

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, August 22, 1951.

PRESENT: Mr. Martin, Chairman
Mr. Evans
Mr. Vardaman

Mr. Carpenter, Secretary
Mr. Kenyon, Assistant Secretary

Memorandum dated August 20, 1951, from Mr. Carpenter, Secretary of the Board, recommending the appointment of Miss Elizabeth Anne Shadwell as a File Clerk in the Office of the Secretary, on a temporary indefinite basis, with basic salary at the rate of \$2,730 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed the usual physical examination and subject to the completion of a satisfactory employment investigation.

Approved unanimously.

Memorandum dated August 16, 1951, from Mr. Young, Director, Division of Research and Statistics, recommending that Frank R. Garfield, Adviser on Economic Research, be authorized to sign during the absence of the Director or during periods when the Assistant Directors of that Division are not available to perform their usual responsibilities all reports, vouchers, and memoranda normally requiring the signature of the head of that Division.

Approved unanimously.

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

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"In accordance with the request contained in your letter of August 16, 1951, the Board approves the appointment of J. Edward Messer as an assistant examiner for the Federal Reserve Bank of New York. Please advise us of the date upon which the appointment becomes effective."

Approved unanimously.

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

"Thank you for your letter of July 19 containing a more detailed program for the Central Banking Seminar in September. Our plans have also become somewhat more definite and it now looks as if Mr. Woodlief Thomas, Mr. Merritt Sherman, and Mr. Kenneth B. Williams will be able to represent the Board at the conference. If nothing interferes with this arrangement, Mr. Sherman will discuss 'Organization of the Board of Governors--Methods of Operation' and 'Publications, Teaching Aids.' Mr. Thomas will be prepared to discuss monetary and fiscal policy matters and also to lead a general discussion of the Consumer Finances Survey. Mr. Williams will be prepared to discuss the business situation, including the use of data from the money flows project.

"The dates set for the participation of the Board's staff in the general outline appear to be quite satisfactory. You will probably want Mr. Thomas to participate in the discussion of foreign operations with special reference to the relation of the System to the International Monetary Fund, the International Bank for Reconstruction and Development, and the National Advisory Council."

Approved unanimously.

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

"This will acknowledge your letter of August 14, 1951, advising that the executive committee of the board of directors has granted a leave of absence with pay, for a period of two weeks beginning August 13, to Mr. Alfred Von

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"Klemperer in order that he may assist the Exchange Restrictions Department of the International Monetary Fund in a staff study.

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

Approved unanimously.

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

"This refers to your letter of July 25, 1951, regarding the status under Regulation W of a television rental plan outlined in the letter from Video Meter, Inc., San Francisco, which you enclosed.

"The conditions proposed for rentals of television sets as outlined would not in the Board's opinion qualify the transactions generally for exemption under Regulation W.

"As you know, the question whether articles are listed or not under the regulation is not answered by the use to which the articles are put but by their design. Hence, television set rentals would not be exempt merely because the sets were rented for 'commercial' use.

"The Board on occasion in the past has taken the position that certain articles would not be subject to the regulation if they were designed exclusively for commercial use and not readily adaptable to household use, but few television receiving sets would qualify for exception on this basis and it appears in any event that the sets in question are not designed for commercial use.

"Since, as we understand the proposed procedure, Video Meter, Inc. would be the lessor, the transactions apparently would not qualify for exemption as credit to finance a lessor (retailer) under section 7 (c).

"Such rental transactions would be exempt, of course, where the value involved exceeded \$2,500."

Approved unanimously.

Memorandum dated August 21, 1951, from Mr. Townsend, Solicitor, stating that the Federal Reserve Bank of San Francisco had reported numerous apparent violations of Regulation W, Consumer Credit, by Allan

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Gordon and Eli Temkin, partners, doing business as The National Stores, with offices at 3332 W. Olympic Boulevard, Los Angeles, California, 14505 Delano Street, Van Nuys, California, and 71 South State Street, Salt Lake City, Utah; and recommending that in accordance with the recommendation of the Reserve Bank, the Board adopt an order for investigation as follows:

"UNITED STATES OF AMERICA

BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
At a meeting of the Board of Governors of the Federal Reserve System held at its offices in the City of Washington, D. C., on the 22d day of August, A. D., 1951.

In the Matter of

ALLAN GORDON and ELI TEMKIN,
Partners doing business as
The National Stores.

ORDER DIRECTING INVESTIGATION
AND DESIGNATING OFFICERS TO
TAKE TESTIMONY.

I

Members of the staff of the Federal Reserve Bank of San Francisco have reported information to that Bank, which that Bank has transmitted to the Board, which tends to show that:

Allan Gordon and Eli Temkin, partners doing business as The National Stores, with offices at 3332 W. Olympic Blvd., Los Angeles, California, 14505 Delano St., Van Nuys, California, and 71 South State St., Salt Lake City, Utah, have made instalment sales of new and rebuilt sewing machines subject to Regulation W, consumer credit:

1. Without obtaining the down payment required by Regulation W;
2. Without maintaining and preserving such books of account, records and other papers as are relevant to establishing whether or not credit extended by them is in conformity with the requirements of said Regulation.

II

The Board having considered the aforesaid report by members of the staff of the Federal Reserve Bank of San Francisco and for the purpose of (1) determining whether Allan Gordon and Eli Temkin have violated the provisions of Regulation W and (2) aiding in the

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"enforcement of said Regulation, deems it necessary and appropriate that an investigation be made to determine whether Allan Gordon and Eli Temkin have engaged in the acts and practices set forth in paragraph I hereof, or any acts and practices of similar purport or object.

III

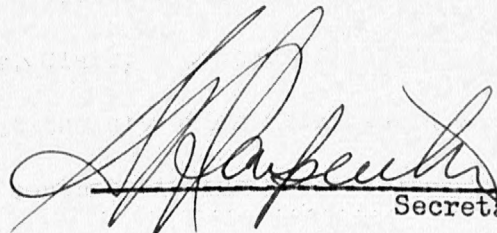
IT IS ORDERED, pursuant to Section 604 of the Defense Production Act of 1950 that an investigation be made to determine the matters set forth in paragraph II hereof.

IT IS FURTHER ORDERED, pursuant to the provisions of Section 604 of the Defense Production Act of 1950 that for the purpose of such investigation John A. O'Kane and W. F. Scott, and each of them, is hereby designated an officer of the Board and empowered to administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any books, papers, correspondence, memoranda, or other records deemed relevant or material to the inquiry, and to perform all other duties in connection therewith as authorized by law.

By the Board.

(signed) S. R. Carpenter,
Secretary."

Approved unanimously, with the understanding that if circumstances should warrant taking other action, a further recommendation would be presented to the Board.


Secretary.