

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, April 27, 1954. The Board met in the Board Room at 10:00 a.m.

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

Mr. Sherman, Assistant Secretary  
Mr. Kenyon, Assistant Secretary  
Mr. Thurston, Assistant to the Board

There was presented a memorandum dated April 27, 1954, from the Division of Bank Operations submitting a computation, by Federal Reserve Banks, of the rates of interest on Federal Reserve notes outstanding, not covered by gold certificates pledged with the respective Federal Reserve Agents, which would absorb approximately 90 per cent of the Federal Reserve Banks' net earnings after dividends for the first quarter of 1954. The memorandum recommended that the Board establish the rates of interest indicated, and approve an attached telegram to the Presidents of the Federal Reserve Banks which would request the Banks to credit the interest payment stated therein to the appropriate symbol of the Treasurer's General Account on April 28, 1954. The total payment to the Treasury for the first quarter of 1954 was in the amount of \$77,870,137.35.

Approved unanimously.

Prior to this meeting there had been circulated to the members of the Board a draft of letter to the Comptroller of the Currency, Treasury Department, Washington 25, D. C., (Attention: Mr. W. M. Taylor,

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Deputy Comptroller of the Currency), reading as follows:

Reference is made to a letter from your office dated March 23, 1954, enclosing photostatic copies of an application to convert the Farmers and Merchants Bank, Columbia, Tennessee, into a national banking association and requesting a recommendation as to whether or not the application should be approved.

The Farmers and Merchants Bank has been a member of the Federal Reserve System since October, 1952, and on the basis of a report of examination as of April 11, 1953, and information received from the Federal Reserve Bank of Atlanta, favorable findings are indicated with respect to all of the factors usually considered in connection with the issuance of charters for national banking associations. While the bank's capital structure in relation to the volume of risk assets is somewhat weak, no specific requirement has been made for an increase in capital. After careful consideration, the Board of Governors recommends that the application to convert into a national banking association be approved.

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.

With reference to the last sentence of the second paragraph of the above letter, Governor Vardaman suggested that in the future some appropriate phrase, such as "in all the circumstances", be substituted for the phrase, "after careful consideration", since he felt it should go without saying that each case had been carefully considered by the Board. Governor Robertson, to whom Governor Vardaman had mentioned the matter before this meeting, said that he had brought this suggestion to the attention of the staff of the Division of Examinations.

Thereupon, the letter to the Comptroller of the Currency was approved unanimously in the form set forth above.

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The following requests for travel authorization were presented:

Mr. Thomas, Economic Adviser to the Board. To travel to New York, New York, during the period May 12-15, 1954, to attend the closing sessions of the Fourth Meeting of Technicians of Central Banks of the American Continent.

Mr. Leonard, Director, Division of Bank Operations. To travel to Minneapolis, Minnesota, on May 2 and 3, 1954, to discuss, at the Federal Reserve Bank of Minneapolis, certain matters in connection with the Bank's building program, and then to proceed to Chicago, Illinois, in accordance with the authorization given by the Board at the meeting on March 31, 1954.

Messrs. Allen, Director, and Sprecher, Assistant Director, Division of Personnel Administration. To travel to Richmond, Virginia, during the period May 2-5, 1954, to attend the Conference of Personnel Officers of the Federal Reserve Banks, to be held at the Federal Reserve Bank of Richmond.

Approved unanimously.

The meeting then 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 April 26, 1954, were approved unanimously.

Letter to the Board of Directors, American Trust Company, Charlotte, North Carolina, reading as follows:

Pursuant to your request submitted through the Federal Reserve Bank of Richmond, the Board of Governors of the Federal Reserve System approves the establishment of a branch at the intersection of Marsh Road and South Boulevard, Charlotte, North Carolina, by American Trust Company, Charlotte, North Carolina, provided the branch is established within one year of the date of this letter.

