Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, April 25, 1952. The Board met in the Board Room at 11:30 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Evans
Mr. Vardaman
Mr. Powell
Mr. Mills
Mr. Robertson

Mr. Carpenter, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Thurston, Assistant to the Board
Mr. Vest, General Counsel
Mr. Townsend, Solicitor
Mr. Hostrup, Assistant Director,
Division of Examinations

There was a continuation of the discussion commenced at the meeting of the Board yesterday relating to the informal telephone request made of the Division of Examinations by the Office of the Comptroller of the Currency for information which might be helpful to that Office in its consideration of pending applications for the establishment of three branches by Bank of America National Trust and Savings Association and one branch by the First National Bank of Arizona, Phoenix, Arizona, an institution covered by the Board's order of March 27, 1952 in the matter of Transamerica Corporation.

Pursuant to the understanding at yesterday's meeting Governor Robertson had prepared a suggested draft of letter for transmittal to
the Comptroller of the Currency in response to the informal request for information. The draft, which was read by the Chairman, stated in substance that the Board recognized that full responsibility for deciding whether to approve the applications rested with the Comptroller, that neither the Board nor the Federal Reserve Bank of San Francisco was in possession of any facts, other than facts presumably in the possession of the Comptroller, which it believed necessary to bring to the attention of the Comptroller for consideration in formulating a decision on the applications, but that the Board was responding in this case by letter because each of the banks involved was related to Transamerica Corporation, which Corporation was the subject of the Board's order of March 27, 1952, in proceedings instituted under the Clayton Act.

In response to a question by the Chairman, Governor Mills said that in his opinion the draft was satisfactory and that it was in line with the views which he had expressed at the meeting yesterday as to the type of communication which should be sent to the Comptroller.

Governor Evans stated that he continued of the belief that, inasmuch as the informal request of the Comptroller's Office had placed the Board on notice regarding the pending applications, any reply should point out the Board's interest in the encouragement of independent banking, the competitive position of Bank of America National Trust and
Savings Association in the State of California, and the implications which might be drawn from approval of the applications in the light of the Clayton Act proceeding against Transamerica Corporation. He felt that if the Comptroller of the Currency was not willing to abide by the agreement reached by the Federal bank supervisory agencies in 1942, he should so state so that there would be an understanding of the extent to which the agreement was still in effect. In connection with this point there was read the letter addressed to the Board by the Comptroller of the Currency under date of August 30, 1948.

Governor Evans also said that unless the proposed reply to the Comptroller included references to the 1942 agreement and pointed out the extent to which Bank of America National Trust and Savings Association was approaching a monopoly, he could not vote to approve it. In a further comment he reiterated the opinion which he expressed at yesterday's meeting that all requests from the other agencies for informal clearance of the establishment of branches should be brought to the attention of the Board.

Following further discussion, Governor Powell expressed a desire to review the files covering the 1942 agreement and subsequent developments, and it was understood that the matter would be deferred for further consideration at a meeting on April 28, 1952, when Governor Szymczak would also be present.
Telegrams to the Federal Reserve Banks of New York, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco stating that the Board approves the establishment without change by the Federal Reserve Bank of St. Louis on April 21 and 25, by the Federal Reserve Bank of San Francisco on April 22, and by the Federal Reserve Banks of New York, Cleveland, Richmond, Atlanta, Chicago, Minneapolis, Kansas City, and Dallas on April 24, 1952 of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Telegram to the Presidents of all Federal Reserve Banks, reading as follows:

"Board establishes under authority of fourth paragraph of Section 16 of Federal Reserve Act rate of (1) per cent per annum interest for preceding three calendar months on $ (2) daily average of outstanding Federal Reserve notes of your Bank in excess of gold certificates pledged with Agent as collateral security. Interest payment of $ (3) should be credited to Treasurer's General Account as Miscellaneous Receipts, Symbol 18h1—Interest Collected, Section 16, Federal Reserve Act, on April 26, 1952.

(1) (2) (3)
Boston 1.66 $1,183,171,164 $4,896,707.87
New York 5.05 1,225,089,193 15,424,376.40
Philadelphia 1.70 1,054,810,863 4,899,154.81
Cleveland 1.91 1,570,809,378 7,490,065.15
Richmond 1.59 1,235,960,401 4,470,822.54
Atlanta 1.92 912,750,097 4,369,197.18
Chicago 2.11 2,244,241,897 11,805,912.10
St. Louis 1.76 918,692,674 4,031,173.11
Minneapolis 1.96 1,825,566,609 2,358,093.21
Kansas City 2.03 712,900,190 3,528,982.33
Dallas 2.75 514,059,170 3,528,982.33
San Francisco 3.29 854,012,968 7,005,012.12"

Approved unanimously.
At this point all of the members of the staff with the exception of Messrs. Carpenter and Kenyon 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 April 24, 1952, were approved unanimously.

