

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

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

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Thurston, Assistant to the Board
Mr. Cherry, Legislative Counsel

The following requests for travel authorization were presented:

<u>Name and Title</u>	<u>Duration of Travel</u>
L. L. Ball, Chief Operator, Division of Administrative Services	March 15-20, 1953
M. P. Flagg, Assistant Chief Operator, Division of Administrative Services	March 15-20, 1953

To travel to New York City to attend classes as a part of the training program to be conducted by the American Telephone and Telegraph Company in connection with the installation of the 81-D-1 teletypewriter system for the Federal Reserve Leased Wire in mid-1953.

Ralph A. Young, Director, Division of Research and Statistics	March 12, 1953
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To travel to New York City to attend a special meeting of the Committee for Economic Development Subcommittee on Fiscal, Monetary, and Debt Management Policy, and to discuss the bank capital project with members of the National Bureau of Economic Research.

G. Howland Chase, Assistant Solicitor	March 16, 1953
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To travel to Philadelphia to attend oral argument in the Trans-america case before the Third Circuit Court of Appeals.

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<u>Name and Title</u>	<u>Duration of Travel</u>
Francis R. Pawley, Economist, Division of Research and Statistics	March 23-25, 1953

To travel to Chicago to attend the American Bankers Association National Instalment Credit Conference.

Approved unanimously.

Mr. Thurston stated that in accordance with the Board's letter of March 6, 1953, to Mr. Sproul, President of the Federal Reserve Bank of New York, Mr. Waage, Manager of the Public Relations Department of the Bank, was coming to Washington on the afternoon of Thursday, March 12, 1953, for the purpose of presenting the script of the film proposed to be made by the Bank and for a discussion of the project so that the Board might have a better idea of whether the project was worth-while.

It was understood that the members of the Board who were available would attend the presentation of the script.

Mr. Thurston stated that he had just received the first draft of the Board's Annual Report covering the year 1952. Reference was made to the time taken in publishing the annual report and it was agreed that it would be desirable next year to make a special effort to issue the report early in the year.

Governor Robertson joined the meeting at this point.

There was presented a letter dated March 4, 1953, from Representative

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Hoffman, Chairman of the Committee on Government Operations of the House of Representatives, stating that a special subcommittee had been established by the Committee for the purpose of studying the effectiveness of executive agency compliance organizations and asking that the Committee receive from the Board of Governors the names of the heads of all internal organizations, and an outline of those organizations, the function of which is to investigate and report on the non-compliance, if any, by subordinate offices and personnel of the Board of Governors with applicable statutes, regulations, and directives in the performance of their functions. The letter also requested that appropriate personnel of the Board be directed to advise and consult with the Committee staff during the course of the proposed investigation on matters which might pertain to the operations of the Board of Governors.

Mr. Cherry stated that he knew of no agency of Government which had a compliance staff of the type referred to in the letter, that he understood the members of the proposed subcommittee had not yet been appointed, and that under the circumstances he would suggest that no action be taken at this time to respond to the letter but that he would bring to the Board's attention any information which he might receive indicating that a reply should be filed.

It was agreed that the procedure proposed by Mr. Cherry should be followed.

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Chairman Martin referred to the discussion at the meeting yesterday of the desirability of obtaining a transcript of the oral argument in the Transamerica case before the Third Circuit Court of Appeals in Philadelphia on March 16, stating that it had been ascertained that no such transcript would be available but that if the Board wished to employ a public stenographer to make one, arrangements could be made for doing so.

It was agreed unanimously that the Secretary should make arrangements to have a transcript of the oral argument prepared and made available to the Board.

Governor Mills stated that in accordance with the action at the meeting on March 6, 1953, Mr. Sloan, Director of the Division of Examinations, had discussed with Mr. Folger, Deputy Comptroller of the Currency, and Mr. Sailor, Chief, Division of Examinations, Federal Deposit Insurance Corporation, the question of a simultaneous examination of all banks in the group controlled by Walter E. Cosgriff of Salt Lake City, that Mr. Sailor felt strongly that such an examination should be made in the near future, and that Mr. Folger also felt the examination should be made although he was not as strongly of this belief as Mr. Sailor. Governor Mills went on to say that it was his recommendation that the Board concur in the proposal and that it approve the making of the necessary arrangements to go forward with such an examination.

Governor Mills recommendation was approved unanimously.

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Governor Vardaman joined the meeting at this point.

