

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

PRESENT: Mr. Szymczak, Acting Chairman

Mr. Vardaman

Mr. Mills

Mr. Robertson

Mr. Balderston

Mr. Carpenter, Secretary

Mr. Young, Director, Division of
Research and Statistics

Mr. Noyes, Assistant Director, Division
of Research and Statistics

Reference was made to a memorandum from Mr. Young dated December 8, 1954, stating that Mr. Youngdahl intended to resign as Assistant Director of the Division of Research and Statistics as of January 15, 1955, and recommending:

(1) that Albert R. Koch, Chief of the Banking Section, Division of Research and Statistics, be appointed an Assistant Director of the Division, with basic salary at the rate of \$13,000 per annum;

(2) that James B. Eckert, Economist in the Banking Section, be appointed Chief of that Section, with basic salary at the rate of \$10,800 per annum; and

(3) that Donald C. Miller, Acting Chief of the Government Finance Section, be appointed Chief of that Section, with basic salary at the rate of \$9,600 per annum.

Governor Szymczak stated that Chairman Martin was familiar with the recommendations and favored their approval.

Following a discussion, the recommendations contained in Mr. Young's memorandum were approved unanimously, effective immediately.

12/9/54

-2-

Messrs. Young and Noyes then withdrew from the meeting and Messrs. Kenyon, Assistant Secretary, and Sloan, Director, Division of Examinations, entered the room.

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

Memorandum dated November 29, 1954, from Mr. Young, Director, Division of Research and Statistics, recommending an increase in the basic salary of Evelyn M. Hurley, Economist in that Division (title changed from Statistical Assistant), from \$3,785 to \$4,205 per annum, effective December 19, 1954.

Approved unanimously.

Memorandum dated December 2, 1954, from Mr. Bethea, Director, Division of Administrative Services, stating that the application of Robert L. Piper, Operator, Mimeograph, in that Division, for retirement under the Board Plan of the Retirement System of the Federal Reserve Banks had been approved, effective January 1, 1955.

Noted.

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

In accordance with the request contained in your letter of November 24, 1954, the Board approves the appointments of Harvey Fleetwood and Frederick J. Kraft as examiners and John J. Molesphini and Edward M. Reilly as assistant examiners for the Federal Reserve Bank of New York. Please advise the date upon which the appointments are made effective and as to salary rates.

Approved unanimously.

Letter to The National City Bank of New York, New York, New York, reading as follows:

The Board of Governors of the Federal Reserve System authorizes The National City Bank of New York, New York, New York, pursuant to the provisions of Section 25 of the

12/9/54

-3-

Federal Reserve Act to establish a second branch in Caracas, Venezuela, to be located in the eastern part of the city, and to operate and maintain such branch subject to the provisions of such section; upon condition that, unless the branch is actually established and opened for business on or before December 1, 1955, all rights granted hereby shall be deemed to have been abandoned and the authority hereby granted shall automatically terminate on such date.

Upon the opening of the branch, please advise the Board as to the location of the branch in the city of Caracas. It is understood, of course, that no change will be made in the location of such branch without the prior approval of the Board of Governors.

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

Letter to Mr. Denmark, Vice President, Federal Reserve Bank of Atlanta, reading as follows:

This refers to your letter of November 9, 1954, submitting, with your favorable recommendation, the request of the Jeff Davis Bank & Trust Company, Jennings, Louisiana, for permission to act as trustee for a bond issue in the amount of \$50,000 of the First Methodist Church, Jennings, Louisiana.

It is noted that the duties of the bank in connection with this trusteeship will involve authentication of the bonds to be issued under the indenture of mortgage and the performance of other routine administrative duties commonly involved in trusteeships of this kind and that the accompanying responsibilities will be limited in nature. It is further observed that it is not the desire of the bank to exercise general trust powers and that the authority requested is solely to permit the bank to act in the specific case described above.

In the circumstances, the Board will interpose no objection to the Jeff Davis Bank & Trust Company acting as trustee in the matter above described with the understanding that it will not acquire any other fiduciary business without first obtaining the permission of the Board. Please advise the bank accordingly.

Approved unanimously.

12/9/54

-4-

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 May 13, 1954, enclosing photostatic copies of an application to organize a national bank at Orlando, Florida, and requesting a recommendation as to whether or not the application should be approved.

Based upon information contained in a report of investigation of the application made by an examiner for the Federal Reserve Bank of Atlanta, it appears that the proposed capital structure of the bank would be adequate; that the ability of the proposed bank to acquire sufficient business to operate profitably was considered doubtful; and that some question was raised as to the experience and competency of the proposed management. While the bank would probably be an added convenience to the immediate community, the additional banking facility in this area does not appear to be needed at this time. After considering all of these factors, the Board of Governors has concluded that it would not be 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 the Comptroller of the Currency, Treasury Department, Washington, D. C., (Attention: Mr. G. W. Garwood, Deputy Comptroller of the Currency), reading as follows:

Reference is made to a letter from your office dated November 16, 1954, enclosing photostatic copies of an application to organize a national bank at Helena, Montana, and requesting a recommendation as to whether or not the application should be approved.

Based upon information contained in a report of investigation of the application made by a representative of the Federal Reserve Bank of Minneapolis, it appears that the proposed capital structure and future earnings prospects of the bank would be satisfactory. There is, however, considerable doubt expressed as to the competency of the principal promoter of the bank and proposed managing officer as well as the need for this bank in Helena. After consideration of all of the

12/9/54

-5-

information available, the Board of Governors 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.

