

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, September 27, 1946, at 10:30 a.m.

PRESENT: Mr. Ransom, Vice Chairman  
Mr. Draper

Mr. Carpenter, Secretary  
Mr. Morrill, Special Adviser

As stated in the minutes of September 16, 1946, Mr. Vardaman was absent on official business.

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

Telegrams to Mr. Whittemore, President of the Federal Reserve Bank of Boston; Mr. Treiber, Secretary of the Federal Reserve Bank of New York; Mr. Blair, Secretary of the Federal Reserve Bank of Cleveland; Mr. Strathy, Secretary 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. Ziemer, Vice President of the Federal Reserve Bank of Minneapolis; Mr. Woolley, Vice President 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 Bank of San Francisco on September 24, by the Federal Reserve Banks of New York, Cleveland, Richmond, Chicago, St. Louis, Minneapolis, Kansas City, and Dallas on September 26, and the Federal Reserve Bank of Boston today, of the rates of discount and purchase in their existing schedules.

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Approved unanimously.

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

"The Board of Governors approves the designation of Mr. O. Ernest Moore as the Manager of the Research Department at the Federal Reserve Bank of New York and payment of salary to him for the period October 1, 1946, through March 31, 1947, at the rate of \$9,000 per annum, the rate fixed by the Board of Directors as reported in your letter of September 23, 1946."

Approved unanimously.

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

"In accordance with the request contained in your letter of September 23, 1946, the Board approves the appointment of Harry Milton Pugh as an assistant examiner for the Federal Reserve Bank of Cleveland. Please advise us of the date upon which the appointment becomes effective."

Approved unanimously.

Letter to Mr. Bowman, Manager of the Credit Department of the Federal Reserve Bank of New York, reading as follows:

"Receipt is acknowledged of your letter of September 16, 1946, enclosing copies of correspondence with The National City Bank of New York in connection with a question under Regulation W.

"The question is whether an outstanding loan originally in a face amount of \$360, which has been paid down to \$60.00, may be consolidated with a new advance of \$228 and the consolidated loan given a maturity of eighteen months from the date of consolidation, if a Statement of Necessity is furnished in accordance with section 10(d).

"You have replied in the negative, but your correspondent questions this conclusion in view of a ruling published in the Federal Reserve Bulletin for November

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"1943 at page 1059. However, you are correct both in your reply and in your view that no conflict exists between your answer and this published ruling."

Approved unanimously.

Telegram to Mr. Slade, Vice President of the Federal Reserve Bank of San Francisco, reading as follows:

"Re your letter September 6, please advise Matthews, Kahn's, Oakland, that in order to meet his problem under Regulation W Board would have to amend the charge account provisions so as to make the 25th of the month closing date permissible for all stores and there has been considerable resistance in the trade to such action. A more general change in the handling of charge accounts which would be of assistance to him as well as have other consequences may be possible before too very long but it is impossible at this time to indicate what it might be or when it might occur. Please assure him that we are keeping his problem in mind."

Approved unanimously.

Letter to Mr. Slade, Vice President of the Federal Reserve Bank of San Francisco, reading as follows:

"This refers to your letter of September 13, 1946, regarding the difficulty that Frederick & Nelson, Seattle, is having in maintaining charge accounts in conformance with the provisions of Regulation W.

"We note that they have been following the practice of freezing defaulted accounts on an average of two weeks after bills are mailed, that with late billing this practice has resulted in violations of section 5, and that they have asked permission to defer freezing of accounts until ten days after the second bill following the month of purchase. Your denial of this request was correct, of course; permission to use this procedure would tend to nullify the provisions of section 5, and it could not be granted under the present terms of the regulation.

"This whole matter is being examined and it is possible that a solution will be worked out that will be helpful to stores in this position."

Approved unanimously.

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Telegram to Mr. Rouse, Vice President of the Federal Reserve

Bank of New York, reading as follows:

"Your telegram September 26 Board approves loan by your Bank to Banco de la Republica Oriental del Uruguay for an additional \$3,000,000, such loan to be secured by gold earmarked in your vaults. As indicated in your telegram it is understood that the loan is to be made on the following terms and conditions:

- (A) Such loan to be made up to 98 per cent of the value of the refined gold bars held by you in your vaults as collateral;
- (B) Such loan to run for three months; and
- (C) Interest to be at the discount rate of your Bank (at present 1 per cent per annum) on the amount actually advanced.

"It is understood that the usual participation will be offered to the other Federal Reserve Banks."

Approved unanimously.

Memorandum from Mr. Hooff, Assistant Counsel, recommending that there be published in the October issue of the Federal Reserve Bulletin statements in the form attached to the memorandum with respect to the following subjects:

Consumer Credit:  
 Renewal of Single-Payment Loan under \$2,000  
 Floor Furnaces as "Listed Articles"

Foreign Funds Control:  
 Treasury Department Releases

Approved unanimously.

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Thereupon the meeting adjourned.

  
Secretary.

Approved:

  
Vice Chairman.