

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, November 4, 1952. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman
 Mr. Szymczak
 Mr. Evans
 Mr. Vardaman
 Mr. Mills
 Mr. Robertson
 Mr. Carpenter, Secretary
 Mr. Kenyon, Assistant Secretary
 Mr. Allen, Director, Division of
 Personnel Administration

Referring to the actions taken by the Board at the meeting on October 23, 1952, with respect to the designation of Federal Reserve Bank Chairmen and Federal Reserve Agents for the year 1953, the appointment of Deputy Chairmen for the year 1953, and the appointment of Class C directors and Federal Reserve Bank branch directors for terms beginning January 1, 1953, Chairman Martin suggested that the Board consider at this time authorizing the sending of advices to persons appointed or designated to hold office in the abovementioned capacities in those cases where the appointments or designations raised no question in connection with the policy of rotation of Class C directors which was approved by the Board on October 23.

Following discussion, it was agreed unanimously that telegrams should be sent to the persons named below advising them of their appointment or designation, requesting advice

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of their acceptance, and requesting that any public announcement be withheld until release by the Board of a press statement concerning the appointment of directors at all Federal Reserve Banks and branches:

<u>Name</u>	<u>Federal Reserve Bank or Branch</u>
Harold D. Hodgkinson	Boston
Ames Stevens	Boston
William J. Meinel	Philadelphia
C. Canby Balderston	Philadelphia
John C. Virden	Cleveland
Leo L. Rummell	Cleveland
H. C. Besuden	Cincinnati
Charles P. McCormick	Richmond
John B. Woodward, Jr.	Richmond
Roger B. Shepard	Minneapolis
Paul E. Miller	Minneapolis
F. A. Flodin	Minneapolis
John E. Corette, Jr.	Helena

Unanimous approval also was given to a telegram to Mr. Brainard, Chairman of the Federal Reserve Bank of Cleveland, stating that the Board was considering the appointment of Sidney A. Swensrud, President, Gulf Oil Corporation, Pittsburgh, Pennsylvania, as a Class C director of the Cleveland Bank, and requesting that he ascertain and advise the Board whether Mr. Swensrud would accept the appointment if tendered.

At this point Mr. Allen withdrew from the meeting and the following members of the staff entered the room:

Mr. Sherman, Assistant Secretary
 Mr. Thurston, Assistant to the Board
 Mr. Riefler, Assistant to the Chairman
 Mr. Thomas, Economic Adviser to the Board

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Mr. Leonard, Director, Division of
Bank Operations
Mr. Vest, General Counsel
Mr. Young, Director, Division of
Research and Statistics
Mr. Sloan, Director, Division of
Examinations
Mr. Solomon, Assistant General Counsel
Mr. Hackley, Assistant General Counsel
Mr. Cherry, Legislative Counsel

In accordance with the request made by the Board at the meeting on July 8, 1952, the Legal Division, after consultation with other members of the staff, prepared and distributed to the members of the Board under date of July 30, 1952, a memorandum setting forth a list of changes in the law relating to the Federal Reserve System which the Board might wish to consider for possible recommendation to the Congress. The memorandum stated that the list was intended to be somewhat comprehensive and, accordingly, included many provisions which might be of doubtful merit or inadvisable; that, in addition to possible amendments of a substantial character there were included many so-called nontechnical or, more properly, less important amendments to the law; and that there were, moreover, a number of obsolete provisions in the law which might be considered for repeal but which, in the interest of brevity and because of their small significance, were not included. The memorandum also stated that in the preparation of the list of possible changes in the law, consideration had been given to legislative recommendations or reports made by the Board

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in recent years and to the recommendations made in the Patman Subcommittee Report and the Douglas Subcommittee Report in 1950, in addition to similar lists prepared in the Board's organization over the last 10 or 15 years.

The possible amendments to the law discussed in the memorandum are summarized below, together with the views of the Board concerning each of them as expressed at this meeting:

1. Reduction of the term of appointment of Board members from 14 to 6, or possibly 10, years, with no prohibition against reappointment; reduction in the membership of the Board from 7 to 5.

Differing opinions were expressed, both as to the desirability of reducing the term of appointment, either to 6 or 10 years, and as to reducing the number of members of the Board. In the circumstances, the item was passed over for further consideration by the Board at a later time.

2. Elimination of geographical and other qualifications for appointment to membership on the Board.

While the majority of the Board was favorably inclined toward changes in the law to eliminate these requirements, one member expressed apprehension that this might result in an undue concentration of Board membership both geographically and from the standpoint of interests represented. Accordingly, the matter was passed over for further consideration.

