

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, July 15, 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 herein after referred to was taken by the Board:

Memorandum dated July 12, 1944, from Mr. Smead, Director of the Division of Bank Operations, recommending that the following increases in basic annual salaries of employees in that Division be approved, effective July 16, 1944:

<u>Name</u>	<u>Designation</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
Connell, J. J.	Technical Assistant	\$4,200	\$4,400
Mitchell, Willis H.	Supervisor, Call Report Section	3,500	3,700
Walker, F. A.	Senior Clerk	2,900	3,100
Goheen, Loretta M.	Senior Clerk	2,300	2,500
Jones, Marjorie F.	Senior Clerk	2,400	2,500
Sherfy, R. E.	Senior Clerk	2,700	2,900
Smith, Jewell B.	Secretary to Mr. Smead	2,700	2,900
Ball, Margaret K.	Clerk	1,920	2,100
Boyer, Rita S.	Clerk	2,100	2,200
Bryan, Evelyn	Clerk	1,980	2,100
Muehlhaus, Margaret	Secretary to Mr. Van Fossen	2,100	2,300
Callahan, Frank J.	Clerk-typist	2,040	2,160
Conover, Esther W.	Clerk	1,920	2,040
Millican, Thelma C.	Clerk	1,920	2,040
Severud, Esther	Clerk-stenographer	1,920	2,040
Hobson, Dorothy W.	Clerk	1,560	1,680
Collins, Wesley B.	Messenger	1,440	1,500

Approved unanimously.

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Letter to Mr. Creighton, Chairman of the Federal Reserve Bank of Boston, reading as follows:

"This is in reply to your letter of July 12 requesting approval of the payment, as proposed by the directors, of \$15,000 to the Retirement System in order to supplement the retirement allowance of Mr. Carrick, Vice President and General Counsel, who became age 65 in January of this year and who will retire August 1.

"One of the principal purposes sought in the revision of the Retirement System, which was completed last fall, was the review and adjustment of the regular retirement benefits so as to provide more adequate retirement allowances and eliminate the necessity of making supplemental contributions to the Retirement System for the benefit of officers and employees retiring after age 65. Accordingly, after approving the amendments to the Rules and Regulations of the Retirement System to make effective the changes in benefits as proposed, the Board on October 30, 1943 cancelled the outstanding authorization under which the Reserve Banks had been authorized in certain circumstances to make supplemental payments to the Retirement System for the benefit of employees separated from service. A copy of the Board's letter of October 30, 1943, S-706, is enclosed for your information.

"The Board feels that it would be inappropriate to make an exception in the case of Mr. Carrick and, accordingly, does not approve a payment to the Retirement System to provide a special benefit for his account.

"Incidentally, the increase in the retirement allowance for Mr. Carrick due to the revised benefits is approximately \$500, which is likewise approximately the amount of the increased allowance which could have been provided under the old benefits by payment of \$6000 to the Retirement System for his account, the maximum amount permitted, under the general authorization which was cancelled by the Board's letter of October 30, 1943.

"Since the revision of the Rules and Regulations of the Retirement System last fall, a few officers have retired after reaching age 65 and the only case in which a supplemental payment to the Retirement System was authorized was in the case of Mr. Paddock, where the circumstances were entirely different.

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"The Board sympathizes with the desire of the directors to evidence their appreciation of the faithful service of Mr. Carrick during his 24 years' association with the Bank. The Board is sure, however, that the directors realize that its action in this matter is not based on any personal considerations but solely on a question of general policy."

Approved unanimously. In a memorandum of this date Mr. McKee stated that in a telephone conversation with Chairman Eccles, who was attending the international monetary conference at Bretton Woods together with Mr. Szymczak, the Chairman had stated that he was also opposed to the approval of the payment of \$15,000 to the retirement system for Mr. Carrick's benefit. Mr. Szymczak had previously indicated on a memorandum dated July 11, 1944, from Mr. Leonard to Mr. Clayton with respect to this matter that he was opposed to the approval of the additional payment.

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

"The Board of Governors approves payment of salaries to the following officers for the period ending April 30, 1945, effective as of the dates indicated, at the rates as fixed by your Board of Directors and reported in your letter of July 6, 1944:

		Annual Salary
		<u>Effective July 15, 1944</u>
H. F. Slade	Vice President	\$8,500
R. C. Milliken	Assistant Cashier	4,200
		Annual Salary
		<u>Effective August 1, 1944</u>
Ronald T. Symms	Assistant Cashier	\$6,000
J. A. Randall	Assistant Cashier	5,000
C. H. Watkins	Assistant Manager, Los Angeles Branch	6,000"

Approved unanimously.

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Letter to Mr. Lewis, Manager of the Consumer Credit Department, Federal Reserve Bank of St. Louis, reading as follows:

"This will acknowledge your letter of July 10, 1944, enclosing copies of correspondence with the Lindell Trust Company, St. Louis, Missouri, relative to the possible exemption from Regulation W of credits for 'masonry veneer', on the basis of its fuel conservation value.

"Both 'rigid insulation', which is sometimes referred to as 'insulated brick siding', and more recently 'masonry veneer' have been exempted from the restrictions of WPB Conservation Order L-41, but the Board of Governors has not so far believed it advisable to exempt credit for these purposes from Regulation W.

"The reasons for the Board's position with respect to 'insulated brick siding' are given in a letter to a representative of a contractors association, a copy of which is enclosed. The same general considerations are applicable to 'masonry veneer' with the one exception that there may be a somewhat more favorable supply situation for materials used in 'masonry veneer'.

