

Minutes of actions taken by the Board of Governors of the
Federal Reserve System on Monday, August 24, 1953.

PRESENT: Mr. Vardaman, Acting Chairman
Mr. Mills
Mr. Robertson

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Kenyon, Assistant Secretary

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

Consideration has been given to the draft of a proposed letter to Mr. Louis Van Damme, President of the Belgian-American Bank & Trust Company, New York, New York, which you submitted with your letter of August 13, 1953, and which refers to the possibility of the affiliates of that bank being subjected to examination if it should become a member of the Federal Reserve System.

As stated in its letter of April 17, 1953, the Board would not be disposed to waive examination of the affiliates of the Belgian-American Bank & Trust Company nor would it wish to undertake directly or by implication to give such subsidiaries advance notice of intention to examine them if and after the bank should become a member of the System although, as a matter of fact, the management of the bank would have ample notice of any conditions or desired information that would give rise to the necessity for examination of such affiliates.

In the circumstances a revised draft of the letter is enclosed which has been discussed with Mr. Quackenbush and by him, we understand, with the Reserve Bank's counsel. It is hoped that the letter, as revised, will serve your purposes.

Approved unanimously.

Letter to the American National Bank of Brunswick, Brunswick,
Georgia, reading as follows:

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This refers to the resolution adopted on February 12, 1953, by the board of directors of your bank, signifying the bank's desire to surrender its right to exercise fiduciary powers heretofore granted to it.

The Board, understanding that your bank has been discharged or otherwise properly relieved in accordance with the law of all of its duties as fiduciary, has issued a formal certificate to your bank certifying that it is no longer authorized to exercise any of the fiduciary powers covered by the provisions of section 11(k) of the Federal Reserve Act, as amended. This certificate is enclosed herewith.

In this connection, your attention is called to the fact that, under the provisions of section 11(k) of the Federal Reserve Act, as amended, when such a certificate has been issued by the Board of Governors of the Federal Reserve System to a national bank, such bank (1) shall no longer be subject to the provisions of section 11(k) or the regulations of the Board of Governors of the Federal Reserve System made pursuant thereto, (2) shall be entitled to have returned to it any securities which it may have deposited with the State authorities for the protection of private or court trusts, and (3) shall not exercise thereafter any of the powers granted by section 11(k) without first applying for and obtaining a new permit to exercise such powers pursuant to the provisions of section 11(k).

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

Letter to Mr. Jones, Cashier, Federal Reserve Bank of Chicago,

reading as follows:

This refers to your letter of August 18 regarding the penalty of \$75.40 incurred by the First National Bank, Le Mars, Iowa, on a deficiency in its reserves for the period ended July 31, 1953.

It is noted that the deficiency resulted from the fact that a transfer of \$80,000 mailed to your Bank on July 17 by the subject bank's correspondent, the First National Bank of Sioux City, Iowa, was lost in the mails or in your Bank; that

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consequently the subject bank did not receive the reserve credit for the transfer requested on July 17 until a duplicate transfer was issued on August 4; that during the period in which the transfer was originally requested the subject bank's correspondent had excess reserves with your Bank of over \$400,000; and that the subject bank has had no deficient reserve penalties in approximately three and one-half years, except for one penalty incurred in March of this year.

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

Approved unanimously.

Letter to the Board of Directors of the Peoples State Bank of Kountze, Kountze, Texas, stating that, subject to conditions of membership numbered 1 and 2 contained in the Board's Regulation H, and 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 Dallas, 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 not less than \$75,000 and other capital funds of not less than \$50,000.

The letter also contained the following special paragraph:

It appears that the bank possesses the power to issue and sell investment certificates, which power is not necessarily required in the conduct of a banking business. Attention is called to the fact that if the bank should desire to exercise such power, it will be necessary under condition of membership numbered 1 to obtain the permission of the Board of Governors before doing so.

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

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Letter to the Comptroller of the Currency, Treasury Department, Washington, D. C., (Attention: Mr. W. M. Taylor, Deputy Comptroller of the Currency) reading as follows:

Reference is made to a letter dated July 3, 1953, from your office regarding an application to organize a national bank at Bal Harbour, Florida, and requesting a recommendation as to whether or not the application should be approved.

The Board has received a report of an investigation made by an examiner for the Federal Reserve Bank of Atlanta covering the factors usually considered in connection with such applications. This report indicates that the organizers plan to increase the proposed capital structure of the bank from \$250,000 as shown in the application to \$500,000, consisting of \$300,000 capital stock, \$100,000 surplus, and \$100,000 undivided profits, which would seem to be adequate based upon the estimated volume of business in the first three years of operation. The information submitted is generally favorable with respect to the factors considered in connection with this application, and the Board of Governors would recommend approval of the application provided the operating management to be selected will be satisfactory to your office.

