

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, August 17, 1945, at 11:00 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 to Mr. Flanders, President of the Federal Reserve Bank of Boston, Messrs. Treiber and McCreedy, Secretaries of the Federal Reserve Banks of New York and Philadelphia, respectively, Mr. McLarin, President of the Federal Reserve Bank of Atlanta, Mr. Dillard, Vice President of the Federal Reserve Bank of Chicago, Mr. Stewart, Secretary of the Federal Reserve Bank of St. Louis, 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 14, by the Federal Reserve Bank of Atlanta on August 15, by the Federal Reserve Banks of New York, Philadelphia, Chicago, and San Francisco on August 16, 1945, and by the Federal Reserve Bank of Boston today of the rates of discount and purchase in their existing schedules.

Approved unanimously.

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Memorandum dated August 17, 1945, from Mr. Bethea, Director of the Division of Administrative Services, recommending that Mrs. Evelyn Loveless be appointed as a cafeteria helper in that Division on a temporary basis for a period of not to exceed two months, with salary at the rate of \$1,440 per annum, on the basis of a 40-hour workweek, effective August 17, 1945. The memorandum stated that it is not contemplated that Mrs. Loveless will become a member of the Board's retirement system.

Approved unanimously.

Memorandum dated August 14, 1945, from Mr. Leonard, Director of the Division of Personnel Administration, recommending that the Board cancel current restrictions on the length of vacation leave and the use of annual leave accumulated during prior years.

Approved unanimously, effective as of August 17, 1945.

Letter to the board of directors of the "State Bank of Slater," Slater, Missouri, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H, the Board approves the bank's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of St. Louis. The letter also contained the following special comment:

"It has been noted that the bank has outstanding

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"\$50,000 par value of common capital stock which is in excess of the figure at which the stock is shown on the books of the bank. The Board feels that the bank should, as soon as practicable, take such action within its power as may be necessary to cause the common stock to be shown at its par value."

Approved unanimously, for transmission through the Federal Reserve Bank of St. Louis.

Letter to Mr. Evans, Vice President of the Federal Reserve Bank of Dallas, reading as follows:

"This refers to your letter of June 1, 1945, and enclosures, relative to furnishing certified copies of charter papers in connection with the submission of applications by Texas banks for membership in the Federal Reserve System.

"You state that apparently the routine of furnishing certified photostats of the charters and other basic papers has become burdensome to the Texas Department of Banking, and Mr. H. A. Jamison, Commissioner of Banking, has proposed that a certificate of the facts be furnished in lieu of photostats of the instruments themselves. It was noted from Mr. Jamison's letter to you of May 14, 1945, with reference to this matter that he understands that recent requests for such documents are occasioned by a change in procedure brought about by a suggestion of the Washington office. However, as you know, certified copies of the charter and articles of incorporation, with all amendments thereto, have been required by the Board for a number of years, and there have been no recent changes. In this connection, it may be mentioned that a certificate with respect to each document is not required, but one certificate covering all the photostats furnished is sufficient. If certified copies were not required, it would be necessary as a minimum to have a certificate from the State authorities containing information as to the correct legal title, the location of the corporation, the authorized capital, all charter powers, the life of the corporation, the maximum and the minimum number of directors, any authority to establish branches, and any

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"special or unusual provisions in the charter papers. It would seem to us that the preparation of a certificate of this kind might, in most instances, entail more work than the furnishing of certified photostats.

"While we want to cooperate with the State people in the fullest and we certainly do not want to cause them any unnecessary trouble, the Board has considered these documents as desirable to complete its records and hesitates to change the present practice. In this connection, your attention is called to the Board's letter of November 7, 1936 (X-9742; F.R.L.S. #3475), wherein the Board advised the Reserve Banks of an alternate method of obtaining these documents which would appear to be less burdensome, namely, have the State authorities lend the Reserve Bank its file of original documents for the purpose of having photostats made for the Board's use. With the photostats the Reserve Bank should submit a statement from the State authorities to the effect that the file from which the photostats were made contains the charter and articles of incorporation and all amendments thereto, together with a statement by the Reserve Bank that the photostats so forwarded are complete copies of all such documents. It is our thought that possibly this alternative procedure which has been adopted in some States would be acceptable to the Texas Commissioner of Banking, and we suggest that if you have not already done so you take it up with him informally to see whether this may be the case."

