

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Thursday, March 25, 1948. The Board met in the Conference Room at 10:00 a.m.

PRESENT: Mr. Szymczak, Chairman pro tem.
Mr. Draper
Mr. Evans
Mr. Clayton

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Morrill, Special Adviser
Mr. Thurston, Assistant to the Board
Mr. Vest, General Counsel
Mr. Leonard, Director of the Division
of Examinations
Mr. Townsend, Associate General Counsel

Mr. Szymczak stated that since the meeting of the Board yesterday afternoon he had given further thought to the question discussed at that meeting regarding the request under date of March 24, 1948, from Chairman Tobey of the Senate Banking and Currency Committee for certain information, and felt that there should be additional discussion by the Board as to (1) whether before Mr. Townsend and Mr. Vest talked to Mr. L'Heureux, Chief Counsel of the Senate Banking and Currency Committee, an attempt should be made to reach Chairman Eccles during his absence from Washington for the purpose of ascertaining his views, and (2) whether in the meantime correspondence with the Attorney General and the Secretary of the Treasury with respect to the institution of a proceeding by the Department of Justice against Transamerica

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Corporation under the Sherman Antitrust Act should be mentioned to Mr. L'Heureux. Mr. Szymczak felt that the results of making the correspondence public might be far reaching, and that the Board should not appear to have rushed to make available letters which might embarrass other departments of the Government. He added that the Board should comply with the Committee's request as fully as possible, but that he would not want to do anything that would unnecessarily hurt the relations of the Board with other Government agencies or anything that could be interpreted as indicating that the Board was responsible for the investigation which Senator Tobey was making in connection with Mr. McCabe's nomination since, in his opinion, such investigation had no relation to Mr. McCabe's qualifications as Chairman of the Board and would not further the bank holding company bill, the Board's Clayton Act investigation of Transamerica, or the possibility of antitrust proceedings against Transamerica by the Department of Justice, and it certainly would not help the relations of the Board with the Treasury or the Department of Justice.

Mr. Evans said that he thought the intent of Senator Tobey's letter was clear, that he was convinced that it called for sending

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over the correspondence relating to the possibility of an anti-trust suit by the Department of Justice, and that the one thing that held him back from sending it was the feeling that Chairman Eccles must not be put in a position of having appeared to push this material into the hands of Senator Tobey.

The matter was discussed at considerable length, at the conclusion of which it was agreed that no action should be taken to confer with either Mr. L'Heureux or Senator Tobey or to reply to the letter until the matter could be discussed with Chairman Eccles either later today or tomorrow.

At this point Messrs. Vest, Leonard, and Townsend withdrew and the action stated with respect to each of the matters hereinafter set forth was taken by the Board:

Minutes of actions taken by the Board of Governors of the Federal Reserve System on March 24, 1948, were approved unanimously.

Memorandum dated March 24, 1948, from Mr. Evans recommending an increase in the basic salary of Miss Elsie M. Westman, Secretary to Mr. Evans, from \$4,600 to \$4,800 per annum, effective April 4, 1948.

Approved unanimously.

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Memorandum dated March 24, 1948, from Mr. Thomas, Director of the Division of Research and Statistics, recommending an increase in the basic salary of Mrs. Monica F. Jones, a clerk in that Division, from \$2,168.28 to \$2,394.00 per annum, effective April 4, 1948.

Approved unanimously.

Telegram to Mr. Wayne, Vice President of the Federal Reserve Bank of Richmond, reading as follows:

"Board authorizes your bank to furnish to County Attorney for Elizabeth City County information requested by him concerning Bank of Phoebus matter, with understanding that information will be used in connection with criminal prosecution and for no other purpose. Board authorizes examiners for your bank to appear as witnesses before Grand Jury and at trial to testify concerning this matter."

Approved unanimously.

Letter to the Federal Deposit Insurance Corporation reading as follows:

"Pursuant to the provisions of section 12B of the Federal Reserve Act, as amended, the Board of Governors of the Federal Reserve System hereby certifies that the Union State Bank, Carrizo Springs, Texas, became a member of the Federal Reserve System on March 20, 1948, and is now a member of the System. The Board of Governors of the Federal Reserve System further hereby certifies that, in connection with the admission of such bank to membership in the Federal Reserve System, consideration was given to the following factors enumerated in subsection (g) of section 12B of the Federal Reserve Act:

1. The financial history and condition of the bank,

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- "2. The adequacy of its capital structure,
3. Its future earnings prospects,
4. The general character of its management,
5. The convenience and needs of the community to be served by the bank, and
6. Whether or not its corporate powers are consistent with the purposes of section 12B of the Federal Reserve Act."

Approved unanimously.

Letter to the Honorable Charles W. Tobey, Chairman, Banking and Currency Committee, United States Senate, reading as follows:

"You referred to us a letter dated March 15, 1948, addressed to you by Mr. F. C. Hickok, Cashier, The Wilton National Bank, Wilton, New Hampshire, requesting certain statistical information with respect to bank holding companies for use in the preparation of a thesis on that subject.

"We are enclosing for your information a copy of a letter dated October 8, 1947, which we wrote to Mr. Hickok in response to his request for material for use in his thesis. As indicated in our letter to Mr. Hickok, we have not published detailed statistics listing the individual bank holding companies and giving information concerning each bank group. As you know, only a portion of the bank holding companies are now subject to Federal regulation; and we have no assurance that our information with respect to other companies is complete. The release of statistics for individual bank groups would require in some instances rather extended explanations concerning the organization of the groups, the reasons for including or excluding particular organizations, and other matters, in order that the information might not be misconstrued. Moreover, much of our information has been obtained from reports of examinations made by the various bank supervisory authorities, and similar sources, which places restrictions upon the use which is made of it. In the circumstances, we believe that this information should not be released for private publication.

"Mr. Hickok's letter is returned herewith."

Approved unanimously.

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Letter to Mr. Gilbert, President of the Federal Reserve Bank of Dallas, reading as follows:

"There is enclosed copy of correspondence between Representative Lyndon B. Johnson and the Board, together with a supplementary memorandum prepared by Mr. Thomas, concerning a telegram and letter of Mayor Miller of Austin on the subject of the interest cost of the bond issue recently sold by that city.

"In so far as the questions raised by Mayor Miller relate to the present general inflationary condition and Federal Reserve policies, the situation is a complex one which cannot be handled very well through a lengthy correspondence. For further consideration of the subject, some kind of informal contact would be desirable.

"It might contribute to a better understanding of the System's policies if someone at the Bank could give the Mayor an opportunity, if he wishes, to raise any further questions."

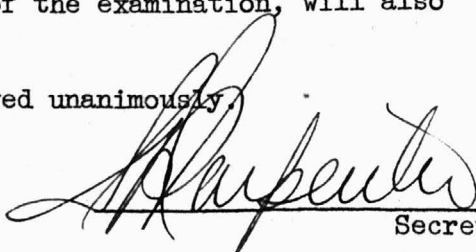
Approved unanimously.

Letter to Mr. Shepard, Chairman of the Federal Reserve Bank of Minneapolis, reading as follows:

"At the completion of the examination of the Federal Reserve Bank of Minneapolis, made as of January 30, 1948, by the Board's examiners, a copy of the report of examination was left for your information and that of the directors. A copy was also left for President Peyton.

"The Board will appreciate advice that the report has been considered by the board of directors. Any comments you may care to offer regarding discussions with respect to the examination, or as to action taken or to be taken as a result of the examination, will also be appreciated."

Approved unanimously.


Secretary.

Approved:


Chairman pro tem.