

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, May 4, 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. Robertson
 Mr. Shepardson

Mr. Carpenter, Secretary
 Mr. Sherman, Assistant Secretary
 Mr. Kenyon, Assistant Secretary
 Mr. Thurston, Assistant to the Board
 Mr. Riefler, Assistant to the Chairman
 Mr. Thomas, Economic Adviser to the Board
 Mr. Leonard, Director, Division of Bank Operations
 Mr. Vest, General Counsel
 Mr. Young, Director, Division of Research and Statistics
 Mr. Sloan, Director, Division of Examinations
 Mr. Kelleher, Assistant Director, Division of Administrative Services
 Mr. Horbett, Assistant Director, Division of Bank Operations
 Mr. Hackley, Assistant General Counsel
 Mr. Nelson, Assistant Director, Division of Examinations
 Mr. Conkling, Chief, Member Bank Section, Division of Bank Operations

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:

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

In accordance with the request contained in your letter of April 22, 1955, the authorization heretofore given

5/4/55

-2-

to your bank to designate W. A. Kind as a special assistant examiner is hereby cancelled.

The Board approves the designation of W. A. Kind as a special assistant examiner for the Federal Reserve Bank of San Francisco to participate in the examinations of State member banks only.

Approved unanimously.

Letter to Mr. Howard C. Shepard, Chairman of the Board, International Banking Corporation, New York, New York, reading as follows:

This refers to the Board's letter to you of May 21, 1954 in which the Board requested that your corporation as soon as practicable dispose of any and all shares of stock held of The First National Bank and Trust Company of Ossining.

In a letter dated June 22, 1954, Mr. N. C. Lenfestey, Secretary of your corporation, advised that as of that date your corporation held 3,947 shares of the stock of the Ossining bank, book value \$233,523.65. After stating the views of your corporation regarding the matter, Mr. Lenfestey stated:

"Notwithstanding our views as to the propriety of the acquisition and retention by this Corporation of the stock of the First National Bank and Trust Company of Ossining, we can assure you that our plan is to dispose of such shares in normal course and as promptly as may prudently be done under prevailing market conditions and as is consistent with the protection of the interests of this Corporation."

In the Board's letter to you of July 12, 1954, it was stated that the Board had again reached the conclusion that such shares should not be purchased or held by your corporation. It was requested that the Board be kept informed as to the progress being made in disposing of the shares and advised when the disposition had been completed.

The Board has received no further information regarding your plans for disposing of the shares. Upon reviewing the report of condition of your corporation as of December 31, 1954, it has been noted that your holdings of stock of The First National Bank of Ossining aggregated 4,144 shares carried at a book value of \$233,502.65, representing an increase of 197 shares and a decrease of \$21 in carrying value since

5/4/55 .

-3-

the date of Mr. Lenfestey's letter. It is assumed that the increase in shares held arose out of the receipt of a 5 per cent stock dividend declared by the Ossining bank on or about July 9, 1954. However, in view of the time that has elapsed since the assurances in Mr. Lenfestey's letter of June 22, 1954, the Board will appreciate early advice of your definite plans for the disposition of these shares.

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

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

Reference is made to your letters of April 18 and 22, 1955, with respect to the request of the Security Bank, Lincoln Park, Michigan, for a further extension of time within which to establish a branch at Northline Road and Dix-Toledo Road in Southgate, Ecorse Township, Wayne County, Michigan.

After considering the information submitted and in view of the pending litigation with respect to the legality of the establishment of the proposed branch, the Board extends to October 10, 1955, the time within which the Security Bank may establish the above described branch. It is assumed that this branch will not be established until the litigation is settled in such a manner that will conclusively permit the branch to be legally established.

Approved unanimously.

Letter to Mr. Ralph D. Cowan, Vice President, First Security Bank of Utah National Association, Salt Lake City, Utah, reading as follows:

This refers to your letter of April 18, 1955, with respect to the proposed amendment to section 10(c) of Regulation F dealing with the collective investment of the funds of pension and similar trusts.

The American Banker of March 31, 1955, to which you refer, is inaccurate in stating that under present regulation the collective investment of funds of trusts which are established under employers' pension, profit-sharing, and stock bonus plans, is prohibited. There are presently many

5/4/55

-4-

pension and similar trusts properly participating in common trust funds operated pursuant to section 17 of Regulation F. These trusts, when created for bona fide fiduciary purposes, may participate in a common trust fund without specific authorization in the trust instruments for their collective investment and regardless of whether they are individually exempt from Federal income taxes.

