

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, August 13, 1945, at 10:30 a.m.

PRESENT: Mr. Ransom, Vice Chairman
Mr. Szymczak
Mr. Draper

Mr. Carpenter, Secretary
Mr. Connell, General Assistant,
Office of the Secretary
Mr. Morrill, Special Adviser
Mr. Thurston, Assistant to the
Chairman

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

Telegrams dated August 10, 1945, to Mr. Clouse, Secretary of the Federal Reserve Bank of Cleveland, Mr. Leach, President of the Federal Reserve Bank of Richmond, Mr. Dillard, Vice President of the Federal Reserve Bank of Chicago, Mr. Stewart, Secretary of the Federal Reserve Bank of St. Louis, Mr. Powell, First Vice President of the Federal Reserve Bank of Minneapolis, Mr. Caldwell, Chairman of the Federal Reserve Bank of Kansas City, Mr. Gentry, First Vice President of the Federal Reserve Bank of Dallas, and Mr. Earhart, Vice President of the Federal Reserve Bank of San Francisco, stating that the Board approves the establishment without change by the Federal Reserve Banks of St. Louis and San Francisco on August 7, and by the Federal Reserve Banks of Cleveland, Richmond, Chicago, Minneapolis, Kansas City, and Dallas on August 9, 1945, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

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Letter dated August 10, 1945, to Mr. Fletcher, Vice President of the Federal Reserve Bank of Cleveland, reading as follows:

"In accordance with the request contained in your letter of August 6, 1945, the Board approves the appointment of Albert J. Shipacasse, at present an assistant examiner, as an examiner for the Federal Reserve Bank of Cleveland. Please advise us of the date upon which the appointment becomes effective. It is noted that no change in salary is contemplated at this time."

Approved unanimously.

Letter to Honorable John H. Bankhead, United States Senate, reading as follows:

"This refers further to your letter of July 24, 1945, acknowledged by us on July 28, regarding a protest received by you from Clark & Kahn, cotton merchants, of Montgomery, Alabama, regarding the practice followed by the New Orleans Branch of the Federal Reserve Bank of Atlanta in collecting certain cotton loan notes.

"After the receipt of your letter, we consulted the Federal Reserve Bank of Atlanta regarding this matter. We have learned that this matter has been under consideration by the Federal Reserve Bank for some time and that the practice referred to by Clark & Kahn has been discontinued. The Federal Reserve Bank now sends the Commodity Credit Corporation notes for collection to the banks at which they are payable."

Approved unanimously.

Letter to Honorable Walter F. George, United States Senate, reading as follows:

"You may recall that under date of February 14, 1945, you wrote Governor Ransom with respect to a complaint received by you from Georgia that all Commodity Credit Corporation loan notes were being collected through member banks to the exclusion of nonmember banks, and that Governor Ransom replied by a letter dated March 5, 1945.

"For your information in this connection, we have recently learned that this matter has been under consideration by the Federal Reserve Bank of Atlanta for some time,

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"and that, in accordance with instructions to its officers, the Reserve Bank's present practice is to send notes of this kind for collection to the banks at which they are payable."

Approved unanimously.

Telegram dated August 10, 1945, to Mr. Fletcher, Vice President of the Federal Reserve Bank of Cleveland, reading as follows:

"Re your wire August 8. Your interpretation is correct. Regulation U does not apply to loan until security purchased becomes 'registered security' because applicability of regulation is determined by the present status of the stock. See Loose Leaf Service numbers 8125 and 8126."

Approved unanimously.

Letter dated August 10, 1945, to Mr. Berge, Secretary and Assistant Counsel of the Federal Reserve Bank of Boston, reading as follows:

"This refers to your letter of July 24, 1945, regarding an inquiry made of your Bank by the Springfield National Bank, Springfield, Massachusetts in regard to the applicability of Regulation W to a plan proposed by that bank, the plan being to issue \$50 letters of credit to customers who finance the purchase of automobiles through the bank, such purchasers agreeing to repay immediately, or within seven days at the latest, the amount of any drafts drawn under such letters of credit.

"The question whether the proposal would be permissible under Regulation W is discussed fully in your letter of July 14 to Mr. Guffanti, Vice President of the national bank, and in your letter to him of July 18, and the Board agrees with your conclusion that the bank would make an extension of credit in the form of a loan and that the customer would consequently be required to submit a Statement of Borrower as provided in section 7(d). If the purpose of the loan were to purchase a listed article for the cash price of \$15 or more, then the bank honoring the draft could pay out only a portion of the cash price of the listed article, as provided in section 7(a)(1).

