Minutes of actions taken by the Board of Governors of the Federal Reserve System on Thursday, October 4, 1951.

PRESENT: Mr. Martin, Chairman
Mr. Szymczak
Mr. Norton
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 October 3, 1951, were approved unanimously.

Memorandum dated October 2, 1951, from Mr. Carpenter, Secretary of the Board, recommending the appointment of Miss Betsy Ann Stafford 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 October 2, 1951, from Mr. Young, Director, Division of Research and Statistics, recommending that the resignation of Mr. Murray S. Wernick, Economist in that Division, be accepted to be effective, in accordance with his request, at the close of business October 7, 1951.

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:

"When the V-loan program was inaugurated in September 1950, the Board of Governors, after consulting the guaranteeing agencies, prescribed a schedule of guarantee fees, a maximum interest rate, and a maximum commitment fee, all of which were set forth in the Board's telegram of September 26, 1950, to the Federal Reserve Banks. With respect to commitment fees, that telegram stated that 'in any case in which a commitment fee is charged a borrower by a financing institution with respect to a guaranteed loan, such fee shall not exceed 1/2 of 1 per cent per annum.'

"In a few recent V-loan cases, it appears that the financing institution, pursuant to specific provisions of the loan agreement, has charged the borrower a commitment fee based upon the maximum amount of the credit, rather than upon the undisbursed portion of the credit. Such a practice was not contemplated by the Board and is believed to be inconsistent with usual banking practices. Accordingly, in any case hereafter in which a financing institution imposes a commitment fee with respect to a guaranteed loan, such fee should not exceed 1/2 of 1 per cent per annum based on the average daily unused balance of the maximum principal amount of the credit.

"This matter has been taken up with the several guaranteeing agencies and they have indicated their concurrence in the Board's views as here expressed."

Approved unanimously.

Order for Proceedings and Notice of Hearing pursuant to Section 8(b) of Regulation W, Consumer Credit, in the case of Louis Master and Morris Master, doing business as Master Tire and Supply Co., Lawrence, Massachusetts, prepared pursuant to the action of the Board on September 6, 1951, reading 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 4th day of October, A. D., 1951."
ORDER FOR PROCEEDINGS AND
NOTICE OF HEARING PURSUANT
TO SECTION 8(b) OF REGULA-
TION W, CONSUMER CREDIT.

The Federal Reserve Bank of Boston has advised the Board of Governors of the Federal Reserve System that Louis Master and Morris Master, doing business as Master Tire and Supply Company, hereinafter called the registrant, has filed a registration statement with that Bank pursuant to Sec. 2(b) of Regulation W, consumer credit, issued by the Board of Governors pursuant to Sec. 601 of the Defense Production Act of 1950; and that Bank has transmitted information to the Board of Governors which tends to show that since September 18, 1950, the effective date of Regulation W and contrary to the provisions thereof, the registrant has made installment sales of television sets and other articles listed in that regulation in violation of the terms of that regulation.

II

The information reported to the Board of Governors, as set forth in Section I hereof tends, if true, to show that the registrant, in installment sales of listed articles since September 18, 1950, has violated Regulation W:

A. By not obtaining the down payment required by Section 3 (a);
B. By not obtaining the down payment at or before the time of delivery of listed articles, as required by Section 3 (c);
C. By delivering listed articles in anticipation of installment sales without obtaining at or before the time of such delivery, a deposit equal to the down payment that would be required on such an installment sale, as required by Section 6 (f);
D. By extending credit for financing the purchase of listed articles when the registrant knew or had reason to know that there was, or was to be, other credit extended in connection with the purchase of the listed article which would bring the total amount of credit extended in connection with such purchases beyond the amount of installment credit permitted by Regulation W, contrary to the provisions of Section 6 (i); and
E. By accepting trade-ins instead of cash as part or all of the down payment on sales of listed articles, contrary to the
provisions of Part 5 of the Supplement in force at the time of such sales.

One or more of the violations alleged in Paragraphs A to E, inclusive, hereinabove occurred in connection with one or more of the sales of listed articles by the registrant to the following persons:

Edgar Sirois
Alice DeLauriers
Charles Weinhold
Ruth Condon
George LaBelle
Wilfred Beaudain
Horace Caco
Robert D. Lugle
Josephine Jacques
Joseph Burns
John Donahue
Wilfred Arsenault
Vito Blazonis
John H. Bohue
Forrest Stickney
Robert Christ
Gaetano Maccarone
Peter King
J. L. Buckley
John Burns
Frank Tallmadge
Lena Denault
Walter Spicer
Ral Lampheir
James Warburton
Arbelene Jacinto
Leo Morin
Peter Fraser
Labelle Frakin
Denise Muldowney
Elmer Brown
Mary MacAlea
Armand Bourassa
Albert Menard
Joseph Demers
Linwood Goodson
William Lamontagne
Bruno Matas

Daniel Hailson
Shicory Skeirick
Alice Hewitt
Maurice Bedard
James Myers
Rene Ganthier
Roland Dubois
Peter Czackos
Walter Campbell
Cammy Carrelle
W. J. Buckner
Carmen Harelli
Margaret Coburn
Joseph Marchand
Joseph Terris
Adelord Morin
Joseph Green
Gilbert Dufour
Andre Bousquet
Sully DiNatale
John Brooks
Roland Garlick
Mildred Skinner
Mary J. Rooney
Michael Hargreaves
Michael Berube
William Hunt
Harry Murphy
Andrew Tremblay
Alfred Fortier
William LaLiberty
Douglas Cox
Emmanuel Lacognato
Mortimer O'Sullivan
Antonio Di Saetano
John Ouellette
Thomas McKenzie
Robert Lafaud
The Board deems it necessary and appropriate that proceedings be instituted to determine:

A. Whether the statements set forth in Sections I and II hereof, are true;

B. Whether it is necessary or appropriate in the public interest to suspend the license of the registrant pursuant to Section 8 (b) of Regulation W.

IV

It is hereby ordered that a hearing for the purpose of taking evidence on the questions set forth in Section III hereof be held at 10 A. M., on November 14, 1951, in the Essex County Court House, 40 Appleton Street, Lawrence, Massachusetts, before James J. Fitzpatrick, Trial Examiner, or such other trial examiner as the Board may designate. The Trial Examiner is designated an officer of the Board for the purpose of these proceedings and is empowered to administer oaths and affirmations and issue subpoenas. This Order and Notice shall be served on registrant personally or by registered mail forthwith.

By the Board.

(signed) S. R. Carpenter,
Secretary.

Approved unanimously.

Secretary.