

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Thursday, December 13, 1951.

PRESENT: Mr. Evans, Chairman pro tem.
Mr. Vardaman
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 December 12, 1951, were approved unanimously.

Memorandum dated December 5, 1951, from Mr. Marget, Director, Division of International Finance, recommending increases in the basic annual salaries of the following employees in that Division, effective December 23, 1951:

Name	Title	Salary Increase	
		From	To
Edward Marcus	Economist	\$6,340	\$6,540
Henry A. Bates	Messenger	2,552	2,632

Approved unanimously.

Memorandum dated December 6, 1951, from Mr. Marget, Director, Division of International Finance, recommending that Mrs. Pearl G. Farrington, File Clerk in the Office of the Secretary, be transferred to the Division of International Finance as Clerk, with no change in her present basic salary of \$3,430 per annum, effective December 23, 1951. The memorandum also stated that the Secretary's Office was agreeable to this transfer.

Approved unanimously.

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Letter to Mr. Parten, Federal Reserve Agent, Federal Reserve Bank of Dallas, reading as follows:

"In accordance with the request contained in Mr. Smyth's letter of December 7, 1951, the Board of Governors approves, effective November 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>
E. G. Hudel	Assistant Federal Reserve Agent	\$6,857.34
J. M. Ashley	Alternate Assistant Federal Reserve Agent	4,679.34
Edward Price	Alternate Assistant Federal Reserve Agent <u>El Paso Branch</u>	4,254.00
G. Hadley Fraser	Federal Reserve Agent's Representative <u>Houston Branch</u>	5,154.00
John A. Boyd	Federal Reserve Agent's Representative	5,664.00"

Approved unanimously.

Letter to Mr. Black, Vice President, Federal Reserve Bank of Chicago, reading as follows:

"Reference is made to your letter of November 29, 1951, in which you advised that certain expenses for your head office during the first nine months of the year 1951 exceed the budget for that period.

"Appropriate notations regarding these excesses are being made in the Board's records. It is understood, however, that you will submit further advice concerning anticipated or actual budget excesses for the year as a whole as soon as that information becomes available."

Approved unanimously.

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Letter to The Honorable, The Comptroller of the Currency,
Treasury Department, Washington, D. C., reading as follows:

"This refers to our letter of September 11, 1951, requesting that a supplemental order for printing 10,000,000 sheets of Federal Reserve notes during the fiscal year ending June 30, 1952, be placed with the Bureau of Engraving and Printing. It is respectfully requested that 15,000 sheets of this total be allocated to notes of the Federal Reserve Bank of Atlanta, as shown below:

<u>Denomi- nation</u>	<u>Number of sheets</u>	<u>Amount</u>
\$100	15,000	\$18,000,000"

Approved unanimously.

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

"Reurtel December 5 concerning status under section 6(g)(3) of Regulation T of 1951 dividends on Long Bell Lumber Company Class A Common which has preference as to dividends at rate of \$4 per annum cumulative from January 1, 1925. Accumulated dividend arrearage on such stock approximately \$80.

"Board view is that dividend payments not in excess of amount which stockholder may be entitled to receive on basis of specified rate for current year and which prevents occurrence of, or increase that would otherwise result in, any dividend arrearage on security with respect to which dividend is paid, does not 'represent any arrearage' for purposes of section 6(g)(3) and may be withdrawn if otherwise permitted by section 6(g).

"Accordingly, and on facts submitted, the \$3.15 total 1951 dividends, including the \$1.90 dividend payable December 1, 1951, would not appear to be subject to section 6(g)(3)."

Approved unanimously.

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Letter to Mr. C. N. Nichols, Managing Director, Northeastern Roofing, Siding and Insulating Contractors Assn., Inc., 12 East 41st Street, New York, New York, reading as follows:

"This refers to your letter of November 26, 1951, and your telephone conversation with Mr. Fauver regarding the proposal for an amendment to Regulation W originally advanced in your letter of August 23, 1951. You suggested the desirability of permitting elimination of the ten per cent down payment requirement on contracts for home repairs or improvements in which the parties agree to a maturity of 30 months rather than the 36 months maximum now prescribed by the regulation.

"As pointed out by Governor Evans and others in meetings with you and Mr. Tobin, the Board feels that the ten per cent down payment requirement is an important part of the emergency restrictions on home improvement credit provided in Regulation W and the F.H.A. regulations. Although it might be shown arithmetically that there is a point where the mechanical effect of a shorter maturity on credit outstanding would be equal potentially to the effect of eliminating the down payment requirement, we feel that the change you propose would in practice result in a considerable relaxation of the restrictions of the regulation. It seems to us that in many contracts, particularly where the parties were willing and able to agree to shorter maturities than the maximum required by the regulation, the down payment requirement would represent the only restriction on the instalment sale.

"Accordingly, the Board believes that it would be inadvisable to adopt your suggestion at this time."

Approved unanimously.

Memoranda from Mr. Townsend, Solicitor, recommending for reasons stated therein, that the following matters involving registrants under Regulation W, Consumer Credit, be referred to the Department of Justice for the institution of such criminal proceedings

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as that Department might deem appropriate:

<u>Date of Memorandum</u>	<u>Registrant</u>
11/30/51	Contractors Roofing and Siding Corporation and Cooperative Construction Company, Inc., Nutley, New Jersey
11/30/51	A. Harris, doing business as A. Harris Motor Sales, Pittsburgh, Pennsylvania
11/30/51	Jet Appliance Company, New Orleans, Louisiana
11/30/51	Julius Star, Battle Creek, Michigan
12/3/51	Aldon Construction Company, Inc., Belleville, New Jersey

Approved unanimously.

Telegram to Mr. Scheffer, Manager, Real Estate and Consumer

Credit Department, Federal Reserve Bank of New York, reading as follows:

"Reurlet November 30 concerning whether a one-story building to be used by the Liebmann Breweries, Incorporated, is or is not excluded from the coverage of Regulation X under clause (5)(i) of Section 2(r).

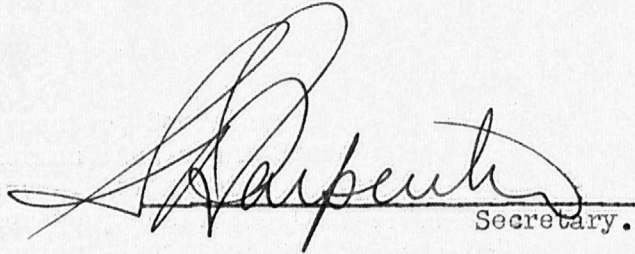
"As you appreciate it is difficult for us to say definitely from here whether this building situated several blocks from the main brewery is or is not a 'non-residential structure' within the meaning of section 2(r). However, on the basis of the scant information which was made available to you, we likewise feel that ascertainment of whether 80 per cent of the floor space is used or designed for use in processing is not at present possible inasmuch as the building currently is being occupied temporarily as a 'staging area' for assembly of stocks for daily shipment to the main plant. Responsibility for obtaining the needed information, in a situation of this nature, as in many other aspects of regulation, rests primarily with the Registrant, but the correspondence

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"supplied by you indicates that it has not so far been established that more than 80 per cent of the floor space is to be used in processing."

Approved unanimously.


Secretary.