

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, September 24, 1954.

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

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

Minutes of actions taken by the Board of Governors of the Federal Reserve System on September 23, 1954, were approved unanimously.

Telegrams to the Federal Reserve Banks of New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco stating that the Board approves the establishment without change by the Federal Reserve Bank of St. Louis on September 20, by the Federal Reserve Bank of San Francisco on September 22, and by the Federal Reserve Banks of New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, Minneapolis, Kansas City, and Dallas on September 23, 1954, of the rates of discount and purchase in their existing schedules.

Approved 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>
Colin D. Campbell, Economist	Research and Statistics	Temporary indefinite	\$6,340

9/24/54

-2-

Appointments (continued)

<u>Name and title</u>	<u>Division</u>	<u>Type of appointment</u>	<u>Basic annual salary</u>
Mary Catherine Davian, Clerk-Stenographer	International Finance	Temporary indefinite	\$3,255
Edna Kiatta, Statistical Clerk	Bank Operations	Temporary indefinite	3,175

Salary increases, effective September 26, 1954

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
<u>Research and Statistics</u>			
Lyla McKaig Cole, Clerk		\$3,030	\$3,175
Reba C. Driver, Clerk		3,495	3,575
Irma B. Gavin, Draftsman		3,910	4,035
Evelyn H. Hurley, Statistical Assistant		3,660	3,785
<u>International Finance</u>			
Stephen Harvey Axilrod, Economist		5,185	5,940
<u>Examinations</u>			
Norma L. Neitzey, Clerk-Stenographer		3,495	3,660
<u>Bank Operations</u>			
Lee W. Langham, Technical Assistant		5,940	6,140
Mary Malinchock, Statistical Clerk		2,950	3,175
<u>Personnel Administration</u>			
Jane Donohoe, Clerk-Stenographer		3,190	3,335

9/24/54

-3-

Salary increases, effective September 26, 1954 (continued)

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
<u>Administrative Services</u>			
W. S. Pool, Assistant Chief Operator, Telegraph Office		\$4,295	\$4,420
Aubrey L. Simmons, Guard		2,910	2,990
Esmond C. Langley, Messenger		2,632	2,712
Flora J. Griffith, Chief Telephone Operator		3,655	3,785
Mary E. Johnson Telephone Operator		3,430	3,575

Approved unanimously.

Memorandum dated September 23, 1954, from Mr. Marget, Director, Division of International Finance, recommending that the resignation of Marian E. Gochenour, Clerk in that Division, which had been accepted effective September 24, 1954, be rescinded.

Approved unanimously.

Telegram to Mr. John A. Hannah, President, Michigan State College, East Lansing, Michigan, prepared pursuant to action taken by the Board on August 3, 1954, and reading as follows:

Board of Governors of Federal Reserve System has appointed you director of Detroit Branch of Federal Reserve Bank of Chicago for unexpired portion of term ending December 31, 1954.

It is understood you are not a director of a bank and do not hold public or political office. Should situation in these respects change during tenure of your appointment, please advise Chairman Federal Reserve Bank of Chicago.

Approved unanimously.

9/24/54

-4-

Letter to Mr. Erickson, President, Federal Reserve Bank of Boston, reading as follows:

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Boston for the period October 1, 1954 through December 31, 1954, at the rates indicated, which are the rates fixed by the Board of Directors as reported in your letter of September 14, 1954:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Loring C. Nye	Assistant Cashier	\$8,500
Charles E. Turner	Assistant Cashier	8,500
G. Gordon Watts	Assistant Cashier	8,500

Approved unanimously.

Letter to Mr. Angney, Assistant Vice President, Federal Reserve Bank of Boston, reading as follows:

For the reasons discussed in your letter of September 9, 1954, the Board of Governors approves the payment of salary to Mr. T. Frank Maloney, Grade 13, at a rate of \$5,700 per annum through March 31, 1955. The Board understands that this rate is \$530 below the minimum of the grade in which Mr. Maloney's job is classified and that within a six-month period steps will be taken to review Mr. Maloney's duties so that a reclassification at a lower grade level may be effective if the facts warrant.

