

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, May 28, 1952. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Szymczak, Chairman pro tem.
Mr. Evans
Mr. Powell
Mr. Mills
Mr. Robertson

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Kenyon, Assistant Secretary
Mr. Thurston, Assistant to the Board
Mr. Riefler, Assistant to the Chairman
Mr. Vest, General Counsel
Mr. Sloan, Director, Division of Examinations
Mr. Chase, Assistant Solicitor

Governor Szymczak read the text of a United Press news dispatch dated May 27, 1952, stating that Transamerica Corporation had filed suit against the Board in the United States Circuit Court of Appeals in Philadelphia petitioning the Court to review and set aside the Board's orders dated March 27, 1952, in proceedings under the Clayton Act entitled "In the Matter of Transamerica Corporation". The dispatch also indicated that, in addition, Transamerica had filed with the Court an application for leave to adduce additional evidence upon a hearing before the Board.

Mr. Vest stated that he was informed by a representative of United Press last night that Transamerica Corporation had issued a press release on the West Coast announcing that such a suit had been filed. He said that

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the petition to the Court presumably filed by Transamerica Corporation, so far as he knew, had not yet been received by the Board. When it was received, the full particulars of the case would become known.

Mr. Chase explained that the statutes provide for a petition to review and application for leave to adduce additional evidence, whereupon, according to the rules of the Court, the Board must submit the transcript of the record in the proceedings within a period of 40 days or such longer time as might be granted by the Court upon request of the Board. He went on to say that the rules of the Court also provide for the filing of a cross petition by the Board for enforcement of its order and that he assumed the filing of such a petition would be recommended to the Board by the Solicitor. Mr. Chase said that some work on the preparation of the transcript of the Clayton Act proceeding against Transamerica had already been done in anticipation of the case going to the courts, that preparation of the cross petition was a relatively simple matter, and that it could probably be filed at the same time the transcript was submitted to the Court, probably within the prescribed 40 days. Mr. Chase also remarked that the statutes provide that cases of this nature be given precedence on the Court docket.

Governor Szymczak inquired why Transamerica Corporation had filed suit in Philadelphia, to which Mr. Chase replied that the Third Judicial

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District includes the State of Delaware, in which State the Corporation was incorporated.

There was a further discussion of the matter, from which it developed that there appeared to be no need for any action on the part of the Board at this time.

At this point all of the members of the staff with the exception of Messrs. Carpenter, Sherman, 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 May 27, 1952, were approved unanimously.

Memorandum dated May 14, 1952, from Mr. Dembitz, Assistant Director, Division of International Finance, recommending the appointment of Mary Catherine Van Fossen as Clerk in that Division, on a temporary indefinite basis, with basic salary at the rate of \$2,750 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed the usual physical examination and subject to the completion of a satisfactory employment investigation.

Approved unanimously.

Letter to The Honorable J. Percy Priest, House of Representatives, Washington, D. C., reading as follows:

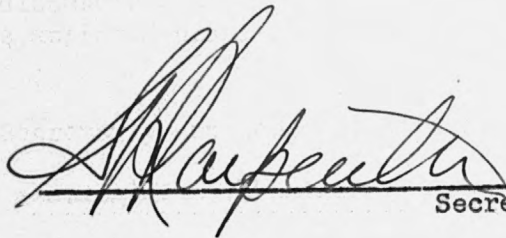
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"This refers to your letter to Chairman Martin, dated May 5, 1952, which was accompanied by a telegram from Mr. George Patton, President of the Nashville Home-builders Association, dated May 2, 1952. We appreciate having the opportunity to consider the views of this association since the observations of an organization representing the construction industry are of value to us in our continuing study of the effectiveness of Regulation X, Real Estate Credit, and the appropriateness of its present terms.

"The 'national survey' concerning the effects of Regulation X to which Mr. Patton refers may be one which the Federal Reserve Banks recently undertook at the request of the Board in order to obtain an approximation of the volume of new housing units which have remained unsold for a substantial period of time. This is only a part of our continuing study of the effects of the regulation, as well as of existing inflationary and deflationary forces at work in the economy in general. These studies are made in order to help assure that the terms of Regulation X are at all times appropriate, particularly to the need for restraining inflation. We will be glad to advise you of any action that is taken as a result of this study."

Approved unanimously.


Secretary.