

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, November 17, 1954. The Board met in the Board Room at 10:00 a.m.

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

Mr. Carpenter, Secretary  
Mr. Sherman, Assistant Secretary  
Mr. Kenyon, Assistant Secretary  
Mr. Thurston, Assistant to the Board  
Mr. Vest, General Counsel  
Mr. Sprecher, Assistant Director, Division  
of Personnel Administration

The following matters, which had been circulated among the members of the Board, were presented for consideration and action taken as indicated:

Memoranda from appropriate individuals concerned recommending personnel actions with respect to members of the Board's staff as follows:

Change in status of appointment

JoAnn L. Murray, Clerk-Typist, Division of Research and Statistics. From temporary (six months) to a regular basis, with no change in basic annual salary at the rate of \$2,750, effective November 17, 1954.

Salary increase, effective November 21, 1954

| <u>Name and title</u>          | <u>Division</u>         | <u>Basic annual salary</u> |           |
|--------------------------------|-------------------------|----------------------------|-----------|
|                                |                         | <u>From</u>                | <u>To</u> |
| Harold F. Chapin,<br>Economist | Research and Statistics | \$5,935                    | \$6,060   |

Transfer

Jacquelyn Haas, from the position of File Clerk in the Office of the Secretary to the position of Clerk in the Division of International Finance, with no change in present basic salary at the rate of \$3,110 per annum, effective the date she assumes her new duties following completion of a security clearance.

Approved unanimously.

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Memorandum from Mr. Carpenter dated November 10, 1954, recommending that Zoe Gratsias, Minutes Clerk in the Office of the Secretary, be granted permission to accept part-time employment at a local department store during the period from November 22 through December 23, 1954.

Approved unanimously.

Letter to Mr. Hill, Vice President, Federal Reserve Bank of Philadelphia, reading as follows:

Reference is made to your letter of October 26, 1954, submitting the request of the Fidelity-Philadelphia Trust Company, Philadelphia, Pennsylvania, for permission, under provisions of Section 24A of the Federal Reserve Act, to increase its investment, directly and indirectly, in bank premises by \$400,000.

The Board of Governors has given consideration to the asset condition, management, capital structure, and physical needs of the Fidelity-Philadelphia Trust Company and approves the increase in the investment in bank premises by \$400,000. Please advise the bank accordingly.

Approved unanimously.

Letter to The Midland National Bank, Midland, Texas, reading as follows:

The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers and grants you authority 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 Texas, the exercise of all such rights to be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

A formal certificate indicating the fiduciary powers which The Midland National Bank is now authorized to exercise will be forwarded to you in due course.

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

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

It is desired that the regular annual report to the Board on Form F. R. 437 be obtained from Wisconsin Bankshares Corporation, Milwaukee, Wisconsin, covering its fiscal year ended October 31, 1954. Please request the Corporation to file its report in duplicate with your Bank on or before December 1, 1954. However, if the Corporation's annual audit by public accountants has not been completed by that date, the Corporation may, if it so desires, await the completion of the audit and file its report to the Board as soon as practicable thereafter.

We are enclosing six copies of Form F. R. 437 for use in obtaining the report from Wisconsin Bankshares Corporation.

It is requested that one copy of the report be forwarded to us immediately after receipt by your Bank, to be followed later by such additional data and explanations as it may be necessary to obtain from the Corporation to complete or correct the report. After your Bank has reviewed the report, and other relevant information, we shall appreciate receiving a copy of the memorandum relating to such review, together with any recommendations, comments, or suggestions which you may have regarding the group.

Approved unanimously.

Letter to the Comptroller of the Currency, Treasury Department, Washington, D. C., (Attention: Mr. L. A. Jennings, Deputy Comptroller of the Currency), reading as follows:

Reference is made to a letter from your office dated October 20, 1954, enclosing photostatic copies of an application to convert The Southern Ohio Savings Bank and Trust Company, Cincinnati, Ohio, into a national bank and requesting a recommendation as to whether or not the application should be approved.

The Southern Ohio Savings Bank and Trust Company has been a member of the Federal Reserve System since December 21, 1933, and based upon information in our files as well as that supplied by the Federal Reserve Bank of Cleveland a favorable report can be made with respect to the factors usually considered in connection with such proposals. The Board of Governors, therefore, recommends approval of the application.