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

Minutes of actions taken by the Board of Governors of the Federal Reserve System on March 9, 1953, were approved unanimously.

Letter to Mr. Wiltse, Vice President, Federal Reserve Bank of New York, reading as follows:

"In accordance with the request contained in your letter of March 4, 1953, the Board approves the appointment of DeGrove Muir, Jr., as an assistant examiner for the Federal Reserve Bank of New York.

"Please advise us of the date upon which the appointment becomes effective."

Approved unanimously.

Letter to the Board of Directors, American Trust and Savings Bank, Dubuque, Iowa, reading as follows:

"Pursuant to your request submitted through the Federal Reserve Bank of Chicago, the Board of Governors hereby gives its written consent under the provisions of Section 18(c) of the Federal Deposit Insurance Act to the American Trust and Savings Bank to assume the deposit liabilities of the Epworth Savings Bank, Epworth, Iowa, provided prior formal approval of the appropriate State authorities is obtained and that the transaction is effected substantially as proposed, except that the banking premises acquired from the Epworth Savings Bank shall not be placed on the books of the American Trust and Savings Bank at an amount in excess of the depreciated value computed for Federal income tax purposes."

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

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Letter to the Board of Directors, The Louisville Trust Company, Louisville, Kentucky, reading as follows:

"Pursuant to your request of January 26, 1953, submitted through the Federal Reserve Bank of St. Louis, the Board of Governors of the Federal Reserve System approves the establishment and operation of a branch at 668 South Fourth Street, Louisville, Kentucky, by The Louisville Trust Company, Louisville, Kentucky."

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

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

"Reference is made to your letter of March 2, 1953, in which you state that the address of the proposed branch of the Trenton State Bank, Trenton, Michigan, is 2033 West Road, Trenton, Michigan, rather than 2023 West Road, as recited in your original letter of February 2, 1953, and in the Board's letter of approval dated February 19, 1953, but that otherwise the information regarding the location of the branch was correct. In the circumstances, the Board's approval of February 19, 1953, shall be deemed to apply to the establishment and operation of a branch at 2033 West Road, Trenton, Michigan. Please advise the bank accordingly."

Approved unanimously.

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

"This refers to your letter of February 17, 1953, concerning the proposed purchase by your Bank of a piece of land adjoining the present Los Angeles building, known as the 'Garland property'.

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"The Board will interpose no objection to the purchase of this property at a price not to exceed \$275,000 and notes that there is a possibility of obtaining it at a somewhat lower figure."

Approved unanimously.

Letter to the Comptroller of the Currency, Treasury Department, Washington, D. C., reading as follows:

"Reference is made to your letter of January 12, 1953, enclosing a photostatic copy of an application to organize a national bank at Hazard, Kentucky, under the title of Hazard National Bank, and requesting a recommendation as to whether or not the application should be approved.

"We have received a report of investigation of the application made by the Federal Reserve Bank of Cleveland setting forth information with respect to factors usually considered in connection with such applications. The proposed capital structure of \$130,000 for the bank would not appear to be adequate if the volume of business anticipated by the organizers is achieved. Accordingly, it is believed that consideration should be given to providing additional capital if the application should be approved. It appears doubtful that there exists a definite need for additional banking facilities in the area and the future earning prospects of the bank are uncertain. According to our information no arrangements have been made for the executive management of the bank. In view of all of the above unfavorable factors it is believed that the application should be disapproved.

"The Board's Division of Examinations will be glad to discuss any aspects of this case with representatives of your office, if you so desire."

Approved unanimously.

Letter to the Comptroller of the Currency, Treasury Department, Washington, D. C., reading as follows:

"Reference is made to your letter of January 28, 1953, enclosing a photostatic copy of an application to organize a

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"national bank at Boca Raton, Florida, under the title of First National Bank of Boca Raton, and requesting a recommendation as to whether or not the application should be approved.

"We have received a report of investigation of the application made by an examiner for the Federal Reserve Bank of Atlanta setting forth information with respect to the factors usually considered in connection with such applications. This report indicates that the capital structure of the bank would aggregate \$100,000 instead of \$75,000 as provided in the application. While the future earnings prospects of the proposed bank are somewhat uncertain, in view of the other favorable factors and the desirability of providing banking facilities for the community, the Board of Governors recommends approval of the application.

"The Board's Division of Examinations will be glad to discuss any aspects of this case with representatives of your office, if you so desire."

Approved unanimously.

[Handwritten Signature]
Secretary