

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, February 27, 1946, at 10:30 a. m.

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

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:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on February 26, 1946, were approved unanimously.

Memorandum dated February 26, 1946, from Mr. Bethea, Director of the Division of Administrative Services, recommending that Mrs. Mary E. McGuire be appointed as a cafeteria helper in that Division on a temporary basis for a period not to exceed two months, with salary at the rate of \$1,440 per annum, effective February 27, 1946. The memorandum stated that it was not contemplated that Mrs. McGuire would become a member of the retirement system.

Approved unanimously.

Memorandum dated February 26, 1946, from Mr. Bethea, Director

2/27/46

-2-

of the Division of Administrative Services, recommending that Mrs. Audrey Phillips, a cafeteria helper in that Division, be separated from service effective as of the close of business February 23, 1946.

Approved unanimously.

Telegram to Mr. Gidney, President of the Federal Reserve Bank of Cleveland, reading as follows:

"Board of Governors approves appointment of Mr. Sam W. Emerson as member of Industrial Advisory Committee for term of one year beginning March 1, 1946, in accordance with action of Board of Directors as reported your letter February 20, 1946."

Approved unanimously.

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

"In view of the circumstances described in your letter of February 19, 1946, the Board of Governors will interpose no objection to the retention in the service of your Bank until December 31, 1946, of Mr. P. S. Sinclair and Mrs. Mary M. Norwood, both of whom attained age 65 prior to January 1, 1946."

Approved unanimously.

Letter to "The Farmers State Bank," Brookston, Indiana, reading as follows:

"The Board is glad to learn that you have completed all arrangements for the admission of your bank to membership in the Federal Reserve System and takes pleasure in transmitting herewith a formal certificate of your membership.

"It will be appreciated if you will acknowledge receipt of this certificate."

Approved unanimously.

2/27/46

-3-

Letter to the Federal Deposit Insurance Corporation reading as follows:

"Pursuant to the provisions of section 12B of the Federal Reserve Act, as amended, the Board of Governors of the Federal Reserve System hereby certifies that The Farmers State Bank, Brookston, Indiana became a member of the Federal Reserve System on February 23, 1946 and is now a member of the System. The Board of Governors of the Federal Reserve System further hereby certifies that, in connection with the admission of such bank to membership in the Federal Reserve System, consideration was given to the following factors enumerated in subsection (g) of section 12B of the Federal Reserve Act:

- "1. The financial history and condition of the bank,
- "2. The adequacy of its capital structure,
- "3. Its future earnings prospects,
- "4. The general character of its management,
- "5. The convenience and needs of the community to be served by the bank, and
- "6. Whether or not its corporate powers are consistent with the purposes of section 12B of the Federal Reserve Act."

Approved unanimously.

Letter to Mr. T. F. Kelly, Government Coordinator for The Hoover Company, North Canton, Ohio, reading as follows:

"This refers to your letters dated November 12, 1945, and February 6, 1946, requesting that Regulation W be amended to permit delivery of a listed article in anticipation of an instalment sale for a trial period of three days, without the requirement of a down payment as now provided in section 4(e).

"You state in effect that the present provision results in hardship to you because it prohibits you from leaving a vacuum cleaner with a sales prospect so that she might show it to her husband and get his

2/27/ 46

-4-

"approval for purchasing."

"The Board appreciates how the present regulation might result in preventing a sale to a particular customer because she would not be willing to make the required down payment even though it were made entirely clear to her that she was not obligated to make the purchase and that the payment would be returned if she should decide not to buy. However, as long as present conditions continue in which inflationary pressures are strong and manufacturers of consumers' durable goods are able to sell all the goods they can produce, the Board cannot escape the conclusion that to relax the regulation in the manner proposed would be against the public interest.

"The Board must also consider that such relaxation might have to be applied to other goods and it would be difficult to fix a trial period that would be generally satisfactory. Furthermore, the change would raise administrative difficulties which would be more burdensome both to Registrants and the administrative agencies than would be justified by any benefit that might result.

"Accordingly, the Board has decided against making the amendment you request at this time. We regret the delay in giving you an answer but, as we suggested to you in November, your proposal has necessitated considerable time for study and consultation. Further careful consideration will be given to the question in our continuing studies of the provisions of Regulation W."

Approved unanimously.

Memorandum dated February 25, 1946, from Mr. Paulger, Director of the Division of Examinations, submitting vouchers for reimbursement for travel expenses incurred by Robert J. Schoenhoff and C. S. Barker, Assistant Federal Reserve Examiners, while on official business. The memorandum stated that the vouchers were being submitted to the Board because, due to housing problems, it was necessary for Messrs. Schoenhoff and Barker to incur telephone and telegraphic expenses in securing accommodations, and recommending that

2/27/46

-5-

these expenses in the amounts of \$4.96 and \$2.58 be approved.

Approved unanimously.

Memorandum dated February 26, 1946, from Mr. Hooff, Attorney, recommending that there be published in the March issue of the Federal Reserve Bulletin statements in the form attached to the memorandum with respect to the following subjects.

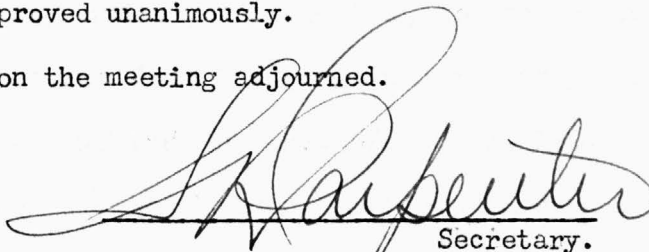
Consumer Credit  
Suspension of License and Consent  
Injunction

Suit Regarding Removal of Bank Directors

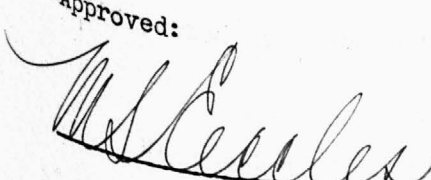
Foreign Funds Control  
Treasury Regulations  
Treasury Department Releases

Approved unanimously.

Thereupon the meeting adjourned.

  
Secretary.

Approved:

  
Chairman.