

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, October 14, 1946, at 10:30 a.m.

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

Mr. Carpenter, Secretary
 Mr. Sherman, Assistant 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 October 11, 1946, were approved unanimously.

Memorandum dated October 9, 1946, from Mr. Thomas, Director of the Division of Research and Statistics, recommending that the basic salary of David L. Grove, an economist in that Division, be increased from \$5,403.60 to \$5,905.20 per annum, effective October 20, 1946.

Approved unanimously.

Memorandum dated October 9, 1946, from Mr. Thomas, Director of the Division of Research and Statistics, recommending that the following increases in basic annual salaries of employees in that Division be approved, effective October 20, 1946:

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<u>Name</u>	<u>Designation</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
Eleanor S. Frase	Economist	\$4,149.60	\$4,400.40
Elizabeth B. Sette	Economist	3,773.40	4,149.60
Doris Plass Warner	Economist	3,773.40	4,149.60

Approved unanimously.

Memorandum dated October 8, 1946, from Mr. Smead, Director of the Division of Bank Operations, recommending the appointment of Miss Patricia June Banton, as a stenographer in that Division, on a temporary indefinite basis, with basic salary at the rate of \$2,394.00 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed the usual physical examination. The memorandum also stated that Miss Banton was a member of the Civil Service Retirement System, and would remain in that system.

Approved unanimously.

Memorandum dated October 8, 1946, from Mr. Van Fossen, Assistant Director of the Division of Bank Operations, recommending the appointment of Mrs. Florence J. Lewis as a clerk in that Division, on a temporary indefinite basis, with basic salary at the rate of \$2,394.00 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed the usual physical examination. The memorandum also stated that Mrs. Lewis was a member of the Civil Service Retirement System and would remain in that system.

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Approved unanimously.

Memorandum dated September 24, 1946, from Mr. Bethea, Director of the Division of Administrative Services, recommending that the following increases in basic annual salaries of employees in that Division be approved, effective October 20, 1946:

<u>Name</u>	<u>Designation</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
Wayne A. Pollard	Assistant Chief, Fiscal Section	\$4,776.60	\$4,902.00
Elizabeth L. Carmichael	Supervisor, Publica- tions Section	3,648.00	3,898.80
Harry E. Kern	Supervisor, Procurement Section	3,021.00	3,271.80
Sven Johnson	Foreman of Laborers	3,021.00	3,146.40
John M. Poundstone	Pay Roll Clerk	2,845.44	3,021.00
Robert P. Warner	Accounting Clerk	2,770.20	3,021.00
Mary E. Dorsey	Printing Clerk	2,770.20	3,021.00
Enid W. Staley	Printing Clerk	2,544.48	2,770.20
Helen L. Hulen	Clerk-Stenographer	2,469.24	2,619.72
Woodley Boothe	General Mechanic	2,619.72	2,694.96
Albert J. Sadler	General Mechanic	2,020.00	2,243.52
Philip D. Faber	Supply Clerk	2,020.00	2,168.28
William E. Smoot	Guard	1,690.00	2,020.00

Approved unanimously.

Letter to Mr. Neely, Federal Reserve Agent of the Federal Reserve Bank of Atlanta, reading as follows:

"In accordance with the request contained in Mr. McLarin's letter of October 9, 1946, the Board of Governors approves, effective October 1, 1946, the payment of salary to Mrs. Genevieve M. Barnett, as Alternate Assistant Federal Reserve Agent, at the rate of \$3,300 per annum."

Approved unanimously.

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

"The Board of Governors approves the change in the personnel classification plan of the Pittsburgh Branch, consisting of the establishment of the position of Physician, as submitted with your letter of October 4, 1946."

Approved unanimously.

Telegram to Mr. Earhart, First Vice President of the Federal Reserve Bank of San Francisco, prepared in accordance with the action taken at the meeting of the Board on October 11, 1946, and reading as follows:

"Referring letter from Bank of America under date of October 3 to Grady, copy of which was forwarded to the Board in your letter of October 5, the Board wishes you to send following letter to Bank of America:

'Mr. Carl F. Wentz, Senior Vice President,
Bank of America National Trust & Savings
Association,
San Francisco, California.

