

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Thursday, September 20, 1951. The Board met in the Board Room at 10:30 a.m.

PRESENT: Mr. Szymczak, Chairman pro tem  
Mr. Evans  
Mr. Norton  
Mr. Powell

Mr. Carpenter, Secretary  
Mr. Riefler, Assistant to the Chairman  
Mr. Young, Director, Division of Research  
and Statistics  
Mr. Sloan, Director, Division of Examinations  
Mr. Solomon, Assistant General Counsel  
Mr. Dembitz, Assistant Director, Division of  
International Finance  
Mr. Smith, Special Counsel

Before this meeting there had been sent to the offices of the members of the Board copies of a motion filed under date of September 13, 1951, by attorneys for Transamerica Corporation that the complaint in the Transamerica case be dismissed. The motion also requested that "the Board obtain through appropriate Governmental channels disinterested legal advice" in passing on the motion, that opportunity for oral argument of the motion before the full Board be allowed, and that the motion "be considered in advance of, and without regard to, the Recommended Decision" of the Board's Hearing Officer.

The members of the Board had also been furnished with copies of a motion filed under date of September 17, 1951, by Mr. Townsend, Solicitor for the Board, that the Board extend until October 30 the time for filing reply briefs in the Transamerica case, that the Board set the

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date for oral argument, and that in the event the Board should set a date subsequent to November 10, 1951, the time for filing reply briefs be further extended until a date 10 days prior to the date set for such oral argument.

Mr. Smith stated that Transamerica Corporation had previously filed motions to dismiss the complaint which the Board had denied, and that it would be justified in denying the present motion for the same reasons. It was his opinion, however, that it would be desirable to grant the Corporation an opportunity to argue the motion at the time of the final argument, and that this would avoid a separate argument and the delay that would be occasioned if a separate argument were held. The motion could be disposed of, he said, at the time of the disposition of the case on its merits. With respect to the request that the Board "obtain through appropriate Governmental channels disinterested legal advice" in passing on the motion, Mr. Smith was of the opinion that, since the Board had already engaged him to give disinterested legal advice in the case, it was already complying with the substance of the request, that it was the Board's responsibility to decide the procedure to be followed in disposing of the case, that neither due process nor applicable statutes justified the request, and that it should be denied.

In a further statement, Mr. Smith expressed the view that unless Transamerica Corporation made a reasonable showing to the contrary, Mr. Townsend's motion seemed to be a reasonable one that should be granted.

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In that connection, Mr. Evans stated that he had discussed with Chairman Martin the desirability of setting the date for the final argument and that the Chairman was agreeable to setting the date during the early part of December.

The Secretary stated that yesterday afternoon counsel for Transamerica called to say that they had received a copy of Mr. Townsend's motion and would like to inquire when the Board would act on it, and, upon being advised that the Board probably would not act before Tuesday, September 25, stated that counsel for Transamerica would present a document to the Board with respect to the motion not later than Monday, September 24.

Thereupon, Mr. Smith said that pending an opportunity to see the document to be filed by attorneys for Transamerica and subject to change if justified by the document, he would tentatively recommend that the Board set the date for the oral argument sometime between the sixth and eleventh of December with as much as three weeks (if requested by attorneys for Transamerica) before such date as the final date for filing reply briefs.

Mr. Evans stated that he was in agreement with the opinions and recommendations presented by Mr. Smith and the other members present indicated their concurrence. Thereupon, it was agreed that the motions filed by Transamerica and Mr. Townsend would be placed on the docket for



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final disposition at a meeting of the Board next week with the tentative understanding that, if contrary reasons or developments did not appear, the date for final argument should be set for December 10.

In connection with an inquiry whether the absent members of the Board would be present at the next meeting, it was stated that copies of the motions filed by Transamerica and Mr. Townsend had been sent to the offices of all members of the Board, that Chairman Martin would be here next week, and that if Mr. Vardaman were still ill and unable to attend the meeting he would have an opportunity to express his views if he so desired.

There was then presented the following letter to Bank of America National Trust and Savings Association, San Francisco, California, which had been circulated among the members of the Board prior to consideration at a meeting:

"The Board of Governors of the Federal Reserve System authorizes Bank of America National Trust and Savings Association, San Francisco, California, pursuant to the provisions of Section 25 of the Federal Reserve Act, to establish an additional branch in the city of London, England, and to operate and maintain such branch subject to the provisions of such section; upon condition that unless the branch is actually established and opened for business on or before September 1, 1952, all rights granted hereby shall be deemed to have been abandoned and the authority hereby granted shall automatically terminate on such date.

"In taking the foregoing action, the Board notes that the proposal represents an extension of facilities in a city now served by a branch of the Bank of America National Trust and Savings Association and does not consider such action to be a departure from the position taken in its letter of May 16, 1949."

