

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Thursday, January 3, 1952. The Board met in the Board Room at 10:35 a.m.

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

Mr. Carpenter, Secretary  
 Mr. Sherman, Assistant Secretary  
 Mr. Kenyon, Assistant Secretary  
 Mr. Thurston, Assistant to the Board  
 Mr. Riefler, Assistant to the Chairman  
 Mr. Thomas, Economic Adviser to the Board  
 Mr. Vest, General Counsel  
 Mr. Townsend, Solicitor  
 Mr. Young, Director, Division of  
 Research and Statistics  
 Mr. Noyes, Director, Division of  
 Selective Credit Regulation  
 Mr. Youngdahl, Chief, Government Finance  
 Section, Division of Research and  
 Statistics  
 Mr. Leach, Economist, Division of Research  
 and Statistics

Mr. Thomas presented a report on developments in the Government securities market following which Messrs. Youngdahl and Leach withdrew from the meeting.

Mr. Evans referred to a letter dated December 29, 1951, from Mr. R. D. McKay, President of the National Automobile Dealers Association, requesting that a representative group of dealers from different geographical locations be granted a hearing before the Board in

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advance of the annual business meeting of the Association beginning January 25, 1952 to review the current financing situation on new and used automobiles. He said that as the member of the Board having the assignment for consumer credit matters he had met with representatives of the Association in the past in response to similar requests, and suggested that Mr. McKay be advised that a meeting could be arranged on January 18, with the understanding that besides himself, members of the staff concerned with the administration of Regulation W would be present, together with any of the other members of the Board who might wish to attend. It seemed likely, Mr. Evans said, that the Association representatives would request that consideration be given by the Board to extending the maximum maturity provisions of Regulation W regarding new automobiles to 24 months, but he added that in his opinion such action would not be advisable at this time.

Thereupon, unanimous approval  
was given to a letter to Mr. McKay  
in the following form:

"Your letter of December 29, 1951, requesting that a representative group of automobile dealers from different geographical locations be permitted to meet with members of the Board in connection with Regulation W-- Consumer Credit, has been brought to the attention of the Board of Governors. Such members of the Board as are available, together with the Board's Regulation W staff, will be glad to meet with representatives of your Association to discuss the current situation as well as the future outlook in the automobile market.

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"Since you ask that this meeting be several days in advance of the annual business meeting of your Association which is to start in New York on January 25, the Board has set 10 o'clock on Friday morning, January 18, 1952, as the time for meeting with your group. It would be most helpful to us to know at your earliest convenience the names of those expected to attend from your organization and also any specific questions you would like to discuss.

"It is suggested that your group come directly to the Board Room a few minutes before 10 o'clock on the 18th."

Mr. Townsend referred to a letter dated December 27, 1951 from Vice President Lewis, of the Federal Reserve Bank of St. Louis, reporting that incompleting investigations by the Bank had afforded evidence of violations of the provisions of Regulation W by Kahn Motor Company and Kahn Investment Company, both of St. Louis, Missouri, and stating that in view of this evidence a conference was held at the Bank with Mr. Irvin L. Cohn, the operating manager of both registrants, and his attorney, following which the attorney advised the Bank that both concerns would consent to (1) an injunction in the United States District Court enjoining each from further violations of Regulation W, and (2) suspension by the Board of the license of each for a period of 14 days, with the understanding that such suspension would relate to all activities other than regular collections against outstanding balances on paper already held. Mr. Townsend said that ordinarily complete investigation reports would be submitted to the Board at the time disciplinary action

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was recommended, but that in view of the delay and expense which would be involved and the small volume of business of the registrants, Mr. Lewis recommended that this procedure be dispensed with and that disciplinary action be taken in the form described. Mr. Townsend went on to say that he and Mr. Chase, Assistant Solicitor, agreed with this proposal and recommended that the Board authorize the institution of the necessary steps to conclude the case on that basis.

Upon motion by Mr. Evans,  
this recommendation was approved  
unanimously.

There was a discussion of certain procedural matters in connection with the oral argument to be heard by the Board tomorrow in the matter of H. Bartels, Inc., of Philadelphia, Pennsylvania, a registrant under Regulation W.

In response to an inquiry by Mr. Vardaman whether the registrant had been advised of the possibility of a public hearing, Mr. Vest stated that the Board's Rules of Procedure provide that a hearing will be private unless counsel for either side requests a public hearing and such request is granted by the Board, that it was apparent that counsel for the registrant were familiar with the Board's Rules of Procedure since they had referred to them in the course of correspondence, and that he concluded, therefore, that a public hearing was not desired.

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Mr. Norton stated that Miss VaLois Egbert, Secretary to former Governor Eccles, who had been granted the use of quarters in this building through December 31, 1951 in order to complete work in connection with Mr. Eccles' files, had been unable to complete the task and in the circumstances he would recommend that she be permitted to use these quarters while completing the work which might be until the end of January 1952.

This recommendation was approved unanimously.

At this point all of the members of the staff with the exception of Messrs. Carpenter, Sherman, and Kenyon withdrew, and the action stated with respect to each of the matters hereinafter referred to was taken by the Board:

Minutes of actions taken by the Board of Governors of the Federal Reserve System on January 2, 1952, were approved unanimously.

Memoranda recommending that the basic annual salaries of the following employees be increased, effective January 6, 1952:

<u>Date of Memorandum</u>	<u>Name and Title</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
	<u>Memorandum from Mr. Boothe, Assistant Director, Division of Selective Credit Regulation</u>		
12/27/51	Robert P. Fuhrer, Analyst	\$5,060	\$5,185
	William J. Powers, Analyst	5,060	5,185
	<u>Memorandum from Mr. Vest, General Counsel</u>		
12/29/51	Richard J. Lewis, Law Clerk	4,580	4,705
	William H. Tinsley, Assistant Counsel	5,500	5,625

Approved unanimously.