Dear Mr. Wentz:

'Today we have been instructed by the Board of Governors of the Federal Reserve System to advise you that they have received the application embodied in your letter addressed to Mr. Grady, Chairman of the Board of this Bank, under date of October 3, filed by you on behalf of Bank of America N. T. & S. A., seeking the right to participate in the nomination of a Class A director for the Federal Reserve Bank of San Francisco, and the additional right to vote in the election of such Class A. director.

'We are instructed by the Board of Governors of the Federal Reserve System to further notify you that the Board considers your application as one falling within the purview of section 4 of the Rules of Procedure adopted by the Board of Governors of the Federal Reserve System, effective September 11, 1946, pursuant to the require-

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"ments of the Administrative Procedure Act. A copy of the Rules of Procedure, to which reference is made is enclosed.

"We are further instructed by the Board to advise you that the application is being considered and will be handled pursuant to the provisions of the aforesaid section 4."

Approved unanimously.

Telegram to the Presidents of all the Federal Reserve Banks, reading as follows:

"This will inform you of a System conference on Regulation W to be devoted primarily to the subject of general revision of the regulation. It will meet in Washington starting Monday morning, October 28, and continue through the afternoon of the following day, Tuesday, October 29. It is desired that each Reserve Bank should send one senior officer of the Bank and feel free to send one additional man who is working on the regulation. While the whole group should be kept small enough to work efficiently, you may feel that it would be desirable for you to have more than two representatives, in which case communication with Mr. Parry is suggested. Please let us know as soon as possible who will represent your Bank and what hotel reservations, if any, you wish us to make. We should also like to be informed, if convenient, of hotel reservations made by you directly."

Approved unanimously.

Under date of October 4, 1946, Mr. Hitt, First Vice President of the Federal Reserve Bank of St. Louis, advised the Board regarding a number of violations of Regulation W, Consumer Credit, by Consolidated Home Furnishings Company, 3307 Washington Avenue, St. Louis, Missouri. With his letter Mr. Hitt enclosed an agreement signed by the president of the Company admitting the violations and consenting to the issuance

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of an order closing the business for three business days, October 17-19, 1946, and stated that the agreement was the result of conferences following the latest examination of the registrant, and that the Federal Reserve Bank felt that the closing procedure and the term covered therein were a fair penalty and one which could be recommended for acceptance by the Board.

Upon recommendation by Mr. Ransom, the following order was approved unanimously with the understanding that a copy would be sent to the Federal Reserve Bank of St. Louis, which would obtain the signature of the president of the Company consenting to the issuance of the order. It was also understood that the other Federal Reserve Banks would be advised by mail of the issuance of the order, but that no press release would be issued in connection with it:

"BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C.

In Relation to

Consolidated Home Furnishings Company

ORDER SUSPENDING LICENSE UNDER REGULATION W

"Consolidated Home Furnishings Company having appeared by its president, Sam Lyner, in connection with alleged violations of Regulation W of the Board of Governors of the Federal Reserve System, and having waived notice and opportunity for hearing before the Board and consented to the issuance of this order suspending its license, and having agreed that:

1. It was at all times mentioned herein and now is engaged in the business of making instalment sales of listed articles at 3307 Washington Avenue, St. Louis, Missouri, and that

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2. Prior to October 4, 1946, it failed to comply with Regulation W in a number of instances; and said Consolidated Home Furnishings Company having further agreed that during the period of suspension of its license under this order it will close its office at the address aforesaid and that, upon resumption of business following the termination of this suspension, it will conform its business to the requirements of Regulation W.

