

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

STATEMENT FOR THE PRESS

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October 11, 1941

About a year ago, the National Defense Advisory Commission established a small business activities unit and requested the Board of Governors to act as its operating agent in assisting the smaller business enterprises in obtaining defense contracts. The Board of Governors, in accordance with this request, designated one of its members to have charge of this work. Field offices of the unit were promptly established at the Federal Reserve Banks and at their branches. Some months later, the functions of this unit were transferred to the Defense Contract Service of the Office of Production Management. The Defense Contract Service requested the Federal Reserve Banks to continue their cooperation in the field activities of this service. The Federal Reserve regional plan of organization functioned in this way until the President's Executive Order of September 4, 1941 abolished the Defense Contract Service and established in its place the Division of Contract Distribution.

The Division of Contract Distribution has adopted a plan of organization on a greatly expanded basis for the establishment of offices at new and additional locations in every State and the managers of these offices are to report directly to Washington. Therefore, the offices maintained by the former Defense Contract Service at the Federal

Reserve Banks and their branches are to be discontinued as soon as the new arrangements of the Division of Contract Distribution can be put into effect.

The Federal Reserve Banks will continue, through their own officers who have been designated for this purpose at their head offices and branches, to furnish advice and assistance to small business enterprises in obtaining necessary financing arrangements through their local banks wherever possible, or when necessary, through other lending agencies, including the Federal Reserve Banks and the Reconstruction Finance Corporation.

The Federal Reserve officers will also advise with the field officers of the Division of Contract Distribution and will continue to cooperate with the procurement officers of the military services in regard to financial and credit information which they may desire.