

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, July 9, 1954. The Board met in the Board Room at 10:00 a.m.

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

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Kenyon, Assistant Secretary
Mr. Thurston, Assistant to the Board
Mr. Vest, General Counsel
Mr. Sloan, Director, Division of Examinations

There was presented a request from Mr. Thomas, Economic Adviser to the Board, for authority to travel to New York, New York, on July 15, 1954, for the purpose of attending, upon invitation of the sponsors, a luncheon meeting at which a report was to be made on housing market analyses of 75 principal cities of the United States.

Approved unanimously.

On June 10, 1954, the Board denied the application of Bank of Las Vegas, Las Vegas, Nevada, to establish a branch in North Las Vegas for reasons stated in a letter to the Federal Reserve Bank of San Francisco. The bank subsequently requested reconsideration of its application, and there had been circulated to the available members of the Board prior to this meeting a draft of letter to Mr. Millard, Vice President of the San Francisco Reserve Bank, indicating that the Board did not feel justified in approving the application at this time for the same reasons outlined previously.

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At the request of Governor Mills, there was a discussion of the application at this meeting based on information contained in a memorandum dated July 6, 1954, from the Division of Examinations; a letter from Vice President Millard dated June 24, 1954; and the attachments to Mr. Millard's letter, which consisted of correspondence between the Reserve Bank and Mr. C. I. Canfield, President of Bank of Las Vegas, together with correspondence between the Reserve Bank and Mr. Grant L. Robison, Superintendent of Banks for Nevada. While the State Superintendent favored the establishment of the proposed branch, the Reserve Bank stated that it knew of no reason to change its previously expressed views, which were (1) that there did not appear to be a particularly great public need for services of the branch, (2) that the bank had not definitely demonstrated its earning ability, and (3) that up to the present time the management had not shown any great strength or stability. The recommendation of the Division of Examinations was that the application be disapproved for the reasons stated by the Board in June and that Bank of Las Vegas be advised that consideration would be given to another application when the bank was more firmly established in permanent quarters, when it had demonstrated ability to operate profitably, and when the need for banking services in the North Las Vegas area could be more fully justified.

After Governor Mills had reviewed the background of the matter in some detail, there ensued a full discussion of factors which might

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be cited for and against approval of the application from the standpoint of the special circumstances of this case and from the standpoint of the principles generally followed in considering branch applications.

At the conclusion of the discussion, unanimous approval was given to a letter to Vice President Millard in the following form:

Reference is made to your letter of June 24, 1954, to Mr. Sloan and attachments relating to the request of the Bank of Las Vegas, Las Vegas, Nevada, for a reconsideration of its application to establish a branch in North Las Vegas, Nevada.

As requested, the Board has reconsidered the matter fully and can see no sufficient change in circumstances to justify its reaching a conclusion different from that indicated previously. Therefore, the Board concurs in the recommendation of your bank in connection with the application for establishment of the proposed branch and reaffirms the position stated in its letter of June 10, 1954. This action does not preclude the bank from filing another application for the branch at a later date.

Messrs. Thurston, Vest, and Sloan then withdrew from the meeting.

The Secretary reported receipt of advice from President Young, Chairman of the Conference of Presidents of the Federal Reserve Banks, that it had been decided to hold a meeting of the Conference in Washington on September 20 and 21, 1954, assuming that a meeting of the Federal Open Market Committee would be held on September 22.

The members of the Board indicated that they would have no objection to the proposed arrangements.

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Governor Robertson reported as a matter of information concerning the situation of Clarence S. Barker, Federal Reserve Examiner on the Board's field examining staff, whose wife had become ill during the 1954 examination of the Federal Reserve Bank of Dallas, with the result that Mr. Barker was unable to leave that city and continue with his official duties. Governor Robertson noted that Mr. Barker, an employee with a long service record and a member of the Bank Plan of the Retirement System of the Federal Reserve Banks, normally would retire early in 1955, that he had exhausted his annual leave, and that retirement at the present time would result in a substantial reduction in his retirement allowance. He went on to say that in the circumstances he inquired of Mr. Irons, President of the Federal Reserve Bank of Dallas, whether the Dallas Bank could effectively utilize Mr. Barker's services for the remainder of the period prior to his retirement and that, after discussing the matter with his staff, Mr. Irons reported that the Bank would be glad to have Mr. Barker during that period, particularly because of the current absence of Mr. Murff, General Auditor, due to illness, and could offer him a salary of approximately \$6,000 per annum. Governor Robertson said that arrangements had been made for the Board's Division of Personnel Administration to send pertinent information on Mr. Barker to the Dallas Bank, with the understanding that the Bank would contact Mr. Barker and determine whether he would be interested in accepting employment. If so, it was envisaged that Mr. Barker would resign his position with the Board.

