

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, September 22, 1950.

PRESENT: Mr. Evans, Chairman pro tem.
Mr. Norton

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Kenyon, Assistant Secretary

Telegrams to the Federal Reserve Banks of Boston, New York, Philadelphia, Atlanta, Chicago, Kansas City, and San Francisco stating that the Board approves the establishment without change by the Federal Reserve Bank of Kansas City on September 15, by the Federal Reserve Bank of San Francisco on September 19, by the Federal Reserve Bank of Atlanta on September 20, by the Federal Reserve Banks of New York, Philadelphia, and Chicago on September 21, 1950, and by the Federal Reserve Bank of Boston today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated September 13, 1950, from Mr. Dembitz, Assistant Director of the Division of International Finance, recommending an increase in the basic salary of Ernest C. Olson, an economist in that Division, from \$5,400 to \$5,800 per annum, effective October 1, 1950.

Approved unanimously.

Memorandum dated September 15, 1950, from Mr. Leonard, Director of the Division of Bank Operations, recommending that the temporary indefinite appointment of Mrs. Alice C. Immler, a sta-

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tistical clerk in that Division, be extended on a permanent basis, effective October 1, 1950, with an increase in salary from \$2,650 to \$2,730 per annum, also effective October 1, 1950.

Approved unanimously.

Memorandum dated September 20, 1950, from Mr. Young, Director of the Division of Research and Statistics, recommending that the resignation of George H. Cleaver, an economist in that Division, be accepted to be effective, in accordance with his request, at the close of business September 22, 1950.

Approved unanimously.

Memorandum dated September 21, 1950, from Mr. Bethea, Director of the Division of Administrative Services, recommending the appointment of Mrs. Alice King Watt as a stenographer in that Division, with basic salary at the rate of \$2,875 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed the usual physical examination, subject to a satisfactory investigation of Mrs. Watt's references.

Approved unanimously.

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

"In accordance with the request contained in your letter of September 14, 1950, the Board of Governors approves the payment of salaries to the following employees at the rates indicated, which rates are in excess of the prescribed salary maxi-

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"mums for the grades in which their positions are currently classified:

<u>Name</u>	<u>Annual Salary</u>
Anne Settiani	\$ 2520
Dorothie F. Crittenden	2340
Lillian M. Perrier	2400
Virginia A. Canney	2520
Thomas L. O'Brien	3000
Vincent T. McNally	3420

"In a letter to you dated August 28, 1947, the Board of Governors stated that whenever necessary under the job evaluation plan an employee could be assigned, for a period not exceeding six months, to a position having a maximum lower than the salary he was receiving without obtaining the specific approval of the Board. It is noted that all but one of the employees mentioned in your letter of September 14, 1950, have been receiving an above-maximum salary for more than six months and it is hoped that in the future these cases will be called to the Board's attention in the prescribed period of six months."

Approved unanimously.

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

"Your wire September 21. Board approves the granting of loan or loans by your Bank to the Banco Central de Venezuela not to exceed \$20,000,000 in the aggregate at any one time outstanding on the following terms and conditions:

- (A) Such loan or loans to be made up to 98 per cent of the value of the gold bars held in your vaults as collateral;
- (B) Each loan to bear interest from the date such loan is made until paid at the discount rate of your Bank in effect on the date on which the first loan is made;
- (C) Each such loan to mature not later than December 31, 1950.

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

Approved unanimously.

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Letter to Mr. Leach, President of the Federal Reserve Bank of Richmond, reading as follows:

"Enclosed is a draft of a proposed cable to Mr. John Exter, Governor of the Central Bank of Ceylon, Colombo, Ceylon, indicating that your Bank, with the approval of the Board of Governors, has agreed to the loan of Mr. G. Harold Snead to the Central Bank of Ceylon for a period not to exceed one year plus travel time.

"As indicated in the cable, we are suggesting that the financial arrangements be on the same basis as provided for Mr. Exter when his services were made available to the Ceylonese Government in 1948. These arrangements were set forth in the Board's letter to Mr. Exter of November 30, 1948, as follows:

'In view of the length of your stay and of the high cost of living in Ceylon, the Board has authorized an allowance payable to you monthly at the rate of \$3,000 a year, transportation from Washington to Ceylon and return for you and your family by air or sea, including a per diem while in travel status corresponding to that allowed in the Foreign Service of the United States and flight insurance for yourself, and the sum of \$1,000 for special expenses such as clothing, equipment, luggage, etc. These expenses above your salary will be reimbursed to the Board by the Government of Ceylon.

