

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, December 20, 1949. The Board met in the Board Room at 10:35 a.m.

PRESENT: Mr. McCabe, Chairman
Mr. Draper
Mr. Evans
Mr. Vardaman

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Corkhum, Minutes Clerk
Mr. Morrill, Special Adviser
Mr. Thurston, Assistant to the Board
Mr. Riefler, Assistant to the Chairman
Mr. Leonard, Director, Division of Bank Operations
Mr. Vest, General Counsel
Mr. Bethea, Director, Division of Administrative Services.
Mr. Hostrup, Assistant Director, Division of Examinations.

Reference was made to the following memorandum addressed to Chairman McCabe under date of December 9, 1949, by Mr. Vest and Mr. Smith, Special Counsel, pursuant to the understanding at the meeting on December 8, 1949:

"At the meeting on December 8 you requested us to consider and advise you with respect to the position of the Board regarding applications filed by Bank of America National Trust and Savings Association with the Comptroller of the Currency for domestic branches. To refresh your recollection as to the previous position of the Board, there is quoted below an excerpt from the Board's letter of August 24, 1948, addressed to the Comptroller of the Currency:

'The Board believes that the approval of the establishment of domestic branches by any of the banks of the Transamerica group, regardless of whether such branches are new offices or result from the conversion of existing banks into branches, may be considered incompatible with the proceeding which the Board has instituted against Transamerica Corporation under

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"section 11 of the Clayton Act. Broadly stated, the issue involved in that proceeding is the legality of the expansion of the Transamerica banking group in the West Coast area. Until that issue is decided, the Board feels that it is inconsistent for any Federal agency to approve further expansion of the group in that area by any method.

'Accordingly the Board, while fully mindful of your discretionary authority, urges that pending the conclusion of the Clayton Act proceeding you withhold approval of the establishment of any de novo branches by national banks in the Transamerica group, as we understand you have been doing with respect to applications for the establishment of branches resulting from the conversion of existing banks.'

"We have considered this matter and are of the opinion that the position taken by the Board was a proper one at that time and that it is still the proper position for the Board to take in this matter, notwithstanding the developments which have taken place since the hearing in the Transamerica proceeding began. It must be recognized, of course, that the Comptroller of the Currency has the necessary legal authority to grant these applications for branches, but it seems to us that it would be undesirable from the standpoint of the Board and of its Transamerica proceeding for him to do so.

"It is our understanding that the question arises principally with respect to applications to take over banks now owned or controlled by Transamerica and convert them into branches of Bank of America N.T. & S.A. If applications of this kind should be granted by the Comptroller of the Currency, it seems obvious that, regardless of the facts developed in the pending hearing, it would not be possible for the Board to issue an order requiring Transamerica to divest itself of the stock of banks so taken over, since the banks would no longer be in existence; and, of course, the Board could not require the Bank of America to divest itself of the branches so acquired. In other words, the Board would have lost its jurisdiction in the pending proceeding with respect to any banks which are the subject of such a takeover.

"It is our understanding that the present discussion

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"does not relate especially to the matter of de novo branches, because it appears that the Comptroller has continued to grant de novo branches notwithstanding the pendency of the Transamerica proceeding and the Board's request to him in this matter. However, in our opinion the granting of de novo branches by the Comptroller of the Currency is undesirable from the Board's standpoint because it constitutes action by one Government agency (the Comptroller) which permits expansion and to that extent adds to any tendency toward monopoly, while at the same time another Government agency (the Board) is engaged in a proceeding directed at restricting any such tendency toward monopoly.

"We feel that the fact that Transamerica has disposed of a part of its stock in Bank of America N.T. & S.A. and now owns only a little over 11 per cent has no significance with respect to this subject. The Transamerica proceeding is still pending and the objective of the proceeding is still the same. There has been no determination in the proceeding, and no request for a determination, as to whether the sale of this stock has in any way affected the outcome. So far as applications for branches are concerned, therefore, we do not think that the sale of stock has any bearing.

