

**FEDERAL RESERVE BANK  
OF NEW YORK**

Fiscal Agent of the United States

[Circular No. 3786]  
[November 26, 1951]

**TREASURY FINANCING**

*To all Banks, and Others Concerned,  
in the Second Federal Reserve District:*

Acting Secretary of the Treasury Foley announced today that the subscription books will open on Monday, December 3, for an 11½-month 17⁄8 percent certificate of indebtedness to be issued in exchange for the 2¼ percent Treasury Bonds of 1951-53, which were called for redemption December 15, 1951, in the amount of \$1,118,051,100.

The new 17⁄8 percent certificate of indebtedness will be dated December 15, 1951, and will mature December 1, 1952.

Copies of the Treasury Department circular setting forth the terms of this offering and official subscription forms will be mailed to reach you on December 3, 1951.

ALLAN SPROUL,  
*President.*

at 3786

**SECOND DISTRICT COMMERCIAL BANKING  
VOLUNTARY CREDIT RESTRAINT COMMITTEE**

Created pursuant to the Program for Voluntary Credit Restraint  
authorized by the Defense Production Act of 1950

**33 LIBERTY STREET  
NEW YORK 45, N. Y.**

November 27, 1951.

*To the Chief Executive Officer of each Commercial Bank  
in the Second Federal Reserve District:*

On November 9, 1951, the National Voluntary Credit Restraint Committee released a digest of a sampling of opinions which had been expressed through September 1951 by the regional committees on typical cases referred to them by individual lending institutions. The National Committee believes that the release of information on typical cases will assist cooperating financing institutions in conducting their operations in accordance with the principles of the Program, and that the publication of these digests should also be of interest to borrowers in planning their operations and to the public at large.

For your information, a copy of the digest of opinions is printed on the following pages.

Although the digest of the cases is necessarily brief, we hope that it will be helpful to you in indicating the general approach of the regional committees to problems arising under the Program. It is still necessary, of course, for lenders to consider each proposed loan or investment on the basis of the facts of the particular case. We believe that you will want your lending and investment officers to be fully familiar with this material, and we shall be glad to furnish you with additional copies for this purpose upon request.

If you have any question as to whether a proposed loan or investment conforms with the principles of the Program as amplified by the various bulletins which have been sent you and by the digest of opinions, we shall be glad to review the case and let you know our views promptly. Please submit your request for consideration of a specific loan or investment on Form CR-CB1. This form should be prepared in triplicate and sent to G. MORGAN BROWNE, Secretary of the Committee, 33 Liberty Street, New York 45, N. Y., to whom requests for additional copies of the form should be addressed.

Your continued cooperation in the Program will be greatly appreciated.

GEORGE WHITNEY,  
*Chairman.*

# VOLUNTARY CREDIT RESTRAINT PROGRAM

## Digest of Opinions Through September 1951

### SEASONAL AND INVENTORY LOANS

<i>Borrower and Purpose</i>	<i>Opinion</i>
<b>Wholesale seeds.</b> —To buy and clean seeds for resale to retailers of seed for use by farmers in necessary reseeding operations.	Favorable
<b>Retail dry goods.</b> —For normal seasonal inventory acquisition.	Favorable
<b>Retail hardware, lumber and building supplies.</b> —For normal inventory acquisition to care for summer and early fall trade.	Favorable
<b>Retail fuel oil.</b> —To purchase 1 million gallons of fuel oil (one-tenth of annual volume) for storage and sale during the 1951-2 season.	Favorable
<b>Public accountant.</b> —Seasonal loan for operating funds.	Favorable
<b>Retail hardware.</b> —To enable borrower to carry inventory disproportionate to his normal business operations.	Unfavorable
<b>Retail sewing machine.</b> —To increase inventory of imported machines in anticipation of future curtailment in domestic manufacture of sewing machines.	Unfavorable

