Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, February 14, 1955. The Board met in the Board Room at 10:00 a.m.

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

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Kenyon, Assistant Secretary
Mr. Thurston, Assistant to the Board
Mr. Riefier, Assistant to the Chairman
Mr. Thomas, Economic Adviser to the Board
Mr. Vest, General Counsel
Mr. Koch, Assistant Director, Division of Research and Statistics
Mr. Solomon, Assistant General Counsel
Mr. Cherry, Legislative Counsel
Mr. Pawley, Economist, Division of Research and Statistics

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

Letter for the signature of the Chairman to Mr. Joseph E. McLean, Rockefeller Public Service Awards, Princeton University, Princeton, New Jersey, reading as follows:

Thank you for your letter of January 31.
We expect that Mr. Noyes will be back with us around the end of 1955. We have, consequently, every hope and expectation that Mr. Koch would be free to undertake his study program in Europe in the spring of 1956, should he receive a Rockefeller Public Service Award. I have taken the matter up with the Board of Governors and they are prepared to carry Mr. Koch's salary during the period of the award.

Approved unanimously.
2/14/55

Letter to Mr. Mangels, First Vice President, Federal Reserve Bank of San Francisco, reading as follows:

In accordance with the request contained in your letter of January 31, 1955, the authorizations here-tofore given to your bank to designate the following employees as special assistant examiners are hereby canceled:

W. E. Carter O. A. Irving
H. A. Erne C. E. Potratz
E. J. Hickman

The Board approves the designation of the following as special assistant examiners for the Federal Reserve Bank of San Francisco for the purpose of participating in the examination of State member banks only:

W. E. Carter E. J. Hickman
O. A. Irving

Approved unanimously.

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

Reference is made to your letter of February 2, 1955, submitting the request of The County Trust Company, White Plains, New York, for a further extension of time within which it may establish a branch at 158 Westchester Avenue, White Plains, New York. In this connection the trust company has advised that there is a possibility of last minute delays which might prevent the opening of the branch within the approved period, which expires on February 18, 1955.

In accordance with your recommendation the Board of Governors extends to March 4, 1955, the time within which The County Trust Company may establish a branch at the location stated above.

Approved unanimously.

Letter to Mr. Henry J. MacTavish, Comptroller, The Chase Bank, New York, New York, reading as follows:

Reference is made to your letter of January 4, 1955 with further reference to the report of examination of the Home Office of The Chase Bank, New York,
New York, made as of August 13, 1954, by examiners for the Board of Governors of the Federal Reserve System which was transmitted to your Bank under date of November 30, 1954.

It is noted that the estimated loss of $145,362.09 in the stock of Interamericana de Financiamento e Investimentos S.A. has been eliminated by the establishment of a reserve account entitled "Reserve for Exchange Fluctuation in Investments in Foreign Currency" in the amount of $177,819.89. You reported that the surplus deficit of Interamericana had been eliminated through earnings, but that the reserve was set up to cover the spread between the open market value of the Brazilian Cruzeiro on December 31 and the net cost to the Bank of its investment in the capital shares of the corporation. This action by your Bank has been noted with approval with the understanding that in any published statements of the Bank the reserve will be treated as a valuation allowance and deducted from the related asset, which deduction, however, need not be shown on the face of the balance sheet.

Approved unanimously, with a copy to the Federal Reserve Bank of New York.

Letter to Mr. Armistead, Vice President, Federal Reserve Bank of Richmond, reading as follows:

Reference is made to your letter of February 1, 1955, submitting the request of National Savings and Trust Company, Washington, D. C., for the Board's approval under the provisions of section 24A of the Federal Reserve Act, of an additional investment of $75,000 in bank premises.

After consideration of all available information, the Board concurs in the recommendation of the Reserve Bank and approves the additional investment of not to exceed $75,000 in bank premises by National Savings and Trust Company, Washington, D. C.

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

Reference is made to your letter of January 31, 1955, regarding the possible necessity for an extension of time within which the Bank of Crestview, Crestview, Florida, may accomplish admission to membership.