Memoranda dated April 22, 1952, from Mr. Margot, Director, Division of International Finance, recommending that the resignations of Mary T. Clarke, Clerk-Stenographer, and Noreen R. Hanlon, Clerk, in that Division, be accepted to be effective in accordance with their requests, at the close of business May 9, 1952.

Approved unanimously.

Memoranda recommending that the basic annual salaries of the following employees be increased in the amounts indicated, effective April 27, 1952:

<table>
<thead>
<tr>
<th>Date of Memorandum</th>
<th>Name and Title</th>
<th>Salary Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>4/18/52</td>
<td>Sylvia L. Edelson, Economist</td>
<td>$5,060 - $5,185</td>
</tr>
<tr>
<td></td>
<td>Helmut F. Wendel, Economist</td>
<td>$4,205 - $4,330</td>
</tr>
<tr>
<td></td>
<td>Lucile R. MacLean, Librarian</td>
<td>$3,910 - $4,035</td>
</tr>
</tbody>
</table>
Date of Memorandum | Name and Title | Salary Increase
---|---|---
4/21/52 | Lawrence Bostow, Economist | $4,705 to $5,060

Memoranda from Mr. Bethea, Director, Division of Administrative Services

4/16/52 | Susie T. Oros, Accounting Clerk | $4,420 to $4,545
| Benjamin R. Reading, Accounting Clerk | $4,045 to $4,170
| E. Allen McKinney, Operator (Key Punch) | $2,950 to $3,030

4/21/52 | Jesse D. Smith, Head Messenger | $3,350 to $3,454

4/23/52 | Thomas V. Kopfman, Clerk | $3,270 to $3,415

Approved unanimously.

Letter to Mr. Boyd, Chief Examiner, Federal Reserve Bank of Cleveland, reading as follows:

"In accordance with the request contained in your letter of April 21, 1952, the Board approves the designation of the following as special assistant examiners for the Federal Reserve Bank of Cleveland:

- Goebel, Harry W., Jr.
- Groh, Robert C.
- Ochs, Robert E.
- Remmel, Matthew F.
- Ripberger, John J.
- Rothwell, John C.

"Appropriate notations have been made in our records of the names to be deleted from the list of special assistant examiners."

Approved unanimously."
Telegram to the Presidents of all Federal Reserve Banks, reading as follows:

"For your confidential information, the Associated Press dispatch that appeared in Monday's newspapers stating that the Board is ready to suspend Regulation W did not originate here nor was it based upon any particular proposal under consideration by the Board. However, as you are aware, all aspects of the entire economic control program are being examined by both Congress and the administration with a view toward relaxation where possible. In this connection, the Board has been considering in general terms whether economic circumstances warrant further action with respect to Regulation W. Should any conclusions be reached regarding a change, the Federal Reserve Banks will be informed promptly."

Approved unanimously.

Memorandum dated April 24, 1952, from Mr. O'Keefe, Attorney, Office of the Solicitor, recommending that in accordance with the recommendation of the Federal Reserve Bank of Philadelphia, there be transmitted to the Department of Justice for the institution of such criminal proceedings as might be deemed appropriate by that Department a report concerning acts and practices appearing to the Board to constitute violations of Regulation W, Consumer Credit, by Collins, Inc., 125 Factory Street, Trenton, New Jersey, and David Levine, its president; by Sea- board Finance Company, a Delaware corporation operating branch offices in 22 states, and its managers, Horace Doll, William Furbman, Edward Boyle, and Albert Franks; and by Preferred Finance Company, Inc., a
subsidiary of Equitable Credit Corporation engaged in the business of making personal loans in the State of New Jersey, and its manager, Joseph Purcell.

Approved unanimously.

Letter to the Presidents of all Federal Reserve Banks, reading as follows:

"Appointments by the Reserve Banks to the special committee on Regulations W and X have been completed in accordance with the Board's request of March 27, 1952. For your information there is enclosed a list of committee members, but the Board agrees with the general view of the Banks that committee action not be initiated until, and unless, the legislative authority for these regulations is extended by Congress."

Approved unanimously.

Letter to Mr. Woolley, Vice President, Federal Reserve Bank of Kansas City, in regard to Pettyjohn Motor Company, Monte Vista, Colorado, a registrant under Regulation W, Consumer Credit, reading as follows:

"This refers to your letter of March 11, 1952, with further reference to the Pettyjohn Motor Company, Monte Vista, Colorado. It is noted that you are of the opinion that the customers would make very unreliable witnesses; and that the company has been sold by Mr. Pettyjohn, apparently because he was worried by the discovery of the violations. Under the circumstances stated in your letter, the Board concurs in your recommendation that further consideration of this case be dropped and that the file be closed."

Approved unanimously.

Secretary.