"In any conversation which you might have occasion to have on this subject, it seems to us that it would be desirable to keep it as brief as possible and not to get into any discussion of the legal considerations. In other words, if it becomes necessary to say anything on the subject, it is our view that you might simply refer to the position which the Board took in 1948 (namely, that the approval of domestic branches for any of the banks of the Transamerica group may be considered incompatible with the Transamerica Clayton Act proceeding) and say that you have discussed the matter with the Board and with Counsel and that the Board is still of the opinion expressed in 1948. If question is raised whether the sale by Transamerica of a portion of its stock in Bank of America N.T. & S.A. does not make the Board's position inapplicable to branches of that Bank, it might be pointed out that, notwithstanding the sale of this stock, the question of control of the Bank by Transamerica continues to be one of the issues in the proceeding just as it has been from the beginning. If the conversation should tend to go into any further details or to get into a legal discussion,

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"we think it would be advisable for you simply to say that you did not feel that you were prepared to discuss the technicalities of the matter and that that was something which should be taken up with the Board's Solicitor.

"The above is, of course, on the assumption that the Board is in agreement with this position, and you will recall that you indicated in the Board meeting on December 8 that you wished to have the Board pass on what might be proposed for you to say on this subject."

In response to a request from Mr. Vardaman, Mr. Vest reviewed the circumstances under which the Board took the position in the letter to the Comptroller of the Currency dated August 24, 1948, and succeeding correspondence and discussions with that office concerning the approval of branches for Bank of America National Trust and Savings Association, stating that the Board's position had been predicated on the fact that one of the issues which would be determined by the Clayton Act proceeding against Transamerica Corporation was the question of control of Bank of America National Trust and Savings Association by the Corporation. He also said that the Board's request that, pending the conclusion of the Clayton Act proceeding, the Comptroller of the Currency withhold approval of the establishment of any branches by national banks in the Transamerica group was not legally binding upon the Comptroller.

During the ensuing discussion, Mr. Vardaman suggested that the Board adhere to the position taken in its request to the Comptroller as set forth in the letter dated August 24, 1948, and that Chairman McCabe be authorized, with Mr. Vest's assistance, to determine the

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procedure for communicating that information to representatives of Transamerica Corporation and to the Comptroller of the Currency.

Following the discussion, it was voted unanimously that the Board adhere to the position taken in its letter of August 24, 1948, and it was understood (1) that Mr. Vest would prepare a memorandum setting forth the essentials of that position which Chairman McCabe could hand to the representatives of Transamerica Corporation if the matter should be raised again, and (2) that if such a memorandum were delivered to a representative of Transamerica Corporation, a copy would be sent by the Chairman to Comptroller of the Currency Delano for his information.

During the foregoing discussion, Mr. Vardaman stated that Mr. Roland Pierotti, Washington representative of Bank of America National Trust and Savings Association, called on him on Monday, December 19, 1949, stating that he had come to see Mr. Szymczak who was not available at that time. He also said that Mr. Pierotti asked whether the Board had taken any further action on the question of the Comptroller of the Currency granting permits for additional branches for Bank of America National Trust and Savings Association, and that he informed Mr. Pierotti that so far as he knew, there was no change in the action previously taken by the Board and that he should see Chairman McCabe for further information.

Mr. Carpenter then referred to the discussion and consensus at the meeting on December 8 that, in the event Mr. Giannini or any other representative of Transamerica Corporation should present some

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other proposal relating to the Clayton Act proceeding, the Chairman should listen to the representative's presentation and then bring the matter before the Board for determination of the procedure to be followed in the consideration of the proposal. It was understood at the December 8 meeting that Mr. Morrill would report the discussion and consensus to Mr. Evans and that if he (Mr. Evans) had no objection, it would be approved at a subsequent meeting of the Board for the guidance of the Chairman in any future discussions with Transamerica representatives.

Mr. Evans stated that Mr. Morrill had informed him of the proposed arrangement and that he felt it would be a satisfactory way to handle any such proposal.

