

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, May 23, 1945, at 10:30 a.m.

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

Mr. Morrill, Secretary
Mr. Hammond, Assistant Secretary
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 May 22, 1945, were approved unanimously.

Letter to Mr. Wallace, Counsel for the Federal Reserve Bank of Richmond, reading as follows:

"This refers to your letter of May 1 and its enclosure requesting a ruling as to whether a corporation therein described is required to register under Regulation W and whether or not the loans made by it are subject to Regulation W.

"The corporation is a nonstock, nonprofit corporation exempted from taxation by the Treasury Department because of the fact that its activities are entirely limited to charitable and other altruistic purposes. Until recently, it made donations, chiefly to enable needy persons to purchase glasses, trusses, artificial limbs and other such equipment, but more recently the corporation has decided to make loans to needy persons, most of which will probably be for such purposes, but some of which may be for purposes which would not of themselves render the loans exempt from the provisions of Regulation W. However, in no event will the corporation charge any

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"interest on any loan, and the borrower will not be required to repay anything except the principal amount borrowed.

"The Regulation applies to a person 'engaged in the business of making *** instalment loans ***' and although the primary purpose of this provision was to make the Regulation not applicable to a person making only an occasional loan not in the regular course of business, the Board agrees with the conclusion suggested in your letter that it also makes the Regulation not applicable to a corporation making loans without interest and without any possibility of profit but merely for altruistic or charitable motives. As you point out, standard dictionaries do not restrict the meaning of the word 'business' to activities which are pursued for gain or profit, but they appear to recognize that in common parlance the word is most frequently used with reference to such activities. Moreover, the other more general definitions which they give (affair; concern; mission) are not apt in connection with the phrase quoted above from Regulation W.

"The case is the first one of its kind which has come to the attention of the Board, but in view of the facts stated in your letter and enclosure, the Board believes that the corporation is not required to register and the loans made by it need not comply with Regulation W."

Approved unanimously.

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

"The Board of Governors approves the changes in the personnel classification plan of the Federal Reserve Bank of Dallas and Branches as indicated in the schedules submitted with your letter of May 7, 1945."

Approved unanimously, together with letters to the Commissioner of Internal Revenue, Salary Stabilization Unit, and the Wage Stabilization Division, National War Labor Board, transmitting certificates of the Federal Reserve Bank of Dallas with respect to salary increases at the Bank and its Branches.

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Thereupon the meeting adjourned.

Arvester Morier
Secretary.

Approved: McCooler
Chairman.