

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, November 18, 1952. The Board met in the Special Library at 10:00 a.m.

PRESENT: Mr. Martin, Chairman  
Mr. Szymczak  
Mr. Evans  
Mr. Mills  
Mr. Robertson

Mr. Carpenter, Secretary  
Mr. Bethea, Director, Division of  
Administrative Services

Governor Robertson presented the following telegram to Mr. Peterson, Vice President of the Federal Reserve Bank of St. Louis, and said that, for reasons stated in an accompanying memorandum dated November 17, 1952, from the Division of Examinations he would recommend that the telegram be approved:

"Board approves the establishment and operation of a branch on Ninth Street in Hopkinsville, Kentucky, by Planters Bank and Trust Company, Hopkinsville, Kentucky, provided branch is established within six months from date of this telegram. It is understood that Counsel for Reserve Bank will review and satisfy himself as to the legality of all steps taken in establishing the branch."

Approved unanimously.

Governor Mills referred to a memorandum dated November 3, 1952, from Mr. Marget, Director of the Division of International Finance, in which the latter requested approval by the Board of the official leave and travel expenses necessary for Mr. Furth, Chief of the Western European

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and British Commonwealth Section in that Division, to accept an invitation from Mr. Wheeler, Vice President of the Federal Reserve Bank of San Francisco, to address the Sixth Annual Conference of the World Affairs Council of Northern California, to be held in Pacific Grove, California, on December 5-7 on the subject, "How can monetary systems be stabilized and freed of exchange controls". Governor Mills stated that Mr. Wheeler was anxious to have an answer on the matter so that the program for the Conference could be completed and that he (Governor Mills) would recommend that Mr. Furth be authorized to make the address.

Governor Mills' recommendation was approved unanimously.

Attention was then given to a memorandum dated November 14, 1952, from Mr. Bethea in which he discussed a situation which occurred in connection with the Board's pay roll for November 12, 1952.

After discussion, the proposal and recommendation contained in the memorandum were approved, with the understanding that the persons making the proposed investigation would proceed in accordance with their best judgment in the circumstances.

It was also voted unanimously that hereafter all payments of salary to employees of the Board should be made by check and that the cash pay roll procedure followed in the past should be discontinued and Mr. Bethea was requested to take steps to put the revised procedure into effect immediately.

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At this point Mr. Bethea 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 17, 1952, were approved unanimously.

Memorandum dated November 12, 1952, from Mr. Sloan, Director, Division of Examinations, recommending that the Board approve the payment of incidental expenses connected with the current session of the Inter-Agency Bank Examination School, authorized by the Board on November 6, 1952. The memorandum stated that the total of the expenses not covered in the 1952 budget of the Division of Examinations was not expected to exceed \$1,000 in the aggregate. The memorandum also recommended that for training purposes during this session of the school, the Division of Administrative Services be authorized to make available during working hours each day when needed, beginning on November 18, 1952, and ending on or about November 25, 1952, the sum of \$2,000 in currency, with the understanding that while the currency was in use it would be in the control of Mr. Goodman, Assistant Director of the Division of Examinations, and that when it was not in use for the purpose specified and in any event at the end of each day it would be returned to the Fiscal Section of the Division of Administrative Services.

Approved unanimously.

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Letter to the Honorable Charles B. Murray, Assistant Attorney General, Department of Justice, Washington, D. C., reading as follows:

"This is to acknowledge receipt of your letter of November 6, 1952, enclosing a copy of a letter received by you from United States Attorney Otto Kerner, Jr., Chicago, Illinois, dated October 23, 1952, regarding a request filed by the Bank of Montreal with the Board of Governors for a determination, pursuant to section 2 of the Banking Act of 1933, as amended, that the Bank of Montreal will not be 'engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks, or trust companies', in the event of the organization of a new national bank in Chicago, Illinois, which would be controlled by the Bank of Montreal and which would take over the existing branch of that bank in Chicago.

"We note that, in the opinion of Mr. Kerner, the granting or refusal by this Board of the request filed by the Bank of Montreal would in no way affect criminal proceedings against the Chicago Branch of the Bank of Montreal.

"After careful consideration of all the circumstances of the case, the Board has determined, pursuant to section 2 of the Banking Act of 1933, that the Bank of Montreal, upon organization of the proposed new national bank in Chicago as above indicated, will not be engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks or trust companies, and will therefore not be a 'holding company affiliate' for any purposes other than those of section 23A of the Federal Reserve Act. We wish to express our appreciation of the views expressed by Mr. Kerner and by you in connection with this matter.

"It is noted that you are inclined to concur in the United States Attorney's opinion that the facts relating to the operation of the Chicago Branch of the Bank of Montreal do not warrant criminal action, but that you would be pleased to receive any comments which we might wish to make. It is believed that we have furnished you, in previous letters on this subject, with all pertinent information in our possession, and we do not, therefore, have any additional comments to offer."

Approved unanimously.

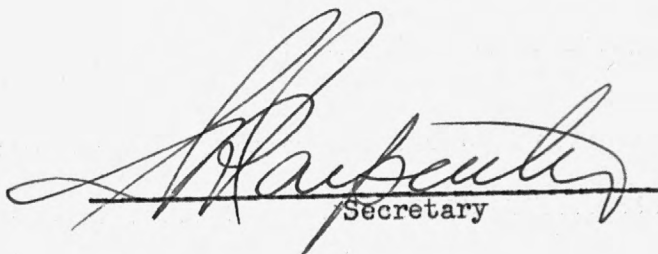
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Letter to the Board of Directors, The Detroit Bank, Detroit,  
Michigan, reading as follows:

"Pursuant to your request submitted through the Federal Reserve Bank of Chicago, the Board of Governors approves the establishment and operation of a branch on Eight Mile Road, East, between Dresden and Strasburg, within the city limits of Detroit, Michigan, by The Detroit Bank, provided the branch is established within twelve months from the date of this letter and the approval given by the State Banking Department is effective at the time the branch is established."

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



Secretary