

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Thursday, November 5, 1953. The Board met in the Board Room at 10:15 a.m.

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

Mr. Carpenter, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Thurston, Assistant to the Board
Mr. Thomas, Economic Adviser to the Board
Mr. Leonard, Director, Division of Bank
Operations
Mr. Vest, General Counsel
Mr. Young, Director, Division of Research
and Statistics
Mr. Solomon, Assistant General Counsel

Consideration was given to a letter dated October 27, 1953, from Mr. Sproul, President of the Federal Reserve Bank of New York, which stated that, as a result of a study made pursuant to the suggestion at the joint meeting of the Board and the Presidents of the Federal Reserve Banks on March 5, 1953, the officers of the Bank had concluded (1) that there was no need to change the boundaries of the Second Federal Reserve District, and (2) that it would be appropriate to transfer to the Buffalo Branch territory the four counties comprising the westernmost tier of counties in the head office zone. After advising that the head office directors concurred in the above conclusions and that the branch directors concurred in the conclusions

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with respect to the boundaries of the branch territory, the letter, which was accompanied by a report submitted by a committee of officers of the Bank, stated that unless the Board interposed an objection, the New York Bank intended to solicit the opinions of member bankers as a step preliminary to reaching a final decision on whether to request the Board's approval of the proposed transfer of the four counties to the Buffalo Branch zone.

Following discussion, unanimous approval was given to a letter to President Sproul in the following form:

In your letter of October 27, 1953, you advise that, as a result of a study made of Federal Reserve Bank and branch boundaries, the officers and directors of your Bank have concluded that there is no need for change in the boundaries of the District, but that it would be appropriate to transfer the counties of Wayne, Ontario, Yates, and Steuben in New York State from the head office territory to the branch territory.

The Board concurs in your belief that, as the next step, it would now be appropriate to seek the views of the member banks that would be affected by the proposed change, and will be interested in learning of the results and of the recommendation of your directors in the light of the survey.

It is noted that in the study consideration was given to the transfer of additional counties to the branch territory but that, because of the desirability of having the head office and branch territories coincide with State banking district lines, it was felt further extension of the branch territory is not warranted at this time and that the possibility should be reserved for further consideration in the light of any change in conditions.

Prior to this meeting there had been circulated among the members of the Board a draft of telegram to Mr. Earhart, President of the

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Federal Reserve Bank of San Francisco, reading as follows:

Board is in agreement with your position that you should make no recommendation to United States attorney as to action to be taken respecting further prosecutions of Public Loan Corporation and its San Francisco manager for violations of Regulation W and Defense Production Act.

In response to a question by Governor Vardaman, Mr. Vest stated that the proposed reply would be in line with the position taken by the Board that cases involving possible violations of Regulation W, Consumer Credit, should be referred to the Department of Justice without recommendation and that, after such cases had been referred to the Department of Justice, no recommendations should be made regarding their prosecution.

Thereupon, the telegram was approved unanimously in the form set forth above.

At this point Messrs. Riefler, Assistant to the Chairman, and Youngdahl, Assistant Director, Division of Research and Statistics, entered the room.

There ensued a general discussion of the situation in the Government securities market, at the conclusion of which the meeting adjourned. During the day the following additional actions were taken by the Board with all of the members except Chairman Martin present:

Minutes of actions taken by the Board of Governors of the Federal Reserve System on November 4, 1953, were approved unanimously.

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Letter to Mr. Neely, Federal Reserve Agent, Federal Reserve Bank of Atlanta, reading as follows:

In accordance with the request contained in your letter of October 28, 1953, the Board of Governors approves, effective November 1, 1953, the payment of salaries to the following members of the Federal Reserve Agent's staff at the rates indicated:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
<u>Head Office</u>		
J. Frank Fortune	Alternate Assistant Federal Reserve Agent	\$4,300
<u>Jacksonville Branch</u>		
William L. Hicks	Federal Reserve Agent's Representative	5,820

Approved unanimously.

Letter to The Ticonderoga National Bank, Ticonderoga, New York, reading as follows:

This refers to the resolution adopted on March 11, 1953, by the board of directors of your bank, signifying the bank's desire to surrender its rights to exercise fiduciary powers heretofore granted to it.

The Board, understanding that your bank has never undertaken to act in any fiduciary capacity within the scope of the authority previously granted, 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

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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 New York.

Letter to the Board of Directors, Security Bank, Lincoln Park,
Michigan, reading as follows:

Pursuant to your request submitted through the Federal Reserve Bank of Chicago, the Board of Governors approves the change in location of a branch to be established by your bank from Eureka Road, near Trenton Road in Southgate, Ecorse Township, Wayne County, Michigan, to the intersection of Northline Road and Dix-Toledo Road (U.S. 25) in Southgate, Ecorse Township, Wayne County, Michigan, provided the branch is established within one year from the date of this letter.

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

Telegram to Mr. Pondrom, Vice President, Federal Reserve Bank of
Dallas, reading as follows:

Re your letter October 28, 1953 regarding defalcations at State member bank, Board believes that case should be reported to United States District Attorney and FBI in accordance with usual procedure.

Approved unanimously.

Letter to the Presidents of all Federal Reserve Banks, prepared
in accordance with informal discussion at the meetings of the Board on

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October 19 and 21, 1953, and reading as follows:

There is attached a copy of a letter of October 26, 1953 to Chairman Martin from the Department of State which, as you will note, describes the program that has been arranged for the validation of German Government, Municipal and Corporate dollar bonds in this country.

You will note also that the Department of State has asked that the Board of Governors take such steps as may be appropriate to bring the matter to the attention of financial institutions in this country, so as to avoid the possibility of such institutions making loans on non-validated German dollar bonds.

Accordingly, the Board will appreciate the assistance of your Bank in this connection and suggests that copies of the letter from the Department of State be sent by you to all banks in your district and to any other financial institutions whose business is such as to make the information contained in the letter a matter of interest to them.

Approved unanimously.

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 from your office dated September 8, 1953, enclosing photostatic copies of an application to organize a national bank at Great Neck, New York, and requesting a recommendation as to whether or not the application should be approved.

Information contained in a report of investigation of the application made by a representative of the Federal Reserve Bank of New York indicates generally favorable findings with respect to all of 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.

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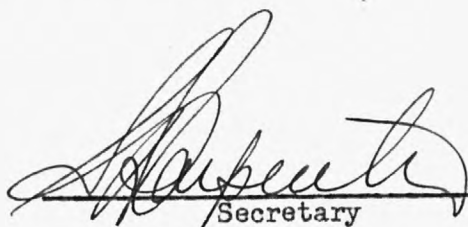
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Letter to Mr. James E. Baum, Deputy Manager, American Bankers Association, 12 East 36 Street, New York, New York, reading as follows:

Reference is made to your letter of September 29, 1953 addressed to Mr. Goodman of the Board's Division of Examinations, requesting a listing of defalcations amounting to \$10,000 or more reported by State member banks during the six months ended June 30, 1953.

There is enclosed a list showing five cases reported by the Board of Governors to the Attorney General of the United States involving possible criminal violations where the amounts involved \$10,000 or more. It is hoped that this information is in such form as to be suitable for the purposes of your Insurance and Protective Committee.

Approved unanimously.



Secretary