3. Provision for increased salaries for the Chairman and other members of the Board.

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Some members questioned whether it would be appropriate for the Board as such to advocate legislation for this purpose but it was unanimously agreed that it would be proper for the Chairman to discuss the matter with appropriate persons on the basis that the current salaries were out of line with those paid to others in Government service.

4. Provision for the designation by the President of the Chairman and the Vice Chairman of the Board for terms expiring at the end of the month of March next following the commencement of each Presidential term.

While the majority of the Board favored such an amendment, question was raised by one member as to the possible implications involved from the point of view of the independence of the Board, particularly if the membership should be reduced. Accordingly, the matter was passed over for further consideration.

5. Provision for a reduction in the number of Reserve Bank Presidents on the Federal Open Market Committee, should the membership of the Board be reduced from 7 to 5, so as to maintain approximately the present ratio of Board-Reserve Bank membership.

In view of lack of agreement on the question of reducing the membership of the Board, this item was passed over along with the question of the transfer of open market functions from the Committee to the Board or of some of the Board's functions in the credit field to the Committee.

6. Provisions that the accounts of the Board be subject to post-audit by the General Accounting Office, with the authority of the Comptroller General limited to reporting to Congress expenditures which he considered improper and to making such suggestions as he considered appropriate; that annual audits of the Federal Reserve Banks be made by an

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outside auditor appointed by the Reserve Bank directors and approved by the Board and that full reports thereof be filed with the Senate and House Banking and Currency Committees; that the Board submit its annual budget and those of the Reserve Banks to the Banking and Currency Committees for such consideration and action as the Committees might consider appropriate; that the Board in its annual reports to Congress specify with some particularity the financial details of its budget and expenditures and those of the Federal Reserve Banks.

There was unanimity of opinion that any provision requiring a post-audit of the accounts of the Board or the Federal Reserve Banks by the General Accounting Office would be undesirable. With regard to the Board's accounts, Chairman Martin suggested that, as an alternative, copies of audit reports submitted by outside auditing firms be transmitted to the Senate and House Banking and Currency Committees. The other members of the Board indicated that they would favor such a procedure.

As to the suggestion that audits of the Reserve Banks be made by outside auditors, Governor Robertson referred to the possibility of submitting the procedures for the examination of the Federal Reserve Banks to an outside audit firm for review and suggestions and of having such auditors accompany the Board's staff on one Reserve Bank examination each year and check the examination reports of the other Federal Reserve Banks to ascertain whether the prescribed procedures were being carried out.

He then stated that he was planning to confer this afternoon with Mr. Lang, Chief Federal Reserve Examiner, regarding the whole question of

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the scope of the examinations conducted by the Board's field examining staff, and suggested that this item be held over for further consideration following his conference with Mr. Lang.

7. Authority for the Board or its designated representatives to administer oaths and subpoena witnesses and documents in connection with hearings conducted by the Board.

It was agreed unanimously that it would be desirable for the Board to have this authority.

8. Authorization for the Board to require reports from banks and also from other financial institutions for statistical purposes in connection with the Board's credit control and other responsibilities; and a provision exempting the obtaining of reports by the Board from the requirements of the Federal Reports Act.

It was the view of the Board that any attempt to secure such authorization, particularly if it affected non-member banks, might be misconstrued as an effort to obtain additional power, and that, in the light of statements by the staff that no serious difficulties had been encountered in securing voluntary cooperation, the matter was not of sufficient importance to warrant a request for a change in the law although the Board might support such a proposal if it originated with outside sources.

9. A broadening and clarification of the authority of the Board and the Federal Reserve Banks to obtain reports from member banks for supervisory purposes.

It was the unanimous opinion of the Board that the problem was not of serious enough proportions to warrant a request for an amendment to the law.

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10. Provision that any action which the Board was authorized to take might be taken by the affirmative vote of a majority of the members present at any meeting, provided that a quorum was present.

There was agreement that although such a provision might be desirable, it should only be requested when a bill containing other technical amendments was being proposed.

11. Authorization for the Board to assign to designated members, or to its representatives, under rules and regulations prescribed by the Board, the performance of certain specific duties and functions.

There was unanimous agreement with a statement by Chairman Martin that such a provision should be opposed.

12. Repeal of the requirement for the maintenance and submission to Congress of a record of policy actions taken by the Board and the Federal Open Market Committee.

