

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, September 12, 1944, at 11:30 a.m.

PRESENT: Mr. Eccles, Chairman  
Mr. Ransom, Vice Chairman  
Mr. Draper  
Mr. Evans

Mr. Morrill, Secretary  
Mr. Bethea, Assistant Secretary  
Mr. Carpenter, Assistant Secretary  
Mr. Clayton, Assistant to the Chairman  
Mr. Thurston, Special Assistant to the  
Chairman  
Mr. Leonard, Director of the Division  
of Personnel Administration

After an informal discussion of proposed changes in the official staff of the Federal Reserve Bank of Dallas incident to the resignation as of September 30, 1944, of Mr. Stroud as First Vice President, Chairman Eccles referred to the discussions at meetings with the Federal Advisory Council and its executive committee since the meeting on January 5, 1944, with respect to the request of the Council for copies of the holding company bill prepared by the Board. He stated that Mr. Vest, Assistant General Attorney, had prepared an opinion on the matter in which the position was taken that the Board was not required to disclose to the Council drafts of proposed legislation to which the Board might be giving consideration, as such drafts were not information within the meaning of section 12 of the Federal Reserve Act and, therefore, were not required to be furnished to the Council upon its request.

9/12/44

-2-

Chairman Eccles also said that he had requested Mr. Vest to prepare a memorandum on the subject which might be read at the next meeting of the Federal Advisory Council and that such a memorandum had been prepared by Mr. Vest under date of September 11, 1944.

The memorandum was read and discussed. It was agreed that it should be revised and divided along the lines suggested during the discussion, i.e., into a legal opinion and into a conclusion of the Board based on the legal opinion and that both should be submitted to the Board for consideration when so redrafted, with the view of enabling the Chairman to make a statement either of his own views or the views of the Board, provided the Board agrees, at the meeting with the Federal Advisory Council on September 18, 1944.

At this point Messrs. Thurston and Leonard withdrew from the meeting.

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

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on September 11, 1944, were approved unanimously.

Memorandum from Mr. Morrill recommending that the temporary appointment of Mrs. Grace Thorne as a charwoman in the Secretary's Office be extended for an indefinite period, effective at the expiration of her present temporary appointment on September 18, 1944, with no change in her present basic salary at the rate of \$1,200 per annum.

Approved unanimously.

-3-

9/12/44

Letter to Mr. McRae, Chief Examiner of the Federal Reserve Bank of Boston, reading as follows:

"In your letter of August 14, 1944, relative to the application of Regulation T to certain activities of F. S. Moseley & Company of Boston, Massachusetts, you called attention to a request of Mr. Harry C. Robbins of that firm as expressed in his letter to you dated August 8, 1944, that representatives of the firm come to Washington to discuss the matter with us.

"After studying the information we have recently obtained and examining the legal aspects of the matter somewhat further, we believe that such a visit would prove helpful and would make it possible to clear up the difficulty and at the same time to fulfill the Board's responsibilities under the Securities Exchange Act.

"Accordingly, we should appreciate your arranging such a visit at such time as would suit the firm's convenience. Please inform the firm that we should like to have their assistance in analyzing this type of business into its elements -- on the tentative assumption that some of these presumably are, while others presumably are not, within the prohibition of 'arranging' that is laid down by the Securities Exchange Act of 1934."

Approved unanimously.

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

"In connection with the execution of guarantees under Executive Order No. 9112, there are enclosed herewith photostats of letters to all Federal Reserve Banks from the War Department and Navy Department, both dated September 11, 1944, prescribing the use of a revised form of guarantee agreement, identified as '1944 V-Loan Guarantee Agreement' and bearing the date of September 15, 1944. It is expected that a similar letter will be received from the Maritime Commission in a few days.

9/12/44

-4-

"There is also enclosed a duly authenticated copy of the 1944 V-Loan Guarantee Agreement bearing the date of September 15, 1944, together with Explanatory Notes of the same date regarding the use of such form, as enclosed in identical language with the letters from the War and Navy Departments referred to above.

"As indicated in the Board's letter of September 6, 1944 (S-782), transmitting documents relating to the inauguration of the T-Loan program under the Contract Settlement Act of 1944, the schedule of guarantee and commitment fees and maximum rate of interest prescribed in that letter are applicable to guarantees of V and VT loans under Executive Order 9112, executed on the enclosed form of 1944 V-Loan Guarantee Agreement; and such fees and rates will be effective as to such guarantees beginning September 15, 1944.

"A supply of the printed 1944 V-Loan Guarantee Agreement and accompanying Explanatory Notes will be sent to your Bank in a few days.

"The Board wishes to take this opportunity to express its appreciation and that of the War and Navy Departments and the Maritime Commission for the helpful suggestions and comments which were received from the Federal Reserve Banks in connection with the drafting of the T-Loan Guarantee and Loan Agreements and of the 1944 V-Loan Guarantee Agreement."

Approved unanimously, together with  
the following letter to the Comptroller of  
the Currency:

"The War Department and the Navy Department have adopted a revised form of Guarantee Agreement for use in connection with the guaranteeing of war production loans under Executive Order No. 9112; and it is expected that the revised form will also be adopted by the United States Maritime Commission in the near future. A copy of the revised form of agreement, identified as '1944 V-Loan Guarantee Agreement' and bearing the date of September 15, 1944, is enclosed herewith, together with certain Explanatory Notes bearing the same date regarding the use of the revised form.

9/12/44

-5-

"It will be appreciated if you will advise the Board whether, in your opinion, the form of 1944 V-Loan Guarantee Agreement, dated as of September 15, 1944, in the form enclosed herewith, complies with the definition of the term 'unconditional' as used in Exception 10 to section 5200 of the Revised Statutes, which was issued by you on June 18, 1942."

Voucher submitted by Mr. Szymczak, in accordance with a letter addressed to him on July 29, 1944, by Chairman Eccles, in the amount of \$330 covering per diem in lieu of subsistence during Mr. Szymczak's absence on a trip to London, to which reference was made at the meetings of the Board on June 20 and June 30, 1944.

The payment of the voucher was approved unanimously.

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

"In compliance request contained your wire September 12, Board consents to your Bank negotiating with representatives of Netherlands Government or De Nederlandsche Bank as to terms and conditions of your custody of gold collateral to proposed loan by commercial banks to Netherlands Government which is to be held by your Bank for account of Chase National Bank as manager of syndicate of commercial banks participating in the loan."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morley  
Secretary.

Approved:

W. C. Eccles  
Chairman.