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The other members of the Board present indicated that the arrangements seemed appropriate.

There were presented proposed telegrams to the Federal Reserve Banks of New York, Cleveland, Richmond, Atlanta, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco stating that the Board approves the establishment without change by the Federal Reserve Bank of San Francisco on July 7 and by the other eight Federal Reserve Banks on July 8, 1954, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

The meeting then adjourned. During the day the following additional actions were taken by the Board with all of the members except Governors Szymczak and Evans present:

Minutes of actions taken by the Board of Governors of the Federal Reserve System on July 7, 1954, were approved unanimously.

Minutes of actions taken by the Board of Governors of the Federal Reserve System on July 8, 1954, were approved and the actions recorded therein were ratified unanimously.

Memoranda from appropriate individuals concerned recommending personnel actions as follows:

Appointments, effective upon the
date of assuming duties

<u>Name and title</u>	<u>Division</u>	<u>Type of appointment</u>	<u>Basic annual salary</u>
Sudelle Rice, File Clerk	Office of the Secretary	Temporary (six months)	\$3,030
JoAnn L. Murray, Clerk-Typist	Research and Statistics	Temporary (six months)	2,750

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Salary increase, effective July 18, 1954

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
Helmut F. Wendel, Economist	Research and Statistics	\$5,185	\$5,940

Change in status of appointment

Levernon Wood, Messenger, Division of Administrative Services. From temporary (two months) to temporary indefinite, with no change in basic annual salary at the rate of \$2,552, effective upon the expiration of his present appointment.

Transfer

Louise S. Anderson, Division of Examinations. From the position of Special Assistant Federal Reserve Examiner, Division of Examinations, to the position of Secretary in the same Division, without change in basic annual salary at the rate of \$4,035, effective July 25, 1954.

Approved unanimously.

Letter to Mr. Bilby, Vice President, Federal Reserve Bank of New York, reading as follows:

In accordance with the request contained in your letter of July 1, 1954, the Board of Governors approves the payment of salary to Mr. Roland J. Schwartz, as Assistant Chief, Cash Custody Division, Cash Custody Department, at an annual salary of \$6,717 per annum for an indefinite period. The Board understands that this rate exceeds the maximum established for the salary grade to which that position is assigned by \$12 per annum.

Approved unanimously.

Letter to Mr. Powell, President, Federal Reserve Bank of Minneapolis, reading as follows:

In accordance with the request contained in your letter of July 2, 1954, the Board approves the appointment of Richard C. Timmerman as an assistant examiner for the Federal Reserve Bank of Minneapolis.

If the appointment is not made effective July 19, 1954, as planned, please advise us.

Approved unanimously.

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Letter to the Board of Directors, Long Island Trust Company, Garden City, New York, 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 Long Island Trust Company, Garden City, New York, at 839 Stewart Avenue, in an unincorporated area of the Town of Hempstead, New York, provided that prior to the establishment of the branch, the bank's capital funds shall be increased by not less than \$250,000 through the sale of additional capital stock and the branch is established within six months from the date of this letter.

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

Letter to Mr. Stetzelberger, Vice President, Federal Reserve Bank of Cleveland, reading as follows:

In view of the circumstances outlined in your letter of June 30, 1954, and the Reserve Bank's favorable recommendation, the Board of Governors further extends until August 2, 1954, the time within which The Dollar Savings and Trust Company, Youngstown, Ohio, may establish an in-town branch at the southeast corner of McGuffey Road and Garland Avenue.

Approved unanimously.

Letter to Mr. Van Zante, Chief Examiner, Federal Reserve Bank of Chicago, reading as follows:

Reference is made to your letter of June 30, 1954, submitting request of the Bay City Bank, Bay City, Michigan, for an extension of time in which to establish a branch at the southwest corner of Midland Avenue and Dean Street, Bay City, Michigan.

In view of the delay in construction and your favorable recommendation, the Board of Governors extends until January 3, 1955, the time within which to establish the branch.

Approved unanimously.

