Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, February 7, 1951.

PRESENT: Mr. McCabe, Chairman
Mr. Szymczak
Mr. Evans
Mr. Vardaman
Mr. Norton
Mr. Powell
Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Kenyon, Assistant Secretary

Minutes of actions taken by the Board of Governors of the Federal Reserve System on February 6, 1951, were approved unanimously.

Memorandum dated January 25, 1951, from Mr. Horbett, Assistant Director of the Division of Bank Operations, recommending that John J. Hart, a Federal Reserve Examiner in the Division of Examinations, be transferred to the Division of Bank Operations as Technical Assistant, on a nonpermanent-basis in accordance with Board action of December 29, 1950, with no change in his present basic salary of $5,400 per annum, effective as of the date he enters upon duty in the Division of Bank Operations. The memorandum also stated that the Division of Examinations was agreeable to this transfer.

Approved unanimously.

Memorandum dated January 26, 1951, from Mr. Horbett, Assistant Director of the Division of Bank Operations, recommending the appointment of Norman R. Stocker as an Analyst in that Division, on a temporary indefinite basis, with basic salary at the rate of $3,825 per
2/7/51

annum, effective as of the date upon which he enters upon the performance of his duties after having passed the usual physical examination, and subject to a satisfactory final clearance of the application.

Approved unanimously.

Letter to Mr. Woolley, Vice President of the Federal Reserve Bank of Kansas City, reading as follows:

"In accordance with the request contained in your letters of February 1 and 2, 1951, the Board approves the designation of the following individuals as special assistant examiners for the Federal Reserve Bank of Kansas City:

- Kenneth E. Brooks
- Harry G. Corby
- Ann Beumer
- Marie Blair
- Wanda Buckles
- Mary Bush
- Lucille Butler
- Beverly Curp
- Lavina Emrick
- Pattie Grasby
- Sophie Glinka
- Agnes Masur
- Ernestine Miller
- Mildred Neudorff
- Isabel Satterfield
- Elizabeth Wenski"

Approved unanimously.

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

"Reference is made to your letter of January 29, 1951, submitting the request of 'The Morristown Trust Company', Morristown, New Jersey, for approval of the establishment of a branch in the Borough of Morris Plains, New Jersey.

In view of your recommendation the Board of Governors approves the establishment and operation of a branch in the Borough of Morris Plains, New Jersey, by The Morristown Trust Company, Morristown, New Jersey, provided formal approval is obtained from the appropriate State authorities and provided further
"that the branch is established within six months of the date of approval by the State authorities. It is understood that Counsel for the Federal Reserve Bank of New York will review and satisfy himself as to the legality of steps taken to establish the branch."

Approved unanimously.

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

"This refers to the Board's letter to you dated December 6, 1950 (S-1219) with regard to voluntary agreements and programs under section 708 of the Defense Production Act of 1950. In that letter you were advised that plans had been made for a preliminary meeting with representatives of banks, insurance companies and other financing institutions for the purpose of endeavoring to work out a voluntary agreement with respect to credit that is not essential in the defense effort.

"At the invitation of the President of the Federal Reserve Bank of New York, pursuant to a request of the Board, a meeting was held at the Federal Reserve Bank of New York on December 19, 1950, which was attended by representatives of the American Bankers Association, the Investment Bankers Association of America, and the Life Insurance Association of America, as well as by representatives of the Federal Reserve Bank of New York and of the Board of Governors. Subsequent meetings have been held and on February 2, 1951, representatives of the three organizations mentioned above approved a Program for Voluntary Credit Restraint. The Board has likewise approved this Program, and a copy is enclosed herewith for your information.

"There is also enclosed a copy of a letter dated February 5, 1951, which the Board has sent to the Attorney General asking his approval of the Request that financing institutions act and refrain from acting pursuant to and in accordance with the provisions of the Program. A copy of such Request is also enclosed herewith. The Board has also addressed a letter to the Chairman of the Federal Trade Commission as required by the statute. This letter is very similar to the letter to the Attorney General."
"The Board has also sent letters to the heads of the American Bankers Association, the Investment Bankers Association of America, the Life Insurance Association of America, the National Association of Securities Dealers, the American Life Convention, and the Association of Reserve City Bankers. These letters are almost identical and a copy of the Board's letter to the President of the American Bankers Association, dated February 5, 1951, is enclosed for your information.

"You will observe that if the Attorney General approves the Request, the Board is prepared, not less than ten days after February 5, 1951, to find that the Program is in the public interest as contributing to the national defense, and thereupon it is proposed that the Program and the Request will be distributed to the greatest possible number of financing institutions in the country. It is believed that the facilities of the Federal Reserve Banks should be used to make the initial distribution of the Program and Request. It will be appreciated, therefore, if your Bank will advise the Board by wire as soon as practicable an estimate of the number of financing institutions in your District as defined on page 1 of the enclosed letter to the Attorney General.

"You will note that the Program provides for the appointment of a Voluntary Credit Restraint Committee, and we will advise you when the Board has appointed such Committee.

"Copies of this letter and enclosures are attached in order that you may transmit a copy to each of your branches."

Approved unanimously.

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

"This refers to your letter of January 17, 1951, addressed to Mr. Phelan, in which you enclosed a copy of a letter dated January 12, 1951, from the Home Federal Savings and Loan Association of Des Moines, Des Moines, Iowa, relating to certain questions under Regulation X.

"The first question raised by you, concerning the status under Regulation X of transactions handled by real
estate brokers, is being answered as an S-X interpretation of the regulation, and will be sent to all Federal Reserve Banks.

"As to the second question, relating to new construction begun between August 3 and October 12, 1950, we concur in your opinion that the first financing would not be exempt from Regulation X if extended after May 1, 1951."

Approved unanimously.

Memorandum dated February 5, 1951, from Mr. Hilkert, Acting Director of the Division of Personnel Administration, recommending that the following members of the Board's staff be granted leave and reimbursement for transportation and other expenses incident to their attendance at the 1951 Summer Session of the Graduate School of Banking at Rutgers University, on the basis outlined in the Board's letter of June 18, 1948 (S-1024):

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<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Year of Attendance</th>
</tr>
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<tbody>
<tr>
<td>Dwight L. Allen</td>
<td>Assistant Director, Division of Personnel Administration</td>
<td>Second</td>
</tr>
<tr>
<td>Raymond C. Kolb</td>
<td>Chief, Machine Tabulating Section, Division of Administrative Services</td>
<td>Second</td>
</tr>
<tr>
<td>William H. Tinsley, Jr.</td>
<td>Assistant Counsel, Legal Division</td>
<td>First</td>
</tr>
<tr>
<td>Philip G. Rachford</td>
<td>Assistant Federal Reserve Examiner (Field Staff), Division of Examinations</td>
<td>First</td>
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Approved unanimously.

Approved unanimously.

Secretary.