

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, July 18, 1944, at 11:00 a.m.

PRESENT: Mr. Eccles, Chairman
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:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on July 17, 1944, were approved unanimously.

Letter to Mr. Rice, Vice President of the Federal Reserve Bank of New York, reading as follows:

"The Board of Governors of the Federal Reserve System approves the change in the personnel classification plan of the Federal Reserve Bank of New York, involving the Transit Division of the Check Department, as submitted with your letter of July 7, 1944 and supplemented by the certificates submitted for transmittal to the Joint Committee on Salaries and Wages."

Approved unanimously, together with a letter to the Joint Committee on Salaries and Wages transmitting the original and four copies of a certificate of the Federal Reserve Bank of New York with respect to the increase in the maximum annual salary for the position of Assistant Chief, Check Department, Transit Division, as approved by the Board in the above letter.

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

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"This is in response to your letter of July 8, 1944, referring to the Board's letter of June 30th on the subject of the application for membership of the Bank of Nevada, Las Vegas, Nevada.

"It was the Board's thought that, since Transamerica Corporation admittedly would be a holding company affiliate of the Bank of Nevada if the latter should be admitted to membership, it would be appropriate to communicate informally with the Corporation calling its attention to the application filed by Bank of Nevada and to the pertinent provision of the Board's Regulation P. It was also the thought that if the Corporation then indicated an intention to file an application for a voting permit covering Bank of Nevada, it would be appropriate to advise it of the Board's views in the present situation as they are stated in the letter of June 30th. Of course, if Transamerica Corporation, notwithstanding the Board's views regarding the present situation, wishes to file an application for a general voting permit there is nothing to prohibit it from so doing in which event the Board will consider and act upon the application in accordance with its statutory responsibilities. On the other hand, Transamerica Corporation may decide not to file any such application. In either event, unless, in connection with your informal communication with Transamerica Corporation, there appears some good reason not to do so, it is felt that the bank should be advised that, in view of the requirement of the Board's Regulation P that no State banking institution will be admitted to membership until the organization which will become a holding company affiliate of such banking institution upon its admission to membership has filed an application for a voting permit, no action is being taken on the application for membership. In any case the usual membership examination of the Bank of Nevada seems unnecessary at this time.

"Since the situation with respect to the general voting permit is primarily the concern of Transamerica Corporation, it is suggested that any communication which you may have with the Bank of Nevada on this matter not include any reference to the pending review of the situation existing with respect to the general voting permit now held by Transamerica Corporation nor any reference to the matter of

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"Transamerica Corporation including in any such application all of its subsidiary member banks not covered by the existing voting permit."

Approved unanimously.

Letter to the Commissioner of Internal Revenue reading as follows:

"The Federal Reserve Banks act as depositaries and fiscal agents for the Treasury Department (U. S. Code, Title 12, Section 391, and Title 31, Sections 476 - 477) and as such agents they purchase communication services, transportation of persons and of things, and supplies and equipment, for which they are reimbursed by the Treasury. The Federal Reserve Banks have been advised by the Treasury that payment of excise taxes must be made by them on such transportation of persons and things, and on purchases and rentals of supplies and equipment pursuant to contracts executed after June 1, 1944, but that excise taxes upon such communication services should not be paid by them when payment is made direct by the Bank to the company furnishing the service.

"The Federal Reserve Banks also act as agents for the War and Navy Departments and the Maritime Commission (U. S. Code, Title 12, Section 391, and Executive Order No. 9112) and as such agents they pay for communications service, transportation of persons and of things, and supplies and equipment, for which they are reimbursed by those agencies, and we have been asked by the Banks whether they should follow the same procedure with respect to these items as they have been directed to follow in the case of the Treasury.

"It will be appreciated if you will advise the Board in order that the Board may advise the Federal Reserve Banks."

Approved unanimously, together with letters to Colonel Paul Cleveland of the War Department, Lieutenant Theodore Chase of the Navy Department, and Lieutenant B. B. Griffith of the United States Maritime Commission transmitting copies of the above letter for their information.