Thereupon, upon motion by Mr. Evans, unanimous approval was given to the proposed arrangement as discussed at the meeting on December 8, 1949.

Before this meeting there had been in circulation a memorandum from the Personnel Committee, dated December 8, 1949, reading as follows:

"In connection with the Clayton Act proceeding against Transamerica Corporation, an authorization for reimbursement of any member of the Board or its staff for expenses of travel incurred during the current calendar year for the purpose of the hearing in the West was approved by the Board at a meeting on April 20, 1949. Under this authorization, in addition to the per diem and other allowances authorized by the Board's official travel regulations, the traveler, if then in the West in connection with the hearing, would

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"be allowed (1) reimbursement for the rental cost of a small, modest, furnished apartment or suitable hotel room accommodations, as shown by receipted bills, and (2) such additional supplemental allowances for other expenses in an amount not to exceed \$300 as may be approved by the Personnel Committee.

"Information received from the Hearing Officer indicates that the hearing is expected to reconvene in January, and in view of his feeling that it is necessary for some of the group now in San Francisco to retain their apartment accommodations to have them available upon the resumption of the hearing, the Personnel Committee recommends that the Board authorize that during the six months' period from January 1 to June 30, 1950, inclusive, in addition to the per diem and other allowances authorized by the Board's official travel regulations, any member of the Board or its staff now in, or sent to, the West in connection with the hearing be allowed reimbursement for the rental costs of a small, modest, furnished apartment or suitable hotel room accommodation, as shown by receipted bills."

Mr. Evans stated that he was willing to approve the memorandum but that he would prefer that the travel authorization for 1950 include, as it had in 1949, provision for additional supplemental allowances for other expenses in an amount not to exceed \$300 as may be approved by the Personnel Committee. He added that, if in the course of the hearing it seemed desirable to do so, he would present to the Board his recommendations with respect to such supplemental allowances as might appear to be called for.

Thereupon, the recommendation contained in the memorandum from the Personnel Committee was approved unanimously.

In this connection, Mr. Evans referred to the arrangement authorized by the Board on October 20 and 25, 1949, whereby Mr.

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Gregory O'Keefe, an attorney in the Legal Department of the Federal Reserve Bank of New York, was loaned to the Board to assist the Solicitor of the Board in the legal work connected with the Clayton Act proceeding against Transamerica Corporation for such temporary period as might be necessary with the understanding that the Board would reimburse the New York Bank for Mr. O'Keefe's salary and retirement system contributions and would reimburse Mr. O'Keefe directly for necessary transportation expenses plus per diem in lieu of subsistence at the rate of \$9.00, in accordance with the Board's official travel regulations, together with the rental cost of a small, modest apartment or suitable hotel accommodations as shown by receipted bills. Mr. Evans went on to say that Mr. O'Keefe was now on the West Coast, that his services were proving very helpful, and that for reasons which he stated he felt it would be desirable to continue the arrangement for the time being. He also recommended that there be extended to Mr. O'Keefe for 1949 the same provision as to supplemental travel allowances in an amount not to exceed \$300, subject to approval by the Personnel Committee, as was available under the authorization dated April 20, 1949, to other employees of the Board working on the case.

Mr. Evans' recommendation was approved unanimously.

At this point Mr. Hostrup withdrew and Messrs. Thomas, Economic Adviser to the Board, Wood, Economist in the Division of Research

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and Statistics, and Shay, Assistant Counsel, joined the meeting.

There was presented a draft of letter reading as follows to Mr. Elmer B. Staats, Assistant Director, Legislative Reference, Bureau of the Budget. Each member of the Board had been furnished with a copy of the draft before this meeting:

"This refers to your letter to Chairman McCabe of December 16, 1949, with which you transmitted for comment a draft of bill dated December 14, 1949, 'To amend the Federal Home Loan Bank Act and Title IV of the National Housing Act, and for other purposes'.