While it was the consensus of the Board that the inclusion in the annual reports of the record of policy actions served little purpose, it was agreed that a request for repeal of the requirement should be made only in a bill containing other technical amendments.

13. Prohibition against a member of the Federal Advisory Council serving more than a certain number of years consecutively; elimination of the Council.

It was agreed that no recommendation for an amendment limiting the tenure of service of the members of the Council should be made by the Board until the proposal had been discussed with the Council.

The question of elimination of the Council was passed over without discussion.

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The meeting then recessed and reconvened at 2:00 p.m. with the same attendance as at the conclusion of the morning session.

Chairman Martin reported that he had been informed by Mr. Vest some time ago of a request by Mr. Grover W. Ensley, Staff Director of the Patman Subcommittee, for the assistance of the Board's legal staff in drafting legislation which would carry out the recommendations in the Subcommittee report, that the staff had been working on the matter, but that none of the material had been transmitted to Mr. Ensley. The Chairman asked for the views of the other members of the Board as to compliance with the request.

Following a discussion, it was agreed that the staff should be as helpful as possible in supplying technical assistance in the preparation of drafts of the legislation, provided it was made clear that the drafts did not represent in any sense the results of consideration by the Board; that such drafts should be transmitted informally by Mr. Cherry to the staff of the Patman Subcommittee without prior submission to the members of the Board; and that where the recommendation of the Subcommittee involved questions of policy, Mr. Ensley would be asked to indicate the manner in which the draft should be prepared so that the staff would not be in the position of appearing to suggest what the decisions on policy should be.

The Board then resumed its consideration of possible amendments to the law relating to the Federal Reserve System as outlined in the

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memorandum submitted by the Legal Division under date of July 30, 1952.

During the discussion it was agreed that Chairman Martin would be free to discuss possible banking legislation during the forthcoming session of the Congress with the Chairmen of the Banking and Currency Committees and any other members of these committees that might be appropriate.

14. Formulation of a specific mandate to the Board and to the Secretary of the Treasury as to the objectives which they should endeavor to accomplish in carrying out their statutory functions.

Governor Mills stated that he felt that the report of the study of the Government securities market being conducted by a special committee of the Federal Open Market Committee might supply information which would be pertinent to a consideration of this proposal. Accordingly, it was decided to defer consideration of this item until the completion of the special study.

15. Establishment of an interagency council of a consultative and advisory type to coordinate fiscal and debt management policies with credit and monetary policies.

The Board was unanimously opposed to this proposal and it was agreed that arguments against it should be prepared.

16. Establishment of an interagency council to coordinate the lending activities of various Government agencies in the lending field with the credit and monetary policies of the Government.

It was stated that when the establishment of such a council was suggested in former Chairman McCabe's reply to the questionnaire of the

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Douglas Subcommittee in 1949, it was with the thought that this might constitute a mechanism through which the various Government agencies could be encouraged to conform their lending policies to the credit and monetary policies advocated by the Board. It was also stated that coordination of lending policies had been achieved to some extent through a committee arrangement established by the Bureau of the Budget and that, in the circumstances, the reasons which motivated the original suggestion were no longer so important.

It was the unanimous view of the Board that the proposal should not be supported.

17. Revision or extension of the present statutory provisions relating to reserve requirements of member banks.

It was agreed that, preliminary to further discussion of this matter by the Board, Mr. Young should discuss with Governors Mills and Robertson the various reserve proposals considered in recent years.

18. Authority for standby powers over consumer and real estate credit.

19. Standby authority to sponsor voluntary credit restraint programs.

These items were passed over for later consideration.

20. Legislation making permanent the authority for Federal Reserve Banks to purchase Government securities directly from the United States up to an aggregate outstanding amount of \$5 billion.

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The majority of the Board felt that the initiative on continuation of the authority should be with the Treasury and that, when proposed by the Treasury, the Board should re-affirm its previously stated position that the authority should be made permanent.

21. Broadening the industrial loan powers of the Federal Reserve Banks.

22. Elimination of the penalty rate in connection with loans made by Federal Reserve Banks under section 10(b) upon any collateral satisfactory to the Reserve Bank.

It was agreed that these amendments should not be proposed by the Board at this time.

23. Elimination of the statutory requirement that Reserve Bank discount rates be established every 14 days.

Following discussion of the reasons which had prompted the institution of this requirement, it was agreed unan- imously that a decision on this amendment should be considered in connection with any changes to be proposed in the instru- ments of general credit policy.

24. Provision that all banks, whether members or nonmembers, be given access to the credit facilities of the Federal Reserve Banks.