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

"Mr. Manley's report of a study which your Consumer Credit Department has made to determine the extent to which customers are evading the down payment requirements of Regulation W in purchasing automobiles, which was enclosed with your letter of July 7, has been read with much interest. So far there has been no disposition on the part of the Board to carry the enforcement program to private individuals, and this, of course, is in line with your own present views.

"The situation disclosed by the report is not alarming, but it may become more serious because of existing circumstances, and the investigation was undoubtedly opportune because the knowledge that your Bank was making such an investigation probably will have a salutary cautioning effect on the registrants in the area. We shall be interested to hear of any further developments."

Approved unanimously.

Memorandum dated July 15, 1944, from Mr. Thomas, Assistant Director of the Division of Research and Statistics, recommending, for the reasons stated in the memorandum, that the Board approve certain changes in the report forms used in connection with the System's survey of deposit ownership so as to distinguish between the balances owned by corporate business and those owned by partnerships and self-employed proprietors, which data was desired by the Treasury for the purpose of setting quotas for future war loan drives as well as for appraising the results of past drives. The memorandum submitted revised report forms, which differed from the ones used in the February 29, 1944, survey principally in that they distinguished between corporate and

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other business firms in classifying business deposit ownership.

Approved unanimously.

Memorandum addressed to the Personnel Committee by Mr. Nelson, Assistant Secretary, under date of July 14, 1944, submitting a bill from the National Capital Press, Inc., covering the printing of the book Banking and Monetary Statistics published by the Board. The printer had included in the bill a 10 per cent increase in labor costs over and above the contract price and a charge of 5 per cent interest on his investment during the years 1942 and 1943. The memorandum stated that upon inquiry from other printers it had been learned that there had been an approximate 10 per cent increase in printing costs, including labor, since the contract for the printing was let, that due to the delays in furnishing material to the National Capital Press it was felt that some adjustment in the original contract might be in order, and that as a basis for settlement it was suggested that approval be given to a 10 per cent increase, or \$1,404.71, in the balance due on the bill, bringing the total cost of printing the book to \$20,751.84. Attached to the memorandum was the following suggested letter to Mr. D. S. White, Vice President of the National Capital Press, Inc., tendering this settlement:

"Reference is made to the statement which has been submitted by the National Capital Press for printing 8,000 copies of the book 'Banking and Monetary Statistics' showing a balance due of \$17,571.98.

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"There are a number of items in your statement which we are unable to reconcile, such as the classification of pages of material, number of copies delivered, and charges for binding and stamping, but the principal items in controversy are the 10% increases in labor costs and the charges for interest on your investment. The increases which you claim, over and above the prices quoted in your bid of April 5, 1941, for printing this book, are based upon a delay in furnishing you the material, and while it is realized that there is some merit in this claim, you are aware of course that there was also some delay on your part in completing the work after the material was furnished; for example, final page proof was returned to you on October 8, 1943, and we did not receive copies of the book until around the first of March, 1944. However, due consideration has been given to your request for an adjustment in the prices quoted for the work, and it is felt that an equitable settlement would be a 10% increase on the balance due you under the contract.

"Based upon the prices quoted in your bid for this work, we have computed the cost of the printing of the book at \$19,347.13, and after deducting the payment of \$5,300 made in December, 1941, there would be a balance due you of \$14,047.13. A 10% increase in this amount would be \$1,404.71, and we are submitting a corrected voucher covering a settlement on this basis. If you will certify this voucher and return to us payment can be made promptly."

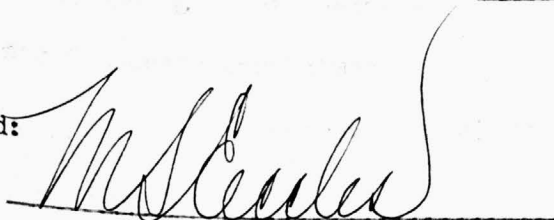
Approved unanimously.

Thereupon the meeting adjourned.



Assistant Secretary.

Approved:



Chairman.