

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, March 25, 1946, at 10:30 a.m.

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

Mr. Carpenter, Secretary
Mr. Connell, General Assistant,
Office of the Secretary
Mr. Morrill, Special Adviser
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 March 22, 1946, were approved unanimously.

Memorandum dated March 22, 1946, from Mr. Cagle, Assistant Director of the Division of Examinations, submitting voucher for reimbursement for travel expenses incurred by Fred A. Dons, Assistant Federal Reserve Examiner, while on official business. The memorandum stated that the voucher was being submitted to the Board because, due to housing problems, it was necessary for Mr. Dons to incur telegraphic expense in the amount of \$1.56 in securing hotel accommodations, and recommended that the voucher be approved.

Approved unanimously.

Letter to Mr. Kimball, Vice President of the Federal Reserve Bank of New York, reading as follows:

3/25/46

-2-

"In view of the circumstances described in your letter of March 20, 1946, the Board of Governors approves the continuation of the payment of salary to Mr. William H. Schmidt, as an Assistant Shipping Clerk, at the rate of \$3,750 per annum, for a further period of six months beginning April 1, 1946."

Approved unanimously.

Letter to Mr. Douglas, Vice President of the Federal Reserve Bank of New York, reading as follows:

"The Board of Governors approves the changes in the personnel classification plan of the Federal Reserve Bank of New York as submitted with your letter of March 14, 1946."

Approved unanimously.

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

"Your letter of March 9, 1946, asks whether a certain loan to an investment trust would be subject to Regulation U.

"It appears that the immediate use of the proceeds of the loan would be to pay a dividend arrearage on preferred stock of the investment company. The company suggests that this would make the loan exempt from the Regulation as one not for the purpose of purchasing or carrying registered stocks.

"It seems clear, however, that the purpose of a loan cannot be determined without a broader look at the complete picture. This is especially true when the borrower is an investment company, whose entire existence centers around holdings of registered stocks and dealings in them.

"Here it appears that the assets of the company consist almost entirely of its investment portfolio. This in turn consists wholly of stocks, most of which are registered. There are indications that numerous purchases and sales are made in the portfolio from time to time. In the circumstances, it does not seem realistic to isolate the proposed loan and dividend from the general picture of the company's activities.

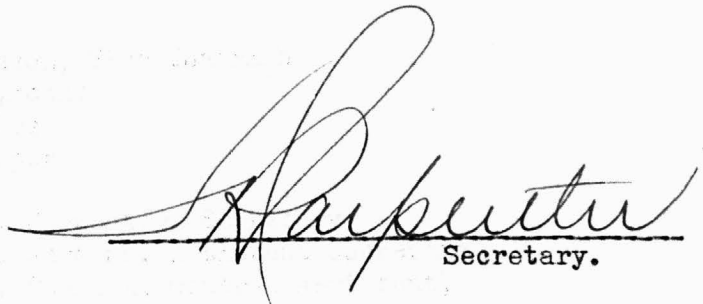
"On the basis of the facts presented, the Board is, therefore, of the opinion that the loan should be considered to be for the purpose of purchasing or carrying registered stocks."


Approved unanimously.

3/25/46

-3-

Thereupon the meeting adjourned.


Secretary.

Approved: 
Vice Chairman.