Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, April 18, 1952.

PRESENT: Mr. Szymczak, Chairman pro tem.
Mr. Evans
Mr. Robertson
Mr. Sherman, Assistant Secretary
Mr. Kenyon, Assistant Secretary

Telegrams to the Federal Reserve Banks of Boston, New York, Philadelphia, Chicago, St. Louis, and San Francisco stating that the Board approves the establishment without change by the Federal Reserve Banks of Boston and St. Louis on April 14, by the Federal Reserve Bank of San Francisco on April 15, and by the Federal Reserve Banks of New York, Philadelphia, and Chicago on April 17, 1952, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Letter to Mr. Latham, Vice President, Federal Reserve Bank of Boston, reading as follows:

"In accordance with the request contained in your letter of April 15, 1952, the Board approves the appointment of Robert Prentiss Gardner as an assistant examiner for the Federal Reserve Bank of Boston.
"Please advise us of the date upon which the appointment becomes effective."

Approved unanimously.

Letter to Mr. Stetzelberger, Vice President, Federal Reserve Bank of Cleveland, reading as follows:
"Referring to your letter and recommendation of April 14, 1952, the Board of Governors further extends until September 1, 1952, the time within which The Cleveland Trust Company, Cleveland, Ohio, may establish the branch in Euclid, Ohio, as approved by the Board under date of October 17, 1950."

Approved unanimously.

Letter to Mr. A. J. Gock, Chairman of the Board of Directors, Bank of America, c/o Bank of America National Trust and Savings Association, 300 Montgomery Street, San Francisco, California, reading as follows:

"There are enclosed two copies of the report of examination of Bank of America, New York, New York, made as of November 30, 1951, by examiners for the Board of Governors of the Federal Reserve System. The second copy of the report is for the information and files of Mr. Henry A. J. Ralph, Vice President and Manager in charge of the Home Office in New York.

"After the report has been presented to your directors for their consideration, please advise the Board of Governors regarding the actions taken or contemplated with respect to the recommendations and suggestions of the examiner, particularly as set forth on pages 13 and 14. Any comments you may care to make with regard to the operations of the Bank as disclosed by the report of the examination will also be appreciated."

Approved unanimously, with copies to Messrs. Wiltse and Slade, Vice Presidents of the Federal Reserve Banks of New York and San Francisco, respectively.

Letter to Mr. Strathy, Vice President, Federal Reserve Bank of Richmond, reading as follows:
"We are enclosing a letter from Mr. T. B. King, Director of the loan guaranty service of the Veterans Administration, commenting upon the facts which your investigation disclosed in respect to the Templeton Knolls subdivision near Washington, D. C. As we informed Mr. Snow in a recent telephone conversation, we discussed the investigation which you made of Templeton Knolls, Inc., in January 1952, with Mr. Brownstein, Counsel for the Veterans Administration. We submitted copies of your correspondence and the memoranda of the investigators, including the list of possible Regulation X violations. The attached letter summarizes the investigation which Mr. Brownstein made and about which he telephoned us approximately a week ago, and we thereupon called Mr. Snow to inform him of the results.

"You will note that the certificate of reasonable value which Templeton Knolls, Inc., holds is dated before the July 19, 1950, credit restrictions, and would permit 100 per cent financing. The Veterans Administration believes, therefore, that all secondary transactions which were made by this firm after January 9, 1952, when Amendment No. 9 to Regulation X became effective, would be proper. The five extensions of secondary credit mentioned in the next to the last paragraph of Mr. King's letter, which were made prior to January 9, would apparently be violations of Regulation X. As an extenuating circumstance, it is to be noted, however, that these latter secondary extensions of credit were approved by the chief appraiser of the Washington loan office of the Veterans Administration because he apparently misunderstood the VA regulations and specifically violated office instructions issued by the main office of the Veterans Administration in Washington, according to Mr. Brownstein. As you know, this particular chief appraiser is no longer employed by the Veterans Administration. "Since Templeton Knolls, Inc., observed instructions from the Veterans Administration which conflicted with Regulation X, it would not seem to be desirable to press this particular case further in respect to the five possible
"violations noted above. However, you should advise the Registrant in this case of the provisions of Regulation X as they apply to future transactions and obtain assurance of his understanding and cooperation."

Approved unanimously.

[Signature]

Assistant Secretary.