination of the Federal Reserve Bank of Minneapolis, made as of February 11, 1944,

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"by the Board's examiners, a copy of the report of examination was left for your information and that of the directors. A copy was also furnished President Peyton.

"The Board will appreciate advice that the report has been considered by the board of directors. Any comments you may care to offer regarding discussions with respect to the examination or as to action taken or to be taken as a result of the examination will also be appreciated."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

W. E. ...

Chairman.