

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, July 13, 1944, at 11:00 a.m.

PRESENT: Mr. Ransom, Vice Chairman
Mr. McKee
Mr. Evans

Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary
Mr. Clayton, Assistant to the Chairman

The action stated with respect to each of the matters hereinafter referred to was taken by the Board:

Bond in the amount of \$10,000, executed under date of July 10, 1944, by Beverley P. Higgason as Alternate Assistant Federal Reserve Agent at the Federal Reserve Bank of Richmond.

Approved unanimously.

Memorandum dated July 10, 1944, from Mr. Bethea recommending that the following increases in basic annual salaries of employees in the Secretary's Office be approved, effective July 16, 1944:

<u>Name</u>	<u>Designation</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
<u>Building Operation and Maintenance</u>			
Thomas R. Deakins	Guard	\$1,560	\$1,620
William Gardner	Guard	1,500	1,560
Rae Brooks	Elevator Operator	1,320	1,380
Robert Carter	Laborer	1,200	1,320
Attie L. Deskin	Charwoman	1,200	1,260
<u>Service Functions</u>			
Raymond C. Twomey	Supervisor, Duplicating and Mails Section	2,500	2,600
Myrtle Henson	Cafeteria Helper	1,260	1,380
Florence McVeary	Cafeteria Helper	1,200	1,260

Approved unanimously.

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Memorandum of this date from Mr. Bethea submitting the resignation of Mrs. Cora King as a charwoman in the Secretary's Office, to become effective as of the close of business on July 5, 1944, and recommending that the resignation be accepted as of that date.

The resignation was accepted as recommended.

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

"In accordance with the requests contained in Mr. Day's letters of July 6, 1944, the Board of Governors approves the payment of salaries to Mr. W. F. Volberg, Assistant Federal Reserve Agent, at the rate of \$6,000 per annum, effective June 1, 1944, and to Mr. J. R. Robinson, Federal Reserve Agent's Representative at the Los Angeles Branch, at the rate of \$3,600 per annum, effective July 1, 1944.

"As requested by Mr. Day, the Board also approves the changes in the personnel classification plan of the Federal Reserve Bank of San Francisco and the Los Angeles Branch, reflecting similar increases in the maximum annual salaries for the positions of Assistant Federal Reserve Agent and Federal Reserve Agent's Representative at the Los Angeles Branch."

Approved unanimously.

Letter to Mr. Neil G. Greensides, Acting Chief of the Division of Examination, Federal Deposit Insurance Corporation, reading as follows:

"In accordance with the request contained in your letter of July 10, 1944, the Board of Governors of the Federal Reserve System hereby grants written consent, pursuant to the provisions of subsection (k)(2) of Section 12B of the Federal Reserve Act, for examiners

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"for the Federal Deposit Insurance Corporation to make an examination of the Bank of Canton, Canton, Georgia, in connection with its application for continuation of insurance after withdrawal from membership in the Federal Reserve System.

"There are no unfulfilled conditions nor incomplete corrective programs with respect to the member bank in connection with which the Board would suggest incorporation of conditions for continuing its status as an insured bank."

Approved unanimously.

Letter to Mr. H. C. Bush, Secretary of the Retail Credit Association of Des Moines, Inc., Des Moines, Iowa, reading as follows:

"This is in answer to your letter of May 3, 1944, and the petition enclosed therewith, as supplemented by your letters of May 10 and July 1, all relating to the question of what treatment is prescribed by the regulation for certain credit sales which are sometimes hard to classify, under the provisions of the regulation, as between the two categories of charge sales and installment sales.

"This question, as you know, has been under study by the Board and the Federal Reserve Banks for a long time, with the result that the Board has recently adopted and sent to all the Federal Reserve Banks a supplementary ruling with respect to the matter. A copy of this ruling is enclosed for your information. According to established practice, each Reserve Bank will give the ruling such distribution in its own district as the Bank may consider necessary or desirable."