The purpose and effect of the proposed amendment to section 10(c) is to permit a national bank to invest collectively the funds of pension and similar trusts without complying with the limitations contained in section 17, provided the trust instruments specifically authorize such collective investment and the individual trusts are exempt from Federal income taxes. It is believed that trusts of this particular class do not require all the limitations and restrictions that are desirable in connection with the collective investment of trusts established by the general public.

The commingled fund to be permitted by this amendment will not be a "common trust fund" subject to the regulations prescribed by the Board in section 17 of Regulation F, and, therefore, will not be within the exemption from income taxes which is provided by section 584 of the Internal Revenue Code of 1954. The Board, of course, can express no opinion as to the tax status of such commingled funds, but proponents of the amendment do not seem disturbed as to this question.

Admittedly, the reference to "Par. 206.17" is somewhat confusing. This is the citation to section 17 of Regulation F as it appears in the Code of Federal Regulations. All of the Board's regulations are codified in the Code of Federal Regulations in the same manner, beginning with Part 201 of Title 12. The reference to "206" is equivalent to Regulation F, which is the sixth letter of the alphabet, and the figure ".17" corresponds to section 17 of that regulation.

Your interpretation is correct as to the present provision of section 17(c), under which a common trust fund is "frozen" if at a valuation date it contains an investment in which funds of any participating trust might not be lawfully invested at the time. The Board has this matter under consideration, and an amendment to the regulation with respect to this problem has been proposed by representatives of the American Bankers Association.

5/4/55

-5-

The Board appreciates your consideration of the proposed amendment to section 10(c) of Regulation F and your comments with respect to trust administration.

Approved unanimously.

There had been circulated to the members of the Board drafts of letters to the Comptroller of the Currency prepared in response to requests for recommendations as to whether applications to establish national banks in Hazardville, Connecticut; Cherry Hill, Delaware Township, New Jersey; and Muleshoe, Texas, should be approved. The proposed replies, based on reports of investigation by the Federal Reserve Banks of Boston, Philadelphia, and Dallas, respectively, recommended favorably with respect to the Muleshoe, Texas, application and unfavorably with respect to the other two applications.

In response to a request by Governor Vardaman for comment on the two cases in which unfavorable recommendations were proposed, Mr. Sloan said that the investigation of the application to establish a national bank in the village of Hazardville, Connecticut, indicated that the initial capital would be reasonably adequate, that earnings prospects were fairly favorable because of low overhead and the anticipated acquisition of loans from affiliated banks, and that satisfactory management apparently would be provided. Unfavorable factors included doubt as to the need for a new bank in the community and the fact that the application seemed to represent an attempt to circumvent the branch banking laws of the State of Connecticut. It appeared that the individual principally concerned controls

5/4/55

-6-

two nearby national banks, that one of these banks applied for a branch office in Hazardville, but that in view of a ruling by the Office of the Comptroller of the Currency that the bank would have to have capital and surplus totaling \$500,000, the branch application was dropped and an application for a new national bank was filed.

With respect to the Cherry Hill situation, Mr. Sloan said that the proposed bank would be located in an area which may develop to a considerable extent in the future but which is now largely in the blueprint stage. The organizers were said to be reputable and future earnings prospects favorable. The proposed capital structure of the bank was deemed inadequate but it appeared that the organizers would agree to a capital structure of \$250,000, which was felt to be the minimum requirement. The existing banking facilities in nearby areas were believed to be adequate to provide satisfactory banking service for some time to come. In the circumstances, the application was felt to be premature and it was believed preferable to defer the establishment of a bank until the area developed to a point where the need for banking facilities was more apparent.

Governor Vardaman then made a statement in which he referred first to the procedure by which the Comptroller of the Currency requests a recommendation from the Board as to whether an application for a new national bank should be approved. He expressed the opinion that the primary bank supervisory agency, that is, the Comptroller of the Currency in the case of national banks, should make an investigation of the application and,

5/4/55

-7-

when asking for the views of the other supervisory agencies, should state what action he proposed to take in the absence of information which would make a different action desirable. He said that for some time there had been a serious doubt in his mind concerning the existing procedure, since he questioned whether the Board should make a recommendation in an area that is the primary responsibility of the Comptroller of the Currency and the State banking authorities.