"The Board, having considered the consent, representations and agreement of the party named and under authority of Section 5(b) of the Act of October 6, 1917, as amended, and Executive Order of the President No. 8843, hereby orders:

1. That the license of said Consolidated Home Furnishings Company issued pursuant to the Board's Regulation W be and the same is hereby suspended for the period commencing at the close of business October 16, 1946, and ending at the opening of business on October 21, 1946: Provided, that this order during the period of suspension shall not prohibit (a) the carrying on of regular office and accounting work, (b) the receipt of any payments on existing obligations, and (c) the making of payments on any obligations, including obligations to employees for salaries and wages;

2. Any terms used in this order that are defined in Regulation W shall have the meaning therein given them.

"By order of the Board of Governors of the Federal Reserve System this 14th day of October, 1946.

(SEAL)

(Signed) S. R. Carpenter,
Secretary.

"I, the undersigned, Sam Lyner, represent that I am the president of Consolidated Home Furnishings Company described in the foregoing order and that, having full authority to do so, I confirm the agreements and representations set out in the aforesaid order and consent to its issuance.

CONSOLIDATED HOME FURNISHINGS COMPANY
By Sam Lyner, (Signed)
President."

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Letter to the Presidents of all the Federal Reserve Banks, reading as follows:

"A Summary of Regulation W Enforcement Reports for the month of August 1946 is enclosed.

"Five of the Banks indicated that enforcement problems were substantially similar for each class of Registrant. The remaining Banks reported more enforcement difficulties in some fields than in others. These fields, in order of importance, were as follows: (1) house-to-house peddlers, (2) State-licensed small loan companies, (3) jewelry stores, (4) soft goods vendors, (5) automobile dealers, and (6) furniture stores.

"In connection with the enforcement reports received by the Board from the Federal Reserve Banks, some reflected no investigation activity in respect of 'soft goods vendors'. It may be that some investigations in this category were made by these Banks but were not properly reported as a result of a misinterpretation of footnote No. 1 on Form F.R.639. Combination of groups 'E' and 'I' was intended only for purposes of the 'Number of Registrants' column since it was recognized that registration statements in each instance might not indicate the exact nature of business activity. The information contained in individual investigation reports should permit use of the 'soft goods vendors' classification in respect of all other statistics."

Approved unanimously.

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

"Your telegram October 11 Board approves loan by your Bank to Banco Nacional de Costa Rica of up to \$1,000,000, 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) The amount to be advanced not to exceed \$1,000,000 in the aggregate at any one time outstanding; such loan or loans to be made up to 98 per cent of the value of the refined gold bars held in your vaults as collateral;

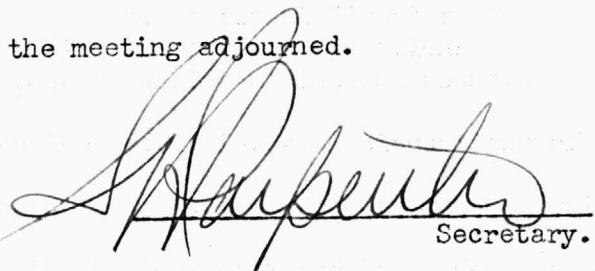
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- (B) Such loan or loans to run for three months, but no loan or renewal thereof to mature later than April 30, 1947;
- (C) Interest until further notice to be at the discount rate of your Bank (at present 1 per cent per annum) on the amounts actually advanced; and
- (D) The amount advanced at any time and the amount repaid at any time to be in round amounts of not less than \$50,000.

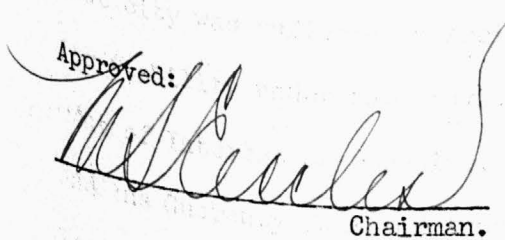
"It is understood that the usual participation will be offered to the other Federal Reserve Banks."

Approved unanimously.

Thereupon the meeting adjourned.



 Secretary.

Approved:


 Chairman.