Approved unanimously.

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

This refers to your letter of September 1, 1954, replying to the Board's letter of August 11, 1954, regarding cases of apparent or possible violations of the criminal provisions of the banking laws of the United States. The Board's letter stated that a few of the cases which have not been reported to the United States Attorney, the Federal Bureau of Investigation and the Board, seem to involve facts from which it appears that

9/24/54

-5-

felonies may have been committed, and requested that your Bank reconsider those cases in accordance with the principles stated in the Board's letters of August 19, 1948, and August 11, 1954. It is noted from your letter of September 1 that the officers of your Bank, including Counsel, have reviewed the facts in each of the unreported cases and have concluded that their earlier decisions not to report any of the unreported cases were in accord with the principles contained in the Board's letters above mentioned and that those cases need not be reported. In view of this review of all of these cases by the officers of your Bank, the Board raises no further question regarding these cases.

It is noted that in applying the principles contained in the Board's letters the officers of your Bank have not considered that they were obliged to report, as probable felonies involving violations of the banking laws of the United States, cases founded on mere conjecture that such a violation might have occurred, or to report cases of probable violation if the report would clearly appear to serve no useful purpose as where the case has been investigated, or is under investigation, by the Federal Bureau of Investigation.

The Board believes that ordinarily it is desirable that reports be made to the United States Attorneys and sent in to the Board for transmission to the Department of Justice, as indicated in its 1948 letter, but recognizes that this is not so important where the case is or has been the subject of investigation by the FBI. However, the question whether the circumstances of a particular case are sufficiently strong to warrant prosecution or an attempt to obtain an indictment is the responsibility of the appropriate officers of the Department of Justice. Accordingly, the Board feels that every case should be reported in which the Department of Justice, if it were to investigate the matter, might wish to take some action in the discharge of its responsibility. In this connection it may be mentioned that it not infrequently happens that a bank officer or employee who is involved in a possible criminal irregularity may subsequently commit or participate in another or more serious crime at the same or a different institution. There is, of course, more possibility of this occurring if the circumstances of the first case have not been brought to the attention of the Department of Justice, and the Board feels that the Federal Reserve Banks should be careful to avoid being placed in a position in any case where they can be subject to criticism for not having made a report.

9/24/54

-6-

In your letter of September 1 you state that you will be glad to have any further comments from the Board with particular reference to the development of a procedure that would lead, during the course of future examinations, to discussions between the Board's examiners and your Counsel of any current unreported cases as to the status of which the examiners may entertain doubts. The Board's examiners report the facts of unreported cases for the information of the Board and its staff, but they do not undertake to express opinions as to whether particular cases should or should not be reported. However, your Counsel and the other officers of your Bank should, of course, feel free to discuss any matters of this kind that they may wish with the Board's examiners.

Approved unanimously.

Letter to Bank of America, 40 Wall Street, New York, New York,
reading as follows:

In view of the request contained in your letter of September 16, 1954, submitted through the Federal Reserve Bank of New York, and on the basis of the information contained therein, the Board of Governors extends to April 1, 1955, the time within which you may establish a branch in the City of Singapore, Colony of Singapore, under the authority granted in the Board's letter of September 18, 1953.

It has been noted that you have been engaged in negotiations with the Banque de l'Indochine, Paris, regarding the matter of acquiring the business of its Singapore branch. It is understood that, if consummated, you would expect to assume deposit liabilities of approximately M\$4,500,000 and take over assets, acceptable to you and under certain guarantees, for an equivalent value. It is understood that the assets to be taken over will include banking premises in Singapore, concerning which a tentative price of approximately M\$1,500,000 has been determined. Although the cost of the banking premises appears large in relation to the amount of deposits to be acquired, it is assumed, of course, that any assets acquired will conform to the requirements of Section 25(a) of the Federal Reserve Act and Regulation K, issued thereunder, and that the value of the real estate to be acquired will not be in excess of the fair market value for such property. As, if, and when such negotiations are consummated, it is requested that a comprehensive report be made to the

9/24/54

-7-

Board regarding the assets acquired, deposits assumed, and the manner and time in which the transfer is effected.

