By Gerald Martineau—The Washington Post

Nicholas L. Deak discusses exchange rates at his press conference yesterday morning.

Plea to Keep Dollars Home

Foreign Exchange Firm Opens New Office Here

By Thomas A. Ginda

Nicholas L. Deak, president and founder of Deak & Co., Inc., one of the nation's largest foreign exchange firms, yesterday advised American tourists to leave their dollars at home this year.

Deak spoke at the official opening of the new Deak & Co. (Washington) office, in the International Club building at 1800 K St., NW. The new office, replacing older quarters at 718 14th St., NW, is in the heart of what Deak & Co. considers to be Washington's new financial district.

A secondary reason for the move is that business is up sharply, requiring larger facilities. Over-the-counter trade in the Washington office increased 40 per cent in 1971 and is expected to jump another 20 per cent this year. Commercial business also is up, Deak said. The over-the-counter trade at Deak is mostly made up of individuals exchanging one currency for another.

Deak, whose firm is one of the world's largest foreign exchange companies, said that American tourists can expect to pay at least 20 per cent over and above the cost of goods and services purchased abroad this year due to "the devaluation of the dollar, fluctuations allowed under the Smithsonian Agreement, premiums charged on buying and selling currency abroad, and inflation in foreign countries."

The total bill, Deak asserted, "amounts to about $1 billion of the $5 billion Americans will spend while traveling abroad."

Explaining his 20 per cent estimate, Deak said there is an 8½ per cent devaluation of the dollar which occurred last December, plus a 2¼ per cent fluctuation either way, permitted under the Smithsonian Agreement, bringing the total to about 10 per cent.

In addition, he noted a revaluation of Western European currencies, such as the Swiss franc and the German mark occurring on top of the U.S. devaluation. "Another 2 or 3 per cent is taken through unfavorable exchange rates by foreign establishments that change dollars," he said. "They consider the dollar a soft currency. The rest is due to foreign inflation."

Deak claimed American tourists can gain some savings on exchange rates by turning in their dollars for foreign currency before going abroad. 'No matter what country an American visits these days," he said, "there is always the threat of sudden fluctuation in the value of the dollar."

Deak also predicted that more countries would adopt two-tier dollar rates, similar to France and Belgium. "Under this system," he said, "official exchange rates would apply for international merchandise transactions and export-import trade, while fluctuating rates would be allowed to continue on all other forms of payments including tourism and services."

Deak & Co. of Washington is part of a 40-office worldwide network formed by its parent company, Deak & Co., Inc. and Perera Co., Inc., which Deak owns. In addition the firm owns banks in Switzerland, Austria and New York State.