

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, August 13, 1954.

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

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

Mr. Paul Emmert Miller, having been appointed by the President and confirmed by the Senate as a member of the Board of Governors of the Federal Reserve System for the remainder of the term of 14 years from February 1, 1954, took the oath of office yesterday and qualified today as a member of the Board.

Telegrams to the Federal Reserve Banks of New York, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, and Dallas stating that the Board approves the establishment without change by the Federal Reserve Bank of St. Louis on August 9, and by the Federal Reserve Banks of New York, Cleveland, Richmond, Atlanta, Chicago, Minneapolis, Kansas City, and Dallas on August 12, 1954, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Letter to the Board of Directors, The County Trust Company, White Plains, 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 The County Trust

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Company at Aqueduct Road and Wilson Avenue, White Plains, New York, provided the branch is established within one year from the date of this letter.

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

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

Reference is made to your letter of July 27, 1954, submitting the request of the Grosse Pointe Bank, Grosse Pointe, Michigan, for reconsideration of its application for permission to establish a branch at 630 St. Clair Avenue in Grosse Pointe, Michigan.

The Board of Governors has given due consideration to the additional data submitted by you and by the member bank but is of the opinion that the representations contained therein do not justify its reaching a conclusion different from that indicated in its letter of July 8, 1954. As stated in that letter, after there has been an opportunity to observe the results of the operation of the branch presently being established at 93 Kercheval Avenue in Grosse Pointe Farms and its effect upon the main office congestion, the matter of establishing this additional branch may be again reviewed if the bank wishes to file a new application at that time. Please advise the bank accordingly.

Approved, Governor Vardaman  
voting "no".

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

Reference is made to your letter of July 30, 1954, submitting the request of the Security Bank, Lincoln Park, Michigan, for permission to establish a branch on Dix Road between Euclid and Russell Streets in Lincoln Park, Michigan.

The Board of Governors has given due consideration to all of the representations made by the bank and to the facts set forth in your memorandum of July 30, 1954. However, the Board has disapproved the application at this time for

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the reason that the community where it is proposed to establish the branch has not yet been developed commercially and for the further reason that the construction of the branch building would not be commenced until the Spring of 1955.

The Board of Governors would be glad to reconsider the matter in the Spring if the bank wishes to resubmit the application at that time.

Approved unanimously.

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

Reference is made to your letter dated July 16, 1954, and subsequent correspondence submitting for approval the request of the Houston Bank & Trust Company, Houston, Texas, for permission to increase its investment in banking premises, directly and indirectly, to an amount exceeding its capital stock.

After careful consideration of the request, the Board of Governors approves the increase in investment in banking premises, directly and indirectly, to \$2,100,000 by the Houston Bank & Trust Company, Houston, Texas, with the understanding that the present banking house and the Texas Avenue parcel of real estate will be sold without undue delay and that the proceeds of these sales be applied to the reduction of the mortgage encumbering the property.

Approved unanimously.

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 June 24, 1954, enclosing photostatic copies of an application to organize a national bank in Jefferson Parish on Jefferson Highway, Louisiana, and to establish two branches in the immediate area. A request is made for a recommendation as to whether or not the application should be approved.

On the basis of information contained in a report of investigation of the application made by a representative of the Federal Reserve Bank of Atlanta, the proposed capital

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structure of the bank, its future prospects, and character of management would be satisfactory. However, it is indicated that the need for additional banking facilities in the area is not apparent and that the establishment of the proposed bank and its branches would adversely affect the existing bank. The Board, therefore, does not feel justified in recommending approval of the application.

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.

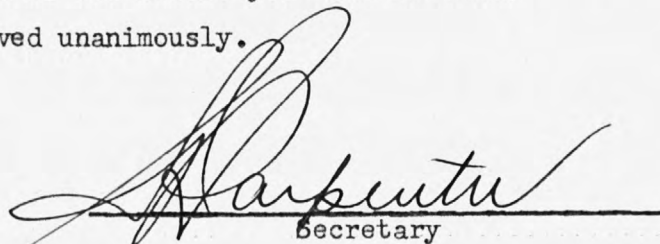
Letter to David M. Wood, Esq., Wood, King & Dawson, 48 Wall Street, New York, New York, reading as follows:

Your letter of April 29, 1954, to the Board of Governors stated that a group of commercial banks, which you represent in this matter, seek an amendment to the Federal statutes which would permit those banks to underwrite and deal in "revenue bonds" of State and local governments and their agencies. You enclosed alternative drafts of a bill designed to accomplish this objective. The Board has also been furnished with certain information bearing upon the proposal and copies of a memorandum entitled "Commercial Banks Should be Permitted to Underwrite and Deal in State and Municipal Revenue Bonds".

The proposal has been receiving consideration from the point of view of the general economic welfare, as well as the immediate and long-term welfare of the commercial banking system. Before reaching a conclusion on a matter of this nature, the Board of Governors seeks to take into consideration all pertinent factors, as far as possible. With this objective in mind, the Board would wish to have the benefit of the ideas and points of view of groups and organizations that might oppose your proposal, particularly organizations representing the investment banking fraternity.

Before taking action along this line, the Board would welcome your comments, or suggestions as to the most effective and appropriate procedure for securing and studying the arguments in opposition to legislation of the nature you have in mind.

Approved unanimously.

  
Secretary