Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, January 7, 1952.

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

Minutes of actions taken by the Board of Governors of the Federal Reserve System on January 5, 1952, were approved unanimously.

Memorandum dated January 4, 1952, from Mr. Bethea, Director, Division of Administrative Services, recommending that the resignation of George H. Russell, Jr., Mimeograph Operator in that Division, be accepted to be effective, in accordance with his request, January 5, 1952.

Approved unanimously.

Memorandum dated January 4, 1952, from Mr. Boothe, Assistant Director, Division of Selective Credit Regulation, recommending the appointment of Dorothy Mae Drayer as Clerk-typist in that Division, on a temporary basis for a period of six months, with basic salary at the rate of $2,750 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.

Letter to Mr. George M. O'Keefe, Supervisor, American Worldwide Associates, Inc., Adelup, Marine Drive, P. O. Box 173, Guam, M. I., reading as follows:

"This refers to your letter of December 17, 1951 with reference to Federal legislation so as to enable banks organized and located in Guam to become members of the Federal Reserve System. Enclosed is a copy of House Document No. 212 entitled 'Report of the Commission on the Application of Federal Laws to Guam' dated July 31, 1951. This report, among other things, recommends that the Federal Deposit Insurance Act be amended so that it will be possible for banks on Guam to qualify for membership in the Federal Reserve System. (See page 5.) We are advised informally that the Interior Department is preparing draft legislation for transmittal to Congress, which legislation will carry out the recommendations contained in the attached report. You will, of course, realize that even though the laws should be amended so as to make banks on Guam eligible for membership in the Federal Reserve System it would be necessary for any such bank to meet the Board's requirements for membership. In this connection there is enclosed a copy of the Board's Regulation H relating to membership of State banks in the Federal Reserve System."

Approved unanimously.

Telegram to Mr. Scheffer, Manager, Real Estate and Consumer Credit Department, Federal Reserve Bank of New York, reading as follows:

"Reurlet January 2, 1952 enclosing copies of a letter from the Chemical Bank & Trust Company and a draft of your proposed reply concerning a proposed loan to finance residential trailer construction at the Savannah River Atomic Energy installations. We suggest that you omit the last
"sentence in the second paragraph of your proposed reply, which begins 'This latter charge * * *.' We also suggest that you change the period at the end of the third paragraph to a comma and add the following: 'provided the amounts used in computing the cost figure are reasonable and there was no other credit outstanding with respect to the transaction. However, it appears that the proposed borrower Trailer would be indebted to Robbins in the amount of $415 per trailer, or in a total amount of $1,660,000, and that this outstanding credit would not have been paid at the time the proposed bank loan was made. This $1,660,000 of credit outstanding from Robbins to Trailer would, therefore, reduce to $8,834,000 the amount which your bank could lend. If the $1,660,000 credit were less, your loan could, of course, be correspondingly greater; and if the outstanding credit were no more than $494,000, a $10,000,000 loan by your bank would be permissible.

'On the basis of the facts stated, it would appear that one means of reducing this outstanding credit would be for Robbins to invest in capital stock of Trailer, its wholly owned subsidiary, instead of extending credit to Trailer. This assumes, of course, that Robbins would not itself obtain credit for the purpose of making the investment.'"

Approved unanimously.

Letter to Mr. S. J. Phillips, President, Booker T. Washington Birthplace Memorial, Booker Washington Birthplace, Virginia, reading as follows:

"Thank you for your letter of December 15, 1951, advising of the plans to coin the George Washington Carver - Booker T. Washington commemorative half dollars. We appreciate your thoughtfulness in sending us the photographs of the new coin, the copies of Public Law 151, and your Extension Leaflet No. 16.

"After receiving your letter, we discussed the matter with both Treasury and Federal Reserve Bank representatives. We are pleased to report that steps are being taken to develop a plan for the distribution of the new commemorative half dollars.

"It is noted that the cooperation of the Federal Reserve System in the distribution of the Booker T. Washington
"commemorative half dollars has been a source of encouragement to you, and we hope you will be pleased with the plan that is being worked out for the distribution of the new coins."

Approved unanimously.

[Signature]

Secretary.

1/7/52