

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, June 1, 1951.

PRESENT: Mr. Martin, Chairman  
Mr. Szymczak  
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 May 31, 1951, were approved unanimously.

Telegrams to the Federal Reserve Banks of Boston, Atlanta, St. Louis, and San Francisco stating that the Board approves the establishment without change by the Federal Reserve Bank of San Francisco on May 29, by the Federal Reserve Bank of Atlanta on May 30, by the Federal Reserve Bank of St. Louis on May 31, and by the Federal Reserve Bank of Boston today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated May 29, 1951, from Mr. Wayne, Acting Director of the Division of Examinations, recommending that the basic salary of George S. Sloan, Assistant Director, Division of Examinations, be increased to \$14,000 per annum, effective upon assuming his duties as Director of the Division of Examinations on June 1, 1951.

Approved unanimously.

Memorandum dated May 29, 1951, from Mr. Sloan, Assistant Director of the Division of Examinations, recommending that the

6/1/51

-2-

official headquarters of Philip C. Rachford, Assistant Federal Reserve Examiner, be changed from Birmingham, Alabama, to Washington, D. C., effective immediately.

Approved unanimously.

Letter to Mr. Shepard, Federal Reserve Agent of the Federal Reserve Bank of Minneapolis, reading as follows:

"In accordance with the request contained in Mr. Peyton's letter of May 29, 1951, the Board of Governors approves, effective June 1, 1951, the payment of salaries to the following named members of the Federal Reserve Agent's staff at the rates indicated:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
	<u>Helena Branch</u>	
J. L. Heath	Federal Reserve Agent's Representative	\$4,500
L. W. Powell	Federal Reserve Agent's Representative	4,500"

Approved unanimously.

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

"Enclosed is a letter of the Board of Governors authorizing Bank of America, New York, New York, to establish a branch in Duesseldorf, Federal Republic of Germany, which you will please deliver to the Bank. A copy of this letter is enclosed for your files.

"Please ask Bank of America to note that the authority to establish the branch will automatically terminate on June 1, 1952, if the branch is not actually established and opened for business on or before that date, and request Bank of America to advise the Board in writing through the Federal Reserve Bank of New York when the branch is so established and opened for business."

6/1/51

-3-

Approved unanimously, together  
with the following letter to Bank  
of America, 40 Wall Street, New York,  
New York:

"The Board of Governors of the Federal Reserve System authorizes Bank of America, New York, New York, pursuant to the provisions of section 25(a) of the Federal Reserve Act and the Board's Regulation K, to establish a branch in Duesseldorf, Federal Republic of Germany, and to operate and maintain such branch subject to the provisions of such section and Regulation; upon condition that unless the branch is actually established and opened for business on or before June 1, 1952, all rights granted hereby shall be deemed to have been abandoned and the authority hereby granted shall automatically terminate on such date."

Letter to Mr. Slade, Vice President of the Federal Reserve Bank of San Francisco, reading as follows:

"This refers to your letter of May 23, 1951, concerning the valuation and amortization of 2 3/4 per cent Treasury Bonds of 1975-80 received in exchange for 2 1/2 per cent bonds.

"We were not aware that the Comptroller of the Currency had made a ruling in connection with such bonds. However, the ruling cited coincides with instructions issued by the Federal Deposit Insurance Corporation, to its examiners, which were discussed with the Office of the Comptroller of the Currency, and the Board's Division of Examinations before issuance and in which each office concurred.

"The Federal Deposit Insurance Corporation felt that issuance of definite instructions to its examiners was desirable because of the large volume of such securities in the hands of insured savings banks. Commercial banks could acquire such bonds only in limited quantities. Also, it is the generally accepted practice when such an exchange is effected to place the bonds acquired in the exchange on the books of a bank at the net amortized value of the bonds surrendered in the exchange. In the circumstances, it was not contemplated at that time that special instructions would be issued by the Comptroller or the Board.



6/1/51

-4-

"There may have been some difference of opinion on the technical question of the rate of amortization on the 2 3/4 per cent bonds. In view of the relatively small difference in fact between amortization at one rate and term and amortization at the other it seemed reasonable to concur with the instructions issued by the Corporation to examiners and repeated in the ruling of the Comptroller to which you refer."

Approved unanimously.

Letter to the Honorable Raymond M. Foley, Administrator, Housing and Home Finance Agency, 1626 K Street, N. W., Washington, D. C., reading as follows:

"In response to your letter of May 28, 1951, this is to advise you that the Board of Governors concurs in your designation of the Camp Cooke, California, area as an area for application of special credit terms under section 6(p) of Regulation X, Real Estate Credit, for purposes of defense construction. Your letter states that there is a need for 450 units to be located within reasonable commuting distance of Camp Cooke, 280 to be rental units ranging from \$60 to \$75 per month, and 170 to be sale units at \$8500 and \$9500 each. Under the terms of the exemption, the entire 450 units will be controlled by your agency through the issuance of specific certificates.

