Minutes of actions taken by the Board of Governors of the Federal Reserve System on Thursday, June 29, 1950.

PRESENT: Mr. McCabe, Chairman
Mr. Szymczak
Mr. Draper
Mr. Evans

Mr. Carpenter, Secretary
Mr. Kenyon, Assistant Secretary

Minutes of actions taken by the Board of Governors of the Federal Reserve System on June 28, 1950, were approved unanimously.

Memorandum dated June 14, 1950, from Messrs. Young and Noyes, Director and Assistant Director of the Division of Research and Statistics, respectively, recommending an increase in the basic salary of Miss Margaret R. Garber, a statistical assistant in that Division, from $3,825 to $3,950 per annum, effective July 9, 1950.

Approved unanimously.

Memorandum dated June 28, 1950, from Mr. Young, Director of the Division of Research and Statistics, recommending that the resignation of John Exter, Acting Chief, Far Eastern Section, Division of Research and Statistics, be accepted to be effective, in accordance with his request, at the close of business June 30, 1950, subject to the understanding in Mr. Carpenter's cable to Mr. Exter sent pursuant to the Board's action of May 19, 1950.

Approved unanimously.

Letter to Mr. Latham, Vice President of the Federal Reserve Bank of Boston, reading as follows:

"In accordance with the request contained in your letter of June 19, 1950, the Board approves the appointment of Robert Bliss Higgins as an as-
"Assistant examiner for the Federal Reserve Bank of Boston. Please advise us as to the date upon which the appointment becomes effective."

Approved unanimously.

Telegram to Mr. Peterson, Vice President of the Federal Reserve Bank of St. Louis, reading as follows:

"REURLET June 21. Board approves appointment Wilbur H. Isbell as examiner for Federal Reserve Bank of St. Louis. If appointment not made effective July 1, please advise."

Approved unanimously.

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

"In accordance with the request contained in your letter of June 22, 1950, the Board approves the designation of the following as special assistant examiners for the Federal Reserve Bank of San Francisco:

- Portland Branch  G. O. Gannett
- Salt Lake City Branch  J. B. Anderson

"Appropriate notations have been made in the Board's records of the names reported as deletions."

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 June 19, 1950, submitting the request of the 'Security Trust Company of Rochester', Rochester, New York, for approval of the establishment of a branch in Churchville, New York, in connection with a proposed absorption of the State Bank of Churchville.

"It is understood that establishment of the branch has been approved by the State of New York Banking Department conditioned upon consummation of the proposed absorption of the State Bank of Churchville.

"In view of your recommendation, the Board of Governors approves the establishment and operation of..."
"a branch in Churchville, New York, by Security Trust Company of Rochester, Rochester, New York, provided the absorption of the State Bank of Churchville is effected substantially as proposed and with the understanding that counsel for the Federal Reserve Bank will review and satisfy himself as to the legality of all steps taken to effect the absorption and to establish the branch.

"It is noted that the plan under which the absorption of the State Bank of Churchville is to be effected contemplates disbursement of the funds representing capital accounts of the bank absorbed. It is noted, also, that the Security Trust Company of Rochester is reported to be interested in acquiring other institutions in Steuben, Yates, Ontario and Wayne counties. Therefore, it is suggested that the Security Trust Company be advised that, in the absence of extenuating circumstances, the Board of Governors does not look with favor upon a policy of expansion involving actual reduction in invested bank capital."

Approved unanimously.

Letter to Mr. Armistead, Vice President of the Federal Reserve Bank of Richmond, reading as follows:

"Reference is made to your letter of June 15, 1950, submitting the request of the Wachovia Bank and Trust Company, Winston-Salem, North Carolina, for permission to establish an additional branch in Charlotte, North Carolina.

"In view of your recommendation the Board of Governors approves the establishment and operation of a branch at 126 West Fourth Street, Charlotte, North Carolina, by the Wachovia Bank and Trust Company, Winston-Salem, North Carolina, provided the formal approval of the State Banking Commission of North Carolina is obtained and with the understanding that Counsel for the Reserve Bank will review and satisfy himself as to the legality of all steps taken to establish the branch."

