

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

PRESENT: Mr. Szymczak, Chairman pro tem
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 July 26, 1951, were approved unanimously.

Minutes of actions taken by the Board of Governors of the Federal Reserve System on July 27, 30, and 31, 1951, were approved and the actions recorded therein were ratified unanimously.

Memorandum dated July 30, 1951, from Mr. Marget, Director, Division of International Finance, recommending an increase in the basic salary of Frank H. Golay, Economist in that Division, from \$5,100 to \$5,225 per annum, effective August 5, 1951.

Approved unanimously.

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

"In accordance with the request contained in your letter of July 24, 1951, the Board approves the appointment of Maurice Allen Tharp, Jr., as an assistant examiner for the Federal Reserve Bank of Dallas. Please advise us of the date upon which the appointment becomes effective."

Approved unanimously.

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

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"The interpretation of the 'free gift' principles of Regulation W, outlined in your letter of July 24, as they apply to the plan of Sears, Roebuck & Company to offer a coupon book good for \$50 worth of merchandise is quite correct.

"You will recall that in our telegram to you of July 26 it was emphasized that giving a customer unlimited selection of merchandise in a store such as Sears, Roebuck would be the equivalent of a cash rebate. It has seemed possible to us to distinguish cases where the customer has an unlimited selection of goods and cases where the free gift has been pre-selected by the Registrant or where the customer's choice is limited to a relatively few articles.

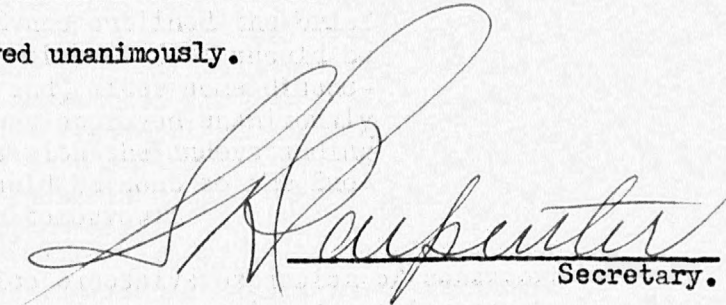
"It is understood that Sears, Roebuck feels that this distinction is a rather close line to draw, but it applies particularly in the case of a store such as theirs where such a wide variety of merchandise is offered."

Approved unanimously.

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

"In answer to an inquiry concerning section 5(e) of Regulation X, it is the opinion of the Board that the applicability of the exemption extends to tenants as well as owners of structures destroyed or substantially damaged by flood, fire, or other similar casualties."

Approved unanimously.


Secretary.