

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, August 13, 1952.

PRESENT: Mr. Szymczak, Chairman pro tem.
 Mr. Evans
 Mr. Vardaman
 Mr. Mills
 Mr. Robertson

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

Minutes of actions taken by the Board of Governors of the Federal Reserve System on August 12, 1952, were approved unanimously.

Letter to the First National Bank of Valdosta, Valdosta, Georgia, reading as follows:

"The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers, and grants you authority to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of Georgia, the exercise of all such rights to be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

"This letter will be your authority to exercise the fiduciary powers granted by the Board pending the preparation of a formal certificate covering such authorization, which will be forwarded to you in due course."

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

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

"This refers to your letter of August 5, 1952, and its enclosures, concerning the decision of your Bank to litigate in the Michigan State courts the question of its right to exemption from the Michigan State sales and use tax, if the Board interposes no objection thereto.

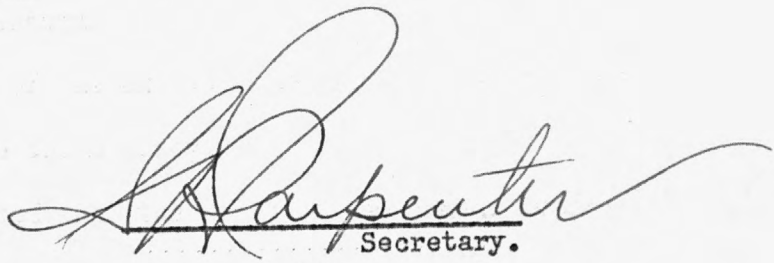
"From the above correspondence and also your letter of May 29, 1952, to which you referred, it is noted that negotiations undertaken sometime ago with the Michigan tax authorities for recognition of your claim to exemption from the Michigan tax law, as amended, have not been successful. It is also noted that the suppliers of your Detroit Branch who have not insisted on payment of the tax pending such negotiations, are now urging either that the tax be paid on purchases from them or that your claim to exemption be submitted for judicial determination. Apparently, the amount of the tax, if paid, might be expected to average somewhere around \$3,000 to \$4,000 per year.

"You indicated that the decision of your bank to litigate the matter was prompted, in large part, by a case decided very recently by the Michigan Supreme Court which held that a national bank in Michigan was entitled to litigate its claim to Federal immunity from the tax, regardless of the legal incidence thereof, since the economic burden of the tax fell upon the bank. You indicated also that, because the language of the court in that case is regarded as favorable and because of the broad exemption contained in section 7 of the Federal Reserve Act, your General Counsel feels that you might reasonably expect to have your claim to exemption recognized by the Michigan State courts.

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"In the circumstances, the Board interposes no objection to the decision of your Bank in this regard."

Approved unanimously.


Secretary.