"Among the more important provisions of the draft are those in sections 4 and 6 which would authorize the Secretary of the Treasury to purchase obligations of the Federal Home Loan Banks in amounts up to \$1,000,000,000 and would require him to make loans for insurance purposes to the Federal Savings and Loan Insurance Corporation in amounts up to \$750,000,000. These provisions, in effect, commit the Federal Government to maintain the liquidity of the investments in savings and loan associations which are members of the Home Loan Bank System. As you know, the Board of Governors has on previous occasions indicated its objections to provisions of this kind unless appropriate measures are provided under which the liquidity of the savings and loan associations would be adequately established independently of Government assistance.

"The Board of Governors feels that the present draft of the bill represents a very substantial improvement over previous proposals which have been under discussion among the Government agencies concerned. Also, since this legislation was first proposed, the Home Loan Bank Board and the Federal Home Loan Banks have adopted certain policies and regulations designed to increase the liquidity of the System. In view of the real progress which has thus been made toward reconciling earlier conflicting views on this subject, the Board of Governors is not disposed to offer objection to the present proposal, if a change is made in that part of section 1 of the draft concerning 'obligations of ... Federal agencies and instrumentalities.'

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"Section 1 of the draft would provide that no member of a Federal Home Loan Bank may make any loan unless the amount of its assets in the form of cash, obligations of the United States, and obligations of Federal agencies or instrumentalities designated by the Home Loan Bank Board are equal to a certain percentage to be prescribed by the Bank Board, which is to be not less than 5 or more than 15 per cent of the amount of its withdrawable accounts. The obvious purpose of this section is to provide a certain amount of independent liquidity for savings and loan associations, but obligations of agencies or instrumentalities of the Federal Government are not necessarily liquid assets. Thus, under the draft, an association would be permitted to count for this purpose money which it had invested in long-term debentures of Federal Home Loan Banks, which in turn may be invested by the Home Loan Banks in long-term advances to member associations and reinvested by the latter in long-term mortgages. It seems to us that the counting of obligations of any Federal agency or instrumentality as liquid assets might well have the effect of bringing about the necessity of a call on the Treasury for a part of the \$1 billion of Government funds authorized by other provisions of the draft. The Board of Governors is of the view, therefore, that obligations of agencies or instrumentalities of the Federal Government should not be included as liquid assets for the purpose of section 1 of the draft.

"In its consideration of the proposed legislation certain other, but less important, matters have been noted upon which the Board wishes to comment. In this regard, the minimum of 5 per cent prescribed in section 1 might prove to be too low when considered in connection with the fact that savings and loan associations customarily find it necessary to maintain working balances in cash in fairly substantial amounts. However, we appreciate the desire for flexibility in matters of this kind, and the Home Loan Bank Board, in the discharge of its regulatory authority given it by section 1, will be enabled to prescribe whatever percentage between 5 and 15 per cent it may consider necessary in order to provide adequate amounts of liquid assets for member associations.

"Another matter concerns section 3 of the draft. Under present law, a Federal Home Loan Bank is required to have investments in the form of obligations of the United States, bank deposits and short-term advances to borrowers, in an amount equal to deposits received from members and also in

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"amount equal to that paid in on capital subscriptions of its members. Section 3 of the draft would eliminate the requirement that a bank must have such investments equal to the amount of its capital subscriptions. Inasmuch as Home Loan Banks are a source of liquidity for savings and loan associations, it is clear that the adequacy of the liquid assets of such banks should not be unduly reduced. We believe, however, that the Federal Home Loan Bank Board, through its general supervisory authority over the Home Loan Banks, will be in a position to exercise a considerable influence in seeing that the banks' liquid assets are maintained at an adequate level.

"While the Board would still prefer to see some limitations placed upon the permissible amount of loans by member associations in relation to their share capital and total borrowings, in line with certain earlier proposals, it does not insist upon these in view of its understanding that the Home Loan Bank Board considers that they are not desirable.

"There are certain matters of detail in connection with section 1 of the draft which we wish to mention merely for your consideration. It would seem more fitting if the language 'liability *** on withdrawable accounts' were so modified as to eliminate the suggestion that share accounts involve a debtor-creditor relationship. In addition, the application of the prohibition in the first line of section 1 upon the making of a loan would be more complete if it were made to apply also to the purchase of any loan.