Approved unanimously, for transmittal through the Federal Reserve Bank of New York, with a copy to the Federal Reserve Bank of San Francisco.

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

In view of the circumstances outlined in your letter of September 16, 1954, and the Reserve Bank's favorable recommendation, the Board of Governors extends until March 25, 1955, the time within which The Provident Savings Bank and Trust Company, Cincinnati, Ohio, may establish a branch at the southeast corner of Colerain Avenue and Galbraith Road, Hamilton County, Ohio.

Approved unanimously.

Letter to the Florida Bank & Trust Company at West Palm Beach, West Palm Beach, Florida, reading as follows:

The Board of Governors of the Federal Reserve System has given consideration to the application for permission to exercise fiduciary powers made by you on behalf of the Florida National Bank & Trust Company at West Palm Beach, West Palm Beach, Florida, the national bank into which the Florida Bank & Trust Company at West Palm Beach, West Palm Beach, Florida, is to be converted, and grants such national bank authority, effective if and when it is authorized by the Comptroller of the Currency to commence business, to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, 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 Florida. The exercise of all such rights shall be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

9/24/54

-8-

After the conversion of the Florida Bank & Trust Company at West Palm Beach into the Florida National Bank & Trust Company at West Palm Beach becomes effective and the Comptroller of the Currency authorizes the national bank to commence business, you are requested to have the board of directors of the national bank adopt a resolution ratifying your application for permission to exercise fiduciary powers, and a certified copy of the resolution so adopted should be forwarded to the Federal Reserve Bank of Atlanta for transmittal to the Board for its records. When a copy of such resolution has been received by the Board, a formal certificate covering the national bank's authority to exercise trust powers will be forwarded.

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

Letter to the Board of Directors, City Bank, Detroit, 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 in the vicinity of Gratiot Avenue and Eight Mile Road in Detroit, Michigan, by the City Bank, provided the branch is established by July 1, 1955.

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

Letter to the Board of Directors, American Trust Company, San

Francisco, California, reading as follows:

Pursuant to your request submitted through the Federal Reserve Bank of San Francisco, the Board of Governors approves the establishment of a branch in Salinas, California, by the American Trust Company, provided the branch is established within six months from the date of this letter.

It is understood that the branch will not be established unless control of the Monterey County Trust and

9/24/54

-9-

Savings Bank of Salinas is transferred to interests other than the American Trust Company.

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

Letter to the Board of Directors, American Trust Company, San Francisco, California, reading as follows:

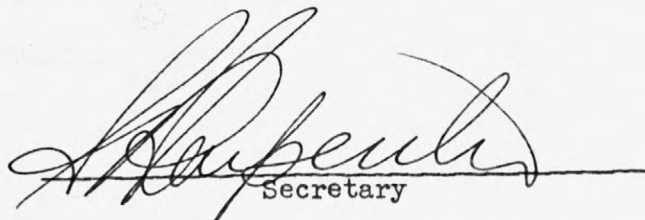
Pursuant to your request submitted through the Federal Reserve Bank of San Francisco, the Board of Governors approves the establishment and operation of a branch in the Hillsdale Shopping Center, San Mateo, California, by the American Trust Company, provided the branch is established within one year from the date of this letter.

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

Letter to the Board of Directors, Wells Fargo Bank & Union Trust Co., San Francisco, California, reading as follows:

Pursuant to your request submitted through the Federal Reserve Bank of San Francisco, the Board of Governors approves the establishment of a branch at 301 G Street, Antioch, California, and hereby gives its written consent under the provisions of Section 18(c) of the Federal Deposit Insurance Act, to the Wells Fargo Bank & Union Trust Co. to absorb The First National Bank of Antioch and the Antioch Bank of Savings, both of Antioch, California, provided the absorption of the latter banks is effected substantially as outlined in the program submitted to the Reserve Bank and the branch is established within six months from the date of this letter.

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


Secretary