With regard to the general approach to applications for new bank charters, Governor Vardaman took the position that where a private group has made a decision to invest capital to establish a bank, the Board should not look on the matter unfavorably provided the organizers are of good moral character, the proposed capital structure is adequate, satisfactory arrangements for management have been made, and there are no unusual complications. He understood that the reputation of the organizers, capital adequacy, and competency of management were not involved in the proposed adverse recommendations with regard to the Hazardville and Cherry Hill applications, and he stated that in those circumstances he would want to vote against an unfavorable recommendation in either case.

In further comments Governor Vardaman expressed the view that if a group is willing to invest its funds to establish a bank, it should be given the right to operate the bank regardless of any indication that the bank might not be a profitable operation, at least for the first few years. He also said that while he recognized the danger of permitting an overbanked

5/4/55

-8-

situation to develop, his present thinking with regard to bank charters was strongly influenced by the fact that, in many cases, other types of financial institutions probably would be put into operation in the areas concerned if banks were not permitted to enter the territory.

With reference to the first part of Governor Vardaman's comments, Governor Robertson expressed the view that the existing procedure for making recommendations on national bank applications is desirable because he felt that the final authority, in this case the Office of the Comptroller of the Currency, should not be put in the position of submitting its proposed action to other agencies for their comment. At the same time, he felt that it was proper for the final authority to have the benefit of the views of other interested parties in formulating its decision. He also pointed out that if the Board knew what action was contemplated by the Comptroller, it would be difficult for the Board to decide on its recommendation with an open mind.

Regarding the Hazardville application, Governor Robertson felt that the Board should not recommend favorably in a situation where the application for a new bank apparently represented an attempt to circumvent branch bank requirements. With respect to the Cherry Hill application, he felt that the situation could be regarded in quite a different light if the existing banking facilities were at a greater distance from the place where the proposed bank would be located. With several banking facilities now available within a distance of a few miles, he felt that the community

5/4/55

-9-

would not be injured, at least in its present stage of development, if the proposed national bank were not chartered. On the general subject of future earnings prospects, he said that although persons investing in a new bank might be reconciled to the absence of a return on their investment for two or three years, they were apt to expect a reasonable return afterward, which might result in a strenuous effort to make profits, even to the extent of engaging in unsound lending and investing practices.

Governor Szymczak commented on the fact that each national bank which is chartered automatically becomes a member of the Federal Reserve System, so that the Board has a direct interest in the organizing of the bank and the prospects for its successful operation.

Chairman Martin said that admittedly the area of bank charters is a difficult one in which to decide what principles should be followed and that if he were approaching the problem without previous study, his first disposition would be to approve every proposal where private parties were willing to provide sufficient capital. However, in a field such as banking, he felt one must come to the conclusion that the adoption of such a liberal policy would not be sound and that individual cases must be considered on their merits. It was his view that the Board's responsibilities in relation to the maintenance of a sound banking structure and the solvency of banks make it necessary for the Board to reach decisions on a case-by-case basis even though the task may be a difficult one.

5/4/55

Governor Mills stated that he favored the recommendations made in the drafts of letters to the Comptroller of the Currency, and he went on to say that at the present time there are particular inducements for seeking to establish banks that did not prevail a few years ago and may not prevail in the future. In the circumstances, it was his opinion that every application deserved close scrutiny in the public interest. If it appeared that a bank was going to operate on a minimum of capital and would have a large risk exposure, he felt that the supervising authorities had a legal and moral responsibility to take those factors into consideration. He then commented on the overbanked situation which led to a large number of failures in the late 1920s and early 1930s and said that the banking authorities must attempt to prevent conditions which might result in a repetition of that record. With regard to the matter of providing banking facilities in doubtful areas, he thought there was much to be said for allowing an established institution to open a branch rather than permitting a new institution with relatively inexperienced management to go into the area.

Governor Vardaman said that he also would prefer the establishment of a branch to the opening of a new bank in many situations but that, as he understood it, the Board had been inclined to feel that the establishment of a branch was not warranted unless it could be reasonably well demonstrated that the branch would pay its own way.

