

Minutes of actions taken by the Board of Governors of the
Federal Reserve System on Thursday, June 3, 1954.

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

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Kenyon, Assistant Secretary

Memorandum dated June 2, 1954, from Mr. Dembitz, Assistant
Director, Division of International Finance, recommending that the
resignation of Joan M. Gilbert, Economist in that Division, be ac-
cepted effective June 30, 1954.

Approved unanimously.

Letter to the Board of Directors, Peoples Union Bank,
McKeesport, Pennsylvania, reading as follows:

Pursuant to your request submitted through the Federal
Reserve Bank of Cleveland, the Board of Governors of the
Federal Reserve System hereby gives its written consent,
as required under Section 18(c) of the Federal Deposit
Insurance Act, to the proposed merger of Peoples Union
Bank, McKeesport, Pennsylvania, and Glass City Bank, Jean-
nette, Pennsylvania, provided it is effected substantially
in accordance with a plan outlined in an agreement dated
April 13, 1954.

In connection with the merger, the Board of Governors
also approves the establishment and operation of a branch
at 411 Clay Avenue, Jeannette, Pennsylvania, provided
formal approval of the State authorities is obtained and
the branch is established within six months of the date of
this letter.

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

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Letter to the Comptroller of the Currency, Treasury Department, Washington, D. C., (Attention: Mr. W. M. Taylor, Deputy Comptroller of the Currency), reading as follows:

Reference is made to a letter from your office dated March 29, 1954, enclosing photostatic copies of an application to organize a national bank at Miami Beach, Florida, under the title of "Washington National Bank of Miami Beach" and requesting a recommendation as to whether or not the application should be approved.

A report of investigation of the application, made by an examiner for the Federal Reserve Bank of Atlanta and covering the factors usually considered in connection with such applications, indicates that the proposed capital structure of the bank would be adequate. However, it appears that the prospects for future earnings of the institution are not attractive; that definite arrangements have not been made to insure adequate management; and that the need for additional banking facilities in the area is questionable. In view of these unfavorable factors, the Board of Governors is of the opinion that the application should not 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.

Approved unanimously.

Letter to Mr. Wiltse, Vice President, Federal Reserve Bank of New York, prepared pursuant to action taken by the Board on May 11, 1954, and reading as follows:

Reference is made to your letter of May 4, 1954, submitting the request of the First Trust and Deposit Company, Syracuse, New York, for approval of a reduction in capital stock in accordance with a plan involving the following features:

- (1) Reduction in the par value of the common stock from \$3 per share to \$1 per share (275,000 shares) thereby releasing \$540M to surplus.

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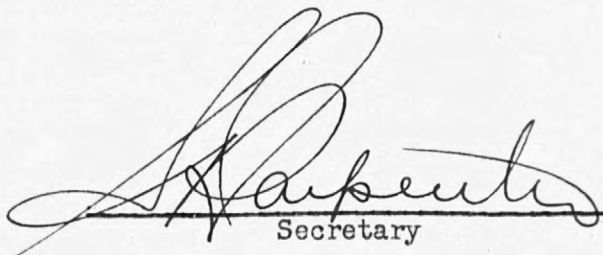
- (2) Issuance of 200,000 shares of convertible preferred (par \$2) at \$20 per share thereby raising \$4,000M new capital of which \$1,000M would be added to capital and \$3,600M to surplus.
- (3) Exchange present "B" preferred stock (\$163M retirable at \$1,086M) on the basis of one share of common and one share of new convertible preferred stock.
- (4) Sale of \$5,000M, 20 year 5 per cent debentures to two insurance companies.
- (5) Retirement of the R.F.C. preferred stock booked at \$2,295M and retirable at \$8,996M.

It is understood that the State of New York Banking Department, by letter dated May 26, 1954, informed your office that the Superintendent of Banks had approved in principle a program of capital revision of First Trust and Deposit Company on substantially the basis set forth above, and that the department indicated that formal approval would be given upon the filing in acceptable form of all final documents relating to the program.

After considering all of the information available, the Board of Governors concurs in your recommendation and has approved the reduction in capital of the First Trust and Deposit Company, provided the program of recapitalization is completed substantially in accordance with the plan outlined in your letter and formal approval is obtained from the appropriate State authorities.

It is understood that Counsel for the Reserve Bank will review and satisfy himself as to the legality of all steps taken to effect the recapitalization program.

Approved unanimously.


Secretary