

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, April 20, 1954. The Board met in the Board Room at 10:00 a.m.

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

Mr. Carpenter, Secretary  
Mr. Sherman, Assistant Secretary  
Mr. Kenyon, Assistant Secretary  
Mr. Thurston, Assistant to the Board  
Mr. Riefler, Assistant to the Chairman  
Mr. Thomas, Economic Adviser to the Board  
Mr. Vest, General Counsel

The following members of the staff of the Division of Research and Statistics also were present:

Mr. Young, Director  
Mr. Garfield, Adviser on Economic Research  
Mr. Williams, Assistant Director  
Mr. Youngdahl, Assistant Director  
Mr. Koch, Chief, Banking Section  
Mr. Gehman, Chief, Business Conditions Section  
Mr. Weiner, Chief, National Income, Moneyflows, and Labor Section  
Mr. Simpson, Acting Chief, Business Finance and Capital Markets Section  
Mr. Brill, Economist  
Mr. Tynan Smith, Economist  
Mr. Wernick, Economist  
Mr. Wood, Economist

Members of the staff of the Division of Research and Statistics presented a review of the business and economic situation. Following a general discussion based on this presentation, they withdrew from the meeting along with Messrs. Thurston, Riefler, Thomas, and Vest.

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There were presented requests from the following members of the staff for authority to travel to St. Louis, Missouri, on April 26 and 27, 1954, to attend a meeting of the ad hoc committee appointed to review accounting procedures of the Federal Reserve Banks with respect to the personnel, research, and bank relations functions:

Mr. Myrick, Assistant Director, Division of  
Bank Operations  
Mr. Noyes, Assistant Director, Division of  
Research and Statistics  
Mr. Molony, Special Assistant to the Board

Approved unanimously.

Reference was made to a memorandum from Governor Vardaman dated April 16, 1954, which had been circulated to the members of the Board prior to this meeting, recommending that E. Ralph Massey, Technical Assistant, Division of Bank Operations, be assigned for a temporary period to the Office of Defense Loans, without change in his present basic salary at the rate of \$7,440 per annum, effective as of the date on which he reported for duty in the Office of Defense Loans. The memorandum stated that the Director of the Division of Bank Operations had been consulted and was willing to make Mr. Massey's services available for a temporary period without securing a replacement.

Following a brief discussion, the recommendation contained in the memorandum was approved unanimously.

Chairman Martin stated that during the course of his recent trip to the West Coast several Federal Reserve Bank and branch directors who

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had attended the meeting of newly-appointed directors in Washington on February 25, 1954, referred to that meeting and indicated, as a number of directors had done in letters which they sent to the Board, that in their opinion it was of enough value to warrant arranging a similar meeting of newly-appointed directors next year. Chairman Martin said that in the circumstances he had requested Mr. Thurston to draft an appropriate letter to those directors who attended the February 25 meeting stating that the Board was planning to continue the practice. He then read the draft submitted by Mr. Thurston, and certain suggestions for editorial changes were offered by members of the Board.

Chairman Martin then suggested that if the other members of the Board were agreeable to the sending of such a letter, Mr. Thurston would redraft it in the light of the comments made at this meeting and circulate the revised draft to all of the members of the Board for approval.

The procedure suggested by  
Chairman Martin was approved  
unanimously.

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 April 19, 1954, were approved unanimously.

Letter to the Board of Directors, The Marine Trust Company of Western New York, Buffalo, New York, reading as follows:

Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors has approved

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the removal of the branch operated by The Marine Trust Company of Western New York at 8676 Buffalo Avenue, Niagara Falls, New York, to a new location at the southwest corner of Pine Avenue and Military Road, Niagara Falls, New York, provided the branch is established at the new location within one year from the date of this letter.

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:

This refers to your letter of April 9, 1954, and its enclosures, concerning the applicability of section 32 of the Banking Act of 1933, as amended, to the concurrent service of Mr. Charles Wildman as director of The Farmers National Bank of Bucks County, Bristol, Pennsylvania, and as registered representative of Boenning & Company, Philadelphia, Pennsylvania.

From the above correspondence it appears that the activities of Boenning & Company of the kinds covered under section 32 are the underwriting and distributing of securities, including the sale of mutual fund shares. While the Company does not appear ordinarily to emphasize its section 32 activities in its advertising or reports and does not appear to have separate departments for the handling of those activities, the annual dollar volume of such activities over the past four years has increased from slightly less than \$950,000 to about \$1,911,110. It is understood that the ratio of such dollar volume to the dollar volume of the Company's total business increased from about 2.6 per cent in 1950 to almost 6 per cent in 1953, and that the number of issues in which the Company participated as underwriter or distributor increased from 8 in 1950 to 19 in 1953.

The information submitted shows also that the annual gross income of the Company from its section 32 activities for the 4-year period ending with 1953 ranged from about \$22,201 to about \$44,748; and it is understood that the ratio of such gross income to the Company's total gross



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income increased from around 7 per cent for both 1950 and 1951 to about 10.4 per cent for 1952 and to 14 per cent for 1953. As you indicated, the Company's activities in question show a definite upward trend in recent years.

On the basis of the information presented and the Board's understanding thereof, the Board is of the view that Boening & Company should be regarded as "primarily engaged" in business of the kind covered under section 32 and that, therefore, the interlocking relationship involving Mr. Wildman may not lawfully continue. Consequently, unless there is further information bearing upon the applicability of the statute which the parties concerned may wish to bring to the attention of your Bank and the Board, it is assumed that steps will be taken in due course to bring the matter in question into conformity with the statute.

Approved unanimously.

Letter to the Board of Directors, Progressive Bank and Trust Company, New Orleans, Louisiana, reading as follows:

Pursuant to your request submitted through the Federal Reserve Bank of Atlanta, the Board of Governors approves the establishment of a branch at 140 Carondelet Street, New Orleans, Louisiana, by the Progressive Bank and Trust Company, New Orleans, Louisiana, simultaneously with the removal of its head office operations from that address to leased premises at the corner of Common Street and University Place, provided the branch is established within twelve months from the date of this letter.

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

Letter to the Board of Directors, Merchants and Mechanics Bank, Flint, Michigan, reading as follows:

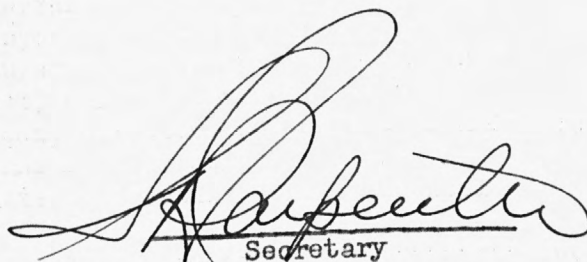
Pursuant to your request submitted through the Federal Reserve Bank of Chicago, the Board of Governors of the Federal Reserve System approves the establishment

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of a branch at 6923-6925 North Saginaw Street, Flint, Michigan, by Merchants and Mechanics Bank, provided (1) the branch is established within ten months from the date of this letter, and (2) capital funds are increased by not less than \$250,000, through the sale of additional common stock, prior to opening the branch.

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

  
Secretary

Division of Bank Operations

on April 27 and 28, 1954

In connection with the

ation of Bank Auditors and

interest, particularly

and bank reports

Approved

Governor

Bureau of Investigation

Agency Bank Examination

Records for use in

Plans. It is recommended