

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, March 1, 1954. The Board met in the Board Room at 10:00 a.m.

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

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Leonard, Director, Division of
Bank Operations
Mr. Vest, General Counsel
Mr. Myrick, Assistant Director, Division
of Bank Operations

Mr. Vest referred to a memorandum which he had sent to the members of the Board this morning with respect to the fiscal agency agreement that had been worked out between the Reconstruction Finance Corporation and the Federal Reserve Bank of Chicago for handling participations by banks of the country in a pool of loans being sold by the Reconstruction Finance Corporation, as discussed at previous meetings of the Board. Mr. Vest stated that the Reconstruction Finance Corporation had planned to, and presumably did, send out a notice of the offering of participations to interested banks over the past weekend. Under the arrangement, the Federal Reserve Bank of Chicago would act as fiscal agent for the Reconstruction Finance Corporation and would handle the principal part of the transactions in so far as the Federal Reserve Banks were concerned. The other Federal Reserve Banks would have very limited functions in the arrangement. Mr. Vest stated that in his opinion the agreement

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adequately protected the Federal Reserve Banks and that in absence of objection it would be signed promptly.

During a brief discussion, Mr. Vest stated, in response to questions by members of the Board, that the Federal Reserve Banks were assuming no responsibility for appraisal of loans being sold, that they were simply performing the fiscal agency functions of a routine or mechanical nature. He also said that the matter was being brought to the attention of the Board this morning for its information and that there was nothing for the Board to approve in connection with the agreement.

Governor Robertson stated that he had not had an opportunity to read the agreement and would like to reserve the right to comment inasmuch as failure to object to any of the provisions at this time would preclude the Board from objecting to the arrangement later on. It was understood that if any member of the Board had any question with respect to the agreement, the matter would be discussed again.

All of the members of the staff except Mr. Carpenter withdrew from the meeting at this point.

In accordance with the understanding at the meeting of the Board on December 2, 1953, Governor Robertson reviewed the situation with respect to the management and certain operations of the Federal Reserve Banks of Philadelphia and Cleveland as disclosed by reports of examination and other information available to the Board's offices concerning these Banks.

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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 except Governor Vardaman present:

Minutes of actions taken by the Board of Governors of the Federal Reserve System on February 26, 1954, were approved unanimously.

Letter to the Board of Directors, Bank of Allwood, Clifton, New Jersey, reading as follows:

Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors approves the establishment of a branch by Bank of Allwood, Clifton, New Jersey, in the Richfield Shopping Center of Clifton, Clifton, New Jersey, provided the branch is established on or before June 22, 1954.

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

Letter to Mr. Hill, Vice President, Federal Reserve Bank of Philadelphia, reading as follows:

In view of the recommendation contained in your letter of February 16, 1954, the Board of Governors hereby approves the retirement by Camden Trust Company, Camden, New Jersey, of \$50,000 in preferred stock as of February 1, 1954, although the Board's prior consent was not obtained in accordance with the requirement of the Federal Reserve Act.

It is understood Counsel for the Reserve Bank will review and satisfy himself as to the legality of all steps taken in effecting the retirement.

Approved unanimously.

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

Reference is made to your letter of February 2, 1954, submitting the application of Greenfield Banking Company,

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Greenfield, Indiana, for permission to exercise fiduciary powers.

Following consideration of the information submitted by you in this connection and in view of your favorable recommendation, the Board of Governors of the Federal Reserve System grants the applicant permission, under the provisions of its condition of membership numbered 1, to exercise the fiduciary powers now or hereafter authorized under the terms of its charter and the laws of the State of Indiana.

You are requested to advise the Greenfield Banking Company, Greenfield, Indiana, of the Board's action.

Approved unanimously.

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

This letter relates to plans for the Fourth Meeting of Technicians of Central Banks of the American Continent, to be held in May 1954. As set forth in the Board's letter of August 26, 1953, the first week's sessions from May 3rd through 7th will be held in Washington, and the second week's sessions from May 10th through 14th will be held in New York. It is understood that there has also been correspondence between Mr. Malcolm Bryan, as Chairman of the Research Committee of the Presidents' Conference, and the other presidents with respect to the representation of the Federal Reserve Banks at this meeting.

There is now enclosed a copy of the tentative agenda of the meeting. Each Federal Reserve Bank is invited to send a man, if it wishes, to participate in the meeting.

Each Bank is also asked to consider whether its purposes would be served by having a representative attend one week of the meeting—either the first week or the second week, according to the subjects for which the bank would like its representative to be present—or whether the interests of the Bank require it to be represented for both weeks. It will be noted that representatives of certain Federal Reserve Banks are included as participants in specific items on the program; it is hoped that the dates noted for the presentation of those items will fit the convenience of the banks involved.

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It will be appreciated if you will notify the Board, as soon as convenient, as to the name of the representative, if any, who will attend from your bank, and the dates when he will be present.

The Board and the Federal Reserve Bank of New York have made advance reservations for certain hotel accommodations in Washington and New York, respectively, to be made available for the delegates to this meeting. The enclosed sheet indicates the hotels included in these arrangements; please indicate whether your representative will want to be included in these arrangements or whether he will prefer to make separate arrangements himself.

It is not necessary for your Bank to indicate a definite and final decision at this time, but it will be very helpful if you will give us an indication of the probable names and dates, subject to change later if that should be necessary.

Approved unanimously.



Secretary