

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, September 17, 1948.

PRESENT: Mr. Szymczak, Chairman pro tem.
Mr. Draper
Mr. Vardaman
Mr. Clayton

Mr. Sherman, Assistant Secretary
Mr. Morrill, Special Adviser

Minutes of actions taken by the Board of Governors of the Federal Reserve System on September 16, 1948, were approved unanimously.

Telegrams to the Federal Reserve Banks of New York, Philadelphia, Atlanta, Chicago, and San Francisco, stating that the Board approves the establishment without change by the Federal Reserve Bank of San Francisco on September 14, by the Federal Reserve Bank of Atlanta on September 15, and by the Federal Reserve Banks of New York, Philadelphia, and Chicago on September 16, 1948, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Letter prepared for the signature of Mr. Vest, General Counsel, to Mr. George T. Washington, Assistant Solicitor General, Department of Justice, Washington, D. C., reading as follows:

"I have your letter of September 14, 1948, enclosing a draft of an act to amend State securities acts to provide for the dissemination of information prior to an offering of securities, together with its interpretative statement.

"Both the draft of legislation and the interpretative statement were transmitted to you by the Securities and Exchange Commission for submission to State legislatures

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"through the Council of State Governments, and the Bureau of the Budget has suggested to you that this Board would probably be interested.

"The purpose of the proposed legislation is to permit the distribution to the public of information regarding securities prior to the time when such securities are registered or qualified for sale under the so-called 'blue sky laws' of the various States, in order that prospective purchasers and prospective participants in a proposed distribution of such securities may have an opportunity to analyze and evaluate the merits of the securities before they are pressed to buy them or to participate in their distribution. The proposed legislation would thus help to effectuate the policy of the Federal Securities Act of 1933.

"We appreciate your sending us the draft and statement for our consideration, and I am glad to advise you that the Board has no objection to the proposal and is in sympathy with its purposes."

Approved unanimously.

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

"In view of several changes in the schedule for other meetings, the Board has set October 7 and 8 as the dates for the conference of Reserve Bank people handling Regulation W work. You will receive a letter concerning the agenda at a later date."

Approved unanimously.

Letter to Mr. C. R. Orchard, Director, Bureau of Federal Credit Unions, Federal Security Agency, Washington, D. C., reading as follows:

"The Board's Regulation W relating to Consumer Instalment Credit which was issued under the authority of Public Law 905, enacted at the recent special session of Congress,

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"becomes effective September 20, 1948. Copies of the Regulation and of the Board's press release dated August 19, 1948, regarding the Regulation are enclosed.

"It seems clear that effective and uniform enforcement of the Regulation throughout the country is essential to accomplish the purposes of the law and in fairness to the consuming public and to those subject to the Regulation.

"To that end the Board seeks the cooperation of your organization in the administration of the Regulation with respect to the institutions under your supervision. Mr. Brown and Mr. Leonard have reported to the Board their recent discussions with you on this matter, and the Board appreciates your offer of cooperation.

"The Board would like to have the cooperation of your organization along the following lines:

1. Your examiners to take appropriate steps in the examination of institutions under your supervision to promote understanding of, and compliance with, Regulation W, and to determine whether violations of the Regulation exist.
2. If violations by institutions under your supervision are discovered which in the opinion of representatives of your organization are inadvertent, your representatives to take steps to obtain correction of the violations along the lines which it is contemplated will be taken by the Federal Reserve Banks in similar circumstances under section II-A of the enclosed Outline of Enforcement Program; and
3. If violations by institutions under your supervision are discovered which in the opinion of representatives of your organization are apparently willful and steps should be taken to determine whether penalties should be prescribed, your representatives to report the facts in the case to the Federal Reserve Bank of the district in which the apparently willful violation occurs or to the Board of Governors.

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"In carrying out the above program, we would like to have representatives of your organization and appropriate representatives at the various Federal Reserve Banks maintain close informal contacts in order that the Federal Reserve Bank representatives may be of all possible assistance to your staff in your cooperation with us in this matter. Needless to say, we contemplate the same close and informal relations between our staffs here in Washington.

"The procedure regarding treatment of violations of the Regulation as stated in the attached Outline of the Enforcement Program, which has been prepared for the Federal Reserve Banks, has been cleared with the Department of Justice."

Approved unanimously, together with similar letters to Honorable William K. Divers, Chairman, Home Loan Bank Board, Washington, D. C. and Honorable I. W. Duggan, Governor, Farm Credit Administration, Department of Agriculture, Washington, D. C.

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

"Your wire September 16. Board approves further three month renewal by your Bank of the five Banque de France gold loans of \$10,000,000 each maturing September 22, October 4, 13, 14, and 20 on the same terms and conditions as apply to the maturing loans with the understanding that (1) Banque de France requests such renewal in each case and (2) if subsequent developments in the international situation make resubmission to your Directors desirable the matter will also be resubmitted to the Board of Governors.

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

Approved unanimously.

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

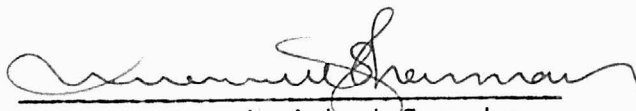
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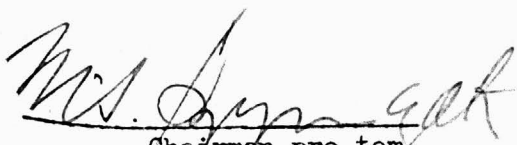
"Your wire September 16. Board approves three month renewal to December 23, 1948, by your Bank to Bank Polski of the \$2,250,000 balance of the \$3,000,000 gold loan due September 23, and a three month renewal to January 3, 1949, of the \$2,625,000 balance of the \$3,500,000 gold loan due October 1, on the same terms and conditions as apply to the maturing loans and on the same understanding, namely, that any further extensions which might be requested of these or any other loans to Bank Polski would, if granted, be contingent upon a repayment calculated on the basis of at least 25 per cent of the amount outstanding on June 9, 1948.

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

Approved unanimously.


Assistant Secretary.

Approved:


Chairman pro tem.