

Minutes of actions taken by the Board of Governors of the
Federal Reserve System on Monday, September 29, 1952.

PRESENT: Mr. Martin, Chairman
Mr. Evans
Mr. Vardaman

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Kenyon, Assistant Secretary

Letter to the Board of Directors, The North Jersey Trust
Company, Ridgewood, New Jersey, Ridgewood, New Jersey, reading as
follows:

"Pursuant to your request submitted through
the Federal Reserve Bank of New York, the Board of
Governors approves the establishment and operation
of a branch on Franklin Turnpike near Wyckoff Avenue
in Waldwick, New Jersey, by The North Jersey Trust
Company, Ridgewood, New Jersey, provided formal ap-
proval is obtained from the appropriate State bank-
ing authorities and provided further that the branch
is established within six months from the date of
this letter."

Approved unanimously, for
transmittal through the Federal
Reserve Bank of New York.

Letter to the Board of Directors, The Middle Tennessee
Bank, Columbia, Tennessee, reading as follows:

"Pursuant to your request submitted through the
Federal Reserve Bank of Atlanta, the Board of Governors
approves the establishment and operation of a branch at
the corner of Fourth and Garden Streets, Columbia, Ten-
nessee, by The Middle Tennessee Bank, provided such

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"branch is established within six months from the date of this letter."

Approved unanimously, for transmittal through the Federal Reserve Bank of Atlanta.

Letter to Mr. Slade, Vice President, Federal Reserve Bank of San Francisco, reading as follows:

"Reference is made to your letter of September 10, 1952, submitting request of Central Valley Bank of California, Richmond, California, for permission to establish and operate a branch in Newark, California.

"The Board of Governors has given careful consideration to the information submitted and to other pertinent factors, and has reached the conclusion that it should not approve the establishment of the proposed branch because of the disproportionately low capital funds of the Central Valley Bank of California in relation to the volume of its business. While the proposal to inject \$100,000 additional capital is considered to be a step in the right direction, it is believed that the bank should not expand branchwise until more adequate capital funds are provided.

"It is requested that you advise the bank accordingly."

Approved unanimously.

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

"Supplementing telegram of September 12 regarding suspension of Regulation X, all investigations should be terminated at once and no further conferences should

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"be had with or letters sent to registrants regarding violations of the Regulation. However, all enforcement cases on which investigative work has been completed and evidence obtained should be processed in the regular way and such of those cases as would normally be referred to the Board should be referred to the Board as usual."

Approved unanimously.

Letter to Mr. Millard, Vice President, Federal Reserve Bank of San Francisco, reading as follows:

"Receipt is acknowledged of your telegram of September 17, 1952 and your letter of September 19, 1952 regarding Blackwell Builders, Inc., and Blackwell Company, Santa Rosa, California.

"Since, as you pointed out in your telegram, the transactions appear to violate not only Regulation X, but also to constitute violations of Sec. 1001 of the Criminal Code because they appeared to involve false representations by the seller to the Veterans Administration, the matter was discussed with the Veterans Administration in order to determine how the matter could best be handled.

"The attorney in the Litigation Service of the Office of the General Counsel of the Veterans Administration suggested that your Bank discuss the matter with Joseph F. Brody, Chief Attorney, Veterans Administration, San Francisco, advising him of the findings of your investigators. It seems that if false representations were in fact made to the Veterans Administration by the seller in connection with the transactions, the local office will wish to refer the matter to the F.B.I. to complete the investigation for the Department of Justice. The Federal Reserve Bank should, of course, render any assistance possible by making available to the Veterans Administration any relevant information now in its possession."

Approved unanimously.

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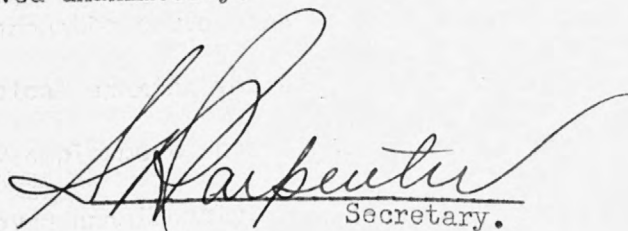
Letter to Mr. Millard, Vice President, Federal Reserve Bank of San Francisco, reading as follows:

"Receipt is acknowledged of your telegram of September 17, 1952 and of your letter of September 19, 1952 regarding apparent violations of Regulation X by Jere Strizek, Inc., of Sacramento, California.

"Since the sales listed in the report of investigation were financed through the Federal Housing Administration, the matter was discussed with counsel for the Federal Housing Administration here in Washington in order to determine the most practicable method of proceeding. Mr. Prothro, Assistant General Counsel, pointed out that in all probability Jere Strizek, Inc., did not make any representations to F. H. A. which could be used as a basis for prosecution under Sec. 1001 or Sec. 1010, Title 18, U. S. C., since the F. H. A. forms would have been signed by the purchaser and not by the seller. Consequently, he said that in these cases all that F. H. A. could do was to place the builder on the precautionary list, if the evidence warranted, which would mean that deals emanating from him would be scrutinized, and probably rejected. He suggested that your Bank communicate with Mr. Roy H. Pinkerton, Director, Federal Housing Administration, 725-1/2 Jay Street, Sacramento, California, and give him such information as was available, and suggest to him that he communicate with Washington after he had considered the matter.

"In view of the fact that the Regulation has been suspended and in view of the fact that the investigation made by your Bank had not progressed to the point of producing evidence which would support a criminal reference, the Board believes that your Bank should treat this case in the same manner as Regulation W cases under similar circumstances, and close your file respecting the matter."

Approved unanimously.


Secretary.