### BUILDING PROGRAMS

<b>Machine tool company.</b> —To build new plant to take care of present needs. Present rental property too small and unsuitable for increased volume and employment.	Favorable
<b>Delicatessen.</b> —To build a new store building to serve a newly developed residential area.	Favorable
<b>Retail farm tractor and implement dealer.</b> —To erect sales and service building in order to retain franchise.	Unfavorable
<b>Grain elevator and feed mill—Sale of feeds and seeds to farmers.</b> —To erect a new building to replace present facilities which are not very convenient from standpoint of services to customers.	Unfavorable
<b>Municipality.</b> —To erect agricultural-live stock exhibition building.	Unfavorable
<b>Nursing home for aged.</b> —To buy existing building which is suitable for needed additional space for operations.	Favorable
<b>Mortuary.</b> —To build a new mortuary in replacement of present quarters which are inadequate for needs of community. This is the only mortuary serving the area.	Favorable
<b>Tourists' hotel.</b> —To construct 25-room motel in vacation and recreational area.	Unfavorable
<b>Educational institution.</b> —To finance partially construction of a library.	Unfavorable
<b>Municipality.</b> —For construction of needed school buildings. Committee deferred its opinion on financing for that part of program which extended beyond current fiscal year.	Favorable
<b>Church.</b> —To build a new church in replacement of present structure which is in unsafe and hazardous condition.	Favorable
<b>Church.</b> —To build a parish hall and an addition to Sunday School building.	Unfavorable

### NEW PLANT OR EQUIPMENT

<b>Publisher of daily newspaper.</b> —To purchase a printing press in replacement of outmoded press which does not take care of present requirements.	Favorable
<b>Tankship owners.</b> —To purchase oil tanker for charter to an oil company.	Favorable

## NEW PLANT OR EQUIPMENT (Continued)

<i>Borrower and Purpose</i>	<i>Opinion</i>
<b>Excavating contractor.</b> —To purchase diesel tractor shovel to replace worn and obsolete equipment now in use.	Favorable
<b>Wholesale petroleum.</b> —To buy tractor-tanker units necessary in operations—one replacement and one additional unit.	Favorable
<b>Public utility.</b> —For improvements to its gas distribution system.	Favorable
<b>Municipality.</b> —For needed fire-fighting equipment in rapidly expanding community.	Favorable
<b>Laundry.</b> —To purchase new machinery and equipment for expansion of plant. Deferrable unless program had been started and commitments made prior to inauguration of VCR Program.	Unfavorable
<b>Social club and recreation center.</b> —To purchase bar and equipment together with furnishings for social room. Present facilities not adequate to demand.	Unfavorable

## MODERNIZATION

<b>Farmer.</b> —To repair and remodel farm buildings on 176-acre producing farm.	Favorable
<b>Retail variety store.</b> —For modernization and enlargement of store building. Approval based on facts that architect's plans drawn and materials contracted for prior to inception of VCR Program.	Favorable
<b>Retail ladies ready-to-wear.</b> —To modernize store, add new front and increase floor capacity to maintain competitive position.	Unfavorable
<b>Gasoline service station.</b> —For purchase and modernization of equipment and facilities of two existing gas stations.	Unfavorable

## WORKING CAPITAL LOANS

<b>Woodworking—Manufacturer of business fixtures and equipment.</b> —For necessary and normal working capital in connection with contract work in process.	Favorable
<b>Metal stamping plant.</b> —For necessary and normal working capital. Sixty-five per cent of present volume is under defense contract.	Favorable
<b>Shoe manufacturer.</b> —For necessary and normal working capital.	Favorable

## DEBT RETIREMENT AND REFINANCING

<b>Retail automobile dealer.</b> —To repay existing bank loans.	Favorable
<b>Manufacturer of electrical appliances.</b> —For reduction of bank debt.	Favorable
<b>Retail milk dealer.</b> —To refinance existing indebtedness held by former owner of business.	Unfavorable
<b>Chain variety stores.</b> —To retire outstanding preferred stock.	Unfavorable

## ACQUISITION OF EXISTING BUSINESSES

<b>Hotel operator.</b> —To purchase building and equipment of hotel from owner who is retiring because of ill health. Failure to effect transfer might create hardship for community in having hotel closed. Approval based on assumption self-financing purchaser cannot be found or that seller is unable to accept a purchase-money mortgage.	Favorable
<b>Trucking.</b> —To purchase motor trucking company and equipment for expansion of present operations. Trucking business to be acquired is currently hauling foodstuffs but continued operation by present owner is assured until a sale can be made.	Unfavorable

