

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, March 29, 1955. The Board met in the Board Room at 10:00 a.m.

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

Mr. Carpenter, Secretary
 Mr. Sherman, Assistant Secretary
 Mr. Kenyon, Assistant Secretary
 Mr. Thurston, Assistant to the Board
 Mr. Vest, General Counsel
 Mr. Nelson, Assistant Director, Division
 of Examinations
 Mr. Hexter, Assistant General Counsel

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

Memorandum dated March 22, 1955, from Mr. Bethea, Director, Division of Administrative Services, recommending the appointment of Herbert E. Haney as Operator (Tabulating Equipment) in that Division, with basic salary at the rate of \$3,795 per annum, effective as of the date on which he enters upon the performance of his duties.

Approved unanimously.

Memoranda from appropriate individuals recommending that the resignations of the following employees be accepted as indicated:

<u>Name and title</u>	<u>Division</u>	<u>Effective date</u>
Charlotte A. Hodges, Clerk-Typist	Research and Statistics	April 1, 1955
A. Patricia Brown, Clerk-Stenographer	International Finance	May 20, 1955
Mildred Tydings, Cafeteria Manager	Administrative Services	October 31, 1955

Approved unanimously.

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

In accordance with the request contained in your letter of March 21, 1955, the Board approves the designation of Leigh C. Whaley, Jr., as a special assistant examiner for the Federal Reserve Bank of Richmond to participate in the examination of State member banks only.

Approved unanimously.

Letter to the Board of Directors, First Bank and Trust Company, Madison, N. J., Madison, New Jersey, approving, subject to conditions of membership numbered 1 and 2 contained in the Board's Regulation H, 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 branch at 18-20 Waverly, Madison, New Jersey. It is noted that the establishment of this branch was approved by the Federal Deposit Insurance Corporation conditioned upon a limitation of three years with the understanding that its continued operation would then be reviewed in the light of conditions and circumstances prevailing at that time. As a member bank, First Bank and Trust Company will be expected to comply with this condition and understanding except that the review will be made by the Federal Reserve Bank rather than the Federal Deposit Insurance Corporation.

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

Letter to the Board of Directors, Chemung Canal Trust Company, Elmira, New York, reading as follows:

Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors approves the establishment of a branch by Chemung Canal Trust Company, Elmira, New York, at 204 East Water Street, Elmira, New York, provided

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the branch is established within six months from the date of this letter.

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

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

In view of the circumstances outlined in your letter of March 16, 1955, and the Reserve Bank's favorable recommendation, the Board of Governors further extends until April 30, 1955, the time within which Mechanics and Merchants Bank, Richmond, Virginia, may establish an in-town branch at 3415 Hull Street.

Approved unanimously.

Letter to the Board of Directors, Wachovia Bank and Trust Company, Winston-Salem, North Carolina, reading as follows:

Pursuant to your request submitted through the Federal Reserve Bank of Richmond, the Board of Governors of the Federal Reserve System approves the establishment of branches at 139 West Walnut Street, Goldsboro, North Carolina, and Caswell and Railroad Streets, La Grange, North Carolina, by Wachovia Bank and Trust Company, Winston-Salem, North Carolina, provided its merger with The Bank of Wayne, Goldsboro, North Carolina, is effected substantially in accordance with the plan submitted, and the merger and establishment of the branches are completed within six months of the date of this letter.

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

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

As recommended in your letter of March 15, 1955, the Board of Governors extends to May 26, 1955, the

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time within which Garfield Commercial & Savings Bank, East Los Angeles, California, may accomplish membership in the Federal Reserve System, as provided in our letter of October 26, 1954.

Approved unanimously.

Letter to the Board of Directors, Bank of Whittier, Whittier, 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 by the Bank of Whittier, Whittier, California, in the vicinity of the intersection of Fullerton Road and Central Avenue in La Habra, California, provided (a) not less than \$200,000 in additional capital funds is supplied; (b) the branch is established within six months from the date of this letter; and (c) plans to establish a branch in East Whittier are abandoned.

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

Letter to Mr. Ben Crawford, President, Alaska Bancorporation, Anchorage, Alaska, reading as follows:

This refers to the request contained in your telegram of January 3, 1955, and subsequent correspondence, submitted through the Federal Reserve Bank of San Francisco, for a determination by the Board of Governors as to the status of Alaska Bancorporation as a holding company affiliate.

