

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, August 9, 1948.

PRESENT: Mr. McCabe, Chairman
 Mr. Eccles
 Mr. Szymczak
 Mr. Draper
 Mr. Evans
 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 August 6, 1948, were approved unanimously.

Memorandum dated August 5, 1948, from Mr. Bethea, Director of the Division of Administrative Services, submitting a memorandum dated August 3 from Mr. Bass, together with statements showing experience under the Board's group life insurance policy with Aetna Life Insurance Company and the membership in the plan as of April 30, 1948, and stating that during the nine years the policy had been in effect contributions by employees had exceeded net premiums paid to the Company by the Board by \$1,316.60, for which an appropriate adjustment was being made at this time on the Board's books to set up the excess of \$1,316.60 in the group insurance account where it would be carried forward from year to year in the nature of a reserve. The memorandum also stated that the amount of such reserve would fluctuate according to net pre-

8/9/48

-2-

miums paid to the Company and contributions made by employees, and that the excess premiums paid by employees during the years the policy has been in effect would be wiped out before the Board would again contribute toward the payment of premiums.

Approved unanimously.

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

"In view of the fact that Congress has passed and sent to the President S. J. Res. 157, which among other things would authorize regulation of consumer instalment credit until June 30, 1949, the Board will appreciate your reactions and recommendations on certain questions involved in issuance of a new Regulation W. Such questions relate chiefly to possible changes from the provisions which were in effect on November 1, 1947.

"1. There will be a question as to the date on which the new Regulation should become effective. If and when the President approves the resolution, present tentative plans would be that within a very few days thereafter the regulation would be issued and published in the Federal Register. However, because of both considerations of business convenience of persons subject to the Regulation and the general purposes of the Administrative Procedure Act, present thinking has been in terms of making the effective date 30 days later than the date of such publication.

"2. The \$2,000 ceiling on the coverage of instalment sales and instalment loans in the old regulation probably is too low in present circumstances. As possible substitutes \$3,500, \$4,000 and \$5,000 have been considered.

"3. The registration statement referred to in section 2 of the regulation probably would be simpler than under the old regulation. There is a question as to whether the regulation should provide for

8/9/48

-3-

"registration and if so whether everyone subject to the regulation should be required to file the new statement or whether those who had filed under the old regulation might be excused from filing the new form.

"4. Should each of the maturities, down payments and loan values specified in Parts 1, 2 and 3 of the Supplement remain as they were in the old regulation, or should they be modified, and if so, in what respects?

"5. A minor point is what should be the date specified in the second paragraph of Part 4 of the Supplement after which 'appraisal guide values' must be used with respect to used automobiles?

"The Board would appreciate the benefit of your views by wire within 48 hours, or sooner if possible, on each of the above questions and any others on which you may wish to comment.

"The changes in the language of the regulation that would depend on the above questions are rather evident, but for your further information in this connection copies of the old regulation marked to indicate some of the provisions where changes might be made, are being airmailed to you. There will be nothing particularly new in this marked copy, however, and we hope that you will wire your comments without necessarily awaiting its arrival.

"We plan to send you as soon as possible photo offset negatives of the regulation as decided upon by the Board so that you may print and distribute the regulation in your district. Kindly advise whether this procedure will be satisfactory to you."

Approved unanimously, with the understanding that in the wire to Mr. Earhart, President of the San Francisco Bank, the words "photo offset negatives" in the next to the last sentence would be changed to read "printer's proofs".


Secretary.

Approved:


Chairman.