

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, November 20, 1951.

PRESENT: Mr. Martin, Chairman
Mr. Szymczak
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 November 19, 1951, were approved unanimously.

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

"In accordance with the recommendation contained in your letter of November 14, 1951, the Board of Governors extends to February 15, 1952, the time within which The First Bank of Alabaster, Alabaster, Alabama, may accomplish membership. Please advise the applicant to this effect."

Approved unanimously.

Letter to Mr. J. Luther Cleveland, Chairman, Board of Directors, Guaranty Trust Company of New York, 140 Broadway, New York, New York, reading as follows:

"There are enclosed two copies each of the reports of examination of the foreign branches of Guaranty Trust Company of New York made, as of the dates indicated below, by examiners for the Board of Governors of the Federal Reserve System:

London Branches--June 14, 1951
Paris Branch --July 13, 1951
Brussels Branch--July 25, 1951

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"These examinations were made jointly and in co-operation with examiners for the Banking Department of the State of New York. The second copy of each of the reports is for the information and files of the officer in charge of the respective branch.

"Your courtesy in acknowledging receipt of these reports will be appreciated."

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

Letter to the Honorable Telford Taylor, Administrator, Small
Defense Plants Administration, Washington, D. C., reading as follows:

"This is in response to your letter of November 13, 1951, with its enclosures, regarding the practice which has been followed by many prime contractors of requiring a subcontractor to permit a general right of setoff against payments due under the subcontract, as the result of which the value of such subcontracts as collateral for either public or private loans has been impaired.

"You state that you and Mr. Symington believe that it would be useful to arrange a meeting of representatives of the interested Government agencies to consider this problem and you request that the Board designate a representative to meet with Mr. Richard C. Dyas of your agency and to participate in making recommendations for action by your agency and the other interested agencies. This is to advise you that Mr. Gardner L. Boothe, II, Assistant Director of the Board's Division of Selective Credit Regulation, and Mr. Howard H. Hackley, Assistant General Counsel, have been designated for this purpose; and they will be glad to cooperate in every way possible in connection with this matter."

Approved unanimously.

Memorandum dated November 15, 1951, from Mr. Leonard, Director, Division of Bank Operations, recommending that the Board reimburse members of the Federal Reserve study group recently sent to Puerto

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at the request of the Insular Government in the amount of \$39.15 to cover certain items of expense which it appeared should not be charged to the Puerto Rican Government.

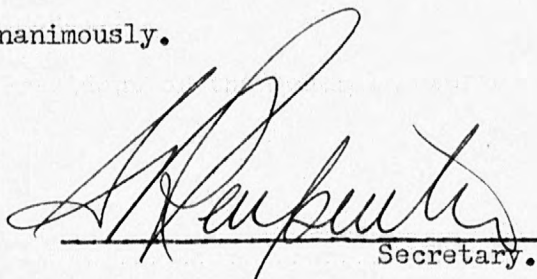
Approved unanimously.

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:

"You will find enclosed a copy of a memorandum from the Office of the Assistant Secretary of Defense dated November 9, 1951, signed by John S. Bachman, Chairman of the Contract Finance Committee, requesting the Federal Reserve Banks to furnish narrative descriptions of their practices and procedures in the establishment and supervision of V-loans. Four copies of each narrative are desired for the military establishment and it is suggested that you furnish the Board with a fifth copy so that it will be available should any of the other guaranteeing agencies desire similar information.

"A draft of the Defense Department's memorandum was discussed informally by Mr. Bachman with Mr. Peyton and Mr. McConnell when he was in Minneapolis recently. Also a copy was sent to the Federal Reserve Bank of New York for comments and suggestions. The Federal Reserve Bank of New York prepared a paper together with pertinent exhibits covering the practices and procedures followed by that Bank under the V-loan program. A copy of Mr. Phelan's letter to Mr. Bachman dated October 26, 1951, together with a copy of the New York Bank's memorandum are enclosed with the thought that they might be helpful to your consideration of this matter."

Approved unanimously.


Secretary.