From the information supplied, the Board understands that Alaska Bancorporation is engaged in selling insurance and in the insurance premium finance business; that Alaska Bancorporation owns 1,087 of the 2,030 outstanding shares of common stock of City National Bank of Anchorage; that investments of Alaska Bancorporation consist solely of stock of City National Bank of Anchorage and stock of a title company; and that Alaska Bancorporation does not, directly or indirectly, own or control any stock of or manage or control any banking institution other than City National Bank of Anchorage.

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In view of these facts the Board has determined that Alaska Bancorporation is not engaged, directly or indirectly, as a business in holding the stock of or managing or controlling banks, banking associations, savings banks, or trust companies within the meaning of section 2(c) of the Banking Act of 1933, as amended; and, accordingly, Alaska Bancorporation is not deemed to be a holding company affiliate except for the purposes of section 23A of the Federal Reserve Act and does not need a voting permit from the Board of Governors in order to vote the bank stock which it owns.

If, however, the facts should at any time differ from those set out above to an extent which would indicate that Alaska Bancorporation might be deemed to be so engaged, this matter should again be submitted to the Board. The Board reserves the right to rescind this determination and make a further determination of this matter at any time on the basis of the then existing facts.

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

There had been circulated to the members of the Board a draft of letter to Mr. Roger W. Jones, Assistant Director, Legislative Reference, Bureau of the Budget, prepared in response to his request for comments on a proposed bill which would amend section 5146 of the Revised Statutes. Under the present law at least three-fourths of the directors of a national bank must reside within the State in which the bank is located or within fifty miles of the location of the office of the bank, and the proposed amendment, submitted by the Secretary of the Treasury, would change the fifty mile limitation to one hundred miles. The reply, as drafted, stated that presumably this recommendation was based on the experience and judgment of the Comptroller of the Currency and that the Board of Governors

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had no reason to question the soundness of the Comptroller's conclusion.

Governor Mills suggested that unless members of the Board had views to the contrary, the reply might well take a position more strongly in support of the Comptroller's recommendation. Governor Vardaman agreed and inquired whether the Board should go even further and suggest the lack of necessity for any geographical limitation upon the selection of more than fifty per cent of a national bank's directors in view of improvements in transportation and changes in banking practices. While the other members of the Board did not indicate disagreement with Governor Vardaman's position, they expressed the opinion that such comments might not be appropriate in responding to a request for views on a bill which was recommended by the Comptroller of the Currency, presumably as the result of some study of the situation, and which would affect only national banks.

Accordingly, unanimous approval was given to a letter to the Bureau of the Budget in the following form:

This is in reply to your letter of March 15, 1955 requesting the views of the Board with respect to a draft of a proposed bill "To amend section 5146 of the Revised Statutes, as amended, respecting qualifications of directors of national banking associations."

The proposed covering letter to the Speaker of the House of Representatives from the Secretary of the Treasury, which you enclosed, states that the present provision regarding residence within a fifty mile radius is "unrealistically restrictive" in the light of modern-day transportation, and recommends a one hundred mile limitation. This statement and recommendation are based on the experience and judgment of the Comptroller of the Currency, who exercises supervisory jurisdiction over national banks, and the Board of Governors favors the Comptroller's conclusion.

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At this point Mr. Fauver, Special Assistant to the Board, entered the room.

Mr. Carpenter stated that Mr. Lee P. Miller, President of the Citizens Fidelity Bank and Trust Company, Louisville, Kentucky, would like to meet with the Board on April 7 or 8 to request that the Board reconsider its denial of the bank's application to establish a branch in the Shelbyville Road Shopping Center near Louisville.

It was agreed that Mr. Miller should be advised that members of the Board would be glad to meet with him on April 8, 1955, at 10:00 a.m.

Further consideration was given to the request of President and Directors of the Manhattan Company (Bank of the Manhattan Company), New York, New York, for permission to operate 29 domestic branches at the present locations of its main office and the 28 New York City branches of The Chase National Bank of the City of New York, including one approved but not yet opened, and to operate 18 foreign branches at locations of the foreign branches now operated by the Chase National Bank, all incident to the proposed merger of the two institutions under the present charter of Bank of the Manhattan Company and the new title, The Chase Manhattan Bank.

Mr. Nelson reported that a telegram was received yesterday from Mr. Wiltse, Vice President of the Federal Reserve Bank of New York, advising that the New York State Banking Board had approved the branch applications but that the State Superintendent of Banks had not as yet

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approved the merger and reportedly was awaiting word from the Attorney General for the State of New York.

Mr. Vest stated that the Attorney General of the United States had advised Counsel for the Chase National Bank of his conclusion that he had no jurisdiction over the matter under section 7 of the Clayton Act and planned to take no action.

