

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, December 7, 1953. The Board met in the Board Room at 2:30 p.m.

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

Mr. Carpenter, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Leonard, Director, Division of
Bank Operations

Messrs. Coleman, Chairman; Prall,
Deputy Chairman; Young, President;
and Harris, First Vice President,
Federal Reserve Bank of Chicago.

Pursuant to the understanding at earlier meetings of the Board, this meeting had been called to discuss with the representatives of the Federal Reserve Bank of Chicago the proposed building expansion program at the head office of the Chicago Bank.

Following a statement by Governor Evans, Chairman Coleman urged that the Board of Governors approve the proposed program, which contemplated the addition of four floors to the present building.

At the instance of the Board, there ensued a discussion of the possibility of relieving the volume of operations at the head office by the establishment of one or more facilities for the handling of checks and currency, Des Moines, Iowa, Indianapolis, Indiana, and Milwaukee, Wisconsin, being mentioned as cities where such facilities might be located. Messrs. Young and Harris presented data tending to show that

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the volume of transactions which might be diverted to such facilities, at least within the near future, would be small in relation to the total volume handled by the Chicago head office at the present time and that the crowded condition of the head office building would not be relieved appreciably.

Consideration also was given to other possible alternatives, including the sale of the present building and the erection of a new building, either in the neighborhood of the present building or at some other location, the construction of an annex building (either in the downtown area or elsewhere in Chicago) to accommodate certain operations, and the purchase of an adjoining building (the United States Fidelity and Guaranty Company building) and perhaps other property in the block in which the Federal Reserve Bank building is located.

During the foregoing discussion, Chairman Martin left the meeting to keep another appointment.

President Young suggested that the Board authorize the Bank (1) to ask for new bids on the four-story addition and (2) to initiate negotiations with the United States Fidelity and Guaranty Company for the adjoining building. He felt that the Bank would want to have the additional floors even if it were possible to purchase the United States Fidelity and Guaranty Company building, the acquisition of which would protect the Bank against the possibility of greater long-run space requirements. President Young also suggested that even if this property could not be

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acquired at a reasonable price, it might be possible to enter into a lease arrangement with the owners for space which would permit the construction of a security court and provision of additional vault areas.

In response to a question whether it would be advisable to add four floors to the present building unless the adjoining building could be acquired, Chairman Coleman expressed the opinion that the four additional floors would satisfy the requirements of the Reserve Bank for as much as 10 or 15 years, after which the situation might call for a decentralization of operations by the establishment of additional branches within the Seventh Federal Reserve District. He felt that any decision to establish more branches must be preceded by a comprehensive study, including a study of the existing boundaries of the Reserve District. Mr. Prall indicated that his views were similar to those expressed by Chairman Coleman.

In the course of a further discussion of the various possibilities, Governor Mills suggested the desirability of acquiring the United States Fidelity and Guaranty building, which apparently would provide needed space for a period up to 10 years, as an alternative to the four-story addition.

At the conclusion of the discussion, Governor Szymczak stated that the matter would be given further consideration by the Board and that the Reserve Bank would be advised of the Board's views.

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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 December 4, 1953, were approved unanimously.

Telegram to Mr. David F. Cocks, Vice President and Treasurer, Standard Oil Company (Kentucky), Louisville, Kentucky, prepared pursuant to action taken at the meeting on November 30, 1953, and reading as follows:

Board of Governors of the Federal Reserve System has appointed you director of the Louisville Branch of the Federal Reserve Bank of St. Louis for three-year term beginning January 1, 1954, and will be pleased to have your acceptance by collect telegram.

It is understood that you are not a director of a bank and do not hold public or political office. Should your situation in these respects change during the tenure of your appointment, it will be appreciated if you will advise the Chairman of the Board of Directors of the Federal Reserve Bank of St. Louis.

Board will issue later a press statement on appointments of directors at all Federal Reserve Banks and Branches. Would be appreciated if any announcement of your appointment could be deferred until release of Board statement.

Approved unanimously.

Telegram to Mr. John D. Williams, Chancellor, University of Mississippi, University, Mississippi, prepared pursuant to action taken at the meeting on November 30, 1953, and reading as follows:

Board of Governors of the Federal Reserve System has appointed you director of the Memphis Branch of the Federal Reserve Bank of St. Louis for three-year term beginning January 1, 1954, and will be pleased to have your acceptance by collect telegram.

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It is understood that you are not a director of a bank and do not hold public or political office. Should your situation in these respects change during the tenure of your appointment, it will be appreciated if you will advise the Chairman of the Board of Directors of the Federal Reserve Bank of St. Louis.

Board will issue later a press statement on appointments of directors at all Federal Reserve Banks and Branches. Would be appreciated if any announcement of your appointment could be deferred until release of Board's statement.

Approved unanimously.

Telegram to Mr. A. E. Hohenberg, President, Hohenberg Bros. Company, Memphis, Tennessee, prepared pursuant to action taken at the meeting on November 30, 1953, and reading as follows:

Board of Governors of the Federal Reserve System has appointed you director of Memphis Branch of Federal Reserve Bank of St. Louis effective January 1, 1954, for unexpired portion of term ending December 31, 1954, and will be pleased to have your acceptance by collect telegram.

It is understood that you are not a director of a bank and do not hold public or political office. Should your situation in these respects change during the tenure of your appointment, it will be appreciated if you will advise the Chairman of the Board of Directors of the Federal Reserve Bank of St. Louis.

Board will issue later a press statement on appointments of directors at all Federal Reserve Banks and Branches. Would be appreciated if any announcement of your appointment could be deferred until release of Board's statement.

Approved unanimously.

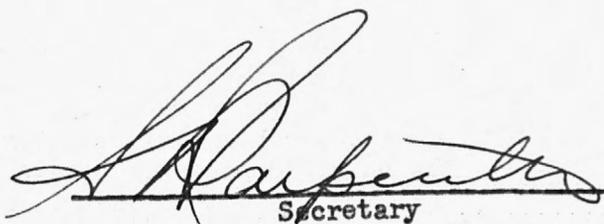
Letter to Mr. Young, President, Federal Reserve Bank of Chicago, reading as follows:

In accordance with the recommendation of your Bank as contained in your letters of May 26 and November 10,

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1953, the Board of Governors approves the transfer, effective January 1, 1954, of the counties in Michigan now in the head office zone to the Detroit Branch zone.

Approved unanimously.


Secretary

Following a meeting...
regarding the proposed...
Reserve Bank of Chicago...
had advised...
situation could be...
ing the purchase of...
States liability...
current plan of...
involve consideration...
State of New York...
acquisition of...
protection against...