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Upon motion by Mr. Szymczak, the letter was approved unanimously for transmittal through the Federal Reserve Bank of San Francisco.

Consideration was also given to the following letter to Mr. Henry G. Bennett, Administrator, Technical Cooperation Administration, State Department, Washington, D. C. The letter had been circulated among the members of the Board prior to consideration at a meeting:

"Enclosed is a letter dated September 5 that the Board has received from the Federal Reserve Bank of Dallas, relating to the possible services of Mr. Morgan H. Rice, Assistant Vice President and Secretary of that Bank, in connection with technical assistance to Pakistan.

"Assuming that agreement is reached between the Department and Mr. Rice and the Federal Reserve Bank of Dallas, providing for arrangements along the general lines set forth in the Bank's letter, the Board here is prepared to approve the assignment of Mr. Rice to serve in Pakistan for a period up to one year. It is suggested that the Department communicate directly with the Federal Reserve Bank of Dallas with respect to these arrangements; the Board will appreciate receiving copies of such correspondence for its information."

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

Mr. Evans stated that he was leaving this afternoon on his trip to Europe from which he would return about the first of December. The purpose of the trip, he said, had been changed somewhat in that it had been decided that he would attend the International Credit Conference which would be held in Rome and would be attended by representatives of a number of central banks. He also said he was going first to London since

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he wanted to confer with agricultural groups at the Universities of Cambridge and Oxford and the British Ministry of Agriculture to obtain such information as was available on the extent to which the British exchange position would permit the continued purchase of American agricultural commodities in the years ahead. He added that he planned to call on offices of American banks in the various countries which he visited and while in England, Belgium, Holland, Denmark, Switzerland, France, and Italy he would visit the central banks in those countries. The principal purpose of his trip, he said, was to attend the meetings of the Food and Agricultural Organization and to visit with N. E. Dodd, Director General of the Food and Agricultural Organization, who was one of the best informed agricultural men in the world.

Mr. Szymczak stated that the memorandum approved at the meeting of the Board on September 11, 1951, fixing the per diem and other allowances for Mr. Evans on his trip contained a typographical error in that it recommended that Mr. Evans be allowed an amount not exceeding \$1,500 to cover such extraordinary expenses as he may find it necessary to incur in order properly to represent the Board during the trip. This amount, Mr. Szymczak said, should have been \$500 and he would recommend that the authorization be in the latter amount.

Mr. Szymczak's motion was approved unanimously.

There was then presented a telegram to the Presidents of all

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Federal Reserve Banks prepared in accordance with the decision reached at the meeting of the Board on September 17 and reading as follows:

"Pressure continues on Congress to make available additional credit facilities to small businesses engaged in the defense effort and not able to obtain necessary credit through banking channels even under the V-loan program.

"In the light of developments since Board's telegram of January 23, 1951, the Board would like to explore again with the Presidents of the Federal Reserve Banks the place of Section 13b loans in the present credit situation and the extent to which they can and should be used either as part of the V-loan program or without such guarantees.

"Board is requesting, therefore, that matter be placed on agenda for coming meeting of the Presidents with the Board."

Approved unanimously.

At this point all of the members of the staff with the exception of Mr. Carpenter 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 September 19, 1951, were approved unanimously.

Memorandum dated September 14, 1951, from Mr. Young, Director, Division of Research and Statistics, recommending that the resignation of Mrs. Betty H. Griggs, Clerk-Stenographer in that Division, be accepted to be effective, in accordance with her request, at the close of business September 13, 1951.

Approved unanimously.

Memorandum dated September 18, 1951, from Mr. Leonard, Director,



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Division of Bank Operations, recommending the appointment of David C. Crockett as an Analyst in that Division, on a temporary indefinite basis, with basic salary at the rate of \$3,700 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.

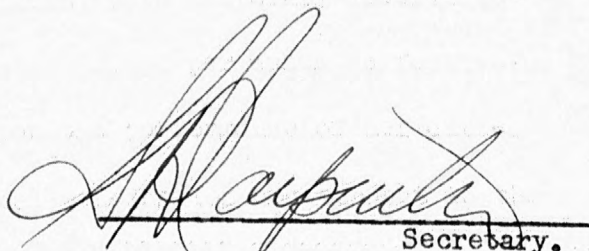
Approved unanimously.

Memorandum dated September 20, 1951, from the Personnel Committee, recommending that D. K. MacDonald of D. K. MacDonald and Company, Seattle, Washington, be tendered appointment as director of the Seattle Branch of the Federal Reserve Bank of San Francisco for a two-year term beginning January 1, 1952, if it is ascertained in the usual manner that he would accept.

Approved unanimously.

Memorandum dated September 18, 1951, from Mr. Allen, Director, Division of Personnel Administration, recommending, for the reasons stated therein, that the traveling expense account of the 1951 budget of the Division of Personnel Administration be increased by \$1,565.

Approved unanimously.

  
Secretary.