(OVER)

## ACQUISITION OF EXISTING BUSINESSES (Continued)

<i>Borrower and Purpose</i>	<i>Opinion</i>
<b>Pharmacist.</b> —To purchase business, inventory and fixtures of an existing drug store.	Unfavorable
<b>Accountant.</b> —To purchase an established accounting business.	Unfavorable

### ACQUISITION OF STOCKHOLDERS' OR PARTNERS' INTERESTS

<b>Individual (officer and principal stockholder—machine tool manufacturer).</b> — To acquire one-third stock interest in company from widow of borrower's former partner. Proceeds of this loan, used to purchase the minority interest in the company, would preserve continuity of management and avoid the minority stock interest's getting into possibly unfriendly hands.	Favorable
<b>Retail novelty store.</b> —To buy other partner's interest in business to become sole owner.	Unfavorable
<b>Wholesale iron and steel.</b> —To purchase minority shareholders' interest.	Unfavorable
<b>Trucking company.</b> —Family group operating company wishes to buy back 51 per cent of stock now held by outside interests.	Unfavorable

### NEW VENTURES

<b>Retail grocer.</b> —To stock a new store to be opened in a new and expanding community now lacking a grocery.	Favorable
<b>Retail grocer.</b> —To stock a new grocery store which facility appears not to be necessary in the community.	Unfavorable
<b>Dentist.</b> —To purchase furnishings and equipment necessary to operate a dental office. Borrower recently graduated from dental school.	Favorable
<b>Retail men's clothing.</b> —To open new men's clothing store. City has sufficient retailers to satisfy the demand.	Unfavorable
<b>Retail gasoline distributor.</b> —To equip a new self-service station. Present facilities in community are adequate.	Unfavorable
<b>Amusement park.</b> —For erection of plant and purchase of equipment necessary for operations. Other amusement and recreational facilities are available in area.	Unfavorable

### LOANS TO FARMERS, ETC.

<b>Rancher.</b> —To purchase and carry cattle.	Favorable
<b>Farmer.</b> —To clear 50 additional acres of land for pasturage.	Favorable
<b>Farmer.</b> —To purchase 260-acre farm for purpose of putting it into production.	Favorable
<b>Farmer.</b> —To purchase farm land for lease as an investment. Considered speculative in character where the land is already in production and borrower desires simply to increase his holdings of real estate.	Unfavorable

### DEVELOPMENT OF LAND

<b>Individual.</b> —To purchase acreage for housing developments in a defense area.	Favorable
<b>Individual.</b> —To purchase and develop land for sale as building lots.	Unfavorable
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### OTHER LOANS

<b>Housewife.</b> —To buy single premium life insurance contract. To provide for purchase of discounted premium life insurance contract.	Unfavorable
<b>Individual.</b> —To purchase real estate for investment. Property is already financed on a long-term basis.	Unfavorable
<b>State Government.</b> —For payment of bonus to veterans of World War II.	Unfavorable

at 3786A

**NEW YORK-NEW JERSEY MUTUAL SAVINGS BANK  
VOLUNTARY CREDIT RESTRAINT COMMITTEE**

Created pursuant to the Program for Voluntary Credit Restraint  
authorized by the Defense Production Act of 1950

**33 LIBERTY STREET  
NEW YORK 45, N. Y.**

November 27, 1951.

*To the Chief Executive Officer of each Mutual Savings Bank  
in the States of New York and New Jersey:*

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JOSEPH A. KAISER,  
*Chairman.*

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#### *Borrower and Purpose*

#### *Opinion*

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## ACQUISITION OF EXISTING BUSINESSES (Continued)

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at 3786B

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VOLUNTARY CREDIT RESTRAINT COMMITTEE**

Created pursuant to the Program for Voluntary Credit Restraint  
authorized by the Defense Production Act of 1950

**33 LIBERTY STREET  
NEW YORK 45, N. Y.**

November 27, 1951.

