

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, September 10, 1951.

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

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary

Minutes of actions taken by the Board of Governors of the Federal Reserve System on September 7, 1951, were approved unanimously.

Memorandum dated September 4, 1951, from Mr. Sloan, Director, Division of Examinations, recommending an increase in the basic salary of John F. Clark, Federal Reserve Examiner, from \$5,400 to \$5,600 per annum, effective September 16, 1951.

Approved unanimously.

Memorandum dated August 30, 1951, from Mr. Carpenter, Secretary of the Board, recommending that the basic annual salary of Miss Barbara A. Huey, Clerk-typist in the Office of the Secretary, be increased from \$2,730 to \$2,875 and that her title be changed to Minutes Clerk, effective September 16, 1951.

Approved unanimously.

Memorandum dated August 30, 1951, from Mr. Carpenter, Secretary of the Board, recommending an increase in the basic salary of Miss Marian E. Burke, Clerk-typist in the Office of the Secretary, from \$2,650 to \$2,730 per annum, effective September 16, 1951.

Approved unanimously.

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Memorandum dated September 4, 1951, from Mr. Leonard, Director, Division of Bank Operations, recommending an increase in the basic salary of E. Ralph Massey, Technical Assistant in that Division, from \$5,800 to \$6,400 per annum, effective September 16, 1951.

Approved unanimously.

Memorandum dated September 4, 1951, from Mr. Leonard, Director, Division of Bank Operations, recommending that J. N. Kiley, Jr., Federal Reserve Examiner, be transferred to the position of Technical Assistant in the Division of Bank Operations, with no change in his present basic salary of \$6,400, effective as of the date he enters upon duty in the Division. The memorandum also stated that the Division of Examinations was agreeable to this transfer.

Approved unanimously.

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

"In accordance with the request contained in your letter of September 5, 1951, the Board approves the designation of the following as special assistant examiners for the Federal Reserve Bank of Philadelphia:

Mario A. Bucci	Thomas A. Kenny
Herbert Denish	John D. Moran
Paul E. Kirn, Jr.	Charles H. Sulzberger, Jr.
Robert E. McCarthy	John L. McKeever"
P. H. Delphey, Jr.	

Approved unanimously.

Press release dated September 10, 1951, reading as follows:

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"The Board of Governors of the Federal Reserve System is pleased to announce the appointment of Mr. Roy L. Reiersen as Special Consultant to Oliver S. Powell, Chairman of the National Voluntary Credit Restraint Committee. Mr. Reiersen is Vice President and Economist at the Bankers Trust Company of New York and was formerly Assistant Professor of Accounting and Finance at Northwestern University and Lecturer in Economics at the Graduate School of Business Administration, New York University. He is well known to the banking community for his addresses on monetary and banking questions. The Bankers Trust Company of New York has given Mr. Reiersen a leave of absence for four months to assist in the Voluntary Credit Restraint Program.

"Mr. Reiersen succeeds Mr. Roland I. Robinson as consultant to Governor Powell. Mr. Robinson, who is Professor of Banking at Northwestern University, served as consultant during the summer period ending August 25."

Approved unanimously.

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

"Reference is made to the Board's letter of April 13, 1951, (S-1308) with which was enclosed a copy of a memorandum received from the Air Force setting forth the locations of the Procurement Field Offices and the area which each serves. For your information there is enclosed a memorandum received from the Department of the Air Force dated September 5, 1951, showing a revised list of the addresses of the Air Force Procurement Offices and the area each serves."

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 refers to your letter of September 5, 1951, requesting our views on a draft of a proposed Executive order entitled 'Executive Order Providing for the Performance of Certain Defense Housing and Community Facilities and Services Functions'.

"The proposed Executive order, insofar as it affects the functions of the Board of Governors, would (1) delegate to the Director of Defense Mobilization the authority to determine critical defense housing areas and to make the findings relative to such determinations, and (2) delegate to the Housing and Home Finance Administrator the authority vested in the President to suspend residential credit restrictions in such areas.