There was presented a memorandum dated December 2, 1954, from Mr. Marget, Director, Division of International Finance, recommending that the resignation of Dorothy G. Bujno, Secretary in that Division, be accepted, effective December 18, 1954.

Approved unanimously.

Reference was made to a draft of letter to The Honorable Ray M. Gidney, Comptroller of the Currency, which had been circulated to the members of the Board, regarding clearance of competing branch applications among the Federal bank supervisory agencies and referring specifically to a current case involving applications of a national bank and a State member bank to establish a branch in East Whittier, California.

Following a statement by Governor Robertson of the reasons why such a letter seemed appropriate in the interest of developing a satisfactory working arrangement with the Comptroller's Office, Governor Balderston suggested an editorial change in the draft and unanimous approval was given to a letter to Mr. Gidney in the following form:

We have been advised by the Federal Reserve Bank of San Francisco of a pending application of the Bank of Whittier, Whittier, California, a State member bank, for permission to establish a branch in East Whittier, California. It is reported that an application for a branch at this location by the Security-First National Bank of Los Angeles, California, was approved by your office on November 5, 1954. However, it does not appear from our records that the application of

12/9/54

-6-

the national bank was brought to our attention by your office and, consequently, we did not inform the Reserve Bank of this conflicting application.

It has been our policy to adhere strictly to the informal arrangement made several years ago between your office, the Federal Deposit Insurance Corporation, and the Board of Governors with respect to applications for branches. The arrangement provided that each agency would get in touch with the others to ascertain whether they had any competing applications or knew of reasons why a proposed branch should not be authorized. It has been our understanding that your office has not always advised the Board of Governors and, presumably, the Federal Deposit Insurance Corporation, the exception being cases in which the District Chief National Bank Examiner had advised the State banking authorities of the proposed establishment of a branch by a national bank and had ascertained that no competing application had been filed by a member or a nonmember insured State bank. It is possible that this situation existed with respect to the case in point. However, it would be helpful to this office and to the Reserve Banks if we could be advised of all pending applications for branches of national banks, and it is hoped that you find it convenient to give us such advice.

Mr. Sloan then withdrew from the meeting.

At a meeting of the Board in executive session yesterday, Governor Mills had referred to a letter which he received under date of December 1, 1954, from Mr. Bryan, Chairman of the Executive Committee, Board of Trustees, Retirement System of the Federal Reserve Banks, suggesting that Mr. Johnson, as Director of the Division of Personnel Administration, be named an associate member of the Retirement Committee to succeed Mr. Dwight L. Allen.

Governor Robertson stated that Mr. Johnson had suggested that Mr. Sprecher, Assistant Director, Division of Personnel Administration, be named to that position rather than himself.

Accordingly, unanimous approval was given to a letter to Mr. Bryan in the following form:

12/9/54

-7-

Reference is made to your letter of December 1, 1954, to Governor Mills enclosing a copy of a letter dated November 30, 1954, from Mr. Wurts, Chairman of the Retirement Committee of the Retirement System of the Federal Reserve Banks, with regard to the appointment of an associate member of that Committee. Mr. Johnson, Director of the Board's Division of Personnel Administration, suggests that Mr. H. F. Sprecher, Jr., be recommended to the Executive Committee of the Retirement System to serve in this capacity.

Mr. Sprecher is Assistant Director of the Division of Personnel Administration and has been in the Federal Reserve System for 21 years, the past 3-1/2 years having been at the Board in his present position. Mr. Sprecher is thoroughly familiar with the Board's policy regarding personnel administration, and it is believed that his serving as an associate member of the Retirement Committee will retain the advantages resulting from a representative of the Board's Division of Personnel Administration being an associate member of the Committee.

Governor Mills agrees with Mr. Johnson's suggestion, as also does the Board of Governors, and it is hoped that this is agreeable to you and to the Executive Committee of the Retirement System.

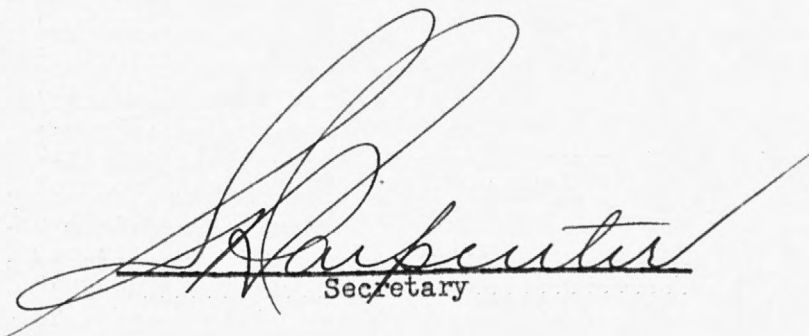
Governor Balderston stated that in accordance with the understanding at yesterday's meeting he discussed with Mr. Woodward, Chairman of the Federal Reserve Bank of Richmond, the appointment of a Class C director at that Bank for the period beginning January 1, 1955, and that in view of the geographical distribution of the incoming board of directors, Mr. Woodward indicated a preference for the selection of some person from the city of Richmond or that area. Governor Balderston said the matter was left that Chairman Woodward would endeavor to suggest to the Board some person or persons from the agricultural field with residence in or near Richmond. He added that in the circumstances it might not be possible for the Board to make the appointment until after January 1, 1955.

12/9/54

In view of Governor Balderston's report, it was understood that notifications would be sent concerning appointments already made by the Board at the Richmond Bank and its branches for terms beginning January 1, 1955.

Minutes of actions taken by the Board of Governors of the Federal Reserve System on December 8, 1954, were approved unanimously.

The meeting then adjourned.


Secretary