

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, August 31, 1951.

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

Mr. Carpenter, Secretary
Mr. Kenyon, Assistant Secretary

Telegrams to the Federal Reserve Banks of Chicago, St. Louis and San Francisco, stating that the Board approves the establishment without change by the Federal Reserve Bank of St. Louis on August 27, by the Federal Reserve Bank of San Francisco on August 28, and by the Federal Reserve Bank of Chicago on August 30, 1951, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated August 29, 1951, from Mr. Garfield, Adviser on Economic Research, Division of Research and Statistics, recommending that the resignation of Miss Orlena Ruth Sylvester, Clerk in that Division, be accepted to be effective, in accordance with her request, at the close of business September 14, 1951.

Approved unanimously.

Memorandum dated August 30, 1951, from Mr. Garfield, Adviser on Economic Research, Division of Research and Statistics, recommending the appointment of Miss Margaret Anne Logee as Clerk in that Division, on a temporary basis for a period of one year, with basic salary at the

8/31/51

-2-

rate of \$2,875 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 28, 1951, from Mr. Sloan, Director, Division of Examinations, recommending an increase in the basic salary of Miss Frances Scott, Special Assistant Federal Reserve Examiner in that Division, from \$4,075 to \$4,200 per annum, effective September 2, 1951.

Approved unanimously.

Memorandum dated August 27, 1951, from Mr. Sloan, Director, Division of Examinations, recommending an increase in the basic salary of Mrs. Louise S. Anderson, Supervisor, Recording and Stenographic Section in that Division, from \$2,875 to \$3,450 per annum, effective September 2, 1951.

Approved unanimously.

Memorandum dated August 28, 1951, from Mr. Garfield, Adviser on Economic Research, Division of Research and Statistics, recommending the reemployment of Mrs. Mary F. Weaver as Clerk in that Division, at a basic salary of \$3,850 per annum, effective the date of her return to duty.

Approved unanimously.

8/31/51

-3-

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

"In accordance with the request contained in your letter of August 28, 1951, the Board of Governors approves, effective September 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>
H. B. Hoppe	Federal Reserve Agent's Representative, New Orleans Branch	\$4,420.
D. J. Ducamus	Federal Reserve Agent's Representative, New Orleans Branch	\$3,480."

Approved unanimously.

Letter to Board of Directors, Montclair Trust Company, Montclair, New Jersey, reading as follows:

"Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors approves the establishment and operation of a branch by Montclair Trust Company in Verona, New Jersey, and hereby gives its written consent under the provisions of Section 18 (c) of the Federal Deposit Insurance Act to your absorption of Verona Trust Company without increasing the capital of your company to an amount which will equal the aggregate capital of the two banks involved in the merger, upon conditions that:

"(a) The absorption is effected substantially in accordance with the plan as represented to the Reserve Bank,

"(b) The formal approval of the appropriate State authorities is obtained, and

"(c) The surplus of the Montclair Trust Company is increased to an amount equal to the aggregate surplus at the time of takeover of the two banks involved in the absorption which amount shall not be less than \$850,000."

Approved unanimously, for transmittal through the Federal Reserve Bank of New York.

8/31/51

-4-

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

"Referring to your letter and recommendation of August 27, 1951, the Board of Governors further extends until April 17, 1952, the time within which The Cleveland Trust Company, Cleveland, Ohio, may establish the branch in Euclid, Ohio, as approved by the Board under date of October 17, 1950."

Approved unanimously.

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

"Treasury has indicated informally that they would like to ship \$45 million new silver ones to various Federal Reserve Banks and branches to be held by them in special custody account. The matter has been discussed with Mr. Rounds as Coordinator of War Emergency Operations who concurs in the view that the Treasury's suggestion should be adopted to the extent it is feasible to do so. Accordingly, please advise approximate amount that may be shipped to your Bank and branches."

Approved unanimously.

Letter to the Presidents of all Federal Reserve Banks and the Vice Presidents in charge of Detroit and Los Angeles Branches, reading as follows:

"For your information, there is enclosed a copy of Executive Order No. 10281 issued by the President on August 28, 1951, which, among other things, establishes a Defense Materials Procurement Agency for the procurement of strategic and critical materials pursuant to section 303 of the Defense Production Act of 1950, as amended, and revises the authority of the Reconstruction Finance Corporation to make loans to business enterprises under section 302 of that Act."

8/31/51

-5-

"Section 202 of this Executive Order amends Executive Order No. 10161 of September 9, 1950, to designate the Defense Materials Procurement Agency as an additional guaranteeing agency under section 301 of the Defense Production Act. We shall, of course, advise you of any action which may be taken by the new agency for the purpose of guaranteeing V-loans.

"It will be noted that the new Executive Order also amends Executive Order No. 10161 so as to provide in that Order for the designation of the Atomic Energy Commission as a guaranteeing agency; and consequently Executive Order No. 10223 by which that Commission was previously designated as a guaranteeing agency has been revoked."

Approved unanimously.

Letter to Mr. Lewis, Vice President of the Federal Reserve Bank of St. Louis, reading as follows:

"This refers to your letter of August 24, 1951, forwarding a letter of August 23, 1951, from Mr. Norman Bierman concerning a leasing arrangement of Feld Auto Leasing Company under Regulation W.

"It appears that the Company has a number of contracts which clearly qualify under one or another of several exemptions available on the subject under the regulation. The inquiry is not made as to those, but with respect to certain others. As to these latter arrangements that the Company wishes to enter into, Mr. Bierman apparently urges that they are exempt from the regulation on two different grounds. One is that title to the automobile in question does not pass to the customer, a specific provision to that effect being included in the contract. The other ground is that the leasing arrangement is exempt as a credit in excess of \$5,000, the argument being that the arrangement extends over such a long period that the customer obligates himself to pay more than \$5,000 during its existence.

"After giving careful consideration to the information presented by Mr. Bierman, it appears that neither ground can be sustained, and that the proposed arrangement would be subject to the regulation.

"We assume that Mr. Bierman has presented his information and arguments as fully as he desires. However, we are,

8/31/51

-6-

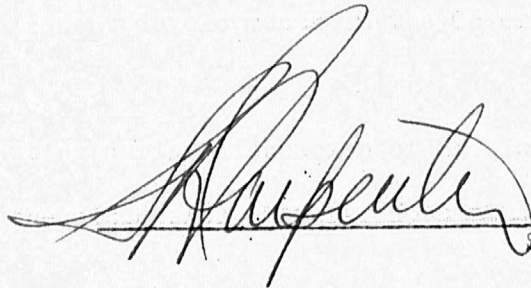
"of course, anxious to be sure that any person having a question under any of the Board's regulations be afforded every reasonable opportunity to present his views. Therefore, even though it seems clear on the basis of the information presented that the arrangements in question would be subject to the regulation, if Mr. Bierman would like to submit any further information or any memorandum of authorities, we would be glad to give them consideration, and if he would like to discuss the matter with appropriate members of the Board's staff we would be glad to arrange an appointment for the purpose."

Approved unanimously.

Memorandum dated August 28, 1951, from Mr. Sloan, Director, Division of Examinations, recommending for reasons stated in the memorandum, that the following accounts in the 1951 budget of that Division be increased in the amounts indicated:

Miscellaneous Expenses	\$2,500
Telephone and Telegraph	400

Approved unanimously.


Secretary.