Governor Balderston said that he favored Governor Vardaman's philosophical approach to the problem of new banking facilities, that is,

5/4/55

-11-

that Governmental interference in matters of private initiative should be kept to a minimum, but that he also recognized the responsibility of the Board to prevent overbanking and to promote sound banking conditions. In the case of the Hazardville application, he supported the proposed unfavorable recommendation primarily because the situation appeared to involve an attempt to avoid branch banking requirements. In the case of the Cherry Hill application, it seemed to him that the principal question was one of timing. He did not feel that a bank should be permitted to preempt a site that might be valuable at some time in the future and he was not sure that it would be appropriate to establish a bank as a means of attracting mercantile concerns and otherwise promoting the development of a community which was not beyond the planning stage. On the other hand, he recognized the difficulty in deciding at precisely what point in the development of a community a bank should properly be established.

Governor Shepardson expressed himself as being inclined to favor the general philosophy of permitting freedom of opportunity but he also felt that the matter of timing was important and that it was difficult to say what the sequence should be in the case of an area being developed. His first thought was that it might not be necessarily undesirable to establish a bank as a magnet to attract businesses into a community but he reserved the right to give further study to the problem before expressing a definite view.

5/4/55

-12-

Following further discussion, the first two of the following three letters were approved, Governor Vardaman voting "no" for the reasons which he had stated, and the third letter was approved unanimously:

Letter to the Comptroller of the Currency, Treasury Department, Washington, D. C., (Attention: Mr. W. M. Taylor, Deputy Comptroller of the Currency)

Reference is made to a letter from your office dated August 24, 1954, enclosing photostatic copies of an application to organize a national bank at Hazardville, Connecticut, and requesting a recommendation as to whether or not the application should be approved.

A report of investigation of the application made by an examiner for the Federal Reserve Bank of Boston and covering information with respect to the factors usually considered in connection with such proposals indicates that the proposed capital structure of the bank would be reasonably adequate; that earnings prospects may be fairly favorable because of low overhead and the acquisition of loans from affiliated banks; and that it is expected satisfactory management would be provided. However, there appears to be considerable doubt as to the need for banking facilities in the village and it is understood that State authorities feel the proposal may be a device to circumvent the statutes with respect to establishment of branches. After consideration of the 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.

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

Reference is made to a letter from your office dated February 4, 1955, enclosing photostatic copies of an application to organize a national bank at Cherry Hill, Delaware Township, New Jersey, and requesting a recommendation as to whether or not the application should be approved. A similar application was considered by the Board in March 1954.

5/4/55

On the basis of information developed in an investigation of the application made by an examiner for the Federal Reserve Bank of Philadelphia, it appears that the proposed capital structure of the bank would be inadequate and that at least \$250,000 should be fixed as a minimum requirement. The prospects for future earnings of the bank appear to be favorable but definite arrangements have not been made for experienced operating management. The development of most of the business and residential sections of the area to be served by the proposed bank will not materialize until some-time in the future and it appears that existing banking facilities available in the area can furnish needed banking services for some time to come. The organization of the bank seems premature at this time and it is believed that it would be preferable to defer the matter until the area has developed to a point where the need for banking facilities is more apparent. In view of these circumstances, the Board of Governors does not feel justified in recommending approval of the application at this time.

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.

Letter to the Comptroller of the Currency, Treasury Department, Washington, D. C., (Attention: Mr. G. W. Garwood, Deputy Comptroller of the Currency)

Reference is made to a letter from your office dated March 17, 1955, enclosing photostatic copies of an application to organize a national bank at Muleshoe, Texas, and requesting a recommendation as to whether or not the application should be approved.

Information contained in a report of investigation of the application made by an examiner for the Federal Reserve Bank of Dallas is generally favorable with respect to the factors usually considered in connection with such proposals, although there may be some question as to the need for an additional banking facility in the community. After considering all of the factors, however, the Board of Governors recommends 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.

Mr. Nelson then withdrew from the meeting.

5/4/55

Prior to this meeting there had been circulated to the members of the Board a draft of letter to the Honorable Rowland R. Hughes, Director of the Bureau of the Budget, concerning the Report on Transportation submitted by the Commission on Organization of the Executive Branch of the Government (the Hoover Commission).

As in the case of the discussion relating to the Hoover Commission's Report on Paperwork Management, the discussion of the proposed letter centered around the question, raised by Governor Balderston, as to whether the letter should contain language to the effect that it would be inconsistent with the nature and functions of the Federal Reserve System to make the recommendations in the report applicable to the Board.

