

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, April 28, 1952. The Board met in the Board Room at 11:35 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Szymczak
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. Sloan, Director, Division of Examinations

At the meeting on April 25, 1952, it was decided to postpone until today, when a full Board would be present, further discussion of the action to be taken with respect to the informal request by the Office of the Comptroller of the Currency for information pertinent to the consideration by that Office of applications by Bank of America National Trust and Savings Association and the First National Bank of Arizona for approval of the establishment of certain branches.

Reference was made to the proposed letter to the Comptroller of the Currency which was presented by Governor Robertson at the meeting on April 25, and there ensued a general discussion of the Board's responsibilities, from the standpoint of its concern with the soundness and

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safety of the banking structure and of individual member banks, in responding to any such requests. The question also was raised whether it would be more appropriate in this case to send a letter of the type proposed by Governor Robertson or to discuss the matter with the Comptroller informally.

During the course of the discussion Governor Robertson said that although he had not talked with anyone in the Office of the Comptroller of the Currency, he could assure the Board that such a letter as had been prepared would create no adverse reaction in that Office. He went on to suggest, however, that in view of the Board's interest in all member banks, both State and national, it would be desirable for the Board to institute at the earliest possible time discussions among the three Federal bank supervisory agencies looking toward complete inter-agency agreement with regard to the procedure for clearance of information regarding applications for branches in the same manner that an agreement has been reached with respect to clearing applications for new bank charters.

Governor Evans suggested that the Board's attorneys submit an opinion to the Board relating to the Board's legal responsibilities as to preventing the development of monopolistic situations in connection with applications for national bank branches.

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Other members of the Board expressed agreement with Governor Robertson's position that it would be desirable to arrive at a clear understanding as to the areas of responsibility of the three Federal bank supervisory agencies.

Thereupon, upon motion by Governor Mills, approval was given to the following letter for the signature of the Chairman to the Honorable Preston Delano, Comptroller of the Currency, Treasury Department, Washington, D. C., Governor Evans voting "no" because in his opinion the letter did not adequately present the position of the Board. In taking this action it was understood that the procedure followed in this case would not change in any way the procedure which had been followed in the past in the handling of informal requests from the Office of the Comptroller for information relating to applications of national banks to that Office for authority to establish branches:

"In accordance with the informal arrangement existing between your organization and ours with respect to the interchange of information relative to applications to establish branches, representatives of your office have notified us of the pendency of applications by the Bank of America N. T. & S. A. to establish branches in Blythe, Riverside County; Pico and Westwood Boulevard, Los Angeles; and South Gate, California (the latter being in the form of a removal of the Temple-Fremont Branch); and also an application of the First National Bank of Arizona to establish a branch at Wellton, Arizona.

"Neither this Board nor the Federal Reserve Bank of San Francisco is in possession of any facts, other than facts presumably in your possession, which would seem to have a bearing on the need for such additional banking facilities, the ability of the applicants to provide such facilities on a sound basis, or the extent to which other

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"banks would be adversely affected by the additional competition involved, or which for any other reason we believe should be brought to your attention for consideration in formulating your decision on these applications.

"As you know, matters of this kind are ordinarily handled by telephone, but in this case we are responding by letter because each of the banks involved is related to Transamerica Corporation, which, as you know, has been made the subject of the Board's Order in proceedings instituted under the Clayton Act. We appreciate that the authority and responsibility for making a decision on branch applications of national banks rests with your office; and this letter should not be regarded as indicating in any way the views or opinion of the Board of Governors as to the action which should be taken by you with respect to these applications."

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 25, 1952, were approved unanimously.

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

"The Board of Governors approves the payment of salary to Mr. G. R. Murff as General Auditor of the Federal Reserve Bank of Dallas, effective upon the date he assumes these duties through May 31, 1953, at the rate of \$13,000 per annum, which is the rate fixed by the Board of Directors as reported in your letter of April 22, 1952."

Approved unanimously.

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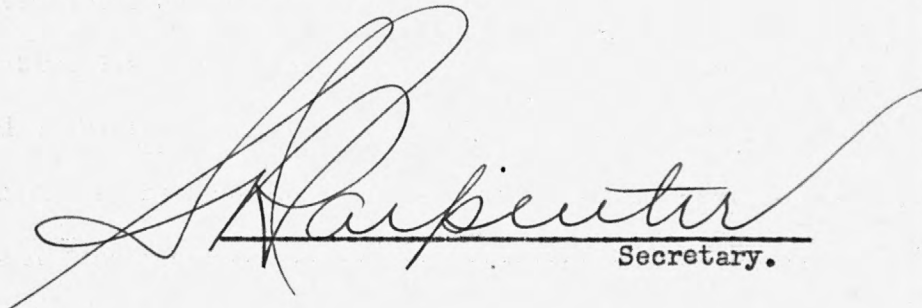
Letter to Mr. Purrington, Assistant Vice President, Federal Reserve Bank of Chicago, reading as follows:

"This refers to your letter of April 22, regarding the penalty of \$57.53 incurred by the Devon-North Town State Bank of Chicago, Chicago, Illinois, on a deficiency in its reserves for the period ended April 9, 1952.

"It is noted that the deficiency resulted from the inexperience of a new bookkeeper, that the bank has not had a penalty assessed against it in the last three years, and that the bank held large amounts of excess reserves in the immediately following reserve computation period, as well as in the previous fourteen periods in 1952.

"In the circumstances, the Board authorizes your Bank to waive the assessment of the penalty in this case."

Approved unanimously.


Secretary.