

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, March 2, 1953. The Board met in the Board Room at 10:00 a.m.

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

Mr. Carpenter, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Thurston, Assistant to the Board
Mr. Leonard, Director, Division of Bank Operations
Mr. Vest, General Counsel
Mr. Myrick, Assistant Director, Division of Bank Operations
Mr. Cherry, Legislative Counsel

Mr. Cherry stated that the Senate Banking and Currency Committee was to start hearings this morning on proposals for stand-by economic controls, having scheduled three weeks of testimony by non-Government witnesses. Government witnesses, he said, were to appear beginning on March 23 in an order to be arranged by Mr. Charles H. Kendall, General Counsel of the Office of Defense Mobilization, and it was the intention of the Committee to conclude the hearings by the end of March.

Mr. Cherry also stated that at the end of last week Senator Capehart, of Indiana, introduced a bank holding company bill at the request of the Independent Bankers Association but that copies of the bill were not yet available. He pointed out that the fact that the bill was

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introduced by request indicated that it did not necessarily have Senator Capehart's personal sponsorship, and he added that there was no information at present as to when hearings on the bill might be held.

Chairman Martin referred to a letter dated February 25, 1953, which he received from Senator Maybank, of South Carolina, who stated that Mr. Hugh C. Lane, President of The Citizens and Southern National Bank of South Carolina, Charleston, South Carolina, was desirous of discussing with the Board, if that should become necessary, the brief presenting the need for a branch of the Federal Reserve Bank of Richmond to be located in Columbia, South Carolina, which was transmitted to Chairman Martin with Senator Maybank's letter of January 30, 1953. (Pursuant to the request at the meeting on February 2, 1953, Mr. Leonard submitted a memorandum and accompanying analysis of the brief to the Board under date of February 20, 1953.) Chairman Martin's reply to Senator Maybank, dated February 27, 1953, stated that he did not know of any further information that the Senator might pass on to Mr. Lane at the moment, since the matter was still under preliminary review, but that he would, of course, keep the Senator fully informed so that he might, in turn, keep Mr. Lane advised.

Chairman Martin said that he had talked with Senator Maybank several times concerning the matter of establishing a branch in Columbia, and that he did not feel that the Senator's letter of February 25 was intended to reflect any special urging of the matter. It was Chairman Martin's suggestion that the Board take no action on the brief for the present, that

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it continue to study the problem in a general way, and that it endeavor to avoid letting anyone gain the impression that the Board was reviewing the matter of branches at any locations or that it was receiving applications or suggestions for the establishment of additional branches. He also suggested that it might be desirable to discuss the matter informally at the meeting of the Board with the Presidents of the Federal Reserve Banks later this week, at which time the Presidents might be informed of the consideration being given to the brief referred to above and the suggestion might be made that the Federal Reserve Banks undertake an informal study of Reserve Bank and branch territories for the purpose of determining whether there have been any changes since the boundaries of such territories were established which would call for changes to enable the Banks and their branches to serve their member banks more effectively.

In response to a question by Governor Robertson, Chairman Martin said that he had been informed in general terms of the discussion regarding Federal Reserve Bank and branch territories which took place at the meeting of the Board last Friday.

There was unanimous agreement with the suggestions made by Chairman Martin.

At this point all of the members of the staff except Messrs. Carpenter and Kenyon withdrew from the meeting.

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The following requests for travel authorization were presented:

<u>Name and Title</u>	<u>Duration of Travel</u>
Charles H. Schmidt, Chief, Business Finance and Capital Markets Section, Division of Research and Statistics	March 9 - 10, 1953
Eleanor J. Stockwell, Economist, Division of Research and Statistics	March 9 - 10, 1953

To proceed to Richmond, Virginia, to attend and participate in a meeting of the System Committee on Business Finance.

John J. Hart, Technical Assistant, Division of Bank Operations	March 14 - 29, 1953
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To visit the Federal Reserve Bank of Kansas City and its Oklahoma City and Omaha branches to review and discuss matters pertaining to functional expense reports, including operating procedure and methods of determining and allocating expenses, this trip being a part of the regular program of field surveys.

Approved unanimously.

At this point Mr. Allen, Director of the Division of Personnel Administration, entered the room.

Prior to this meeting there had been sent to the members of the Board copies of a letter to Chairman Martin from Mr. McCormick, Chairman of the Federal Reserve Bank of Richmond, dated February 18, 1953, in which the latter, pursuant to Chairman Martin's request, submitted the names of several persons who might be considered by the Board in filling the existing vacancy on the board of directors of the Charlotte Branch. Statements sent to the members of the Board with the letter supplied such information concerning the individuals mentioned by Chairman McCormick as was available to the Division of Personnel Administration.

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Following consideration of the persons mentioned in Chairman McCormick's letter, it was voted unanimously to appoint Mr. J. C. Fox, Chairman and Treasurer of Blue Bell, Inc., Greenville, North Carolina, as a director of the Charlotte Branch for the unexpired portion of the three-year term ending December 31, 1955, provided that Chairman McCormick first ascertained and advised the Board that Mr. Fox would accept the appointment if tendered.