*To the Chief Executive Officer of the  
Life Insurance Company Addressed:*

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**FRAZAR B. WILDE,**  
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**VOLUNTARY CREDIT RESTRAINT PROGRAM**  
**Digest of Opinions Through September 1951**

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*Borrower and Purpose*

*Opinion*

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**EASTERN INVESTMENT BANKING  
VOLUNTARY CREDIT RESTRAINT COMMITTEE**

Created pursuant to the Program for Voluntary Credit Restraint  
authorized by the Defense Production Act of 1950

**33 LIBERTY STREET  
NEW YORK 45, N. Y.**

November 27, 1951.

*To the Addressee:*

On November 9, 1951, the National Voluntary Credit Restraint Committee released a digest of a sampling of opinions which had been expressed through September 1951 by the regional committees on typical cases referred to them by individual lending institutions. The National Committee believes that the release of information on typical cases will assist cooperating financing institutions in conducting their operations in accordance with the principles of the Program, and that the publication of these digests should also be of interest to borrowers in planning their operations and to the public at large.

For your information, a copy of the digest of opinions is printed on the following pages.

Although the digest of the cases is necessarily brief, we hope that it will be helpful to you in indicating the general approach of the regional committees to problems arising under the Program. It is still necessary, of course, for lenders to consider each proposed loan or investment on the basis of the facts of the particular case. We believe that you will want your lending and investment officers to be fully familiar with this material, and we shall be glad to furnish you with additional copies for this purpose upon request.

If you have any question as to whether a proposed loan or investment conforms with the principles of the Program as amplified by the various bulletins which have been sent you and by the digest of opinions, we shall be glad to review the case and let you know our views promptly. Please submit your request for consideration of a specific loan or investment on the appropriate form devised for this purpose. This form should be prepared in triplicate and sent to G. MORGAN BROWNE, Secretary of the Committee, 33 Liberty Street, New York 45, N. Y., to whom requests for additional copies of the form should be addressed.

Your continued cooperation in the Program will be greatly appreciated.

PERCY M. STEWART,  
*Chairman.*

# VOLUNTARY CREDIT RESTRAINT PROGRAM

## Digest of Opinions Through September 1951

### SEASONAL AND INVENTORY LOANS

#### *Borrower and Purpose*

#### *Opinion*

<b>Wholesale seeds.</b> —To buy and clean seeds for resale to retailers of seed for use by farmers in necessary reseeding operations.	Favorable
<b>Retail dry goods.</b> —For normal seasonal inventory acquisition.	Favorable
<b>Retail hardware, lumber and building supplies.</b> —For normal inventory acquisition to care for summer and early fall trade.	Favorable
<b>Retail fuel oil.</b> —To purchase 1 million gallons of fuel oil (one-tenth of annual volume) for storage and sale during the 1951-2 season.	Favorable
<b>Public accountant.</b> —Seasonal loan for operating funds.	Favorable
<b>Retail hardware.</b> —To enable borrower to carry inventory disproportionate to his normal business operations.	Unfavorable
<b>Retail sewing machine.</b> —To increase inventory of imported machines in anticipation of future curtailment in domestic manufacture of sewing machines.	Unfavorable

### BUILDING PROGRAMS

<b>Machine tool company.</b> —To build new plant to take care of present needs. Present rental property too small and unsuitable for increased volume and employment.	Favorable
<b>Delicatessen.</b> —To build a new store building to serve a newly developed residential area.	Favorable
<b>Retail farm tractor and implement dealer.</b> —To erect sales and service building in order to retain franchise.	Unfavorable
<b>Grain elevator and feed mill—Sale of feeds and seeds to farmers.</b> —To erect a new building to replace present facilities which are not very convenient from standpoint of services to customers.	Unfavorable
<b>Municipality.</b> —To erect agricultural-live stock exhibition building.	Unfavorable
<b>Nursing home for aged.</b> —To buy existing building which is suitable for needed additional space for operations.	Favorable
<b>Mortuary.</b> —To build a new mortuary in replacement of present quarters which are inadequate for needs of community. This is the only mortuary serving the area.	Favorable
<b>Tourists' hotel.</b> —To construct 25-room motel in vacation and recreational area.	Unfavorable
<b>Educational institution.</b> —To finance partially construction of a library.	Unfavorable
<b>Municipality.</b> —For construction of needed school buildings. Committee deferred its opinion on financing for that part of program which extended beyond current fiscal year.	Favorable
<b>Church.</b> —To build a new church in replacement of present structure which is in unsafe and hazardous condition.	Favorable
<b>Church.</b> —To build a parish hall and an addition to Sunday School building.	Unfavorable