It was agreed unanimously not to propose this change.

25. Amendment to the Securities Exchange Act to provide that margin requirements on loans for the purpose of purchasing or carrying securities would be fixed at a specific percentage in the law.

It was agreed unanimously that no change in the law with respect to margin requirements should be proposed without first discussing the matter with the Securities and Exchange Commission.

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26. Authorization for the Board to apply margin requirements to bank loans to purchase securities not registered on an exchange.

After discussion of the purposes of such a change in the law, it was agreed that the item be dropped since the problem was not serious from a credit standpoint.

27. Legislation clarifying the authority of the Federal Reserve Banks to extend currency stabilization credits to foreign central banks without following technical requirements of establishing accounts with such banks or purchasing commercial paper through such banks.

There was agreement with Governor Szymczak's suggestion that no change be recommended by the Board at this time.

28. Elimination of the statutory limitations on the aggregate amount which Federal Reserve Banks may expend for branch bank buildings; or an increase of the aggregate limit of the present law by a stated amount.

It was agreed that upon receipt of information which had been requested from the Federal Reserve Banks by the first of December, an estimate should be made of the amount that would be required to meet the System's reasonable needs for branch buildings and that the matter would be considered again in the light of this information.

29. Repeal of the prohibition upon the paying out by one Federal Reserve Bank of Federal Reserve notes issued by another Reserve Bank.

The Board favored such legislation, and it was suggested that the matter be placed on the agenda for discussion with the Reserve Bank Presidents at the time of their next Conference.

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30. Legislation requiring the Federal Reserve Banks to pay 90 per cent of their net earnings after expenses and dividends to the Treasury as a franchise tax.

It was agreed that a draft bill should be prepared for use in the event the matter should be brought up by other parties but that the Board should not urge a change in the law at this time.

31. Provision that dividends on Federal Reserve Bank stock, regardless of when issued, should be subject to Federal income taxation in the same manner as other income.

There was agreement with Governor Robertson's suggestion that the Board take no position on this point, leaving the matter for discussion with Congress by the member banks.

32. Elimination of the requirement for segregation of collateral against Federal Reserve notes.

It was agreed that the Board should not suggest such legislation at this time.

33. Permission for banks which are actually making exchange charges at this time to continue to do so but forbidding other banks to initiate the practice under appropriate civil penalties.

It was the view of the Board that the progress gradually being made toward the elimination of exchange charges would continue and that no legislation should be proposed. It was also the opinion of the Board that an alternate proposal which would allow the Board to permit Federal Reserve Banks to receive nonpar items for collection and to charge back or to allocate to the depositing banks the approximate amount of exchange charged by drawer banks against the Reserve Banks would encourage the charging of exchange and should not be favored.

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34. Authorization for the issuance of Federal Reserve notes in one dollar denomination or, in the alternative, restoration of the provisions for Federal Reserve Bank notes under which a one-dollar denomination is permissible.

The members of the Board expressed a generally favorable attitude toward an authorization for the issuance of Federal Reserve notes of one dollar denomination but felt that no recommendation should be made for a change in the law unless the question was raised by the Secretary of the Treasury.

35. Elimination of the capital stock of the Federal Reserve Banks by paying to the member banks the amounts paid in for such stock, together with accrued dividends thereon; elimination of the election by the member banks of some or all of the six directors they now elect.

It was agreed that the existing law should not be changed.

36. Requirement that at least one of the Class C directors, or possible Class B directors, of each Federal Reserve Bank be associated with some labor organization.

It was agreed unanimously that a requirement should not be written into the law.

37. Prohibition against directors of Federal Reserve Banks (with the possible exception of the Chairman) serving more than two consecutive terms of three years each.

It was agreed that the Board would favor such a provision.

38. Authorization for the appointment by the Board of a Federal Reserve Agent who would not be the Chairman of the board of directors of the Federal Reserve Bank and who need not be a director of the Bank.

39. Authorization for an Assistant Federal Reserve Agent to perform the duties of the Agent in the latter's absence; elimination of the

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requirement that an Assistant Agent be a person of "tested banking experience".

It was agreed that no change in these provisions of the law should be proposed.

40. Reduction of the term of appointment of Federal Reserve Bank Presidents and First Vice Presidents.

The members of the Board agreed with the suggestion that, as an alternative to shortening the term of office, the law be amended to authorize removal of the President and First Vice President at the pleasure of the Board.

