

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, February 19, 1952.

PRESENT: Mr. Martin, Chairman  
Mr. Szymczak  
Mr. Evans  
Mr. Vardaman  
Mr. Powell  
Mr. Mills  
Mr. Robertson

Mr. Carpenter, Secretary  
Mr. Sherman, Assistant Secretary  
Mr. Kenyon, Assistant Secretary

Messrs. Abbot L. Mills, Jr., and James Louis Robertson took their oaths of office at 4:00 p.m. yesterday and assumed their duties as members of the Board of Governors of the Federal Reserve System.

Minutes of actions taken by the Board of Governors of the Federal Reserve System on February 18, 1952, were approved unanimously.

Memorandum dated January 30, 1952, from Mr. Young, Director, Division of Research and Statistics, recommending the appointment of Charles Alan Yager as Economist in that Division, on a temporary indefinite basis, with basic salary at the rate of \$5,060 per annum, effective as of the date upon which he enters upon the performance of his duties after having passed the usual physical examination and subject to the completion of a satisfactory employment investigation.

Approved unanimously.

Memorandum dated February 12, 1952, from Mr. Young, Director, Division of Research and Statistics, recommending the appointment of

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Anna Mary S. Riden as Library Assistant in that Division, on a temporary indefinite basis, with basic salary at the rate of \$3,175 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 February 14, 1952, from Mr. Sloan, Director, Division of Examinations, recommending the appointment of Paul D. Ring as Assistant Federal Reserve Examiner in that Division, on a temporary indefinite basis, with basic salary at the rate of \$3,410 per annum, and with official headquarters at Washington, D. C., effective as of the date upon which he enters upon the performance of his duties after having passed the usual physical examination and subject to the completion of a satisfactory employment investigation.

Approved unanimously.

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

"In view of the circumstances described in your letter of February 13, 1952, the Board of Governors approves, effective October 1, 1951, the payment of salaries to the employees listed in your letter at the rates indicated opposite their names which, when converted to annual rates based on a 40 hour work-week,

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"exceed the maximums approved for the grades in which the positions are classified."

Approved unanimously.

Letter to Girard Trust Corn Exchange Bank, Philadelphia, Pennsylvania, reading as follows:

"The Board of Governors of the Federal Reserve System authorizes your bank, pursuant to the provisions of section 13 of the Federal Reserve Act, to accept drafts or bills of exchange for the purpose of furnishing dollar exchange as required by the usages of trade in such countries, dependencies, or insular possessions of the United States as may have been designated by the Board of Governors, subject to the provisions of the Federal Reserve Act and the Board's Regulation C issued pursuant thereto. Section 13 of the Federal Reserve Act provides that no member bank shall accept such drafts or bills in an amount exceeding at any one time the aggregate of one-half of its paid-up and unimpaired capital and surplus. In determining such aggregate, the amount shall include any such drafts and bills of exchange accepted by other banks for the account of your institution.

"The right is reserved to terminate this authorization upon 90 days' notice to your bank as provided in the Regulation.

"Enclosed is a list of the countries with respect to which the Board of Governors has found that the usages of trade require the furnishing of dollar exchange. The Board of Governors may at any time, after 90 days' published notice, remove from such list the name of any country, dependency, or insular possession contained therein."

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

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Letter to Mr. Lewis, Vice President, Federal Reserve Bank of St. Louis, reading as follows:

"Receipt is acknowledged of your letter of February 13, 1952, regarding the Regulation W case of Schlechte Motor Co., Inc., Granite City, Illinois.

"This is a case in which there appeared to be a number of violations, but for various reasons evidence to support a criminal reference was not obtainable, and, moreover, a reinvestigation showed a greatly curtailed volume of business and apparently full compliance with the Regulation.

"In the circumstances it is noted that you are withdrawing your recommendation that the Board take action, and the Board is accordingly closing its file."

Approved unanimously.

Letter to Mr. Henry Drewitz, Assistant Secretary, Astoria Federal Savings and Loan Association, 37 - 16 30th Avenue, Long Island City, New York, reading as follows:

"This is in reply to your letter of January 29, 1952, concerning the Veterans Administration's refusal to issue a loan guaranty certificate to a veteran, inasmuch as the veteran's equity of \$3,300 in the transaction would not be sufficient to meet the current down payment requirements of its home loan guaranty regulations in the case where the sales price was \$17,300.

"Regulation X, Real Estate Credit, issued by the Board of Governors, is not applicable to any loan or loans made, insured, or guaranteed, in whole or in part, by any department, independent establishment, or agency of the United States Government. The Veterans Administration administers its own companion real estate credit regulations, which are consistent with the real estate credit restrictions of Regulation X, which is in accordance with Executive Order 10161 delegating authority

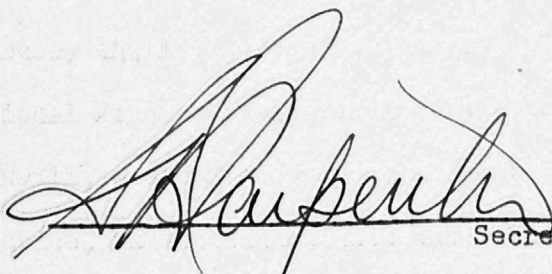
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"granted the President in the Defense Production Act of 1950. The present VA rules provide for a minimum down payment of approximately \$5,175 when guaranteeing a loan in connection with a one-family house having a sales price of \$17,300, and this is undoubtedly their administrative reason for taking exception to guaranteeing the mortgage loan on this particular dwelling in the group which your association has committed itself to finance.

"As the mortgage loan now stands, it is not guaranteed by the Veterans Administration, and if the pre-October 12, 1950, commitment to extend credit is not in fact a written agreement as stipulated in clause (1) of section 6(b), Outstanding Contracts and Obligations, of the regulation, then on the basis of the facts in your letter the mortgage loan is probably subject to Regulation X. We suggest that every reasonable effort be made to bring the terms of this loan into compliance with the VA requirements since veterans are given a relative credit preference under this program. Otherwise, this loan apparently will be in violation of Regulation X."

Approved unanimously.

  
Secretary.