### NEW PLANT OR EQUIPMENT

<b>Publisher of daily newspaper.</b> —To purchase a printing press in replacement of outmoded press which does not take care of present requirements.	Favorable
<b>Tankship owners.</b> —To purchase oil tanker for charter to an oil company.	Favorable

## NEW PLANT OR EQUIPMENT (Continued)

<i>Borrower and Purpose</i>	<i>Opinion</i>
<b>Excavating contractor.</b> —To purchase diesel tractor shovel to replace worn and obsolete equipment now in use.	Favorable
<b>Wholesale petroleum.</b> —To buy tractor-tanker units necessary in operations—one replacement and one additional unit.	Favorable
<b>Public utility.</b> —For improvements to its gas distribution system.	Favorable
<b>Municipality.</b> —For needed fire-fighting equipment in rapidly expanding community.	Favorable
<b>Laundry.</b> —To purchase new machinery and equipment for expansion of plant. Deferrable unless program had been started and commitments made prior to inauguration of VCR Program.	Unfavorable
<b>Social club and recreation center.</b> —To purchase bar and equipment together with furnishings for social room. Present facilities not adequate to demand.	Unfavorable

## MODERNIZATION

<b>Farmer.</b> —To repair and remodel farm buildings on 176-acre producing farm.	Favorable
<b>Retail variety store.</b> —For modernization and enlargement of store building. Approval based on facts that architect's plans drawn and materials contracted for prior to inception of VCR Program.	Favorable
<b>Retail ladies ready-to-wear.</b> —To modernize store, add new front and increase floor capacity to maintain competitive position.	Unfavorable
<b>Gasoline service station.</b> —For purchase and modernization of equipment and facilities of two existing gas stations.	Unfavorable

## WORKING CAPITAL LOANS

<b>Woodworking—Manufacturer of business fixtures and equipment.</b> —For necessary and normal working capital in connection with contract work in process.	Favorable
<b>Metal stamping plant.</b> —For necessary and normal working capital. Sixty-five per cent of present volume is under defense contract.	Favorable
<b>Shoe manufacturer.</b> —For necessary and normal working capital.	Favorable

## DEBT RETIREMENT AND REFINANCING

<b>Retail automobile dealer.</b> —To repay existing bank loans.	Favorable
<b>Manufacturer of electrical appliances.</b> —For reduction of bank debt.	Favorable
<b>Retail milk dealer.</b> —To refinance existing indebtedness held by former owner of business.	Unfavorable
<b>Chain variety stores.</b> —To retire outstanding preferred stock.	Unfavorable

## ACQUISITION OF EXISTING BUSINESSES

<b>Hotel operator.</b> —To purchase building and equipment of hotel from owner who is retiring because of ill health. Failure to effect transfer might create hardship for community in having hotel closed. Approval based on assumption self-financing purchaser cannot be found or that seller is unable to accept a purchase-money mortgage.	Favorable
<b>Trucking.</b> —To purchase motor trucking company and equipment for expansion of present operations. Trucking business to be acquired is currently hauling foodstuffs but continued operation by present owner is assured until a sale can be made.	Unfavorable

(OVER)



## ACQUISITION OF EXISTING BUSINESSES (Continued)

<i>Borrower and Purpose</i>	<i>Opinion</i>
<b>Pharmacist.</b> —To purchase business, inventory and fixtures of an existing drug store.	Unfavorable
<b>Accountant.</b> —To purchase an established accounting business.	Unfavorable

### ACQUISITION OF STOCKHOLDERS' OR PARTNERS' INTERESTS

<b>Individual (officer and principal stockholder—machine tool manufacturer).</b> — To acquire one-third stock interest in company from widow of borrower's former partner. Proceeds of this loan, used to purchase the minority interest in the company, would preserve continuity of management and avoid the minority stock interest's getting into possibly unfriendly hands.	Favorable
<b>Retail novelty store.</b> —To buy other partner's interest in business to become sole owner.	Unfavorable
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