

Minutes for January 31, 1958


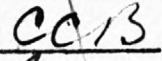
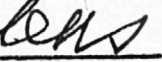
To: Members of the Board

From: Office of the Secretary

Attached is a copy of the minutes of the Board of Governors of the Federal Reserve System on the above date.

It is not proposed to include a statement with respect to any of the entries in this set of minutes in the record of policy actions required to be maintained pursuant to section 10 of the Federal Reserve Act.

Should you have any question with regard to the minutes, it will be appreciated if you will advise the Secretary's Office. Otherwise, if you were present at the meeting, please initial in column A below to indicate that you approve the minutes. If you were not present, please initial in column B below to indicate that you have seen the minutes.

	A	B
Chm. Martin	<input checked="" type="checkbox"/> 	_____
Gov. Szymczak	<input checked="" type="checkbox"/> _____	_____
Gov. Vardaman <u>1/</u>	_____	<input checked="" type="checkbox"/> _____
Gov. Mills	<input checked="" type="checkbox"/> _____	_____
Gov. Robertson	<input checked="" type="checkbox"/> _____	_____
Gov. Balderston	<input checked="" type="checkbox"/> 	_____
Gov. Shepardson	<input checked="" type="checkbox"/> 	_____

1/ In accordance with Governor Shepardson's memorandum of March 8, 1957, these minutes are not being sent to Governor Vardaman for initial.

Minutes of the Board of Governors of the Federal Reserve System
on Friday, January 31, 1958. The Board met in the Board Room at 10:00
a.m.

PRESENT: Mr. Martin, Chairman
Mr. Balderston, Vice Chairman
Mr. Szymczak
Mr. Mills
Mr. Robertson
Mr. Shepardson

Mr. Carpenter, Secretary
Mr. Marget, Director, Division of International
Finance
Mr. Furth, Associate Adviser, Division of Inter-
national Finance
Mr. Hersey, Associate Adviser, Division of Inter-
national Finance
Mr. Reynolds, Economist, Division of International
Finance

Radcliffe Committee. In order that the members of the Board might be kept fully informed and be familiar with any possible implications and developments affecting the Federal Reserve System and monetary policy in the United States, Chairman Martin asked Mr. Reynolds to make a statement with respect to the "Committee on the Working of the Monetary System" in Great Britain (the so-called Radcliffe Committee). Mr. Reynolds outlined the circumstances under which the committee was appointed, its composition, and its terms of reference, and made other more general comments. He also said that he was preparing a memorandum on the subject which would be distributed to the members of the Board shortly. In the discussion which followed, Messrs. Marget and Reynolds made further comments with respect to the scope of the committee's study and report.

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Appointment of director at Memphis Branch. On the basis of information contained in a memorandum from Mr. Fauver, Assistant Secretary, dated January 29, 1958, copies of which had been sent to the members of the Board, consideration was given to filling the vacancy on the Board of Directors of the Memphis Branch, Federal Reserve Bank of St. Louis, resulting from the decision of Mr. Hohenberg not to accept reappointment.

Following discussion, it was voted unanimously to ascertain through the Chairman of the Federal Reserve Bank of St. Louis whether Mr. S. L. Kopald, Jr., Executive Vice President of The Humko Company, Memphis, Tennessee, was eligible for, and would accept if tendered, appointment as a director of the Memphis Branch for the unexpired portion of the term ending December 31, 1960, with the understanding that the appointment would be made if it were found that Mr. Kopald was eligible and would accept.

Inquiry by Transamerica Corporation regarding voting permit.