Under the Board's interpretation the ninetieth day from the date of its letter of December 1, 1954, is March 1, 1955. Consequently, if the bank's admission to membership is to become effective as of that date, no extension of time is necessary.

Approved unanimously.

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

Reference is made to your letter of January 14, 1955, submitting the application of Grand Haven State Bank, Grand Haven, Michigan, for permission to exercise fiduciary powers.

Following consideration of the information submitted by you in this connection and in view of your favorable recommendation, the Board of Governors of the Federal Reserve System grants the applicant permission, under the provisions of its condition of membership numbered 1, to exercise the fiduciary powers now or hereafter authorized under the laws of the State of Michigan.

You are requested to advise the Grand Haven State Bank of the Board's action.

Approved unanimously.

Letter to The Miners' First National Bank of Ishpeming, Ishpeming, Michigan, reading as follows:

The Board of Governors of the Federal Reserve System has given consideration to your supplemental application for fiduciary powers and grants you authority to act, when not in contravention of State or local law, as trustee, registrar of stocks and bonds, assignee, receiver 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 Michigan. The exercise of these powers, in addition to those heretofore granted to act as executor, administrator, guardian of estates, and committee of estates of lunatics, shall 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 Miners' First National Bank of Ishpeming is now authorized to exercise will be forwarded to you in due course.

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

Memorandum dated February 7, 1955, from Mr. Sloan, Director, Division of Examinations, recommending that the Board authorize clearance with the Chairmen's Conference of a call by the Board for a Conference of General Auditors of the Federal Reserve Banks, to be held in Washington on May 11, 12 and 13, 1955.

Approved unanimously.

There were presented telegrams to the Federal Reserve Banks of New York, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, and Dallas approving the establishment without change by those Banks on February 10, 1955, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Prior to this meeting there had been sent to the members of the Board, for review, copies of a staff paper on credit in the securities market, this being the third of three papers prepared for the use of the staff of the Senate Banking and Currency Committee in connection
with the Committee's forthcoming hearings on the stock market. The first two papers were the subject of consideration at the meeting of the Board on February 10, 1955.

Following a discussion, during which it was noted that the Banking and Currency Committee hearings had been postponed for approximately one week and would begin about the first of March, it was understood that after all of the members of the Board had had an opportunity to offer any comments that they might have in addition to those made at this meeting, the memorandum on credit in the securities market would be submitted informally as material prepared by the staff for the use of the staff of the Committee.

Mr. Carpenter referred to the discussion at the meeting on February 10, 1955, concerning the air conditioning situation at the Jacksonville Branch of the Federal Reserve Bank of Atlanta, and to the understanding that President Bryan would be invited to meet with the Board for an informal discussion of the matter. He said that Mr. Bryan had advised that he would like, if possible, to meet with the Board on Thursday, March 3, and to bring with him the Bank's consulting air conditioning engineer, Mr. Albert L. Baum, in view of the possibility that technical questions might be involved.

It was agreed that President Bryan should be invited to meet with the Board on March 3 and to bring Mr. Baum with him if he so desired.
Governor Robertson recommended that a reception on February 21 and a luncheon on February 25, 1955, both in the staff dining room, be arranged for the students at the current session of the School for Assistant Examiners of the Inter-Agency Bank Examination School.

This suggestion was approved unanimously.

Mr. Vest referred to the discussion at the meeting on December 27, 1954, regarding a proposal of The Chase National Bank of the City of New York whereby the American Overseas Finance Corporation, a foreign finance company being organized under the provisions of section 25(a) of the Federal Reserve Act, would be authorized by its articles to issue preferred stock to borrowers, which stock would be redeemable at the option of the holder or of the corporation. He said that pursuant to the understanding at that meeting, there had been discussions between the Board's Legal Division and attorneys for The Chase National Bank, that another proposal had now been submitted by the bank, and that the Board's staff was reviewing the new proposal and hoped to be able to make a recommendation to the Board within a few days.

Minutes of actions taken by the Board of Governors of the Federal Reserve System on February 10, 1955, were approved unanimously.

The meeting then adjourned.