The meeting then adjourned. During the day the following additional actions were taken by the Board, with all of the members except Governor Vardaman present:

Minutes of actions taken by the Board of Governors of the Federal Reserve System on February 27, 1953, were approved unanimously.

Letter to Mr. Erickson, President, Federal Reserve Bank of Boston, reading as follows:

"In view of the circumstances described in your letter of February 18, 1953, the Board of Governors approves the payment of salary to Mr. John J. Fogg, Vice President, for the period April 1, 1953, through December 31, 1953, at his present rate of \$13,000 per annum.

"The Board of Governors also approves the payment of salaries to the following officers at the rates indicated for the period March 1, 1953, through April 30, 1953.

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Frank C. Gilbody	Assistant Vice President	\$ 10,500
Edward W. O'Neil	Assistant Vice President	10,000

"The salaries indicated above are the rates fixed by the Board of Directors as reported in your letter."

Approved unanimously.

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Letter to the Board of Directors, Georgia Railroad Bank & Trust Company, Augusta, Georgia, reading as follows:

"Pursuant to your request submitted through the Federal Reserve Bank of Atlanta, the Board of Governors approves the establishment and operation of a branch on Gwinnett Street near the intersection of Tenth Street or Eleventh Street, within the corporate limits of Augusta, Georgia, by the Georgia Railroad Bank & Trust Company, Augusta, Georgia, provided that such branch is established within twelve months from the date of this letter and that prior formal approval of the appropriate State authorities is obtained.

"It is understood that it is your intention to formulate plans during the latter part of the current year for the sale of additional capital stock in such amount as may be deemed necessary at that time. The Board feels that this increase in capital funds is very desirable."

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

Letter to Mr. John C. Ratcliffe, President, Miami Corporation, 410 North Michigan Avenue, Chicago, Illinois, reading as follows:

"This refers to your request dated February 2, 1953, transmitted by Mr. Andrew C. Hamilton, for a determination by the Board of Governors of the Federal Reserve System as to the status of the Miami Corporation, Chicago, Illinois, as a holding company affiliate.

"From the information supplied, the Board understands that the Miami Corporation, a personal holding company organized and operating for the purpose of holding the investments of the Deering and the Howe families, owns 36,867 of the 50,000 outstanding shares of common stock of the National Boulevard Bank of Chicago, Chicago, Illinois; that the Miami Corporation also

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"owns small amounts of stock in eight other banks, in no case in excess of 1/2 of 1 per cent of the outstanding shares; and that the Miami Corporation does not own or control, directly or indirectly, any other bank stock and does not manage or control, directly or indirectly, any banking institution other than the National Boulevard Bank of Chicago.

"In view of these facts, the Board has determined that the Miami Corporation is not engaged, directly or indirectly, as a business in holding the stock of or managing or controlling banks, banking associations, savings banks, or trust companies, within the meaning of section 2(c) of the Banking Act of 1933, as amended; and, accordingly, the Miami Corporation will not be deemed to be a holding company affiliate except for the purposes of section 23A of the Federal Reserve Act and does not need a voting permit from the Board of Governors in order to vote the bank stock which it owns.

"If, however, the facts should at any time differ from those set out above to an extent which would indicate that the Miami Corporation might be deemed to be so engaged, this matter should again be submitted to the Board. The Board reserves the right to rescind this determination and make a further determination of this matter at any time on the basis of the then existing facts."

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

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

"Referring to your letter and recommendation of February 20, 1953, the Board of Governors extends until May 22, 1953, the time within which The Chemical State Savings Bank, Midland, Michigan, may establish a branch on Jefferson Street in the vicinity of Ashman Circle in Midland, Michigan, as approved by the Board under date of September 22, 1952."

Approved unanimously.

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

"This refers to your letter of February 20, regarding the penalty of \$114.30 incurred by The Fidelity Savings State Bank, Topeka, Kansas, on a deficiency in its reserves for the period ended February 11, 1953.

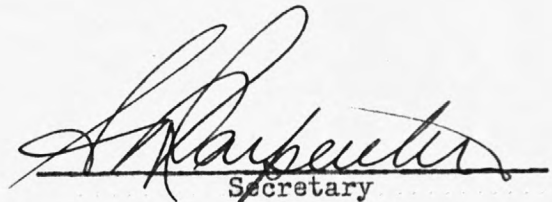
"It is noted that the deficiency resulted in a misunderstanding by the subject bank of the rule permitting a deficiency not exceeding 2 per cent of its required reserves to be offset by excess reserves in the following reserve computation period; that the deficiency, amounting to about 11 per cent, actually was offset by excess reserves in the following period; that the bank is a well-managed institution, and has had only two deficiencies involving penalties in the past year, one which was waived and the other assessed.

"In the circumstances the Board authorizes your Bank to waive the assessment of the penalty in this case."

Approved unanimously.

Memorandum dated February 24, 1953, from Mr. Sloan, Director, Division of Examinations, recommending that an attached expense voucher submitted by Charles P. Sturges, Assistant Federal Reserve Examiner in that Division, claiming per diem for the period February 1 to February 15, 1953, during which period Mr. Sturges was on sick leave for ten days, be paid in full as submitted.

Approved unanimously.


Secretary