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"The essential elements of the transaction in so far as they bear upon the applicability of Regulation W are the same as those involved in plans submitted in 1942 and 1943 by two banks, one of which was located in Chicago and one in Atlanta. The Board answered both of those inquiries in the same manner that you have answered Mr. Guffanti.

"On the question whether the Regulation should be amended, it would seem to be too early to reach a decision. As indicated above, no amendment was made in order to take care of the previous cases in which the question arose. However, Regulation W will undergo changes from time to time to meet changes in economic conditions and some of these changes may make possible the procedure suggested in the inquiry."

Approved unanimously.

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

"In reply to your letter of August 6, 1945, with reference to the additional investment of \$70,000 in banking premises by the Industrial Trust Company, Providence, Rhode Island, this is to advise you that the Board will not object to the investment of the \$70,000 for purchasing and improving the property at the corner of Atwells Avenue and Manson Street, in lieu of the property now occupied by the Atwells Avenue branch."

Approved unanimously.

Telegram to Mr. Peyton, President of the Federal Reserve Bank of Minneapolis, reading as follows:

"Relet August 7, there is no objection to your making arrangements with architects at this time for preparation of preliminary plans, sketches, perspective drawings and estimates of cost of proposed addition to Bank building. After such plans have been prepared, they should be submitted to Board for its consideration with request for authority to proceed with preparation of final plans and obtaining bids for proposed addition. This with understanding that no actual construction work is to be undertaken until cost of work and time it is to be undertaken are approved by Board. Most contracts for Reserve Bank and branch buildings have been let after obtaining competitive bids from a carefully selected list of reliable firms."

Approved unanimously.

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Letter dated August 10, 1945, to Mr. Lloyd L. Shaulis, Secretary of the Office of the Alien Property Custodian, reading as follows:

"This refers to the letter from Mr. Francis J. McNamara dated August 2, 1945 (FJMcN:LLS:ft) and to an informal discussion between you and Messrs. Smead, Vest and Cherry of the Board's staff with regard to the desire of the Alien Property Custodian that the Federal Reserve Banks be available for the distribution of copies of a proposed order and instructions and forms associated therewith relating to the reporting by persons having custody or control of property interests in this country of Germany and Japan and of nationals of Germany, Austria, and Japan.

"We are pleased to advise you that the facilities of the Federal Reserve Banks and branches will be available for the distribution of the documents just referred to with the understanding that the Alien Property Custodian will reimburse the Reserve Banks on a cost basis for any substantial expense incurred by the Reserve Banks in connection with this matter. Enclosed is a list of the Federal Reserve Banks and branches, together with their addresses.

"It will be appreciated if you will furnish us with a copy of each of the documents which you send to the Reserve Banks and also advise us when the documents referred to above are sent to the Reserve Banks."

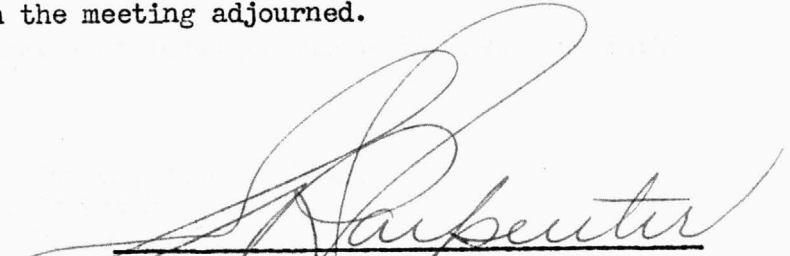
Approved unanimously, together with a letter to the Presidents of all of the Federal Reserve Banks, reading as follows:

"This refers to our wire to you of August 3, 1945, with respect to the distribution of certain documents for the Alien Property Custodian. In further reference to this matter there is enclosed a copy of our letter to the Alien Property Custodian.

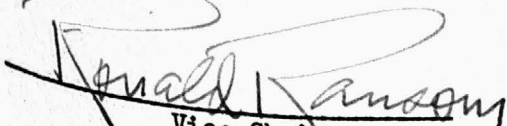
"One of the Federal Reserve Banks has raised the question whether a Reserve Bank should not be prepared to answer inquiries in connection with the interpretation of the general order and instructions and the execution of the forms. Before our telegram of August 3 was sent to the Reserve Banks we discussed this matter informally with a representative of the Alien Property Custodian and we were advised that while there was to be no obligation on the part of the Reserve Banks to familiarize themselves with the matter so that they could answer inquiries, there would be no objection to any Federal Reserve Bank doing so if it so desired."

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Thereupon the meeting adjourned.


Secretary.

Approved:


Vice Chairman