Approved unanimously.

Letter to Mr. William C. Kunz, Second Vice President and Cashier of The Chase Bank, New York, New York, reading as follows:

"This is to thank you for your letter of August 1, 1945 (2-45-WCK) reviewing the situation with respect to your Paris office and your temporary banking quarters at Chateaufort during the period of time from the original occupancy of Paris by the Germans in June 1940 down to the present.

"We appreciate your furnishing us with this information and will regard it as an interim report. We will look forward to receiving a full report on this matter

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"after Mr. Larkin has returned from France."

Approved unanimously.

Letter to Mr. Fry, Vice President of the Federal Reserve Bank of Richmond, reading as follows:

"This is to acknowledge your letter of August 11, 1945, enclosing a copy of a letter from Mr. Wymond Cabell of Branch, Cabell & Company, Richmond, Virginia, relative to Regulation T.

"When the recent amendment to Regulation T was being considered, a number of alternative plans were studied, several of which resembled the suggestion made by Mr. Cabell. The principal objections were:

(1) Old margin accounts would hold a preferential position.

(2) Continued trading would be permitted in undermargined accounts.

(3) New credits would be completely cut off.

(4) Improvement in the condition of existing undermargined accounts would be longer delayed.

"We appreciate, nevertheless, Mr. Cabell's interest and his presentation of a positive program. His views will help to guide us in our continued study of the effects of the regulation."

Approved unanimously.

Letter to Mr. Homer S. Marshall, Secretary of the Singer Sewing Machine Company, New York, New York, reading as follows:

"This is with reference to your letter of July 13, 1945, relative to the application of Regulation W to your new plan for the sale of sewing machines through 'distributors'. Under this plan the distributor will act as your agent in the instalment sale of the sewing machine but will not be authorized to extend any trade-in allowance in connection with the sale. You point out that in some cases the distributor will buy an old machine for his

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"own account and the proceeds may be applied on the down payment for the new machine.

"In our opinion, both the distributor and the Singer Sewing Machine Company, for which he is acting as agent, would be responsible for compliance with the terms of the regulation, section 13(b) of which requires that, in addition to the old machine, a cash down payment is to be obtained from the purchaser consisting of the prescribed percentage (now $33\frac{1}{3}$ per cent) of the net price after deducting from the cash price the amount allowed for the old machine. You will note that section 11(d) provides that: 'Anything which the seller of a listed article buys, or arranges to have bought, from the purchaser at or about the time of the purchase of the listed article shall be regarded as a trade-in for purposes of this regulation.'

"It is not believed, however, that this requirement will interfere with your desire to divorce the Singer Sewing Machine Company from any control over the activities of the dealer in purchasing machines for his own account at the time of the sale of new machines for your account. The requirement merely specifies the basis upon which the cash down payment is to be calculated. The purchaser will be putting up the old machine plus the cash down payment and obtaining credit for the remainder of the purchase price; the distributor will be buying the old machine for the price agreed upon with the customer; and the Singer Sewing Machine Company will be receiving as down payment an amount of cash equalling the sum of the cash down payment made by the customer and the proceeds of the sale of the old machine, extending credit for the balance. On this basis, the amount which the distributor pays for the old machine is entirely free from control by you and the old machine is not a trade-in except for purposes of the regulation."

Approved unanimously.

Cablegram reading as follows to Honorable Manuel Fernandez Supervielle, Ministro de Hacienda, Havana, Cuba, in reply to his cablegram of August 16, 1945, requesting that Mr. Triffin remain in Havana until Sunday, August 19 to discuss Cuban central banking matters.

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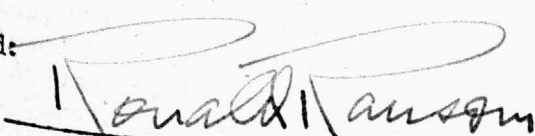
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"We are gratified at your appreciation of Mr. Triffin's advice and are glad to have him accept your invitation."

Approved unanimously.

Thereupon the meeting adjourned.


Secretary.

Approved: 
Vice Chairman.