Following further discussion of the matter, unanimous approval was given to Chairman Martin's suggestion that the request be approved by the Board subject to approval of the merger by the New York State Superintendent of Banks, with the understanding that the Federal Reserve Bank of New York would be advised informally of the Board's action, that the Reserve Bank would be authorized to inform the State Banking Department in confidence of the action, and that, when advice of the approval of the State Superintendent of Banks was received, the following letters would be sent:

Letter to Mr. Wiltse, Vice President, Federal Reserve Bank of New York

Reference is made to letters of January 12, 1955, January 24, 1955, and March 14, 1955, submitting the request of President and Directors of the Manhattan Company (Bank of the Manhattan Company) for permission to operate 29 domestic branches at the present locations of its main office and the 28 branches of The Chase National Bank in New York City, including one which has been approved but not yet opened, and to operate 18 foreign branches at locations of the foreign branches now operated by The Chase National Bank, all incident to the proposed merger of the two institutions under the present charter of Bank of the Manhattan Company and the new title, The Chase Manhattan Bank.

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After consideration of the information submitted, the Board of Governors concurs in your recommendation and approves the operation of the branches and grants its permission with respect to the changes, if any, in the general character of the business and the scope of corporate powers of the applicant, subject to the provisions set forth in the enclosed letter which is to be forwarded to the President and Directors of the Manhattan Company.

It is understood that Counsel for the Reserve Bank will review and satisfy himself as to the legality of all steps taken to effect the merger and operate the branches.

Letter to the President and Directors of the Manhattan Company (Bank of the Manhattan Company), New York, New York

Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors approves the operation of branches by the President and Directors of the Manhattan Company (Bank of the Manhattan Company), at the following locations:

<u>Name</u>	<u>Location</u>
<u>Domestic Branches</u>	<u>Manhattan</u>
Wall Street Branch	40 Wall Street
Broad Street Branch	11 Broad Street
Fifty-Seventh Street Branch	143 West 57 Street
Forty-Eighth Street Branch	18 East 48 Street
Forty-Fifth Street Branch	355 Madison Avenue (Madison Avenue at 45 Street)
Forty-Second Street Branch	60 East 42 Street
Garfield Branch	200 Fifth Avenue (Fifth Avenue at 23 Street)
Grand Central Branch	422 Lexington Avenue (Lexington Avenue at 43 Street)
Worth Street Branch	40 Worth Street (Corner of Church Street)
Madison Avenue Branch	25 East 57 Street
Madison Square Branch	45 Madison Avenue (Madison Avenue at 26 Street)
Maiden Lane Branch	75 Maiden Avenue
Metropolitan Branch	11-39 East 23 Street (4 Avenue and 23 Street)
National Park Branch	214 Broadway
Park Avenue Branch	510 Park Avenue (Park Avenue at 60 Street)

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<u>Name</u>	<u>Location</u>
Pennsylvania Branch	399 Seventh Avenue (Seventh Avenue at 32 Street)
Peter Cooper Branch	400 East 23 Street
Prince Street Branch	565 Broadway (Broadway at Prince Street)
Rockefeller Centre Branch	30 Rockefeller Plaza (Rockefeller Plaza and 49 Street)
Seventy-Ninth Street Branch	1040 Madison Avenue (Northwest Corner 79 Street and Madison Avenue)
Seventy-Third Street Branch	2099 Broadway (Broadway and 73 Street)
Thirty-Fourth Street Branch	40 West 34 Street
Times Square Branch	575 Seventh Avenue (Seventh Avenue at 41 Street)
Twenty-Five Broadway Branch	25 Broadway
West Fourteenth Street Branch	84 Fifth Avenue (Northwest Corner of 5 Avenue and 14 Street)
United Nations Plaza Branch (Approved but not yet opened)	825 United Nations Plaza 802-12 Madison Avenue
	<u>Bronx</u>
One Hundred Forty Ninth Street Branch	368 East 149 Street
	<u>Brooklyn</u>
Hamilton Trust Branch	191 Montague Street
	<u>Foreign Branches</u>
London, England	6 Lombard Street, London E.C. 3 46 Berkely Square W. 1
Paris, France	41 Rue Cambon
Frankfurt am Main, Germany	11 Taunus - Anlage
Heidelberg, Germany	11 Rohrbacherstrasse
Tokyo, Japan	No. 2, 2-Chome, Chiyoda-Ku
Osaka, Japan	No. 2, 5-Chome, Fushimi-machi Higashi-ku
Havana, Cuba	Aguiar 310, Apartado 642 Amistad 304
Marianao, Cuba	Calle 23 Esq. a J Vedado, Cuba Real Esq. a Torrecilla

