

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, September 13, 1941, at 11:30 a.m.

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

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary

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

Letter to Mr. Young, President of the Federal Reserve Bank of Chicago, reading as follows:

"In accordance with the request contained in your letter of September 10, the Board approves the designation of Vice President Mulroney as the officer to have charge of the Bank Examination Department, and his appointment as an examiner for the Reserve Bank."

Approved unanimously.

Letter to Mr. Chase, President of the Maine Securities Company, Portland, Maine, reading as follows:

"This refers to your letter of August 21, 1941, regarding the right of a bank which is a member of the Federal Reserve System to lend securities owned by it. In view of the reference in your letter to the fact that this matter had been taken up with the Federal Reserve Bank of Boston by a member bank, we have made inquiry of the Reserve Bank concerning the matter before replying to you.

"The Federal Reserve Bank advises that an inquiry, presumably the one in question, was recently made by telephone by a State member bank but that the exact details of the arrangement had not been worked out at the time. The Reserve Bank's comment was of a general character and

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"not intended either as approval of the proposed transaction or as advice that the loan of stock would in itself be contrary to any provisions of law or regulations. Doubt was expressed, however, as to the desirability of such a transaction from the point of view of the member bank, and in this connection the possibility was mentioned of the member bank's finding later that the transaction had been in effect a sale of the stock. Of course, if the transaction should be such as to constitute a sale, the member bank could not thereafter reacquire the stock in view of the provisions of section 9 of the Federal Reserve Act and section 5136, United States Revised Statutes, which prevent the purchase of stock by member banks of the Federal Reserve System.

"We trust that this explanation of the matter will give you the information which you desire, but if it is not clear to you or to the member bank in question, you may wish to communicate further with the Federal Reserve Bank of Boston on the subject."

Approved unanimously.

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

"Reg. W-59. The classification 'plumbing fixtures designed for household use' does not include water meters."

Approved unanimously.

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

"Reg. W-60. The Board has received the following question relating to Regulation W:

"A purchaser buying a listed article makes a down-payment in excess of the amount required by the regulation. May he be permitted later, in purchasing a second listed article, to apply any part of the down-payment on the first article as the required down-payment on the purchase of the second article?"

"He is not permitted to do so."

Approved unanimously.

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

"Reg. W-61. An inquiry which may be stated as follows has been received under Regulation W:

The X Electric Company purchases substantial numbers of automobiles for cash and sells them to its salesmen on a monthly payment plan, with payments spread over 12 to 18 months. The X Electric Company does not make such sales to anyone except its salesmen. Is the X Electric Company 'engaged in the business' as described in section 3(a)? Must these extensions of credit comply with the down-payment and other requirements of the regulation?

"Both parts of the question should be answered in the affirmative."

Approved unanimously.

Telegram to Mr. Hodge, Assistant Counsel of the Federal Reserve Bank of Chicago, regarding suggested amendment to Regulation W to apply to the financing of used cars, and reading as follows:

"Your wire September 10 re W-16-24-37. Board agrees with your opinion that practice under (1) your wire is not violation in circumstances described in your wire. Assuming that practice under (2) your wire involves arrangements with particular finance companies or banks which your wire states are not present in (1). Board also agrees with your opinion that such practice under (2) is violation. Consideration is being given to possible amendments to deal with such situations."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Merrill
Secretary.

Approved:

Donald P. Mason
Vice Chairman.