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

Approved unanimously.

Letter to the Comptroller of the Currency, Treasury Department, Washington, D. C., (Attention: Mr. W. M. Taylor, Deputy Comptroller of the Currency) reading as follows:

Reference is made to a letter from your office dated June 16, 1953, enclosing photostatic copies of an application to organize a national bank at Eau Gallie, Florida, and requesting a recommendation as to whether or not the application should be approved or disapproved.

Information contained in a report of investigation of the application made by an examiner for the Federal Reserve Bank of

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Atlanta indicates that a need exists for banking services in Eau Gallie and that the operations of the banking institution could be carried on with a modest profit. However, it does not appear that definite arrangements have been made for the operating management and that while capital structure as proposed in the application may be adequate in the beginning, there may be some justification for requiring additional capital if the bank obtains the volume of business anticipated by the organizers. Assuming that provision will be made for capable operating management and a capital structure satisfactory to your office, the Board recommends approval of the application.

According to our information, some steps have been taken with respect to obtaining a charter for a State bank in Eau Gallie, and the Board would not feel justified in making the above recommendation if a charter to organize a State bank in the community is granted prior to the opening of this national bank.

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., (Attention: Mr. W. M. Taylor, Deputy Comptroller of the Currency) reading as follows:

Reference is made to a letter from your office dated July 15, 1953, concerning the proposal to organize a national bank at Westgate - Northeast corner of Highway 100 (108th Street and West North Avenue) in the Town of Wauwatosa, Wisconsin.

According to information received from the Federal Reserve Bank of Chicago, a formal application to organize a national bank at the above location has not been filed, but the Wisconsin Bankshares Corporation, Milwaukee, Wisconsin, has inquired as to the possibility of obtaining favorable consideration for such an organization. It is understood also that the same proposal was disapproved last year.

A report of reinvestigation of the proposal made by a representative of the Federal Reserve Bank of Chicago discloses that

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the shopping area in which the proposed bank would be located is still in the planning stage and that definite plans with respect to the organization of the bank were not available. In the circumstances, the Board does not feel justified in making a recommendation on the proposal at this time.

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

Approved unanimously.

Letter to the Comptroller of the Currency, Treasury Department, Washington, D. C., (Attention: Mr. W. M. Taylor, Deputy Comptroller of the Currency) reading as follows:

Reference is made to a letter from your office dated July 22, 1953, concerning the proposal to organize a national bank in the shopping center at 60th Street and West Capitol Drive, Milwaukee, Wisconsin.

According to information received from the Federal Reserve Bank of Chicago, a formal application to organize a national bank at the above location has not been filed, but the Wisconsin Bankshares Corporation, Milwaukee, Wisconsin, has inquired as to the possibility of obtaining favorable consideration for such an organization. It is understood also that the same proposal was disapproved last year.

A report of reinvestigation of the proposal made by a representative of the Federal Reserve Bank of Chicago discloses that the shopping area in which the proposed bank would be located is still in the planning stage and that definite plans with respect to the organization of the bank were not available. In the circumstances, the Board does not feel justified in making a recommendation on the proposal at this time.

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

Approved unanimously.

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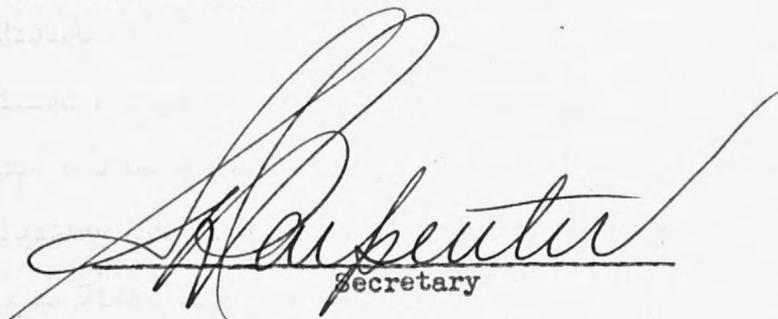
Letter to the Comptroller of the Currency, Treasury Department,
Washington, D. C., (Attention: Mr. L. A. Jennings, Deputy Comptroller
of the Currency) reading as follows:

Reference is made to a letter dated June 22, 1953, from your office enclosing photostatic copies of an application to organize a national bank at Edina, Minnesota, and requesting a recommendation as to whether or not the application should be approved.

Information contained in a report of investigation of the application by a representative of the Federal Reserve Bank of Minneapolis indicates favorable findings with respect to the factors usually considered in connection with such applications. Accordingly, 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.



Secretary