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Letter to Mr. Scanlon, Assistant Chief Examiner, Federal Reserve Bank of Chicago, reading as follows:

Reference is made to your letter of July 1, 1954, regarding the request of the State Savings Bank of Ann Arbor, Ann Arbor, Michigan, for an extension of time within which to establish a branch at 3500 Washenaw Road in Pittsfield Park, Michigan.

After consideration of the information available, the Board concurs in your recommendation and extends to October 19, 1954, the time within which the State Savings Bank of Ann Arbor may establish the branch as originally approved in the Board's letter of January 19, 1954.

Approved unanimously.

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

Re amendment to Regulation G effective July 15, 1954. Attention has been called to the fact that explanatory paragraph introducing the amendment appears to limit the collection of noncash items through the Federal Reserve Banks to items drawn on or payable at or through nonmember par remitting banks. Such was not the intent and the amendment itself permits the Federal Reserve Banks to handle noncash items payable in the designated areas in the same manner as items payable in the Federal Reserve districts.

Accordingly, language in question should be changed to read QUOTE In order to permit the collection through the Federal Reserve Banks of noncash items payable in such of the Territories, dependencies, etc. UNQUOTE. Please disregard printed copies of amendment to Regulation G sent to you today. Corrected copies will follow.

This telegram has no application to amendment to Regulation J since corresponding explanatory paragraph introducing that amendment is correct in form enclosed with Board's letter of July 2.

Approved unanimously.

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Letter to Mr. Leach, Chairman, Presidents' Conference Committee on Fiscal Agency Operations, c/o Federal Reserve Bank of Richmond, reading as follows:

Thank you for your letter of July 1, 1954 advising of the appointments to the Committee on Fiscal Agency Operations and to the Subcommittee on Fiscal Agency Operations.

In response to your suggestion that Mr. Myrick of the Board's staff continue to serve as an Associate of the Subcommittee on Fiscal Agency Operations, the Board will be pleased to have him continue to serve in that capacity.

Approved unanimously.

Letter to Mr. Earhart, Chairman, Presidents' Conference Committee on Miscellaneous Operations, c/o Federal Reserve Bank of San Francisco, reading as follows:

Thank you for your letter of June 30 regarding the membership of the subcommittees working under the Presidents' Conference Committee on Miscellaneous Operations.

In response to your inquiry, the Board would like to have the members of its staff who have been serving as Associates on the following Subcommittees continue in that capacity without change:

Lowell Myrick, Associate
 Subcommittee on Destruction of Records
 Subcommittee on Electronics
 Subcommittee on Cash, Leased Wire, and
 Sundry Operations

L. P. Bethea, Associate
 Subcommittee on Cash, Leased Wire, and
 Sundry Operations

The Board believes it would be desirable also to have a member of its staff serve as an associate on the Subcommittee on Machine and Tabulating Equipment, and has designated Mr. Myrick to serve in that capacity.

Approved unanimously.

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Letters to Mr. B. R. Kennedy, Director, Division of the Federal Register, The National Archives, Washington, D. C., prepared pursuant to action taken by the Board on July 2, 1954, and reading as follows:

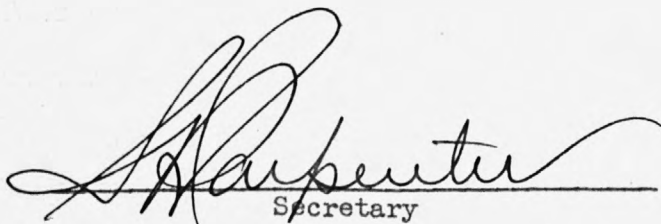
In compliance with the provisions of Title 1, section 1.32 Code of Federal Regulations, there are transmitted for filing in your Division and for publication in the Federal Register an original and three certified copies of an amendment to Part 210 of Title 12, relating to check clearing and collection.

In compliance with the provisions of Title 1, section 1.32, Code of Federal Regulations, there are transmitted for filing in your Division and for publication in the Federal Register an original and three certified copies of an amendment to Part 207 of Title 12, relating to collection of noncash items.

Approved unanimously.

Secretary's Note: The statements referred to in the foregoing letters each contained the following language:

The notice, public participation, and deferred effective date described in section 4 of the Administrative Procedure Act are not followed in connection with these amendments for the reasons and good cause found as stated in paragraph (e) of § 262.2 of the Board's Rules of Procedure (Part 262), and specifically because in connection with these amendments such procedures are unnecessary as they would not aid the persons affected and would serve no other useful purpose.


Secretary