"We feel that it is very desirable that an appropriate change be made in the draft to meet the point discussed above relating to obligations of Federal agencies or instrumentalities. However, much has been accomplished through the discussions which have been had from time to time by the several agencies interested in this proposed legislation, and we hope that this interchange of views can be continued in the future. We also hope that operations under the proposed legislation, if enacted, will be examined from time to time and that any amendments which appear to be required will be offered promptly for the consideration of Congress."

Upon motion by Mr. Draper, the letter was approved unanimously.

Messrs. Wood and Shay withdrew from the meeting at this point.

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At the joint meeting of the Board and the Presidents of the Federal Reserve Banks held on December 14, 1949, it was understood that the Board would adopt a statement of its position with respect to Federal deposit insurance coverage and assessments and would submit its statement to the Reserve Banks for any further comments they might wish to make, after which the Board would determine the procedure to be followed in the submission of proposed legislation to the Congress. The matter was placed on the agenda for this meeting for determination of the procedure to be followed in the preparation of the statement to be adopted by the Board.

In response to a question from Mr. Evans, Chairman McCabe reviewed requests received earlier this year by the Board from the Senate Banking and Currency Committee for comments on proposed changes in the existing law with respect to deposit insurance. He also said that at the Board's request the staff had prepared a study, copies of which had been sent to each member of the Board, to the Presidents of the Federal Reserve Banks, and to the Federal Advisory Council for comment, and that some of their suggestions had been incorporated in the staff memorandum as revised under date of October 13, 1949. He added that a copy of the memorandum had been sent to Chairman Harl of the Federal Deposit Insurance Corporation who had acknowledged its receipt but had stated in his letter of September 23, 1949, that the Board of Directors of the Corporation would prefer not to comment directly on it until the

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President's program was definitely established. Chairman McCabe went on to say that the revised staff memorandum had not yet been considered by the Board, and that while he would prefer to withhold a statement of the Board's position until the Federal Deposit Insurance Corporation had made its recommendations as to desirable changes in the law, he felt the Board should consider the staff memorandum at a special meeting with a view to reaching an understanding of what its position would be on this question, in case it was again called upon by the Congress for a statement of its views.

Following a discussion, it was agreed unanimously that the matter would be considered at a special meeting to be held at 10:30 a.m. on Thursday, December 29, 1949, for the purpose of determining, if possible, the Board's position on the matter.

Mr. Evans withdrew from the meeting at this point.

Mr. Carpenter stated that Mr. Cherry, Assistant Counsel, received a telephone call earlier this week from Mr. Daniels of the staff of the Senate Banking and Currency Committee who stated that a newspaper reporter who called at the offices of the Committee had in his possession what appeared to be a confidential copy of the memorandum prepared by the Board's staff on deposit insurance coverage and assessments and that he (Mr. Daniels) would like to have copies of the memorandum for the use of the Senate Committee.

At Chairman McCabe's suggestion, it was understood that Mr. Daniels

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would be told informally that the study was not yet in final form as changes in the draft were still being made, that the Board had not had an opportunity to consider it, and that if its transmission to the Committee could be deferred until all the changes could be incorporated in a revised draft, it would be more helpful to the Committee.

Mr. Carpenter referred to the discussion at the meeting of the Board with the Presidents on December 14, 1949, at which it was agreed that the Board would select one or more representatives to head up its study of the questions (1) eligibility of savings bonds for collateral for loans and (2) further inducement for holders of maturing savings bonds to reinvest in new bonds, with the understanding that when such selection was made Mr. Williams, Chairman of the Presidents' Conference Committee on Research and Statistics, would be so advised so that studies being made of these questions by the Board and the Presidents' Conference could be fully coordinated.

Following a discussion, upon motion by Mr. Vardaman, Chairman McCabe was authorized unanimously to select the Board's representative after consultation with Mr. Williams.