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You may be interested to know that early in 1954 this bank filed an application with the State Banking Department and with the Federal Reserve Bank of Cleveland for permission to establish a branch in Silverton, Ohio. This application was denied by the Superintendent of Banks in June, 1954. Subsequently, the Reserve Bank was requested to hold the application in abeyance by President Barrett as the matter has been appealed to the courts and to the Governor of the State of Ohio.

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.

There was presented a memorandum dated November 9, 1954, from Mr. Leonard, Director, Division of Bank Operations, recommending that the resignation of H. Pauline Franklin, Statistical Clerk in that Division, be accepted effective November 12, 1954.

Approved unanimously.

There was presented a request from Mr. Youngdahl, Assistant Director, Division of Research and Statistics, for authority to travel to New York, New York, November 29-December 1, 1954, to attend a meeting of the Special Committee on Foreign Operations of American Banks with regard to questions in connection with bankers' acceptances.

Approved unanimously.

Reference was made to a memorandum from Mr. Carpenter dated November 10, 1954, raising the question whether the Board wished to continue to receive the monthly personnel report which was initiated in connection with the adoption by the Board on December 3, 1948, of a procedure under which certain types of personnel actions were entered in the minutes upon approval by designated members of the staff. The question was raised in view of the current procedure providing for consideration

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of all such personnel actions by the Board. When the memorandum was in circulation to the Board, Governor Balderston had indicated that in his opinion such a summary personnel report was needed by the Board.

Following a brief discussion, it was agreed unanimously that the preparation and circulation of the monthly personnel report should be continued.

Mr. Sprecher then withdrew from the meeting.

Reference was made to a memorandum from Mr. Carpenter dated November 5, 1954, which had been circulated to the Board and which suggested that approval by the Board of an application for membership in the Federal Reserve System by an uninsured State bank be understood to include authority to send a letter to the Federal Deposit Insurance Corporation, if and when the State bank completed the steps necessary to membership, certifying that in connection with the admission of the bank to membership, consideration was given to the following factors enumerated in section 6 of the Federal Deposit Insurance Act:

1. The financial history and condition of the bank,
2. The adequacy of its capital structure,
3. Its future earnings prospects,
4. The general character of its management,
5. The convenience and needs of the community to be served by the bank, and
6. Whether or not its corporate powers are consistent with the purposes of the Federal Deposit Insurance Act.

The memorandum pointed out that in the past it had been understood that letters of this kind would be entered in the minutes without circulation to the Board on the basis that at the time the Board approved the application for membership it gave specific consideration to the factors

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enumerated in the letter, so that the subsequent advice to the Federal Deposit Insurance Corporation was a routine action taken when the actual date of admission to membership became known. It also pointed out that approval of the recommended procedure would make the inclusion of the letter in the minutes unnecessary.

This suggested procedure  
was approved unanimously.

The next item presented for consideration was a memorandum dated November 5, 1954, from Mr. Bethea, Director, Division of Administrative Services, regarding the possible applicability of Executive Order 10557 to the Board's formal procurement contracts. This memorandum had been circulated to the members of the Board along with a memorandum dated September 14, 1954, from Mr. Hackley, Assistant General Counsel, which took the view that technically the Executive Order probably did not apply to the Board's contracts although, for practical reasons, the Board might want to conform to the Executive Order. After discussing the situation, Mr. Bethea's memorandum suggested that in order to comply with the spirit of the Executive Order and General Regulation No. 16 of General Services Administration, the Board might wish, as a matter of policy, to insert the nondiscrimination clause required by the Executive Order into formal procurement contracts entered into by the Board as far as practicable. On the other hand, Mr. Bethea's memorandum suggested that it would not seem necessary to incorporate the provision in routine purchase or supply orders where no formal contract is executed.

The procedure suggested in Mr.  
Bethea's memorandum was approved  
unanimously.

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The following letter to Mr. Patterson, Vice President and General Counsel, Federal Reserve Bank of Atlanta, which had been circulated to the members of the Board, was presented for consideration:

This is in reply to your letter of November 2 regarding the program for modernizing and installing elevators in the present Head Office building and the proposed addition.

