

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, September 27, 1948.

PRESENT: Mr. Eccles, Chairman pro tem.  
Mr. Szymczak  
Mr. Draper  
Mr. Evans

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

Minutes of actions taken by the Board of Governors of the Federal Reserve System on September 24, 1948, were approved unanimously.

Memorandum dated September 24, 1948, from Mr. Bethea, Director of the Division of Administrative Services, recommending that the resignation of Mrs. Mary S. Seagle, a telegraph operator in that Division, be accepted to be effective, in accordance with her request, at the close of business October 1, 1948, with the understanding that a lump sum payment would be made for annual leave remaining to her credit as of that date.

Approved unanimously.

Letter to Mr. Johns, Vice President and General Counsel of the Federal Reserve Bank of Kansas City, reading as follows:

"This refers to your letter of September 11, 1948, concerning the applicability of the \$70 monthly instalment requirement in Part 2 of the Supplement to Regulation W, to renewed, revised or consolidated obligations under section 5(a) of the Regulation.

"The \$70 monthly instalment requirement is intended to apply, according to its terms, to any instalment sale or instalment loan covered by the Regulation, including

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"those which may result from a renewal, revision or consolidation under section 5(a). Accordingly, in the example in the second paragraph of your letter, the \$70 rule, as you suggest, would be applicable and require a reduction in the number of instalments, for the renewed or revised credit."

Approved unanimously.

Letter to Mr. Jno. K. Althaus, Secretary, The Credit Bureau, Inc., P. O. Box 1617, Washington 13, D. C., reading as follows:

"This will acknowledge and thank you for your letter of September 10 suggesting that Regulation W be amended to provide a 'free trial' period for television sets.

"We recognize that the provisions of section 6(g) may handicap bona fide sales promotion efforts by the trade, and we appreciate receiving the information in your letter on the problems involved. The points you raise will be considered fully in our study of these provisions."

Approved unanimously.

Letter to Mr. J. L. May, President, Morgan Plan Industrial Bankers, Mobile, Alabama, reading as follows:

"Your letter of August 27 regarding Part 4 of the Supplement to Regulation W has been referred to us by the Federal Reserve Bank of Atlanta, and we are glad to comment on this provision of the regulation.

"There is a lot of truth in what you say about the inflated values of 'new' used cars, and from some points of view we can see that these inflated values are an unhealthy element in our economy. However, it seems to us that these relatively high prices are the result of the demand which is in excess of the available supply of good used cars. The appraisal guides, in so far as they are accurate in stating values, merely reflect the actual market price.

"It is not the immediate purpose of Regulation W to reduce the price of used cars, but to prevent excessive expansion of credit. The appraisal guide provision

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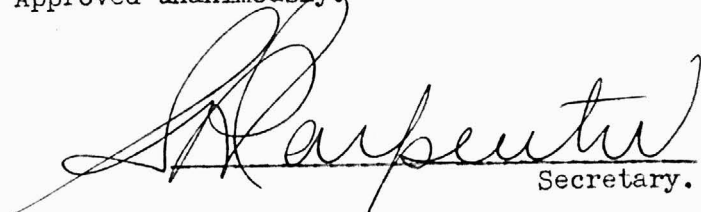
"of the regulation is designed especially to prevent dealers from inflating the price of both the used car sold and the car traded in in order to evade the down payment requirement.

"We appreciate your interest in writing us your views."


Approved unanimously.

Memorandum dated September 24, 1948, from Mr. Vest, General Counsel, recommending, for the reasons stated in the memorandum, that \$250 be added to the item of Furniture and Equipment in the 1948 non-personal budget for the Legal Division.

Approved unanimously.

  
Secretary.

Approved:

  
Chairman pro tem.