

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, September 30, 1946, at 12:30 p.m.

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

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:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on August 22, 1946, were approved unanimously.

The minutes of the meetings of the Board of Governors of the Federal Reserve System held on August 23, 26, 27, 28 and 30, and September 3, 4, 5, 6, 9, 10, 11, 12, 13, 16, 17, 18, 19, 20, 24, 26 and 27 were approved and the actions recorded therein were ratified unanimously.

Letter to Mr. S. Clay Williams, Chairman of the Board, R. J. Reynolds Tobacco Company, Winston Salem, North Carolina, reading as follows:

"This is with reference to your letter of September 13, 1946, in which you request that some method be found whereby the Common Stock of your company could be accorded a loan value under Regulation U which you would hope would be not less than 50 per cent of the value of the stock. We appreciate the comprehensiveness with which you have submitted information on your problem.

9/30/46

-2-

"We have studied the circumstances carefully, and, as you have surmised, there appears to be no provision of Regulation U as it stands at present which would permit the assignment of loan value to this stock. Nor is there any way by which the Board can make a special exception in this particular case, since the Board has an established policy, founded on experience with administration of regulations of this kind, to operate by general rule rather than by discretionary treatment of particular cases.

"The Board does not feel that it can adopt an amendment to the regulation which would provide an exception for all cases having the special conditions which prevail with reference to your Common Stock, since the amendment would be of such limited applicability. It is possible, however, that in the course of our study of other problems which may come before the Board in the future a more general change in the scope of the regulation's applicability, such as would meet your problem as well as others, will be found possible. Naturally, it is impossible to predict when this might be done, but we assure you that the circumstances you have related will be kept in mind."

Approved unanimously.

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

"Re your letter of August 22 regarding Amendment No. 20 to Regulation W. Interpretation classifying sink incorporating an electric 'disposall' as 'combination unit' under item 42 is incorrect. 'Combination units' within the regulation include only those incorporating any listed article in classifications 12, 13, 18, 30 or 36. 'Disposalls' fall within classification 14. When sold in combination with a sink down payment and maximum maturity should be determined in accordance with 'mixed credit' provisions of section 12(b). Other interpretations contained in your letter are correct. Note, however, that prefabricated 'cabinets' whether or not permanently installed should properly be classified as furniture."

Approved unanimously.

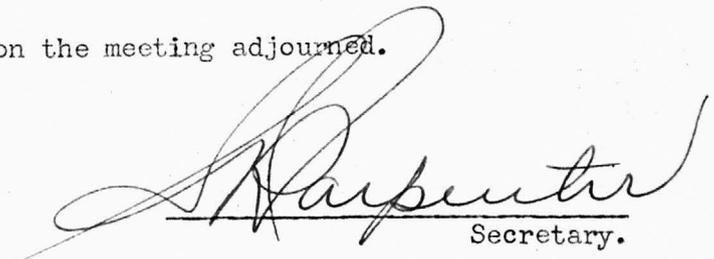
9/30/46

-3-

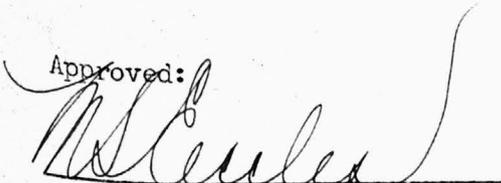
Advice having been received from Mr. Earhart, First Vice President of the Federal Reserve Bank of San Francisco, of the sudden death on September 28 of Mr. Clerk, President of that Bank, the Board authorized the payment of the cost of an appropriate floral tribute from the members of the Board and its staff to be sent to the funeral for Mr. Clerk, which, it was understood, was to be held on Wednesday, October 2, 1946.

Approved unanimously.

Thereupon the meeting adjourned.


Secretary.

Approved:


Chairman.