

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, October 10, 1952.

PRESENT: Mr. Martin, Chairman  
Mr. Vardaman  
Mr. Robertson

Mr. Carpenter, Secretary  
Mr. Sherman, Assistant Secretary

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 October 7, by the Federal Reserve Bank of Atlanta on October 8, by the Federal Reserve Banks of New York, Cleveland, Richmond, Chicago, St. Louis, Minneapolis, Kansas City and Dallas on October 9, and by the Federal Reserve Bank of Boston on October 10, 1952, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

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

"Your letter of October 6, 1952, requests authorization for Mr. Stamos, who is a visiting observer from the Bank of Greece, to visit a member bank undergoing examination for the purpose of observing certain examination procedures in actual operation.

"It is understood that Mr. Stamos is not to participate in the examination and is to observe only such procedures as would be specified by Vice President Latham. In the circumstances it would appear that the privilege should be extended

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"only with the full knowledge and consent of the bank under examination. If such consent is obtained and any restrictions the bank may impose are carefully observed it is felt that there would be no objection to extending the desired courtesy."

Approved unanimously.

Letter to Mr. Leedy, President, Federal Reserve Bank of Kansas City, reading as follows:

"The Board has reviewed the condition of The Central Bank and Trust Company, Denver, Colorado, as disclosed by the report of examination of June 20, 1952, and other statistical data taken from call reports dating back to 1942 and, in view of the distinctly undercapitalized position, has concluded that immediate steps should be taken by the bank to correct this condition.

"It is, therefore, requested that you notify the bank that in the Board's opinion the aggregate amount of its capital and surplus funds is inadequate and that pursuant to the provisions of section 7 of the Board's Regulation H such capital funds should be increased promptly through the sale of additional common stock to net not less than \$2,000,000. It is requested further that the Board be advised within three months as to the steps taken by the bank to comply with this request."

Approved unanimously.

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

"In view of your recommendation and the information contained in your letter of October 2, 1952, the Board of Governors extends until January 8, 1953, the time within which Security Trust & Savings Bank of San Diego, San Diego, California, may establish a branch at Imperial Beach, California, under authority granted in the Board's letter of May 16, 1952, provided a like extension of time is granted by the State authorities."

Approved unanimously.

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Telegram to Mr. Leedy, President, Federal Reserve Bank of Kansas City, stating that, subject to conditions of membership numbered 1 and 2 set forth in Board's Regulation H and the following special condition, the Board approves the application of Englewood State Bank, Englewood, Colorado, for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of Kansas City:

3. That prior to admission to membership such bank shall terminate the arrangement whereby merchants issue registered personal money orders drawn on the bank and which in the opinion of the Attorney General of the State of Colorado is prohibited by Colorado laws.

The telegram requested that the Federal Reserve Bank advise the applicant bank of the Board's approval of the application and conditions of membership prescribed, together with necessary instructions as to the procedure for accomplishing membership, and stated that a letter containing detailed advice regarding such approval would be forwarded to the applicant bank through the Reserve Bank, which will contain the following paragraph:

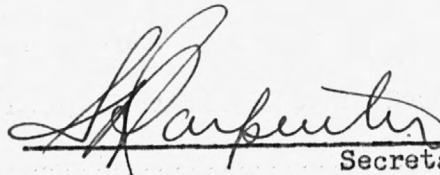
"It is noted that several commitments have been made to the Federal Deposit Insurance Corporation in connection with the granting of deposit insurance and the removal of your banking quarters. As a member of the Federal Reserve System, the Englewood State Bank will be expected to comply with these commitments."

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The telegram contained the following additional statement:

"It is noted that the bank has agreed to either terminate the Registered Check Accounts referred to in condition numbered 3 or make them acceptable to the State Commissioner's Office and to the Federal Reserve Bank. It is requested that you inform the bank that if it contemplates continuing this type of business under any different plan after becoming a member of the System full information regarding the plan should be submitted to the Board for its consideration."

Approved unanimously.

  
Secretary.