"This is to advise that the Board has no objection to the issuance of the proposed order. However, to avoid any possible ambiguity, it is suggested that paragraph 2 of the draft be amended by placing a period after 1951 and striking out the clause 'to suspend residential credit restrictions under the Defense Production Act of 1950'. The effect of this suggested amendment would be to assure that the Housing and Home Finance Administrator would be delegated all of the authority vested in the President by section 102(b) of the Defense Housing and Community Facilities and Services Act of 1951, inasmuch as section 102(b) refers to the relaxation as well as the suspension of residential credit restrictions."

Approved unanimously.

Letter to Board of Directors, The Colonial Trust Company, Pittsburgh, Pennsylvania, reading as follows:

"Pursuant to a request submitted through the Federal Reserve Bank of Cleveland, the Board of Governors of the Federal Reserve System hereby gives its consent under the provisions of Section 18(c) of the Federal Deposit Insurance Act to the absorption by The Colonial Trust Company, Pittsburgh, Pennsylvania, of the Bank of Ohio Valley, Pittsburgh, Pennsylvania, without an increase in your capital and surplus to amounts which will equal the aggregate capital and surplus, respectively, of the two banks involved in the absorption, provided prior approval is obtained from the appropriate State authorities and provided the absorption is effected substantially in accordance with the plan as submitted."

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

Letter to Lt. Gen. R. S. McLain, Comptroller, Department of the
Army, Pentagon Building, Washington, D. C., reading as follows:

"In connection with operations under the current
V-loan program, it has come to the Board's attention
that some financing institutions making guaranteed loans
have charged the borrower a commitment fee based on the
maximum amount of the credit rather than the undisbursed
portion of the loan.

"The Board feels that this practice should not be
approved and that, in determining whether a commitment
fee exceeds the maximum rate of 1/2 of 1 per cent hereto-
fore prescribed by the Board, the fee should be computed
on the average daily amount of the unused balance of the
credit. Accordingly, the Board proposes to advise the
Federal Reserve Banks to that effect in a letter in the
form enclosed herewith. Before taking this action, how-
ever, the Board will appreciate any comments which your
Department may care to make regarding this matter."

Approved unanimously.

Letter to Mr. J. Edgar Hoover, Director, Federal Bureau of
Investigation, Washington, D. C., reading as follows:

"In your memorandum of August 29, 1951, you point
out that, in an investigation now being conducted by your
Bureau into the activities of Francis Gilbert Paige, Loan
Guarantee Officer for the Veterans Administration in San
Diego, apparent violations of Regulation X by the Dennstedt
Company, a San Diego building concern, were uncovered.
You indicate that you believe it would be more practical
for your Bureau to continue this phase of the investigation
inasmuch as it is but a part of a very complex situation.

"The Board is in entire agreement with your suggestion
and will forward a copy of your memorandum to the Federal
Reserve Bank of San Francisco with instructions not to
commence an independent investigation of the subject

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"company until such time as your investigation has been completed. Naturally, the Board would appreciate receiving advice from your Bureau upon the completion of this undertaking."

Approved unanimously.

Memorandum dated September 10, 1951, from Mr. Hooff, Assistant Counsel, recommending that, in addition to the material previously submitted for publication in the Law Department of the September issue of the Federal Reserve Bulletin, statements in the form attached be included for publication:

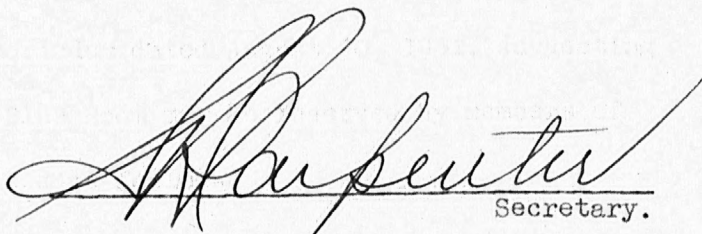
Legislation

Defense Housing Act of 1951

Margin Requirements

Amendment to Regulation T

Approved unanimously.


Secretary.