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Memorandum dated January 2, 1952, from Mr. Carpenter, Secretary of the Board, recommending for reasons stated therein that Mrs. Mildred E. Pilger, Supervisor, Federal Open Market Administrative and Subject Files, in the Files Section of the Office of the Secretary, be authorized to continue her assignment in connection with revisions in the filing system of the Federal Reserve Bank of Atlanta through January 25, 1952, with the understanding that she would report for work at the Board's offices on January 28, 1952. The memorandum also recommended that the Board continue to reimburse Mrs. Pilger for travel expenses on the same basis as had applied under the Board's previous authorizations in connection with this assignment.

Approved unanimously.

Letter to Mr. Lunding, Federal Reserve Agent, Federal Reserve Bank of Chicago, reading as follows:

"In accordance with the request contained in Mr. Meyer's letter of December 28, 1951, the Board of Governors approves the payment of salary to Mr. Everett D. Jones, Federal Reserve Agent's Representative, at the rate of \$5,970.00 per annum."

Approved unanimously.

Letter for the signature of the Chairman to Senator Burnet R. Maybank, 34 Broad Street - Rear, Charleston, South Carolina, reading as follows:

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"This is in response to your letter of December 20, 1951, with further reference to the desire of bankers in South Carolina for the establishment of a branch Federal Reserve Bank in that State. Your letter indicates that they are particularly interested in the procedure which they should follow and in the figures and statistics which it would be necessary for them to prepare in that connection.

"As you will recall, our memorandum of September 6, 1951, which I understand you have furnished to the South Carolina bankers, outlined generally the procedure which has usually been followed in the past in connection with proposals for the establishment of branches of the Federal Reserve Banks. As indicated in that memorandum, the customary procedure has been for the interested banks or clearing house association to take the matter up with the Federal Reserve Bank of the district, either informally or by filing a petition, and for the Reserve Bank, after looking into the matter, to submit the proposal with its recommendation to the Board of Governors. In the present case, therefore, it would be appropriate for the South Carolina bankers to contact the Federal Reserve Bank of Richmond informally or to file a petition with the Reserve Bank. The Federal Reserve Bank would then give the matter prompt attention and, after such investigation as might be necessary, would submit the proposal to the Board. However, if the South Carolina bankers should wish to come to Washington to discuss the matter with us, as suggested in your letter, we shall be glad to arrange for a meeting with them at some mutually convenient time.

"The Board has not prescribed any list of facts and figures which might be submitted in support of an application for the establishment of a branch of a Federal Reserve Bank. There is enclosed herewith, however, a statement of certain data which would be helpful in the consideration of any such application if it should develop that the interested bankers should wish to pursue the matter further."

Approved unanimously, with a  
copy to Mr. Leach, President, Federal  
Reserve Bank of Richmond.

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Letter to Mr. John Owens, Secretary-Treasurer, United Mine Workers of America, United Mine Workers' Building, Washington, D. C., reading as follows:

"This refers to your letter of December 12, 1951, addressed to the Federal Reserve Bank of Richmond, requesting a determination as to the status of the United Mine Workers of America as a holding company affiliate.

"From the information supplied, it appears that the United Mine Workers of America is a voluntary, unincorporated, nonprofit association formed for the general purposes of providing mutual assistance and protection for its members (employees of the coal industry in the United States and Canada) in the matter of wages, hours, working conditions, collective bargaining and general welfare; that it is a holding company affiliate of The National Bank of Washington, Washington, D. C., by reason of the fact that it owns 164,890 of the 210,000 outstanding shares of stock of that bank; that it does not own, directly or indirectly, any other bank stock; that The National Bank of Washington does not own or control, directly or indirectly, any bank stock except negligible amounts of stock held in fiduciary capacities in the normal course of its trust business; and that United Mine Workers of America does not manage or control, directly or indirectly, any banking institution other than The National Bank of Washington.

"In view of these facts, the Board has determined that the United Mine Workers of America is not engaged, directly or indirectly, as a business, in holding the stock of, or managing or controlling, banks, banking associations, savings banks, or trust companies, within the meaning of section 2(c) of the Banking Act of 1933 as amended, and, accordingly, the United Mine Workers of America is not a holding company affiliate for any purposes other than those of section 23A of the Federal Reserve Act and does not need a voting permit from the Board of Governors in order to vote the bank stock which it owns.

"If, however, the facts should at any time differ from those set out above to an extent which would indicate



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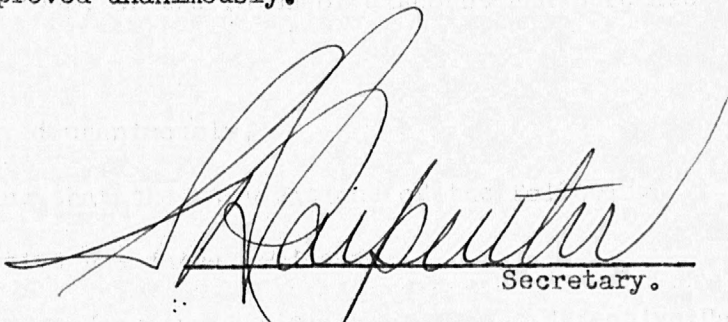
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"that the United Mine Workers of America might be deemed to be so engaged, this matter should again be submitted to the Board. The Board reserves the right to make a further determination at any time on the basis of the then existing facts."

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

Memorandum dated December 29, 1951, from Mr. Sherman, Assistant Secretary of the Board, recommending that the National Archives and Records Service be requested to approve a continuing destruction schedule for certain punched tabulating card records of the Board, without microfilming, after they have been retained for one year.

Approved unanimously.



Secretary.