

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Thursday, August 19, 1954.

PRESENT: Mr. Vardaman, Acting Chairman
Mr. Mills

Mr. Carpenter, Secretary
Mr. Kenyon, Assistant Secretary

Memorandum dated August 16, 1954, from Mr. Hostrup, Assistant Director, Division of Examinations recommending that the resignation of W. R. Mernah, Jr., Assistant Federal Reserve Examiner in that Division, be accepted effective August 14, 1954.

Approved unanimously.

Letter to the Board of Directors, The North Fork Bank and Trust Company, Mattituck, New York, stating that, subject to conditions of membership numbered 1 and 2 contained in the Board's Regulation H, the Board approves the bank's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of New York. The letter also contained the following paragraph:

The Board of Governors also approves the retention and operation of the bank's present branches located (1) at the southeast corner of Main Road and New Suffolk Lane in the unincorporated village of Cutchogue, Suffolk County, New York, and (2) at 230 Main Street, Greenport, Suffolk County, New York.

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

8/19/54

-2-

Letter to Mr. Hodge, General Counsel, Federal Reserve Bank of Chicago, reading as follows:

Receipt is acknowledged of your letter of August 13, 1954, enclosing a copy of a letter from John C. Stevens, Assistant U. S. Attorney, Des Moines, Iowa, asking for a copy of an investigator's report made under Regulation W for use in connection with an indictment recently returned against a bank involving the purchase of cars with FHA insured loans.

As you point out, the Regulation W files maintained by the Federal Reserve Banks are deemed to be unpublished information of the Board, and, under the Board's "Rules of Organization", may not be released without the consent of the Board. However, the statute under which Regulation W investigations were made contemplated that the results of such investigations would be transmitted to the Department of Justice when necessary to be used as evidence in criminal proceedings for violations of that statute and regulation, and the present situation appears to be analogous.

In the circumstances, you are authorized to comply with the request of the Assistant U. S. Attorney, with the understanding that the information obtained from the file will be used only as a lead to obtain evidence from other sources and that in the event he should later desire to use any of the information in the file as evidence, either it will be subpoenaed or the problem will be worked out with the Board on some other satisfactory basis.

Approved unanimously.

Letter to Mr. Leedy, President, Federal Reserve Bank of Kansas City, reading as follows:

This will acknowledge receipt of your letter of August 12, 1954, enclosing a copy of a contract which the Federal Reserve Bank of Kansas City proposes to enter into with the owners of the properties adjoining your building site in Omaha on the west.

It is noted that the Bank will undertake to construct a retaining wall, that the Bank covenants that it will not

8/19/54

-3-

remove the wall as long as the present improvements remain on the properties of the adjoining owners, and that the adjoining owners agree not to erect any improvements that would produce a greater amount of pressure on the retaining wall than that produced by the present improvements. The agreement provides for payments to the Bank by the owners of the adjoining properties, and it is understood that the amount agreed upon is \$55,000, the estimated cost of the additional Bank structure necessary to take the thrust from the adjoining buildings.

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 29, 1954, enclosing photostatic copies of an application to organize a national bank at Crestview, Florida, and requesting a recommendation as to whether or not the application should be approved.

Based upon information developed in an investigation of the application made by an examiner for the Federal Reserve Bank of Atlanta, it is apparent that the convenience and needs of the community would be better served by this additional banking facility and that the institution would have fair earnings prospects. However, it appears that the proposed capital structure of the institution may be somewhat weak if the volume of business anticipated by the proponents is attained and that definite arrangements have not been made for experienced management. If these matters are resolved to the satisfaction of your office, the Board of Governors recommends 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.

8/19/54

-4-

Letter to Mr. Roger W. Jones, Assistant Director, Legislative Reference, Bureau of the Budget, Washington, D. C., reading as follows:

This is in response to your communication of August 17, 1954, requesting the Board's comments on an enrolled bill, S. 3245, which would authorize the Secretary of Agriculture until the end of this year to make emergency loans to farmers and stockmen in areas where other credit is temporarily not available. The total amount which could be loaned under this bill would be \$15 million.

The subject of this bill is not a matter with which the Board has any substantial or direct concern and accordingly the Board has no comments to make on this legislation.

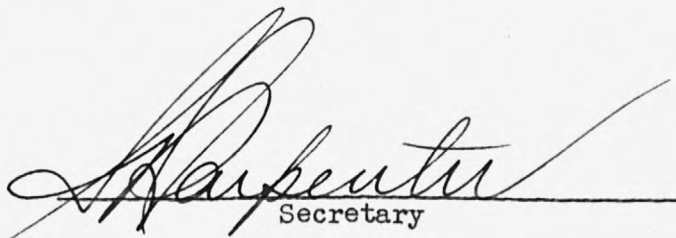
Approved unanimously.

Letter to Mr. James E. Baum, Deputy Manager, American Bankers Association, 12 East 36 Street, New York, New York, reading as follows:

Reference is made to your letter of July 29, 1954, requesting a list of defalcations amounting to \$10,000 or more reported by State member banks during the six months ended June 30, 1954.

There is enclosed a list showing five cases reported by the Board of Governors to the Attorney General of the United States involving possible criminal violations where the amounts involved \$10,000 or more. It is hoped that this information is in such form as to be suitable for the purposes of your Insurance and Protective Committee.

Approved unanimously.


Secretary