

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, July 14, 1944, at 11:00 a.m.

PRESENT: Mr. Ransom, Vice Chairman  
Mr. McKee  
Mr. Evans

Mr. Bethea, Assistant Secretary  
Mr. Carpenter, Assistant Secretary  
Mr. Clayton, 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. Clouse, Secretary of the Federal Reserve Bank of Cleveland, Mr. Leach, President of the Federal Reserve Bank of Richmond, Messrs. Dillard and Stewart, Secretaries of the Federal Reserve Banks of Chicago and St. Louis, respectively, Mr. Powell, First Vice President of the Federal Reserve Bank of Minneapolis, Mr. Caldwell, Chairman of the Federal Reserve Bank of Kansas City, Mr. Gilbert, President of the Federal Reserve Bank of Dallas, and Mr. Hale, Secretary of the Federal Reserve Bank of San Francisco, stating that the Board approved the establishment without change by the Federal Reserve Banks of St. Louis and San Francisco on July 11 and by the Federal Reserve Banks of Cleveland, Richmond, Chicago, St. Louis, Minneapolis, Kansas City, and Dallas on July 13, 1944, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated July 10, 1944, from Mr. Paulger, Director

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of the Division of Examinations, recommending that, effective July 24, 1944, Kenneth Kenyon be appointed on a temporary basis for an indefinite period as an Assistant Federal Reserve Examiner, with basic salary at the rate of \$3,000 per annum, and with official headquarters at Washington, D. C. Mr. Kenyon has already passed the usual physical examination.

By unanimous vote, Mr. Kenneth Kenyon was appointed on a temporary basis for an indefinite period as an examiner to examine Federal Reserve Banks, member banks of the Federal Reserve System, and corporations operating under the provisions of sections 25 and 25(a) of the Federal Reserve Act, for all purposes of the Federal Reserve Act and of all other acts of Congress pertaining to examinations made by, for, or under the direction of the Board of Governors of the Federal Reserve System, and was designated as an Assistant Federal Reserve Examiner, with official headquarters at Washington, D. C., and with basic salary at the rate of \$3,000 per annum, all effective July 24, 1944.

Memorandum dated July 10, 1944, from Mr. Paulger, Director of the Division of Examinations, recommending that Miss Mary B. Shrader be appointed as a stenographer in that Division on a temporary basis for an indefinite period, with basic salary at the rate of \$1,620 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed satisfactorily the usual physical examination, with the understanding (1) that if anything derogatory develops in the investigation of her references her services

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may be terminated immediately and (2) that if her services and references prove satisfactory she will be recommended for a permanent appointment.

Approved unanimously.

Memorandum dated July 12, 1944, from Mr. Bethea recommending that Mrs. Dorothy Rogers, a charwoman in the Secretary's Office, be granted leave without pay from June 26, 1944, for a period not extending beyond August 15, 1944, and that the Board authorize the continuance of her death benefit insurance with the understanding that she will make appropriate payments therefor.

Approved unanimously.

Letter to the "Chrisney State Bank", Chrisney, Indiana, reading as follows:

"The Board is glad to learn that you have completed all arrangements for the admission of your bank to 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.

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

"Your letter of May 9, 1944, regarding an inquiry which you received from F. S. Moseley & Co., Boston, Massachusetts, concerning the application of Section 7(a) of Regulation T to certain transactions conducted by that firm has been under consideration and has been

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"discussed with the Securities and Exchange Commission. Before the Board ruled upon the question it seemed desirable to ask the Federal Reserve Banks of Boston, New York, and Philadelphia to ascertain from the trade whether the ultimate purchaser of the securities, if he applies directly to F. S. Moseley & Co. to have them arrange a loan, or the dealer who sells the securities, if he asks F. S. Moseley & Co. to arrange a loan, would be considered a 'customer' of F. S. Moseley & Co. 'in accordance with the ordinary usage of the trade' (quoting from Section 2(c) of Regulation T). Accordingly, it will be appreciated if you would make such inquiries as you deem appropriate and advise the Board.

"There is enclosed for your information a copy of a letter from the Securities and Exchange Commission, dated June 20, which refers to a draft of ruling, also enclosed, which had been prepared in reply to your letter of May 9."

Approved unanimously, together with the following letter to Mr. Davis, Manager of the Foreign Funds Control Department & Security Loans Department, Federal Reserve Bank of New York, and Mr. Hill, Vice President of the Federal Reserve Bank of Philadelphia:

"An inquiry, with which you are already familiar, has been received from the Federal Reserve Bank of Boston regarding the application of Section 7(a) of Regulation T to certain transactions conducted by F. S. Moseley & Co., Boston, Massachusetts.

"F. S. Moseley & Co. is a member of the New York Stock Exchange, but originally started in business as a note broker. In its note department it does not make any loans, but among other things, it acts as intermediary between persons wishing to borrow on unlisted securities (for the purpose of purchasing such securities) and a bank willing to lend. The note brokerage department is operated as a separate division of the business, and no loan is arranged for any person to or for whom securities are bought or sold by the firm.

"The only question presented is whether the persons for whom the loans are arranged are 'customers' within the meaning of Section 7(a) in view of the fact that they are not persons to or for whom securities are bought or sold by the firm.

"Before replying to the inquiry it seemed desirable to

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"ask the Federal Reserve Banks of Boston, New York, and Philadelphia to ascertain from the trade whether the ultimate purchaser of the securities if he applies directly to F. S. Moseley & Co. to have them arrange a loan, or the dealer who sells the securities, if he asks F. S. Moseley & Co. to arrange a loan, would be considered a 'customer' of F. S. Moseley & Co. 'in accordance with the ordinary usage of the trade' (quoting from Section 2(c) of the Regulation). Accordingly, it would be appreciated if you would make such inquiries as you deem appropriate and advise the Board.

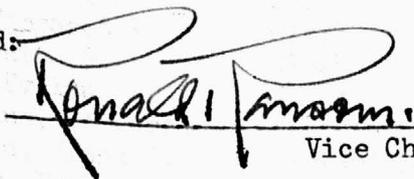
"There is enclosed for your information a copy of the inquiry from the Federal Reserve Bank of Boston and a copy of a letter from the Securities & Exchange Commission dated June 20, which refers to a draft of ruling, also enclosed, which had been prepared in reply to the inquiry."

Thereupon the meeting adjourned.



Assistant Secretary.

Approved:



Vice Chairman.