

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, June 17, 1953. The Board met in executive session in the Board Room at 10:00 a.m.

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

Thereafter, the Secretary was advised that during the executive session unanimous approval was given to a letter to Mr. Earhart, President of the Federal Reserve Bank of San Francisco, reading as follows:

"Our letter to you on April 16, 1953 indicated that, in accordance with your request, the Board would plan to send two representatives from its staff to participate in a central banking seminar to be given at the Federal Reserve Bank of San Francisco from August 27 to September 2, 1953. It is now contemplated that these representatives will be Mr. Ralph A. Young, Director of the Board's Division of Research and Statistics, and Mr. Kenneth B. Williams, Assistant Director of the same division."

The Secretary also was advised by Governor Robertson that during the executive session he stated that he had discussed with the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation the desirability of establishing a school for senior assistant examiners similar to the one that has been in operation over the past several months for newly-appointed assistant examiners, that the Federal Deposit Insurance Corporation had advised him that it did not wish to participate, and that a similar response

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probably would be made by the Comptroller of the Currency. Governor Robertson suggested to the Board, however, that arrangements go forward for the school for senior assistant examiners of the Federal Reserve Banks, with the understanding that participation would be offered to examiners on the staffs of the State banking departments and that should the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency later wish to participate, the school would be expanded to make that possible.

The procedure outlined by Governor Robertson was approved unanimously.

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

Minutes of actions taken by the Board of Governors of the Federal Reserve System on June 16, 1953, were approved unanimously.

Letter to the Board of Directors, State Bank of Albany, Albany, New York, reading as follows:

"Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors approves the establishment and operation of a branch by the State Bank of Albany, Albany, New York, at Chatham, New York, provided the proposed merger with State Bank, Chatham, New York, is effected substantially in accordance with the terms of a merger agreement dated May 12, 1953,

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"a copy of which was submitted with the Reserve Bank's letter, and provided further that formal approval is obtained from the appropriate State authorities."

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

Letter to Mr. Stetzelberger, Vice President, Federal Reserve Bank of Cleveland, reading as follows:

"In view of your recommendation and the information contained in your letter of June 8, 1953, the Board of Governors extends until December 31, 1953, the time within which The Fifth Third Union Trust Company, Cincinnati, Ohio, may establish a branch at Even-dale, Ohio, under authority granted in the Board's letter of February 6, 1953."

Approved unanimously.

Letter to the Board of Directors, Maryland Trust Company, Baltimore, Maryland, reading as follows:

"Pursuant to your request submitted through the Federal Reserve Bank of Richmond, the Board of Governors of the Federal Reserve System approves the establishment of a branch in Baltimore County, Maryland, at the intersection of North Point Boulevard and Eastern Avenue, by Maryland Trust Company, Baltimore, Maryland, provided the branch is established within six months of the date of this letter."

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

Letter to the Board of Directors of the Bank of Encino, Encino (Los Angeles), California, stating that subject to conditions of membership numbered 1 and 2 contained in the Board's Regulation H, and

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the following special condition, the Board approves the Bank's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of San Francisco, effective if and when the bank is authorized to commence business by the appropriate State authorities:

3. At the time of admission to membership, such bank shall have a paid-up and unimpaired capital stock of \$150,000 and other capital funds of not less than \$90,000 including a surplus equal to 20 per cent of its capital stock.

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

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

"Board of Governors approves payment of regular semiannual dividend for period ending June 30, 1953."

Approved unanimously.

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

"This refers to your letter of June 1, 1953, stating that Mr. John D. Ames, a director of Chicago National Bank, Chicago, Illinois, recently became a partner of Bacon, Whipple & Company, an investment securities firm with offices in Chicago and New York City. You related that Mr. Lester Armour, chairman of the board of directors of Chicago National Bank, has asked whether Mr. Ames may continue to serve as a director of that bank and also as a partner of Bacon, Whipple & Company in view of the provisions of section 32 of the Banking Act of 1933, as amended, and the Board's Regulation R.

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"From your letter it appears that although Bacon, Whipple & Company does not maintain a separate underwriting department or emphasize in advertisements or reports its activities as an underwriter or distributor, the firm does hold itself out as being in the underwriting and distributing business and, apparently, rates in the upper middle bracket in the underwriting field. It appears further that, on the basis of estimates by members of the firm, the dollar volume of underwriting and distributing of corporate and municipal securities by the firm was \$15,969,000 in 1951 and \$22,465,000 in 1952; that the firm's gross income from underwriting and distributing of such securities was \$194,400 in 1951 and \$283,800 in 1952; that the percentage ratio of such income to the total gross income of the firm was 36 per cent in 1951 and 49 per cent in 1952; and that the firm participated as underwriter or distributor for 66 corporate issues in 1951 and 70 such issues in 1952.

"The Board appreciates Mr. Armour's desire to retain Mr. Ames on the board of directors of Chicago National Bank. However, on the basis of the information submitted, the Board agrees with the view expressed by your General Counsel that Bacon, Whipple & Company is 'primarily engaged' in business of the kind covered under section 32 of the Banking Act of 1933, as amended, and the Board's Regulation R. Accordingly, Mr. Ames may not continue lawfully to serve as a director of Chicago National Bank while he is a partner in Bacon, Whipple & Company."

Approved unanimously.

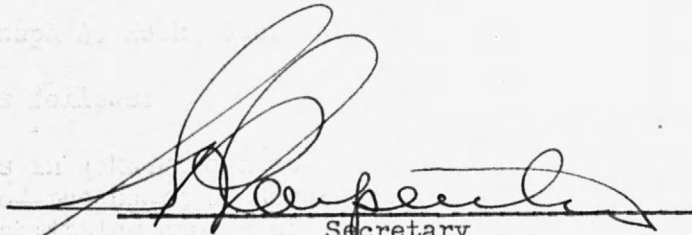
Memorandum dated May 26, 1953, from Mr. Bethea, Director, Division of Administrative Services, recommending that continuing authority be granted to the Division of Administrative Services to dispose of, on a sealed bid basis as the need arises, small lots of surplus, obsolete and unusable furniture and equipment and scrap

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metals, and that the proceeds derived from such sales be deposited
 to the Board's account as miscellaneous receipts. The memorandum
 further recommended that permission be granted to abandon or discard
 such items where it has been determined their disposal can not be
 made through a sealed bid sale.

Approved unanimously.



Secretary