Approved unanimously, together with the following letter to the President of all the Federal Reserve Banks:

"The Board has previously ruled (S-485) that it was not objectionable, under Regulation W, for a customer making a purchase in a charge account to choose to make occasional payments before the due date, but it was pointed out that if there is an understanding, agreement, or other arrangement indicating that partial payments are to be

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"made so that the transaction would involve 'instalment credit', the transaction would have to comply with section 4 of the regulation covering instalment sales.

"The Board has been asked for a clarification of this ruling as applied to the following case: A Registrant makes a sale on credit under an agreement which does not expressly provide for instalment payments by the customer. The customer has previously made partial, divided, or serial payments in his account, or, regardless of previous practice, indicates an intention to do so in this instance. However, there is no bilateral understanding between the customer and the Registrant that the customer is required to make payment in such manner; and the transaction is otherwise in conformity with the applicable provisions of the regulation covering 'charge sales', particularly in that a date for full payment has in good faith been specified that is within the maximum maturity for a 'charge sale'.

"The question is whether this transaction must be classified as an 'instalment sale' and consequently treated as required by section 4.

"The Board has ruled that, in this case, the transaction need not be treated as an 'instalment sale'.

"This ruling will be published in the August Federal Reserve Bulletin but any Federal Reserve Bank that wishes to give it any distribution in the meantime is authorized to do so."

Approved unanimously.

Letter to Mr. Ira W. Rubel of Ira Rubel & Company (Accountants), Chicago, Illinois, reading as follows:

"Reference is made to your letter of June 19 concerning the application of Regulation W to approval sales of high-priced musical instruments, such as fine fiddles. We understand that since that time, at our suggestion, the matter has been discussed with you and with others by the Federal Reserve Bank of Chicago.

"Proposals to exempt these or other listed articles from the 'on approval' requirements of the regulation have been presented to the Board before and have been carefully considered in the light of the purposes of the

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"regulation, the purpose of these requirements, and the reasons advanced by proponents of the exemption. In each instance, up to the present time, these reasons have not seemed to the Board to be convincing. They have failed to make it clear why a prospective purchaser contemplating an instalment purchase, on which he is presumably prepared to make the required down payment after a short trial period, will not as a rule be able to deposit the down payment at the time that he takes out the article 'on approval'. The deposit is of course returnable if and when he returns the article within the approval period.

"Is there some special reason why the purchaser of a musical instrument, or any particular kind of musical instrument, is ordinarily so situated as to be unable to meet the same requirement for an 'on approval' transaction as the purchaser of any other listed article? On this question, very little information or argument has as yet been presented to the Board. We suggest that, taking the propriety of a trial period for granted, you amplify your presentation on this point -- with our assurance that the Board will be glad to give it earnest and thorough consideration."

Approved unanimously.

Memorandum dated July 11, 1944, from the Division of Examinations submitting the travel expense voucher for the period June 15 to 25, 1944, of Mr. W. R. Young, an employee of the Federal Reserve Bank of Kansas City who assisted the Board's examiners in the current examination of the Salt Lake City Branch of the Federal Reserve Bank of San Francisco, and recommending, in view of the fact that no other accommodation was procurable at the time and it was necessary for him to accept whatever space was available in order to proceed to his assignment, that the Board approve the payment of the voucher in the full amount of \$168.79, including an additional expenditure of \$4.60 which represented

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the difference in price of a roomette and a standard lower berth, as allowed under the Board's travel regulations, from Denver, Colorado, to Salt Lake City, Utah, and return.

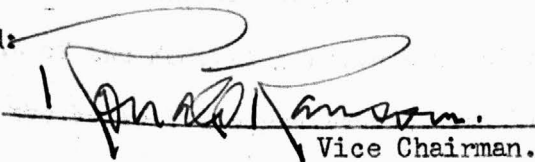
Approved unanimously.

Thereupon the meeting adjourned.



Assistant Secretary.

Approved:


Vice Chairman.