

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, October 12, 1949.

PRESENT: Mr. McCabe, Chairman
 Mr. Szymczak
 Mr. Draper
 Mr. Vardaman
 Mr. Clayton

Mr. Carpenter, Secretary
 Mr. Sherman, Assistant Secretary
 Mr. Morrill, Special Adviser
 Mr. Thurston, Assistant to the Board

Minutes of actions taken by the Board of Governors of the Federal Reserve System on October 11, 1949, were approved unanimously.

Memoranda from the heads of the divisions indicated below recommending appointments to the staff in those divisions, effective as of the dates upon which they enter upon the performance of their duties after having passed the usual physical examination:

<u>Date of Memo</u>	<u>Name</u>	<u>Title</u>	<u>Salary</u>	<u>Duration of Appointment</u>
RESEARCH AND STATISTICS 10/12/49	Murray Altmann	Research Assistant	\$3,225.60	Permanent
OFFICE OF THE SECRETARY 10/10/49	Miss Elizabeth E. Van Wagner	File Clerk	2,284.00	Temporary (six months)

Approved unanimously.

Memorandum dated October 5, 1949, from Mr. Leonard, Director of the Division of Bank Operations, recommending increases in the basic annual salaries of the following employees in that Division, effective October 16, 1949:

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<u>Name</u>	<u>Title</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
Gerald M. Conkling	Chief, Member Bank Section	\$8,150.40	\$8,509.50
Mortimer B. Daniels	Technical Assistant	8,150.40	8,389.80

Approved unanimously.

Letter to Mr. Sawyer, Assistant Vice President of the Federal Reserve Bank of Boston, reading as follows:

"This is with further reference to your letter of September 7, 1949, and its enclosure, and our acknowledgment of September 20, 1949, concerning a question under Regulation T which you received from Paine, Webber, Jackson & Curtis of Boston. The question was whether a firm which is a member of a national securities exchange may maintain under section 4(b) of the regulation a special omnibus account for another member firm and carry in such account cash transactions, as well as margin accounts.

"If a member firm qualifies as a broker or dealer by transacting business for the account of or in behalf of its customers, then, in the Board's view, such member firm is within the class specified in section 4(b) for whom a special omnibus account, in accordance with that section, properly may be maintained by another member firm.

"As you indicate, a principal purpose of section 4(b) was to facilitate the financing of customer margin transactions. However, on the basis of the question as presented, it is the Board's view that section 4(b) does not require that the use of an omnibus account be restricted to the financing of margin accounts to the exclusion of cash transactions.

"A conclusive answer to a question such as this, of course, must of necessity depend in large part on the detailed facts of the particular case and usages in the trade as viewed in the light of the entire regulation. If therefore there appears to be certain facts or circumstances which you believe should require further consideration of the latter part of your question by the Board, we trust that you will bring such matters to our attention. We mention this particularly in view of your understanding that the question arose because of a recent court case involving the use of special omnibus accounts. We assume

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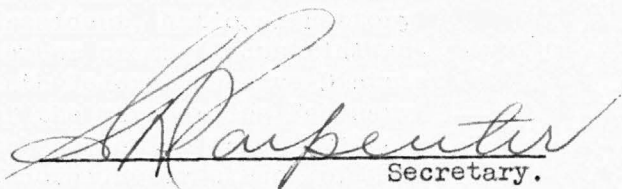
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"that you refer to a case now pending in court, since we know of no recent judicial decision with respect to such accounts or to the question presented by your letter."

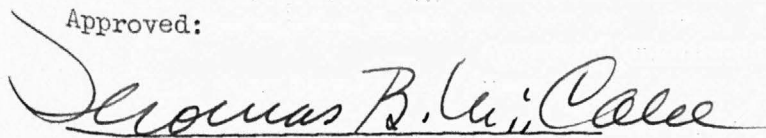
Approved unanimously.

Memorandum dated October 11, 1949, from Mr. Bethea, submitting for approval vouchers for Mr. Evans and Mr. Chase, Assistant Solicitor, covering expenses for Mr. Evans from September 18, 1949, to October 1, 1949, and for Mr. Chase to August 12, 1949.

Approved unanimously.


Secretary.

Approved:


Chairman.