It is noted that the Bank's architects deem it essential, in preparation of final plans for the program, that determinations be reached at this time as to the elevators, and that bids have been taken covering the installation of a new passenger elevator to replace the present one on the west side of the building and the installation of two passenger elevators, a service (freight) elevator, and a security elevator in the proposed new addition. You report that bids have been taken covering the installation of these elevators and that the Directors have voted to accept the lower of the two bids received.

Your letter requests approval of the Board of Governors for the installation of the new passenger elevator at this time as replacement for one in the present building and, also, approval with respect to the installation of the other elevators included in the low bid, subject, however, to the later approval by the Board of Governors of the final plans and the contract for the construction and alterations proposed.

In a telegram dated November 4, Mr. Clark advised that the expenditure of \$20,741 for installation of the new elevator in the present building at this time does not obligate the Bank with respect to the addition of any other elevators at any other time in the new construction. It is also noted that when submitting bids, the bidding companies did not have knowledge that the awarding of the contract might be delayed or would be on a piecemeal basis, but that the low bidder has agreed to hold the quotation firm until June of next year.

The Board will interpose no objection to the program as proposed.

Approved unanimously.

Prior to this meeting there had been sent to the members of the Board copies of a letter dated November 13, 1954, from Mr. Irons, President of the Federal Reserve Bank of Dallas, stating that at its meeting

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on November 12, 1954, the Board of Directors of the Dallas Bank unanimously approved the unanimous recommendation of the Board of Directors of the Houston Branch to purchase at a cost of \$628,500 the full block of land bounded by San Jacinto, Caroline, Pease, and Jefferson Streets in Houston, Texas, as a site for a new branch building. There had also been sent to the members of the Board copies of a memorandum dated November 15, 1954, from Mr. Leonard, Director of the Division of Bank Operations, recommending that the Board of Governors interpose no objection to the purchase and submitting a draft of telegram to President Irons reading as follows:

Board will interpose no objection to the purchase for \$628,500 of the property referred to in your letter of November 13, 1954, as a site for a new building for the Houston Branch, as recommended by the Boards of Directors of that Branch and the Bank.

Chairman Martin, who had attended the directors' meeting in Dallas on November 12, said that he was inclined to regard the purchase as a very satisfactory one at the price mentioned. He also noted that Governor Robertson, who had seen the site during a recent trip to Texas, stated at the meeting of the Board on November 15 that he favored the purchase.

Thereupon, unanimous approval was given to a telegram to President Irons in the form set forth above.

Mr. Vest stated that pursuant to the understanding at the meeting on November 15, he had made arrangements through the Federal Reserve Bank of New York for Mr. Orrin G. Judd, Counsel for the New York State Bankers



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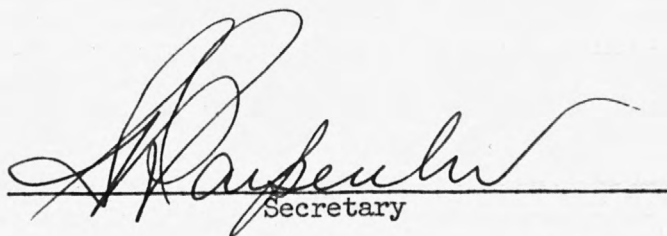
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Association, and Mr. William A. Lyon, Superintendent of Banks of the State of New York, or someone representing him, to meet with members of the Board at the Board's offices on December 14, 1954, at 2:30 p.m., to present their views on the question whether interlocking directorates between member banks and a mutual trust investment company (the Bank Fiduciary Fund) proposed to be organized under a recent New York State statute would be prohibited by section 32 of the Banking Act of 1933. The members of the Board indicated that a meeting at the time suggested would be agreeable.

Minutes of actions taken by the Board of Governors of the Federal Reserve System on November 15, 1954, were approved unanimously.

Minutes of the meeting of the Board of Governors of the Federal Reserve System with the Federal Advisory Council on November 16, 1954, were approved unanimously.

Thereupon the meeting adjourned.



Secretary