"We should be glad to have you keep us informed about any developments in this field. It is our understanding that the amount of 'masonry veneer' work done is not likely to be in large volume."

Approved unanimously.

Letter to Mr. Robert L. Owen, Washington, D. C., reading as follows:

"This is with reference to your telephone conversation today with Mr. Brown relative to the application of the Board's Regulation W, dealing with consumer credit, to a rental contract for an air compressor to operate a jack hammer in a manganese mine.

"As we understand it, a representation has been made to you that Regulation W prevents the making of a contract by which rental payments would be applied on the purchase price of the air compressor. Regulation W does not, however, apply to mining machinery or other types of industrial equipment and consequently would have no bearing

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"on whatever contract the parties might wish to make concerning its rental or sale."

Approved unanimously.

Letter to Mr. Earhart, Vice President of the Federal Reserve Bank of San Francisco, reading as follows:

"Since receiving your letter of July 10 regarding excise taxes payable by Federal Reserve Banks, we have been in touch with the Reconstruction Finance Corporation to ascertain the basis for the part of Mr. Mulligan's telegram relating to the purchase of supplies and rental of equipment. We were advised orally that they had received a letter from the Bureau of Internal Revenue, in reply to one of theirs, stating that the exemption resulting from section 10 of the Reconstruction Finance Corporation Act applied not only to the communications tax, but also to 'all Federal excise taxes imposed directly upon the Reconstruction Finance Corporation'. Mr. Mulligan's advisers apparently took this to cover not only taxes on transportation of persons and property and on communications but also manufacturers' excise taxes. We were told also that another basis for Mr. Mulligan's telegram was the language in section 10 of the Reconstruction Finance Corporation Act as amended June 10, 1941 (U. S. Code, Title 15, section 610, in the supplement), which says that the exemption 'shall, for all purposes, be deemed to include sales, use, storage, and purchase taxes'.

"This language in section 10 of the Reconstruction Finance Corporation Act has no counterpart in section 7 of the Federal Reserve Act, and in view of the ruling which was published in the Federal Reserve Bulletin for 1932 at page 538 our Legal Division is entirely in accord with the advice which your counsel has given you, as outlined in the third paragraph of your letter. In view of all these circumstances we have not discussed the question with the Bureau of Internal Revenue. However, if after reading this letter you have any further views please advise us."

Approved unanimously.

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

"This refers to your letter of July 11, 1944, concerning the proposed purchase of a piece of property with approximately 59 feet frontage on Battery Street and 163-1/2 feet on Commercial Street containing a little less than 12,000 square feet.

"In view of the statements contained in your letter, the Board will interpose no objection to the purchase of this property at a cost of \$60,000."

Approved unanimously.

Letter to Mr. Harry B. Mitchell, President of the United States Civil Service Commission, reading as follows:

"Thank you for your letter of July 10 suggesting that a member of the staff be designated to meet with representatives of your Commission for discussions preliminary to the drafting of regulations for the administration and enforcement of the Veterans Preference Act of 1944.

"Mr. R. F. Leonard, Director of the Board's Division of Personnel Administration, has been so designated and will be glad to meet with your representatives at whatever time and place may be set."

Approved unanimously.

Letter to Mr. Stewart, Vice President of the Federal Reserve Bank of St. Louis, reading as follows:

"This letter is in response to yours of July 8, 1944, in which you inquire whether Miss Poeppel, Supervisor of our Files Section, could come to St. Louis to make suggestions in connection with the revision of the general files of your Bank. Miss Poeppel has had broad experience in work of this kind which should enable her to be of real assistance to you, and the Board will be glad to make her services available for that purpose.

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"There is a very substantial shortage of trained files personnel in Washington at the present time with the result that our Files Section is understaffed. Some of the members of the Section have arranged their vacations during the next few weeks, and it would be helpful if we could defer Miss Poeppel's trip until the middle of September or such time thereafter as would suit your convenience. Because of the pressure of the work here, it would be our hope that it would not be necessary for her to spend more than three weeks at the Bank.

"As suggested in your letter, when she makes the trip we will pay her actual necessary transportation and subsistence expenses in accordance with the Board's travel regulations and bill your Bank for these costs.

"If this arrangement meets with your approval, we will be glad if you will let us know when you would like to have Miss Poeppel come to the Bank, and we will arrange accordingly.

"It would be extremely helpful to her if you could send to us before she leaves for St. Louis a statement outlining the nature of your general files, the filing plan used in connection with them, and the extent to which the files of your Bank are centralized in one place. It would also be helpful if she could have a brief statement with respect to the experience and qualifications of the person who will be in charge of the files and any other supervisory files personnel with whom she will work while at the Bank."

Approved unanimously.

Memorandum dated July 14, 1944, from Mr. Thomas, Assistant Director of the Division of Research and Statistics, submitting, in accordance with a suggestion made by Governor Evans, a letter and memorandum of instructions to David L. Grove, an Economist in that Division, in connection with his trip to South America.

The letter and memorandum of instructions were approved unanimously.

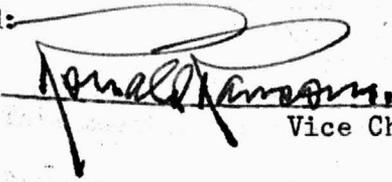
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Thereupon the meeting adjourned



Assistant Secretary.

Approved:



Vice Chairman.