Governor Balderston stated that Messrs. Belgrano and Keller, President and Senior Vice President, respectively, of Transamerica Corporation, called on him yesterday and, after some preliminary conversation, inquired about action by the Board on the Corporation's application for a voting permit authorizing the Corporation to vote the stock of the Southern Arizona Bank and Trust Company, Tucson, Arizona, which the Corporation owns or controls. Mr. Belgrano stated that the reason for the inquiry was that the Corporation was under obligation to issue a voluminous proxy

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statement which would have to be ready for the printer by February 23 and that, unless the permit applied for was issued, the Corporation would be required to indicate in the proxy statement that it had general voting permits covering all of its subsidiary banks except Southern Arizona Bank and Trust Company, a situation which they would like to avoid because of questions which it would raise. Mr. Belgrano asked whether the delay in acting on the application was because of opposition from anyone in Arizona and Governor Balderston said that he had responded that it was not. Mr. Belgrano's inquiries of Governor Balderston were (1) would it help the Board in approving the application if the Corporation agreed not to merge Southern Arizona Bank and Trust Company for three years or more, and (2) if the Board would not be in a position to approve the application by February 23, would it be possible promptly to inform the Corporation of that fact so that an appropriate statement for inclusion in the proxy statement could be prepared.

Governor Balderston stated that before this meeting he had looked into the matter and recalled that the application was filed by Transamerica Corporation with the Federal Reserve Bank of San Francisco in 1955 shortly before the survey of banking in Arizona, which was made by the Federal Reserve Bank at the request of the Board of Governors, was undertaken. Because of the pending survey, the Board of Governors requested the Federal Reserve Bank to defer sending the application for the voting permit to the Board until the latter had had an opportunity to review and reach conclusions on the basis of the survey. The survey report was submitted to

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the Board under date of November 23, 1956, and was discussed at several meetings of the Board during the period between December 14, 1956, and June 21, 1957. On the latter date it was understood that the Legal Division would analyze the study and submit a further report to the Board.

Governor Balderston made the further comment that because of the pressure of other matters, the Legal Division had just begun to work on the report and that it would not be possible to prepare a satisfactory memorandum for the use of the Board by February 23. In the ensuing discussion, it was pointed out that, pending action on the application for a general permit, limited permits had been issued to Transamerica Corporation, the last being approved by the Board on January 8, 1958, which authorized the Corporation, at any time prior to April 1, 1958, to vote the stock which it owns or controls to elect directors of the bank at the annual meeting of shareholders or any adjournments thereof and to act at that meeting upon such matters of a routine nature as are ordinarily acted upon at the annual meetings of such bank.

During the ensuing discussion, Governor Robertson expressed the view that inasmuch as the Corporation has authority to vote on the usual matters coming before the annual meeting of the subsidiary bank and, therefore, was not at any serious disadvantage because of the absence of a general voting permit, the Board should not act before it had the benefit of the views of the Legal Division based on the survey made by the Federal Reserve Bank of San Francisco, and that in the circumstances Mr. Belgrano

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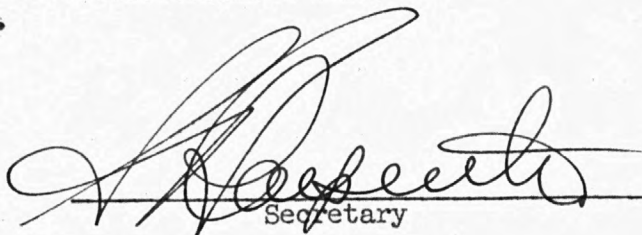
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should be informed that it would not be possible for the Board to act on the application by February 23.

At the conclusion of the discussion, it was agreed unanimously that Governor Balderston would discuss the matter with Mr. Hackley, General Counsel, and that unless other views developed from that discussion Governor Balderston would call Mr. Belgrano by telephone and inform him that the Board would not be in a position to act on the application for a general voting permit by February 23.

The meeting then adjourned.

Secretary's Note: Pursuant to the recommendation contained in a memorandum dated January 20, 1958, from Mr. Masters, Director, Division of Examinations, Governor Shepardson approved on behalf of the Board on January 30, 1958, the appointment of Robert F. Achor as Review Examiner in that Division, with basic annual salary at the rate of \$7,570, effective the day he assumes his duties; with the understanding that Mr. Achor would be reimbursed for his expenses in moving from Chicago to Washington, including transportation for himself and family and a per diem in lieu of subsistence while in travel status, and that he would be commissioned a Federal Reserve Examiner.



Secretary