

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, June 17, 1952. The Board met in executive session in the Special Library at 10:00 a.m.

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

At 10:35 a.m. Messrs. Carpenter, Secretary, and Allen, Director, of the Division of Personnel Administration, were called into the meeting.

The Chairman informed the Secretary that during the executive session the Board, effective June 18, 1952, designated Governor Mills to succeed Governor Szymczak as a member of the Board of Trustees of the Retirement System of the Federal Reserve Banks to serve until a successor is appointed by the Board. In connection with this action and in order to continue the existing arrangement under which the Board's appointee on the Board of Trustees of the Retirement System may attend meetings of the Investment Committee of the Retirement System, Governor Mills was also designated to succeed Governor Szymczak as an Associate of the Investment Committee of the Retirement System and to attend meetings of that Committee. The designation of Mr. Conkling of the Board's staff and a member of the Board of Trustees to serve as Technical Assistant to Governor Mills was also continued.

Governor Powell referred to the informal decision of members of the Board (Governors Vardaman and Powell were absent) on March 13, 1952, that in light of decisions in similar cases previously presented to the Board, service by Mr. Vivian W. Johnson, a Class A Director of the Federal

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Reserve Bank of Chicago, as a delegate to a national political convention in Chicago in July of this year would be incompatible with the policy stated in the resolution adopted by the Board on December 23, 1915, and that Mr. Johnson should not serve as a delegate and continue as a director of the Bank. A memorandum covering this matter was placed in the files of the Board under date of March 13, 1952.

Governor Powell stated that while he was in Chicago last week some of the directors of the Bank took exception to the Board's position and expressed the view that it in effect denied a director of a Federal Reserve Bank the right to engage in any political activity in his individual capacity. He also stated that since his return he had reviewed the policy and had written to Mr. Johnson giving him the reason for the policy and stating that he (Governor Powell) was asking that the matter be considered at a meeting of the Board and that if there were any change in the policy he would so inform Mr. Johnson. Governor Powell added that in view of the strong feeling voiced by the directors, he felt that the matter should be considered by the Board so that the existing policy could be reviewed for the purpose of determining whether it should be changed in any way.

In the ensuing discussion members of the Board expressed their individual views, but no action was taken to change the existing policy.

Governor Powell stated that as requested by the Board on June 2, 1952, he and Governor Mills had looked into the proposed compilation by

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the Division of Research and Statistics of a series of real estate credit statistics, and that, while the series was somewhat exploratory, it was recommended that the Division of Research and Statistics be authorized to go ahead with the proposal.

Governor Vardaman inquired whether the proposed collection of statistics would mean any increase in the staff of the Division and whether it would be a continuing activity.

Governor Powell responded that it was expected that the compilation would be reviewed from time to time by the member of the Board designated to give primary consideration to research work, that it would be subject to review each year in connection with the approval of the Board's budget, and that it did not appear at the present time that it would involve any additions to the staff. He also said that it would provide information which was now lacking in the field of real estate credit, which had expanded very greatly in recent years.

At this point Governor Powell left the room to attend another meeting.

Governor Mills stated that the information referred to by Governor Powell would be collected by the Board on a sampling basis from a group of banks, from selected mutual savings banks and insurance companies through their national associations, and by the Home Loan Bank Board. The material would be collected, he said, through the medium of a questionnaire which

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would be submitted monthly and it was hoped that the compiled data would give an indication of conditions in the mortgage market which would serve as a guide to mortgage lenders as to developments in that field. If the collection of the statistics were approved by the Board, the Division of Research and Statistics would experiment with the proposed questionnaire during the remainder of this year and the formal procedure would not be launched until after the first of January 1953. Governor Mills added that if the Board should wish to authorize the continuation of the experimental work throughout the remainder of this year, the matter could be referred to the Board for final decision toward the end of the year when the details of the proposal would have been worked out, and it could be determined more definitely whether the data would provide information which would justify their collection. He concluded with the recommendation that the proposal be approved on this basis.

Governor Mills' recommendation was approved unanimously.

Unanimous approval was also given to a recommendation contained in a memorandum dated June 5, 1952, from Mr. Leonard, Director, Division of Bank Operations, that the salary of Mr. F. A. Walker, Supervisor, Settlement and Currency Section, Division of Bank Operations, be increased from \$5,560 to \$5,685 per annum, effective as of June 22, 1952.

At this point Mr. Allen withdrew from the meeting, and the action stated with respect to each of the matters hereinafter referred to was taken by the Board:

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Minutes of actions taken by the Board of Governors of the Federal Reserve System on June 16, 1952, were approved unanimously.

Memoranda from Mr. Bethea, Director, Division of Administrative Services, recommending that the resignations of the following employees be accepted, effective the dates indicated:

<u>Date of Memorandum</u>	<u>Name and Title</u>	<u>Effective Date</u>
6/12/52	Edward D. Rogers, Messenger	7/1/52
6/13/52	Mary Jane Smith, Stenographer	7/5/52

Approved unanimously.

Letter to Mr. Walden, First Vice President, Federal Reserve Bank of Richmond, reading as follows:

"In accordance with the request contained in your letter of June 12, 1952, the Board approves the appointments of Harold G. Godfrey, Harry E. Dunn and Chester D. Porter, Jr., as assistant examiners for the Federal Reserve Bank of Richmond."

Approved unanimously.

Letter to Mr. Fletcher, First Vice President, Federal Reserve Bank of Cleveland, in regard to General Television Corporation, Cleveland, Ohio, a registrant under Regulation W, Consumer Credit, reading as follows:

"Reference is made to your letter of May 21, 1952 regarding the above matter. It appears that following a reinvestigation of this registrant in February, 1952 the investigators were of the opinion that gift certificates

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"were being accepted as the down payment and were being labeled as trade-ins in the records of the registrant. A small number of customer interviews were subsequently made which confirmed this suspicion. However, in a compliance conference the president of the registrant maintained that the violations, if they had occurred, were committed by salesmen acting contrary to his instructions. The customer interviews, except in three instances where the customer had talked to the store over the 'phone, did not refute this assertion, and, therefore, your Bank requested the Board to issue a formal order for investigation in order to obtain more direct evidence.

"In view of the Board's telegram of May 8, 1952, no such order was issued and it will not now be possible to obtain the additional evidence which would be needed to support a referral to the Department of Justice. Consequently, your Bank recommends that no further action be taken.

"In view of the circumstances outlined above, the Board is closing its file in this case."

Approved unanimously.

Letter to Mr. Fletcher, First Vice President, Federal Reserve Bank of Cleveland, in regard to Ahlers-Finkler, Inc., Cincinnati, Ohio, a registrant under Regulation W, Consumer Credit, reading as follows:

"Reference is made to your letter of May 20, 1952 regarding the above matter.

"A further review of this file indicates that the evidence is not sufficient to support referral of the case to the Department of Justice because no customer contacts had been obtained, and since none can now be obtained in view of the Board's telegram of May 8, 1952, the Board concurs in the recommendation contained in your letter and is closing its file on this case."

Approved unanimously.


Secretary.