

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, February 23, 1951.

PRESENT: Mr. McCabe, Chairman
Mr. Szymczak
Mr. Evans
Mr. Vardaman
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 21, 1951, were approved unanimously.

Memorandum dated February 21, 1951, from Mr. Evans, recommending an increase in the basic salary of James F. Hamilton, messenger in Mr. Evans' office, from \$2,770 to \$2,850 per annum, effective March 4, 1951.

Approved unanimously.

Memorandum dated February 16, 1951, from Mr. Hilkert, Acting Director of the Division of Personnel Administration, recommending an increase in the basic salary of the following employees of that Division, effective March 4, 1951:

<u>Name</u>	<u>Title</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
Mrs. Lois L. Waller	Clerk-Stenographer	\$3,195	\$3,275
Mrs. Ruth L. Jarvis	Maid	2,652	2,732

Approved unanimously.

Telegrams to the Federal Reserve Banks of Boston, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, and Dallas stating that the Board approves the establishment without

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change by the Federal Reserve Bank of Chicago on February 16 and 23, by the Federal Reserve Banks of Cleveland, Richmond, Atlanta, and St. Louis on February 21, by the Federal Reserve Bank of Minneapolis on February 22, by the Federal Reserve Banks of Kansas City and Dallas on February 23, 1951, and by the Federal Reserve Bank of Boston today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Letter to Mr. Clarke, Secretary of the Federal Reserve Bank of New York, reading as follows:

"This will acknowledge your letter of February 16, 1951, advising that the executive committee of the board of directors has granted a leave of absence with pay for a period of from two and one-half to three months to Mr. Miroslav A. Kriz, an Economist in the Research Department of the Federal Reserve Bank of New York, in order that he may serve on a mission to Iraq which is being sponsored by the International Bank for Reconstruction and Development.

"The Board of Governors will interpose no objection to the arrangements indicated in your letter."

Approved unanimously.

Letter to Mr. Neely, Chairman of the Federal Reserve Bank of Atlanta, reading as follows:

"The Board of Governors approves the appointment of Mr. Lewis M. Clark as First Vice President of the Federal Reserve Bank of Atlanta for a term of five years beginning March 1, 1951, and the payment of salary at the rate of \$18,000 per annum for the period March 1, 1951, through May 31, 1952.

"While it had been the intention of the Board to review all officers' salaries, except those of the President and First Vice President, in advance of the

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"usual time, General Regulation No. 5 issued by the Wage Stabilization Board specifies that merit and/or length-of-service increases may be made only at the time salaries would 'normally be reviewed'. Since it has been customary for the Board to consider the salaries of your officers in May of each year to be effective June 1, it appears that it will be necessary for the Board to defer consideration of adjustments for senior officers and of certain junior officers until May.

"Since the policy of reviewing the salaries of junior officers whose current rates of compensation are within the range of the employees' salary structure was actually established prior to the effective date of the Government order regulating salaries, such officers may receive salary increases immediately. Accordingly, the Board approves the payment of salary to the following officers at the rates indicated for the period beginning March 1, 1951, through May 31, 1952:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
<u>Head Office:</u>		
J. H. Bowden	Assistant Vice President	\$9,000
F. H. Martin	Assistant Vice President	7,500
E. C. Rainey	Assistant Vice President	7,500
I. H. Martin	Assistant Vice President	7,000
R. E. Milling	Assistant Vice President	7,000
R. DeWitt Adams	General Auditor	7,500
<u>Birmingham Branch:</u>		
H. C. Frazer	Assistant Manager	9,000
<u>Jacksonville Branch:</u>		
T. C. Clark	Assistant Manager	8,750
C. Mason Ford	Assistant Cashier	6,750
J. Wyly Snyder	Cashier	7,750
<u>Nashville Branch:</u>		
R. E. Moody, Jr.	Assistant Manager	8,000
L. W. Starr	Assistant Cashier	6,500
<u>New Orleans Branch:</u>		
M. L. Shaw	Assistant Manager	9,500
W. H. Sewell	Cashier	7,500
L. Y. Chapman	Assistant Cashier	6,000"

Approved, Mr. Vardaman voting
"no".

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Telegram to Mr. Neely, Chairman of the Federal Reserve Bank of Atlanta, reading as follows:

"Relet February 14. Board approves payment of approximately \$37,359 to the Federal Reserve Retirement System by the Federal Reserve Bank of Atlanta on behalf of Mr. W. S. McLarin, Jr. This payment, it is understood, will provide Mr. McLarin full pension benefits on his service as of March 1, 1951. This means that Mr. McLarin's allowance will be the same as he would receive if he were 65 when he retires on March 1, 1951."

Approved unanimously.

Letter to Mr. Caldwell, Chairman of the Federal Reserve Bank of Kansas City, reading as follows:

"The Board of Governors approves the appointment of Mr. H. G. Leedy as President and of Mr. Henry O. Koppang as First Vice President of the Federal Reserve Bank of Kansas City, for terms of five years beginning March 1, 1951, in accordance with the action taken by the Board of Directors as reported in Mr. Hague's letter of February 8, 1951.

"The Board of Governors also approves the payment of salary to Mr. Leedy at the rate of \$25,000 per annum and to Mr. Koppang at the rate of \$18,000 per annum for the period March 1, 1951, through May 31, 1951.

