

Minutes of actions taken by the Board of Governors of the
Federal Reserve System on Monday, July 2, 1951.

PRESENT: Mr. Martin, Chairman
Mr. Szymczak
Mr. Powell

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

Memorandum dated June 27, 1951, from Mr. Sloan, Director
of the Division of Examinations, submitting for approval letters to
the following foreign banking corporations calling for the submission
of reports of conditions as of June 30, 1951:

Bankers Company of New York	New York, N. Y.
First of Boston International Corporation	New York, N. Y.
International Banking Corporation	New York, N. Y.
Morgan & Cie, Incorporated	New York, N. Y.
The Chase Bank	New York, N. Y.
Bank of America	New York, N. Y.

The memorandum stated that the first four corporations were organized
under State laws but operate under agreements made with the Board pursuant
to the provisions of Section 25 of the Federal Reserve Act, while The
Chase Bank and Bank of America were chartered by the Board under the
provisions of Section 25(a) of the Federal Reserve Act.

Approved unanimously.

Letter to Mr. Roger W. Jones, Assistant Director, Legislative
Reference, Bureau of the Budget, Washington, D. C., reading as follows:

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"This is in response to Mr. MacPhail's letter of June 27, 1951, requesting the views of the Board on two drafts of legislation, one to be cited as the 'Civilian War Relief Act of 1951' and the other 'The War Damage Restoration and Rehabilitation Act'. The first of these would provide assistance to individuals who are in distress by reason of deaths or injuries resulting from war hazards and, in order to protect the economy, would provide for a moratorium on payments under private insurance contracts, or under public insurance, retirement and compensation systems. The second draft provides Federal assistance in the restoration of community facilities and services and industrial facilities required for the national defense.

"You will recall that, in a letter to you dated May 23, 1951, the Board reported favorably on a draft of legislation which would provide compensation for war damage to private property and property owned by State and local public bodies. In that report the Board stated that it recognized that some form of legislation is necessary in advance of actual damage resulting from enemy attack and that, because the exigencies of such a situation could not fully be anticipated, any legislation which might be adopted at this time should be sufficiently flexible as to be effective in almost any type of emergency. These same considerations apply to the two drafts which are the subject of this report.

"The Board advises that it approves the objectives of the two proposals and considers that they represent a reasonable approach to the problem as it exists at the present time."

Approved unanimously.

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

"This refers to your letter of June 22, 1951, and its enclosures, concerning the status under Group A of the Supplement to Regulation W of the proposed new

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"Nash-Kelvinator vehicle to be known as the 'Rambler Deliveryman'.

"This vehicle, although equipped with stationary side windows, would not appear to differ essentially for the purposes of the regulation from the Willys 'Sedan Delivery' involved in S-1263 (W-130) of February 13, 1951.

"Subsequent to the issuance of W-130, the Board advised another Federal Reserve Bank that, although delivered with stationary side glass (rather than metal panels), the 'Sedan Delivery' would not be a passenger automobile under principles set out in W-130 except in those cases when the sale included arrangements for the installation of rear seats at or about the time of delivery of the vehicle. This would be equally applicable to the 'Rambler Deliveryman'. Consequently, the Board is of the view that, on the basis of the information submitted, the 'Rambler Deliveryman' would be subject to the regulation only in those cases where the sale included an arrangement for conversion to passenger use."

Approved unanimously.

Letter to the Honorable Henry O. Talle, House of Representatives, Washington, D. C., reading as follows:

"Thank you for your referral slip of June 19, 1951, asking for a report on Mr. D. M. Earll's letter of June 18, 1951, concerning registration under Regulation X, Real Estate Credit.

"As you know, the regulation was authorized by Congress in the Defense Production Act of 1950 for the purpose of aiding in the diversion of materials to defense purposes and of helping to prevent the undue strains and dislocations on the economy incident to excessive inflationary pressures. Sections 602(b) and (c) of the Act provide, in part:

'(b) . . . Any person who extends or maintains any such credit, or renews, revises, consolidates, refinances, purchases, sells, discounts, or lends or borrows on, any obligation arising out of any such credit, or arranges for any of the foregoing, shall make, keep, and preserve for such periods,

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"such accounts, correspondence, memoranda, papers, books, and other records, and make such reports, under oath or otherwise, as the President may by regulation require as necessary or appropriate in order to effectuate the purposes of this section; and such accounts, correspondence, memoranda, papers, books, and other records shall be subject at any time to such reasonable periodic, special, or other examinations by examiners or other representatives of the President as the President may deem necessary or appropriate. . .

'(c) To assist in carrying out the purposes of this section, the President by regulation may require transactions or persons or classes thereof subject to this section to be registered; and, after notice and opportunity for hearing, the President by order may suspend any such registration for violation of this section or any regulation prescribed by the President pursuant to this section. . .

. . . In carrying out this section, the President may act through and may utilize the services of the Board of Governors of the Federal Reserve System, the Federal Reserve Banks, and any other agencies, Federal or State, which are available and appropriate.'

"This is the authority by which the Board is requiring registration of those in the business of extending real estate credit and is making inspection of their records. Registration will be extremely helpful in carrying out our responsibility for enforcing the regulation and in supplying certain basic information essential in gauging the effects of the restrictions.

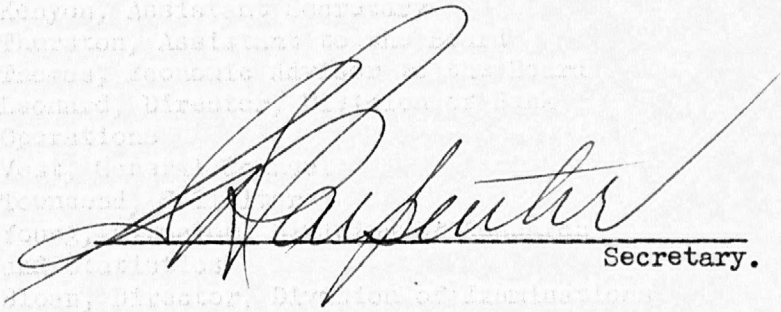
"In order to minimize the burden of registering, we are asking for statements only from those who extend or have extended real estate credit more than three different times either during the current or the preceding calendar year, or those who extend or have extended such real estate credit in an amount or amounts aggregating more than \$50,000 either during the current or the preceding calendar year. The statement requires only the name and address of the registrant and a few basic figures on mortgage loans,

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"no more than he would normally have to maintain for tax purposes. This simplified form was developed after extensive consultation with industry representatives, including those of major trade associations.

"We hope this will explain to Mr. Earll's satisfaction the authority for and the objectives of the registration statement under Regulation X. If we can be of further service, please do not hesitate to call upon us."

Approved unanimously.


Secretary.

Mr. [Name], Director, Division of Banking and Finance
Mr. [Name], Assistant General Counsel
Mr. [Name], Assistant Director, Division of
Mr. [Name], Assistant Counsel, Legal Division
Mr. [Name], Economist, Division of Research and Statistics

Mr. [Name], President of the Federal Reserve Bank of St. Louis

Chairman [Name] stated that Mr. [Name] was present at the meeting in order to provide to the Board further information relative to the proposed consolidation of Mercantile Commerce Bank and Trust Company with the Valley View Company, both of St. Louis. [Name] stated that the matter was discussed at meetings of the Board on June 14, 1951.