41. Elimination of the office of First Vice President at the Federal Reserve Banks.

This item was passed over pending submission of the study being made by the special committee (Messrs. Szymczak, Mills, and Robertson) requested by the Board to study salaries of officers of the Federal Reserve Banks.

42. Legislation giving the Board specific regulatory authority with respect to the operations of the Federal Reserve Banks as fiscal agents of the United States and of various Government agencies.

It was agreed that no legislation should be proposed at this time.

43. Specific requirement for approval by the Board of expenses of the Federal Reserve Banks other than compensation paid to directors, officers, and employees.

It was agreed that no requirement of this nature should be proposed by the Board at this time.

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Chairman Martin then suggested that the remaining possible changes in law outlined in the memorandum from the Legal Division be considered at a subsequent meeting of the Board, at which time attention could also be devoted to the legislative program as a whole.

This suggestion was approved unanimously.

At this point all of the members of the staff except Messrs. Carpenter, Sherman, and Kenyon withdrew from the meeting and the following additional actions were taken by the Board:

Minutes of actions taken by the Board of Governors of the Federal Reserve System on November 3, 1952, were approved unanimously.

Memorandum dated November 3, 1952, from Mr. Chase, Assistant Solicitor, recommending that the resignation of Wilma R. Diane, Clerk-Stenographer in the Office of the Solicitor, be accepted to be effective, in accordance with her request, at the close of business November 14, 1952.

Approved unanimously.

Letter to Mr. Melvin Purvis, Chief Counsel, Subcommittee on Federal Manpower Policies, Committee on Post Office and Civil Service, United States Senate, Washington, D. C., reading as follows:

"Reference is made to your letter of September 29, 1952, earlier correspondence of August 8, 18, and 23, and

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"Mr. Hertz' conversation with Mr. A. K. Cherry of the Board of Governors' staff concerning the subjects of Supervisory Selection, Appeals and Grievances, and Incentive Awards in the Federal Government.

"As the Federal Reserve System does not come within the purview of the Civil Service Act, we feel it best to give you information concerning our present procedures in relation to the three categories under consideration by your committee.

"As you are aware, our organization is a relatively small one consisting of about 590 employees who, for the most part, are engaged in work of a highly specialized nature. This specialized type of work lends itself to independent judgment and action and does not involve areas of detailed supervision to any great extent. Being small and specialized, we are able to maintain a personal relationship with our employees enabling us to gain a firsthand knowledge of their capabilities and also to make well based selections for filling these few supervisory positions.

"The Board of Governors follows the promotion-from-within policy contained in the attached pamphlet entitled, 'The Story of Your Salary,' which is distributed to all employees and which includes supervisory positions. In filling supervisory positions, the widest practicable area of competition is provided without regard to divisional lines and the person having the best qualifications both from a supervisory and technical standpoint will be selected. Only after a thorough review by Division Heads of those eligible does the Board look outside the staff to secure the services of qualified individuals.

"With reference to Incentive Awards, the performance of every employee at the Board is carefully reviewed by his Division Head semi-annually for the purpose of rewarding exceptional work which has been performed over a sustained period of time. The nature of the Board's operation is such that it does not lend itself as well to incentive awards in the fields of suggestions and inventions as do operations involving large operating costs.

"In regard to Appeals and Grievances, we have carried out the provisions of the executive orders in setting up procedures covering Fair Employment Practices and the

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"Loyalty Review Programs. A copy of 'Procedures Regarding Fair Employment Practices' is attached.

"A grievance of any other nature may be brought to the attention of the immediate supervisor or Division Head by the employee, if he so chooses, or he may come directly to the Division of Personnel Administration. His complaint in either case will receive full consideration. If a satisfactory settlement can not be reached, the employee has the opportunity to present his complaint directly to members of the Board of Governors where it will also receive a full hearing. Our experience has shown that most grievances may be resolved at the supervisory level but ready access may be had to the Board of Governors, if necessary.

"We shall be very glad to submit any other information you desire concerning these three subjects."

Approved unanimously.

Letter to the Presidents of all Federal Reserve Banks, reading

as follows:

"The recent changes in the statutory requirements with respect to the establishment and operation of branches by State member banks may result in an increased volume of applications for branches and, in order to facilitate consideration of such applications by the Board of Governors, it is requested that a memorandum covering the following information be submitted in each case:

1. The general condition, the adequacy of capital, and the quality of management of the applicant bank. If some time has elapsed since the bank was examined a current statement of condition should be furnished.
2. Name and location of existing branches, grouped by city, town, or village, giving the date of establishment of each branch, population of community in which located, and capital required by Federal law for operation of a branch in each such location.
3. Reasons for establishment of the branch, such as expansion of business, better service for bank's customers, or to relieve crowded conditions in present quarters.