Secretary's Note: It was subsequently decided that the study for the Board and the Presidents' Conference would be made by a special staff committee under the chairmanship of Mr. Youngdahl, Chief, Government Finance Section, Division of Research and Statistics.

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Consideration was then given to the action to be taken by the Board pursuant to the discussion at the meeting with the Presidents on steps to improve relations with the American Bankers Association, the Association of Reserve City Bankers, and the National Association of Supervisors of State Banks.

During the discussion Chairman McCabe outlined steps he had taken during the last several weeks in connection with this problem and suggested that before anything further was done the matter be discussed informally with Messrs. Brown and Fleming of the Federal Advisory Council for the purpose of obtaining their suggestions.

Following the discussion, Chairman McCabe was authorized to discuss the matter with Messrs. Brown and Fleming, particularly with regard to the advisability of suggesting that the American Bankers Association appoint a committee on relations with the Federal Reserve System which might meet with representatives of the Board three or four times a year, with the understanding that he would report to the Board on the outcome of his discussions.

Mr. Baumann, Assistant General Counsel, joined the meeting at this time.

There was presented a draft of letter to the Bureau of the Budget transmitting a proposed letter to the Chairmen of the Banking and Currency Committees of the Senate and House of Representatives with respect to removal of limitations on the cost of Federal Reserve Bank branch buildings and a draft of bill which would remove the present

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limitation and require the Board's specific approval before construction of new branch buildings or substantial additions to any existing buildings. In commenting on the draft letter, Mr. Vest outlined three possible alternative amendments to section 10 of the Federal Reserve Act which would (1) repeal outright the limitations now in effect, (2) provide for Board approval of any branch building construction, and (3) increase the present \$10 million limitation.

Chairman McCabe stated that he expected to have luncheon shortly with Senator Robertson, Chairman of the Senate Banking and Currency Committee's Subcommittee on Federal Reserve Matters, and that he would like to obtain the Senator's views as to the best procedure to follow in connection with this amendment and other changes in the law in which the Federal Reserve System was interested. He also stated that he was having luncheon with Mr. Pace, Director of the Bureau of the Budget, tomorrow and would like to discuss the matter with him.

It was understood that the procedure suggested by Chairman McCabe would be followed.

Mr. Vest stated that there had also been prepared a draft of letter to the Banking and Currency Committees with reference to an amendment to section 14 of the Federal Reserve Act which would make permanent the existing authority of the Federal Reserve Banks to purchase securities direct from the Treasury.

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It was the consensus of the members present that a request should be made for only a three-year extension of the existing authority, and that Mr. Vest should prepare a revised draft of letter recommending such an extension, which Chairman McCabe would discuss with Senator Robertson.

At this point Messrs. Riefler, Leonard, Vest, Bethea, and Baumann withdrew, and the action stated with respect to each of the matters hereinafter referred to was taken by the Board:

Minutes of actions taken by the Board of Governors of the Federal Reserve System on December 19, 1949, were approved unanimously.

Memorandum dated December 13, 1949, from Mr. Millard, Director of the Division of Examinations, recommending an increase in the basic salary of William D. Smith, a Federal Reserve Examiner in that Division, from \$8,200 to \$8,400 per annum, effective December 25, 1949.

Approved unanimously.

Memorandum dated December 19, 1949, from Mr. Bethea, Director of the Division of Administrative Services, recommending that Miss Jean Startup, a clerk-typist in the Office of the Secretary, be transferred to the Division of Administrative Services as a stenographer, on a permanent basis, with basic salary at the rate of \$2,650 per annum, effective as of the date upon which she enters upon the per-

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mance of her new duties. The memorandum also stated that the Secretary's Office was agreeable to this transfer.

Approved unanimously.

Memorandum dated December 16, 1949, from Mr. Millard, Director of the Division of Examinations, recommending that Miss Nancy L. Chelberg, a clerk-stenographer in the Division of Personnel Administration, be transferred to the Division of Examinations as secretary to Mr. Hostrup, with an increase in basic salary from \$3,050 to \$3,225, effective December 25, 1949.

