

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, July 15, 1949.

PRESENT: : Mr. Eccles, Chairman pro tem.
Mr. Szymczak

Mr. Carpenter, Secretary
Mr. Hammond, Assistant Secretary
Mr. Morrill, Special Adviser
Mr. Thurston, Assistant to the Board

Telegrams to the Federal Reserve Banks of Boston, New York, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco stating that the Board approves the establishment without change by the Federal Reserve Bank of San Francisco on July 12, by the Federal Reserve Bank of Atlanta on July 13, by the Federal Reserve Banks of New York, Cleveland, Richmond, Chicago, St. Louis, Minneapolis, Kansas City, and Dallas on July 14, 1949, and by the Federal Reserve Bank of Boston today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Letter to Mr. Stevens, Chairman of the Federal Reserve Bank of New York, reading as follows:

"Reference is made to your letter of June 27, 1949, in response to our inquiry of June 20, 1949, advising that Mr. Lewis B. Swift, who was appointed by the Board of Governors as a director of the Buffalo Branch, has been serving as a director of the Lincoln Rochester Trust Company, Rochester, New York, since May, and expressing the hope that he will not be disqualified from completing his present term on the branch board or barred from being considered for re-appointment.

"The Board's regulation relating to branches of Federal Reserve Banks does permit some flexibility with respect to the selection and qualifications of directors, and there have been a few instances where

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"a branch director has been permitted to complete his term of service at a branch even though he became a director of a commercial bank subsequent to his appointment as a branch director.

"In the Federal Reserve Act the principle was established that some of the directors of a Federal Reserve Bank should not be connected with a commercial bank in order to provide a diversified representation, and the Board feels that it is in the public interest to follow a similar principle with respect to directors of branches of the Federal Reserve Banks. For this reason the Board has followed the practice of appointing as directors of branches men who were not directly connected with commercial banking.

"After full consideration of the views expressed in your letter the Board will interpose no objection to the continuation of Mr. Swift's services as a director of the branch for the balance of his present term which expires December 31, 1950. However, it would not favor his reappointment for an additional term if he continues to serve as a director of a commercial bank.

"You mention in your letter the difficulty experienced in finding suitable persons in the Buffalo Branch territory for appointment to the board who are not connected with commercial banks, but the Board is loath to believe that this situation is insurmountable. In connection with the selection of a successor to Mr. Robins, whose term expires at the end of this year and who is ineligible for reappointment, the Board will be pleased to have you submit at an early date the names of any individuals who may be considered along with others for that prospective vacancy."

Approved unanimously.

Letter to Mr. Wiltse, Vice President of the Federal Reserve Bank of New York, reading as follows:

"Reference is made to your letter of July 12, 1949, enclosing a copy of a resolution passed by the Board of Directors of the Cicero State Bank, Cicero, New York, signifying its intention to withdraw from membership in the Federal Reserve System and other correspondence including a request that the Board of Governors waive the six months' notice of such withdrawal.

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"In view of your favorable recommendation, the Board of Governors waives the requirement of six months' notice as requested. Accordingly, upon surrender of the Federal Reserve Bank stock issued to the bank, you are authorized to cancel such stock and make appropriate refund thereon.

"It is assumed the bank will wish to continue as an insured bank and that it will make application for continuation of insurance after withdrawal from membership. In the circumstances, the bank will have four months from the date of this letter to accomplish termination of its membership (F.R.L.S. #3548).

"Please advise the Board when cancellation is effected and refund is made. The certificate of membership issued to the bank should be obtained, if possible, and forwarded to the Board. The State banking authorities should be advised of the bank's proposed withdrawal and when such withdrawal has been effected."

Approved unanimously.

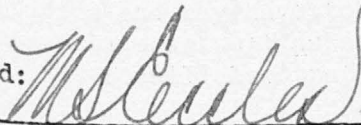
Letter to Mr. Samuel B. Stewart, Jr., Transamerica Corporation, 300 Montgomery Street, San Francisco, California, reading as follows:

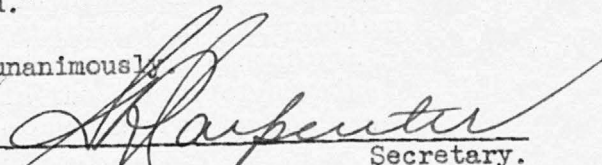
"Pursuant to the Board's order dated February 18, 1949 in the matter of Transamerica Corporation and the Board's letter of June 29, 1949, we have sent to you today, under separate cover by registered mail, data in exhibit form corresponding to the Board's Exhibits Nos. 13 to 20, inclusive, and No. 257 covering the Security-First National Bank of Los Angeles, Los Angeles, California, and its predecessors. This is one of the banks listed in your 'Demand for Production of Information' filed with the Board on February 15, 1949.

"Corresponding exhibits covering the remaining bank listed in your 'Demand for Production of Information', namely, The Anglo California National Bank of San Francisco, San Francisco, California, will be sent to you as soon as completed."

Approved unanimously

Approved:


Chairman pro tem.


Secretary.