

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, January 25, 1946, at 12:00 o'clock noon.

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

Mr. Hammond, Assistant Secretary
Mr. Connell, General Assistant,
Office of the Secretary
Mr. Morrill, Special Adviser
Mr. Thurston, Assistant to the Chairman
Mr. Townsend, Assistant General Attorney
Mr. Wyatt, General Counsel

There were presented telegrams to Messrs. Treiber and McCreedy, Secretaries of the Federal Reserve Banks of New York and Philadelphia, respectively, Mr. Blair, Assistant Secretary of the Federal Reserve Bank of Cleveland, Mr. Leach, President of the Federal Reserve Bank of Richmond, Mr. Dillard, Vice President of the Federal Reserve Bank of Chicago, Mr. Stewart, Secretary of the Federal Reserve Bank of St. Louis, Mr. Powell, First Vice President of the Federal Reserve Bank of Minneapolis, Mr. Johns, Secretary of the Federal Reserve Bank of Kansas City, Mr. Gilbert, President of the Federal Reserve Bank of Dallas, and Mr. Mangels, Vice President of the Federal Reserve Bank of San Francisco, stating that the Board approves the establishment without change by the Federal Reserve Banks of St. Louis and San Francisco on January 22, and by the Federal Reserve Banks of New York, Philadelphia, Cleveland, Richmond, Chicago, Minneapolis, Kansas City,

1/25/46

-2-

and Dallas, on January 24, 1946, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Reference was made to a memorandum from Mr. Szymczak dated January 10, 1946, regarding the proposed purchase by the Federal Reserve Bank of Atlanta of a building site for its Jacksonville Branch, and it was agreed that the matter should be postponed and put on the docket for a subsequent meeting of the Board at which Chairman Eccles could be present.

There was presented a letter from Mr. Prochnow, Acting Secretary of the Federal Advisory Council, under date of January 16, 1946, requesting a list of subjects which the Board might wish to have discussed at the forthcoming meeting of the Council to be held on February 17-18, 1946.

It was agreed that Mr. Prochnow should be advised that the Board had no topics to suggest at this time.

Mr. Ransom referred to the understanding reached at an informal meeting of the Board yesterday, that a letter be drafted to Chairman Leland, of the Federal Reserve Bank of Chicago, concerning the recent speech which he made at Pittsburgh. All of the members of the Board present were in agreement that the procedure to be followed in the handling of this matter should be reconsidered at a meeting of the Board at which the Chairman could be present.

At this point Messrs. Townsend and Wyatt withdrew from the meeting.

1/25/46

-3-

The action stated with respect to each of the matters herein-
after referred to was then taken by the Board:

The minutes of the meeting of the Board of Governors of the
Federal Reserve System held on January 24, 1946, were approved unani-
mously.

Memorandum dated January 24, 1946, from Mr. Paulger, Director
of the Division of Examinations, stating that George M. Ringen, a Fed-
eral Reserve Examiner, will attain the retirement age of 65 on Feb-
ruary 28, 1946, and will retire effective March 1, 1946.

Noted.

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

"In accordance with the recommendation contained
in your letter of January 22, 1946, the Board of Govern-
ors extends to March 15, 1946, the time within which
the First State Bank of Corpus Christi, Corpus Christi,
Texas, may accomplish membership."

Approved unanimously.

Telegram to Mr. Fletcher, Vice President of the Federal Re-
serve Bank of Cleveland, reading as follows:

"Retel January 24. Following case described in your
wire is exempt from Regulation U under section 2(c): Mem-
ber of a national securities exchange acting as dealer
would acquire from Corporation A the stock which it owns
of Corporation B, this stock representing 'constructive
control' of the latter. Corporation B would take neces-
sary legal steps to permit the exchange member to make a
'secondary offering' of the stock to the public through
a syndicate of dealers, following the usual practice of
making such offering at the close of the New York Exchange
on a given day. Stock of Corporation B is already

1/25/46

-4-

"registered on a national securities exchange and would be used as collateral for a bank loan."

Approved unanimously.

Telegram to Mr. Johns, Secretary of the Federal Reserve Bank of Kansas City, reading as follows:

"Re tel January 24. Loan secured by stock to borrower who will use proceeds to provide margin with a broker for a short sale of registered stock is not subject to present provisions of Regulation U. This is because under section 3(b) loan need not be treated as for the purpose of purchasing or carrying a registered stock."

Approved unanimously.

Memorandum dated January 23, 1946, from the Division of Administrative Services, reviewing the Board's action of April 11, 1941, approving a Pay Roll Deduction Plan for Purchase of United States Savings Bonds and the establishment of a revolving fund in the amount of \$100 to be placed in the custody of the Fiscal Agent for use in providing over-the-counter sales of savings stamps to employees of the Board, and suggesting that, because of the small interest in savings stamps at this time, the account be closed and the \$100 fund taken up in the books as a miscellaneous receipt and deposited to the Board's General Fund Account with the Federal Reserve Bank of Richmond.

Approved unanimously.

Thereupon the meeting adjourned.

Bray Hammond
Assistant Secretary.

Approved:

Donald Ransom
Vice Chairman.