Approved unanimously.

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

"This refers to Mr. Young's letter of November 23, 1949, transmitting a letter from the law firm of Schwab and Carr, Springfield, Missouri, attorneys for certain beneficiaries of a trust created by the will of Horace Bunch McDaniel, requesting a ruling on the question whether Regulation F prohibits the sale of the stock of Union National Bank of Springfield held by that bank as trustee of the McDaniel trust to officers of the bank pursuant to an option granted to such officers by the will creating the trust.

"The specific question presented by this inquiry is whether the sale of the stock pursuant to the option would be a transaction 'expressly required by the instrument creating the trust', within the meaning of footnote numbered 12 of Regulation F. However, as pointed out by Mr. Young, it is not clear that it will ever be necessary to decide this question because the option perhaps will not be exercised and, if it is, the bank may obtain a court order specifically authorizing the sale and thus eliminate the question entirely. Moreover, it appears that the ruling is desired in connection with a potential dispute

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"between two groups of beneficiaries, and that any views which we might express with respect to the sale of the stock would not be determinative of the issues as between the various beneficiaries, issues which could be finally settled only by agreement or by litigation with all of the interested parties represented.

"We have not had occasion in the past to make any ruling which would be applicable to this case and, in view of the circumstances recited above, we do not believe that we should undertake to make a ruling in this instance."

Approved unanimously.

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

"Relet December 13, 1949 concerning proposed purchase by Trust Company of Georgia Associates, a wholly owned subsidiary of Trust Company of Georgia, of additional stock of First National Bank & Trust Company in Macon in connection with an increase in the capital of the bank. The Board will interpose no objection to the purchase of the stock provided that there is no increase in the percentage of the stock of the bank owned by Trust Company of Georgia Associates. This, however, should not be regarded as a precedent in connection with any future purchases of corporate stocks by Trust Company of Georgia Associates."

Approved unanimously.

Letter to Mr. Volberg, Vice President of the Federal Reserve Bank of San Francisco, reading as follows:

"This refers to the portion of your letter of December 6, 1949 relating to inaccuracies in the report of a holding company affiliate as published by the Bank of Berkeley, Berkeley, California.

"The Board concurs in your recommendation that, in view of the relatively small amount involved, republication of the report not be required."

Approved unanimously.

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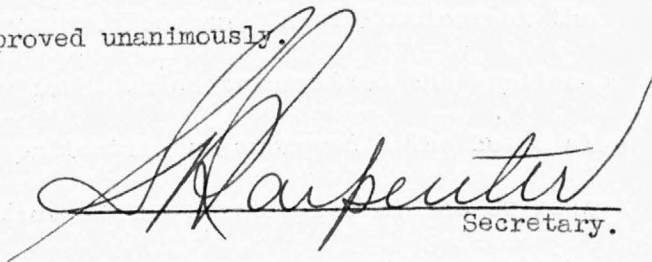
Letter to Mr. Erickson, President of the Federal Reserve Bank of Boston, reading as follows:

"Reference is made to your Bank's letter of December 12, 1949, in which you advise that it appears expenses for certain functions at your Bank will exceed the 1949 estimates as follows:

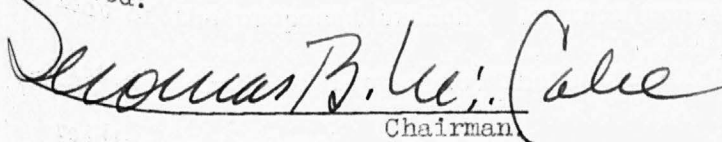
Function	Amount
Provision of Space	\$8,091
Furniture and Equipment	22,348
Stock of Supplies	8,165
Currency and Coin	32,873
Check Collection	15,360
Federal Reserve Note Issues	41,245

"The Board accepts the revised figures as submitted, and appropriate notations are being made on the Board's records."

Approved unanimously.


Secretary.

Approved:


Chairman