"In accordance with your suggestion, the relaxation of terms prescribed by Regulation X will be identical with that previously announced for the Atomic Energy Commission installations in South Carolina, Kentucky, and Idaho."

Approved unanimously.

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

"In response to our telegram of May 11, 1951, most of the Federal Reserve Banks have indicated that they are

6/1/51

-5-

"In favor of issuing registration certificates to Registrants under Regulation X. The reason given most commonly for such certificates is that they will serve as an acknowledgment of the receipt of the registration statement, and that they will meet a desire on the part of some Registrants to have evidence of compliance with the registration requirement. Accordingly, the enclosed form of registration certificate, similar to that transmitted with S-1040, dated September 16, 1948, for use in the case of Regulation W Registrants, has been prepared with a view to having a uniform certificate issued by all banks. This should be on a sheet six by nine inches in size, and presumably would have substantially the same appearance as the Regulation W certificate.

"It is suggested that each certificate issued be dated and numbered, and that the letter of the alphabet which identifies the Federal Reserve District be used as a prefix to the number. (For example, Boston would prefix its numbers with 'A'.) It is contemplated that these numbers will be used as the code numbers for the mechanical tabulation of data on the Regulation X registration statement.

"Except for banks, it is not necessary that the certificate numbers be assigned in any particular order, but the number of digits should not exceed five. In the case of banks, tabulation of statistical data from registration statements will be facilitated if certificate numbers conform to bank numbers used for other tabulations in the past. A list of banks with the numbers to be used has been prepared and is being transmitted with a separate letter being sent to you today containing suggestions for the editing and mechanical processing of the registration statements. You will note that the bank numbers are to be preceded by an 'X' (indicated by an asterisk on the list referred to). In the case of trust departments which file separate registration statements, a 'T' should follow the certificate number."

Approved unanimously, together  
with the following letter to the  
Presidents of all Federal Reserve  
Banks:

"In accordance with our telegram of May 8, we are enclosing suggestions for the editing, coding, and mechanical processing of the information provided in the Registration Statement under Regulation X.

6/1/51

-6-

"The information in the Registration Statements under Regulation X can probably be made available most economically, for the System as a whole, through mechanical processing of the Statements by the Reserve Banks. We shall therefore appreciate it if you will arrange to have the data key-punched on IBM cards according to the enclosed card-design and instructions, and to furnish a deck of these cards to the Board. National tabulations will then be prepared at the Board's offices, copies of which will, of course, be available to all Banks.

"In order to maintain reasonable uniformity among districts, and to facilitate key-punching of the IBM cards, suggestions for editing the statements have been prepared. For Section III of the Registration Statement we have suggested minimum standards for acceptance of a Statement. If you find it desirable to adopt other standards or to follow a different procedure in sending back faulty statements, please keep us advised of your practice.

"We shall want to know as early as possible how much effect incomplete and incorrect Statements have on reported holdings so that, if necessary, follow-up steps may be taken promptly. It would be appreciated, therefore, if you could arrange to send us the following information when a portion of the schedules has been processed: (1) the number of Registrants who filed complete and accurate Statements, and the total amount of loans held for own account by these Registrants (Section III, Item C, of the Registration Statement) and (2) similar information for those Registrants who filed incomplete or inaccurate Statements. It would be desirable to have this information for two broad groupings of Registrants: those coded (1) through (7) in Section II and those coded (8) through (16). If the information could be secured without too much difficulty, it would also be desirable to have the group of incomplete and inaccurate schedules further broken down into those that are and those that are not acceptable under the minimum standards set forth in the instructions for editing.

"Questions concerning the editing of the statements may be taken up directly with Mr. Ramsay Wood of the Division of Research and Statistics and those on the mechanical processing with Mr. Raymond Kolb, Machine Tabulation Section, Division of Administrative Services."

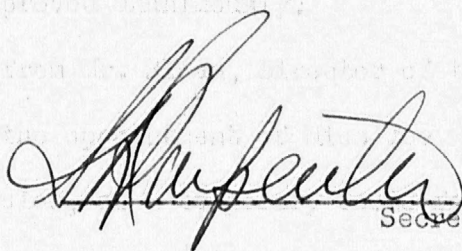


6/1/51

-7-

Memorandum dated May 28, 1951, from the Division of Personnel Administration, recommending that the Board make a contribution of \$125 to the Reserve Board Club to help defray the expense of a picnic for the Board's staff, planned for the afternoon of June 23.

Approved unanimously, with the understanding that the appropriate item in the 1951 budget of the Division of Personnel Administration would be increased by the amount of the contribution.

  
Secretary.

File of Memoranda  
7/5/51  
Wm. J. Flynn  
7/28/51  
Wm. J. Flynn  
Wm. J. Flynn