'In addition, the Government of Ceylon, in lieu of payment by the Board of a quarters allowance, etc., to be reimbursed by the Government of Ceylon, will provide you and your family suitable living quarters and maintenance thereof, including servants and local incidental services including chauffeur. It is assumed that the Government will provide you suitable offices, a secretary, and other necessary working facilities, including transportation if required by your duties.'

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"In applying the two paragraphs above to Mr. Snead's case, the Federal Reserve Bank of Richmond should of course be substituted wherever the Board is mentioned and the Central Bank of Ceylon should be substituted for the Government of Ceylon.

"If these arrangements are agreeable to you and your Bank's directors, it would be appreciated if you would let us know as soon as possible in order that we may dispatch the attached cable to Mr. Exter."

Approved, Mr.
Vardaman voting "no".

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

"Reference is made to your letter of September 12, 1950, submitting the request of 'The Sylvania Savings Bank Company', Sylvania, Ohio, for permission to establish a branch (de novo) in a community known as the Village of Trilby, Washington Township, Lucas County, Ohio.

"It is understood the Superintendent of Banks of the State of Ohio has approved the establishment of the proposed branch.

"In view of your recommendation the Board of Governors approves the establishment and operation of a branch in the Village of Trilby, Washington Township, Lucas County, Ohio, by The Sylvania Savings Bank Company, Sylvania, Ohio, provided the branch is established within six months of the date of this letter. It is understood that Counsel for the Federal Reserve Bank of Cleveland will review and satisfy himself as to the legal aspects of all steps taken in establishing the branch."

Approved unanimously.

Telegram to Mr. Mangels, First Vice President of the Federal Reserve Bank of San Francisco, reading as follows:

"Board approves action proposed in your wire of September 21 regarding subpoena served on Assistant Manager Watkins."

Approved unanimously.

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Letter to Mr. S. F. D. Meffley, Special Representative,
Recording and Statistical Corporation, Chicago 6, Illinois, reading
as follows:

"This refers to your letters of September 18, 1950 with regard to designation of an appraisal guide that you may arrange to print and distribute for National Used Car Dealers Association, and to proofs of your explanation of Regulation W.

"In view of your approaching deadline, we asked Mr. Olson of the Federal Reserve Bank of Chicago to telephone you about these matters.

"You may make your plans in expectation that the Board will designate such a book for the purposes of Part 4 of the Supplement to Regulation W provided that it is prepared as stated in your letter of September 18, 1950, and that it meets the conditions for designation stated in our letter to you dated September 9, 1950.

"With regard to the proofs you submitted, we feel that the table headed 'Regulation - W - Finance Schedule', and the reference to it on the preceding page, may be misunderstood by automobile dealers and others subject to the regulation as indicating that the use of this table would in itself assure compliance with the requirements of the regulation.

"As you know, the Board's designation applies to quotations of average retail values and not to any other figures set forth in guide books, such as their calculations of maximum loan value. In order to lessen the danger of misunderstanding in this connection, we suggest that you remove 'Regulation W' from the heading of your finance schedule, and restate the last paragraph of your explanation with a separate heading and with wording similar to the following:

The limitations initially established by Regulation W for automobiles are:
down payments of at least one-third,
and maximum maturities of 21 months.

FINANCE SCHEDULE

"The following pages exhibit a Finance Schedule for quick reference showing our computation of

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"minimum down payment and maximum loan value on bona fide cash purchase price or appraisal guide value. A 6% Monthly Payment Schedule for 12-month period is also shown."

Approved unanimously.

Letter to Honorable Frederick J. Lawton, Director, Bureau of the Budget, Washington, D. C., reading as follows:

"This will acknowledge your letter of September 12 to Chairman McCabe regarding the study of the administration of foreign affairs and overseas operations which is being undertaken by the Brookings Institution.

"The Board of Governors of the Federal Reserve System desires to cooperate in every way possible and will be glad to have members of the Brookings staff talk with representatives of the Board, as you request. It is suggested that the Brookings staff members make their initial contact with Mr. Arthur W. Marget, Director of the Board's Division of International Finance, or in his absence with Mr. Lewis N. Dembitz, Assistant Director of that Division."

Approved unanimously.

Letter to The Honorable, The Comptroller of the Currency, Treasury Department, Washington 25, D. C., reading as follows:

"It is respectfully requested that you place an order with the Bureau of Engraving and Printing for printing 90,000 sheets of Federal Reserve notes of the 1950 Series for the Federal Reserve Bank of Richmond, 30,000 sheets each in the \$5, \$10, and \$20 denominations."

Approved unanimously.


Secretary.