Approved unanimously.

Letter to Mr. Stetzelberger, Vice President of the Federal Reserve Bank of St. Louis.
Reserve Bank of Cleveland, reading as follows:

"Reference is made to your letter of June 19, 1950, submitting the request of The Colonial Trust Company, Pittsburgh, Pennsylvania, for permission to establish and operate a branch (de novo) in Neville Township, Allegheny County, Pennsylvania. In view of your recommendation, the Board of Governors approves of the establishment and operation of a branch in Neville Township, Allegheny County, Pennsylvania, by The Colonial Trust Company, Pittsburgh, Pennsylvania, provided the proposed branch is established within six months of the date of this letter and with the understanding that counsel for the Reserve Bank will review and satisfy himself as to the legality of all steps taken to establish the branch."

Approved unanimously.

Telegram to Mr. Diercks, Vice President of the Federal Reserve Bank of Chicago, reading as follows:

"Reurtel Board extends to July 31, 1950, time within which Bank of Silvis, Silvis, Illinois, may accomplish membership."

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 June 23, 1950, submitting the request of Federal Trust Company, Newark, New Jersey, under the requirements of Section 2hA of the Federal Reserve Act for permission to increase its investment in bank premises by an amount not to exceed $20,000. The request is submitted inasmuch as the bank's investment in bank premises now exceeds the par value of its common capital stock. In accordance with your recommendation, the Board of Governors approves the proposed additional investment in bank premises, not to exceed $20,000, by the Federal Trust Company, Newark, New Jersey, for
"the purpose of purchasing property adjoining the trust company's Springfield Avenue branch and to be used for establishing a drive-in facility."

Approved unanimously.

Letter to Mr. Young, President of the Federal Reserve Bank of Chicago, reading as follows:

"This refers to your letter of June 22, 1950, informing the Board that your Bank's Board of Directors have approved an expenditure of approximately $23,000 for installation of stand-by oil burning equipment to service one of the boilers in the Head Office building, primarily as a precautionary measure should an adequate supply of coal not be available at some time in the future. It is noted that by augmenting the present coal and gas burning equipment with this new facility, the Bank would be able to adapt to any likely economic or emergency situation.

"The Board has no objection to the installation of this stand-by oil burning equipment at a cost of approximately $23,000 as approved by your Directors."

Approved unanimously.

Letter to Mr. V. H. Rossetti, President, The Farmers and Merchants National Bank of Los Angeles, Los Angeles 54, California, reading as follows:

"Receipt is acknowledged of your letter of June 13, 1950, referring to our prior correspondence concerning the pending Federal deposit insurance legislation.

"We had not understood from your earlier letter that you were suggesting that insured banks should be classified on a risk basis, with the banks in the various groups being charged different deposit insurance assessment rates. The Board has not had occasion to consider such a proposal, but it would seem that, aside from other possible objections, the difficulty or impossibility of satisfactorily classifying banks for this purpose would be a major obstacle and that at best this probably would lead to almost endless
"controversy.

"You also suggest that the assessments on newly insured banks should be at a higher rate than those on other insured banks. In the study made by the Board's staff, a copy of which was enclosed with our previous letter, it was recognized that an argument could be made in favor of this proposition on the grounds of equity, but it was pointed out that such an arrangement would not involve much of an addition to Federal Deposit Insurance Corporation receipts and would create serious administrative difficulties.

"While we are glad to have your further views on this subject, we are not undertaking to discuss your proposals in detail because of the legislative situation. The Senate has passed the Federal deposit insurance bill and the House Committee on Banking and Currency is nearing the completion of its consideration of the bill. Hence, it appears improbable that suggestions such as you have advanced can receive consideration in connection with this legislation."

Approved unanimously.

[Signature]

Secretary.