"It is noted that your Board feels some adjustment should be made in the salaries of Mr. Leedy and Mr. Koppang and of several other senior officers of the Bank. Because of the salary stabilization orders it is, of course, not possible to increase these salaries at this time above what has been the pattern in the past. If subsequent clarifications permit adjustments in such cases, the Board will be happy to consider the matter, taking into account the other general factors which the Board feels are important, and with which you are familiar."

Approved unanimously.

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

"Refer our January 19 and February 1 telegrams on reports of guaranteed loans under Regulation V. Supply of Form F.R. 579 as revised February 1951 for reporting outstanding loan guarantees under Executive Order 10161 is being shipped. Please furnish reports for General Services Administration guaranteed loans in triplicate and reports for other guaranteeing agencies in duplicate. For the present, omit data on borrower number, column 1. Reports of remaining War Department guarantees under previous program should continue to be submitted on Form F.R. 579 as revised February 1943. Address all reports of Form 579 to Division of Bank Operations. First monthly report on revised form should be submitted as of end of February.

"For purposes of Federal Reserve Bulletin table, please wire cumulative figures as of January 31 for number and amount of guaranteed loans authorized."

Approved unanimously.

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

"In order to facilitate the operations of automobile dealers who must comply with General Ceiling Price Regulation, Supplementary Regulation 5 (GCPR, SR 5) setting retail prices for new and used automobiles, and with Regulation W, the Board has made the following designation of issues of appraisal guides for the purposes of Part 4 of the Supplement to Regulation W:

"During any period in which any regulation prescribing any price ceiling on automobiles under the Defense Production Act of 1950 is based on a price listed in an issue of an appraisal guide specified in such regulation, such specified issue is hereby designated for the purposes of Part 4 of the Supplement to Regulation W in the areas for which the particular issue of the appraisal guide is to be used under the price regulation.

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"This designation is in addition to previous designations by the Board for the purposes of Part 4 of the Supplement to Regulation W, and is subject to all the conditions that apply to such previous designations. Among other conditions, 'the average retail value' to be used for purposes of Regulation W shall not include any added value for a radio or heater.

"In the event a publisher of an appraisal guide reprints an issue of an appraisal guide that is covered by the above designation and such reprint is issued after the period for which the original Regulation W designation was effective, the substance of the above designation for the purposes of Regulation W shall be prominently stated in the reprinted issue."

Approved unanimously with
identical telegrams going to ten
publishers of automobile appraisal
guides.

Telegram to the Presidents of all Federal Reserve Banks and
Managing Officers of all Federal Reserve Bank Branches, reading as
follows:

"(This wire to all Reserve Bank Presidents also being sent to Managing Officers of all Federal Reserve Bank Branches for their information).

"Following is the text of a statement being handed to the press today for immediate release:

"The United States District Court at Pittsburgh, Pennsylvania, has issued an injunction against A. Harris doing business as A. Harris Motor Sales, a dealer in used automobiles in Pittsburgh, enjoining him from further violations of consumer credit Regulation W.

"Regulation W provides that credit for the instalment financing of certain listed articles, including automobiles, shall not be extended without obtaining a down payment in the amount prescribed by the Regulation. In the case of automobiles the present terms of

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"the Regulation require a down payment of one third of the cash price of the automobile and the balance must be paid within 15 months. In this case the defendant had violated the Regulation by not obtaining required down payments in a number of sales as well as by failing to maintain and make available to Reserve Bank investigators adequate records.

"Will appreciate your giving statement whatever distribution in your district you consider desirable."

Approved unanimously.

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

"Clause (2) of the amortization provision in Schedule I and the amortization provision in Schedule III of the Supplement to Regulation X provide for amortization payments which will fully liquidate the original principal amount of such credit not later than the date of the maturity of the credit * * *".

"In cases where the maturity of credit subject to the regulation is less than the maximum permitted by the regulation, it is the opinion of the Board that the amortization provisions referred to above will be complied with if amortization payments are made until the maturity of the credit which, had they been continued until the maximum permissible maturity, would have fully liquidated the original principal amount of such credit by the date of such maximum permissible maturity.

"For example, if the maximum maturity is 20 years, and the credit has a maturity of 10 years, the amortization provisions would be complied with if amortization payments are made during the 10 years which, had they been continued for 20 years, would have fully liquidated the original principal amount of such credit within 20 years."

Approved unanimously.

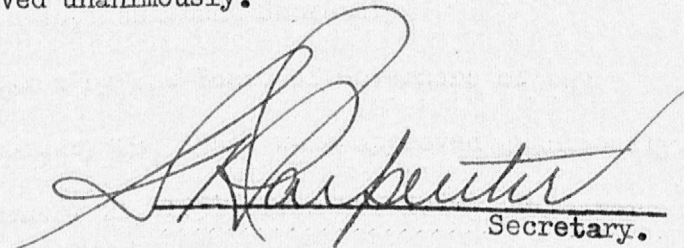
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Telegram to Mr. Olson, Vice President of the Federal Reserve
Bank of Chicago, reading as follows:

"Reurtel February 19, 1951, appraisals predicated
in part on capitalization of long term leases would be
in keeping with 'established practice in the community'
for the purposes of section 2(i)(4)(B) of Regulation X."

Approved unanimously.



Secretary.