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<u>Name</u>	<u>Location</u>
San Juan, Puerto Rico	Calles Tetuan y Cruz, San Juan
San Juan, Puerto Rico	Avenida Ponce de Leon 1600, Santurce
Panama, Republic of Panama	Plaza 5 de Mayo
Colon, Republic of Panama	10-123 Avenida Boliva
David, Chiriqui, Republic of Panama	Avenida B Norte y Calle Quinta Este
Cristobal, Canal Zone	11th Street and Bolivar Avenue
Balboa, Canal Zone	Balboa Road and Pearson and Barneby Streets

provided the proposed merger of The Chase National Bank of the City of New York into your institution is effected within six months from the date of this letter substantially in accordance with the terms of the Plan of Merger heretofore submitted to the Board of Governors through the Federal Reserve Bank of New York, and provided further that formal approval is obtained from the New York State banking authorities.

Pursuant to Condition of Membership numbered "2" governing the membership of your institution in the Federal Reserve System, the Board of Governors grants its permission with respect to the changes, if any, in the general character of the business of, or in the scope of the corporate powers exercised by, Bank of the Manhattan Company that may result from the acquisition of investments now owned by The Chase National Bank or the operation of foreign branches now operated by The Chase National Bank.

Secretary's Note: Advice having been received from the Federal Reserve Bank of New York that the State Superintendent of Banks would approve the merger on the afternoon of March 31, 1955, the foregoing letters were sent to the New York Reserve Bank on March 30.

In connection with the foregoing discussion, Governor Vardaman stated that at a time when all of the members of the Board were present

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he would like to have a discussion of the current practice concerning the timing of Board action with respect to mergers, branch applications, and other matters which, in addition to the Board's approval, require the approval of State banking authorities.

Minutes of actions taken by the Board of Governors of the Federal Reserve System on March 25, 1955, were approved unanimously.

At this point all of the members of the staff except Messrs. Carpenter, Thurston, and Fauver left the meeting.

There was a further discussion of the appointment of directors of Federal Reserve Banks and branches and the following decisions were reached by unanimous vote:

1. To request the Chairman of the Federal Reserve Bank of Minneapolis to ascertain whether Mr. Oscar B. Jesness, Head of the Department of Agricultural Economics, University of Minnesota, St. Paul, Minnesota, would accept appointment as a Class C director of the Minneapolis Bank for the unexpired portion of the term ending December 31, 1957, and as Deputy Chairman for the remainder of the current year; and to make the appointment in the event Mr. Jesness will accept.

2. To request the Chairman of the Federal Reserve Bank of Dallas to ascertain whether the following would accept appointment as directors of branches of the Bank as shown below; and to make the appointments if the respective individuals will accept:

<u>Name</u>	<u>Branch</u>	<u>Unexpired portion of term ending Dec. 31</u>
Tyrus R. Timm, Head of Department of Agricultural Economics and Sociology, A. & M. College of Texas, College Station, Texas	Houston	1955

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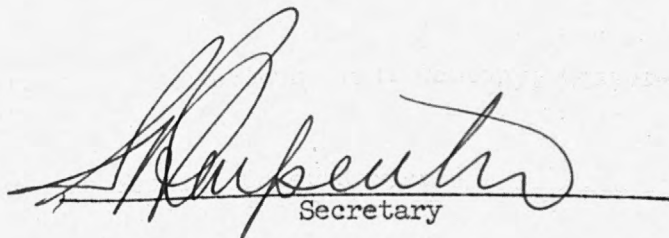
<u>Name</u>	<u>Branch</u>	<u>Unexpired portion of term ending Dec. 31</u>
John C. Flanagan, Vice President and General Manager, Texas Distribu- tion Division, United Gas Corporation, Houston, Texas	Houston	1957
Alex R. Thomas, Vice President, Geo. C. Vaughan & Sons, San Antonio, Texas	San Antonio	1957

Secretary's Note: Advice having been received that Mr. Jesness would accept appointment as Class C director and Deputy Chairman of the Federal Reserve Bank of Minneapolis, if tendered, the following telegram was sent to him on April 1, 1955:

Board of Governors of Federal Reserve System has appointed you Class C director Federal Reserve Bank of Minneapolis for unexpired portion of term ending December 31, 1957, and Deputy Chairman for remaining portion of year 1955. Understand you will terminate any commercial bank affiliation you might have in order to qualify for appointment.

Your acceptance by collect telegram will be appreciated.

The meeting then adjourned.


Secretary