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

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Letter to The National Bank of Athens, Athens, Georgia, reading as follows:

The Board of Governors of the Federal Reserve System has given consideration to your supplemental application for fiduciary powers and grants you authority to act, when not in contravention of State or local law, as guardian of estates, assignee, receiver, committee of estates of lunatics or in any other fiduciary capacity in which State banks, trust companies, or other corporations which come into competition with national banks are permitted to act under the laws of the State of Georgia. The exercise of these powers, in addition to those heretofore granted to act as trustee, executor, administrator and registrar of stocks and bonds, shall be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

A formal certificate indicating the fiduciary powers which The National Bank of Athens is now authorized to exercise will be forwarded to you in due course.

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

Letter to the Board of Directors, Citizens Commercial & Savings 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 of a branch on Lots 18 and 19 of the Dort Highway Industrial Sites on Dort Highway between Court Street and Kearsley Street, Flint, Michigan, by Citizens Commercial & Savings Bank, provided (1) not less than \$1,000,000 in new capital funds are provided from the sale of common stock prior to the establishment of the branch, and (2) the branch is established within ten months from the date of this letter.

In connection with the application for establishment of this branch, it has been noted that the question of strengthening the capital of the bank has been discussed with your representatives and assurances were given that \$1,000,000 of additional capital would be provided. While this proposal will

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improve the bank's capital position, the Board feels that continuing efforts should be made to bring about further improvement through the conservation of earnings or the sale of additional stock.

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

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

This refers to your letter of March 22 with which you enclosed application for permission to exercise full trust powers submitted on behalf of The First National Bank of Artesia, Artesia, New Mexico.

A similar application for trust powers by this bank was submitted by you on November 5, 1953. The Board declined to grant the authority requested at that time in view of the unsatisfactory relationship of the bank's capital funds to the volume and nature of its banking activities as disclosed by the examination of the bank made as of July 30, 1953. It is noted from your recent letter that since that time capital stock has been increased \$50,000 by payment of a stock dividend and that surplus has been increased a like amount, also by a transfer from the undivided profits account. You further state that capital accounts have been increased about \$20,000 from current earnings but that otherwise they reflect no material change from the situation at the time the previous application was under consideration. It is the view of your board, nevertheless, that a definite improvement in capital ratios has resulted and that this fact, coupled with a definite need in the community served for the fiduciary authority requested, supports the recommendation for favorable action accompanying the pending application.

We understand from the Office of the Comptroller of the Currency that the examination of The First National Bank of Artesia next subsequent to that made July 30, 1953, was started on April 7, 1954. It is our view that consideration of this new application should involve, in addition to a study of the information furnished by you in this regard, review of the condition of the applicant bank as disclosed by the current examination. For this reason, we are holding the application in abeyance until such time as the April 7 report of examination is available to us.

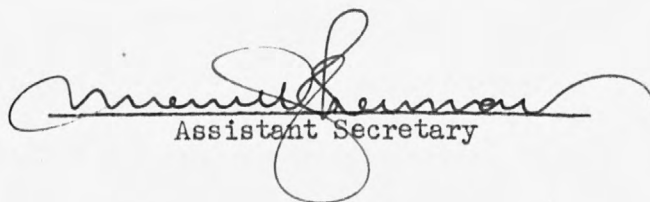
Approved unanimously.

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Telegram to Mr. Brawner, Chairman, Federal Reserve Bank of San Francisco, authorizing him to issue a limited voting permit, under the provisions of section 5144 of the Revised Statutes of the United States, to Transamerica Corporation, San Francisco, California, entitling such organization to vote the stock which it owns or controls of First National Bank in Corcoran, Corcoran, California; The First National Bank of Crows Landing, Crows Landing, California; The First National Bank of Fairfield, Fairfield, California; The First National Bank of Oakdale, Oakdale, California; The First National Bank of San Jacinto, San Jacinto, California; First National Bank in Turlock, Turlock, California, and The First National Bank of Weed, Weed, California, at any time prior to August 1, 1954, to act upon proposals (1) to increase the capital stock of such banks, and (2) to amend the articles of association of such banks to conform to articles recommended by the Comptroller of the Currency, provided that all action taken shall be in accordance with plans satisfactory to the Comptroller of the Currency.

Approved unanimously.

  
Assistant Secretary