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- "4. Location of proposed branch, estimated population of the community or area to be served, distance from head office and nearest branches of applicant bank, and distance from other financial institutions.
5. Opinion supported by reasons as to economic character of community, need for banking facilities, the competitive situation, and whether establishment of branch will tend to create a monopoly or an undesirable competitive advantage in relation to other banks, including unit banks, in the area.
6. Scope of the functions and the character of business which will be performed by the branch and the policy to be followed with reference to supervision by the head office.
7. Prospects for profitable operations of proposed branch.
8. Investment in banking quarters.
9. Whether appropriate State authorities have approved establishment of the branch.
10. A copy of opinion of Counsel for the Federal Reserve Bank as to whether the branch would be established in conformity with the requirements of the Federal Reserve Act.
11. Recommendation of Reserve Bank.

"It is expected that any other information regarded as pertinent will be incorporated in the memorandum.

"It is realized that the Reserve Bank may have occasion to discuss with applicants proposals received for the establishment of branches and in some instances, will wish to discourage the proposal as presented or to advise the applicant that it would not recommend approval and suggest withdrawal of the application. In every case, however, it should be made clear to the applicant that the views of the Reserve Bank are advisory and the decision on the case rests with the Board of Governors. In cases where it can be avoided it is felt that no information as to the nature of the Reserve Bank's recommendation should be given the applicant.

"This letter supersedes the Board's letter of February 9, 1934, F.R.L.S. #3573, (X-7786)."

Approved unanimously.

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Letter to the Presidents of all Federal Reserve Banks, reading as follows:

"It has been brought to the attention of the Board of Governors that the transmittal to the Board of copies of reports of examination of State member banks may be delayed, if the Vice President in Charge of Examinations is absent for any reason, because of the requirement contained in the Board's letter of August 11, 1952 (S-1465) that he shall initial the ratings entered on page E of the report.

"In the circumstances, the Board will consider the initials of the Chief Examiner, the Manager of the Bank Examinations Department, or another officer of the Reserve Bank acceptable opposite the ratings as shown in reports of examination provided the Vice President in Charge of Examinations will review all such reports within a reasonable time and will report promptly to the Board any adjustment in the rating as originally reported which he may consider desirable as a result of his review."

Approved unanimously.

Letter to the Board of Directors, The Hanover Bank, New York, New York, reading as follows:

"As requested in your letter of October 29, 1952, submitted through the Federal Reserve Bank of New York, the Board of Governors extends to October 24, 1953, the time within which The Hanover Bank may establish a branch at 1460 Broadway, New York, New York."

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

Letter to the Board of Directors, Rochelle Park Bank, of Rochelle Park, N. J., Rochelle Park, New Jersey, reading as follows:

"Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors

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"approves the establishment and operation by your bank of a branch office in the principal business section of Maywood, New Jersey, at some point between Maywood Avenue and Spring Valley Road on Pleasant Avenue. The Board's approval is conditioned upon (a) the branch being established within six months from the date of this letter, and (b) approval being obtained from the appropriate State authorities."

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

Letter to the First National Bank in Indiana, Indiana, Pennsylvania,
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 for bond issues and registrar of stocks and bonds, the exercise of such powers 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 Cleveland.

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

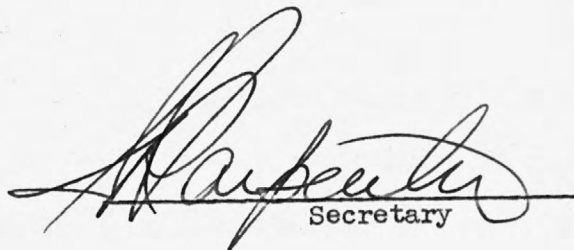
"Reference is made to your letter of October 14, 1952, submitting the application of The State Bank of Hammond, Hammond, Illinois, for permission to exercise fiduciary powers.

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"In view of the Reserve Bank's recommendation and the information submitted, the Board of Governors of the Federal Reserve System grants the applicant permission, under the provisions of its condition of membership numbered 1, to exercise the fiduciary powers now or hereafter authorized under the terms of its charter and the laws of the State of Illinois.

"You are requested to advise The State Bank of Hammond, Hammond, Illinois, of the Board's action."

Approved unanimously.


Secretary