At the conclusion of the discussion, unanimous approval was given to a letter to Mr. Hughes for the signature of Chairman Martin in the form submitted, which was as follows:

In conformity with the request contained in your Bulletin 55-5 of March 4, 1955, to the Heads of Executive Departments and Establishments, a review has been made of the report on "Transportation" issued by the Commission on Organization of the Executive Branch of the Government. It appears that, except in two minor respects discussed below, the Commission's recommendations in the report do not apply to the Board of Governors of the Federal Reserve System.

Recommendation No. 5 proposes "That all bills of lading used in connection with Government shipments be audited by the General Accounting Office" and Recommendation No. 20(a) proposes "That existing laws be modified to provide that civilian agencies now exempted from central traffic management by the General Services Administration be no longer so exempted, except for the movement of the mails or for the movement of security-classified goods."

The amount of charges involved in shipments to and from the Board of Governors, other than through the regular mail,

5/4/55

that would be affected by these recommendations will not exceed between \$1,500 and \$2,500 per year. In view of the small amount involved, the Board believes that more would be lost than would be gained by making the procedures contemplated by these recommendations applicable to the Board of Governors.

Mr. Kelleher then withdrew from the meeting.

There had been sent to the members of the Board at the suggestion of Governor Mills copies of a memorandum from Mr. Conkling, dated May 2, 1955, submitting for review a draft of the article on member bank earnings in 1954 which had been prepared for inclusion in the May issue of the Federal Reserve Bulletin.

Following an explanatory statement by Governor Mills, Governor Vardaman reiterated the opinion he had expressed when the publication of member bank earnings came up for consideration in previous years, that is, that the publication of such data is unfair to the banking industry since it subjects the banks' earnings to public analysis. He said that he had never been able to see what is accomplished other than to furnish ammunition to parties critical of the banking system and that, while he favored compilation of the data and study of it by the Board, he always resented the publication of the statistics when he was a private banker and continued to feel the same way. He also stated that he had no complaint regarding the content of the proposed article and that his position was based solely on the contention that the material should not be published. However, in view of all the circumstances, including the long history of

5/4/55

publication of the data, he said that he would not vote against publishing the current article if it were the judgment of the majority of the Board that this should be done.

Governor Robertson expressed the opinion that the statistics should be published this year if for no other reason than that their publication over a long period of time made it essential to continue the practice or run the risk of misinterpretation. He said that the same sort of information is available for practically every industry in the United States, that one of the Board's responsibilities is to report to the public regarding the banking system regardless of whether the picture is good or bad, and that a full disclosure affords protection against attacks on the banking system. He pointed out that the law requires every bank to publish its figures in some detail and that the compilation merely brings together in one place information with regard to all member banks.

Chairman Martin brought out that although earnings statistics may be available in some form for various industries, the presentation of the data may be open to questions of accuracy. He considered it the Board's responsibility to present information on member bank earnings in the most accurate form possible, as a part of the Board's duty to furnish the public such statistics concerning the banking system as the public might reasonably expect to receive.

At the conclusion of a further discussion, the article on member bank earnings was approved for publication in the May issue of the Federal Reserve Bulletin, Governor Vardaman not voting.

5/4/55

-17-

In connection with the foregoing discussion, Governor Mills said that Mr. Morris A. Schapiro, of New York City, a bank stock analyst and broker, had informed the Division of Bank Operations that he was going to make an address on bank earnings on May 10, 1955, and had asked whether certain data included in the article which would be published in the Bulletin could be made available to him in advance. The matter was discussed and it was the view of the Board that the circumstances did not warrant making an exception to the principle that data from Board publications should not be furnished to outside parties in advance of the release date.

Messrs. Leonard and Conkling then withdrew from the meeting.

There had been sent to the members of the Board copies of a memorandum from Governor Robertson dated April 27, 1955, concerning the problem of absorption of exchange charges by member banks. The memorandum was prepared in the light of responses of the Federal Reserve Banks to the memorandum transmitted with the Board's letter dated March 25, 1955, in which the Banks' views were requested with regard to the desirability of having representatives of the Reserve Banks and the Comptroller of the Currency approach member banks whose practices create a problem in this respect in the hope of persuading them to discontinue such practices. A summary of the responses, contained in an attached memorandum from Mr. Hackley dated April 26, 1955, indicated that most of the Banks had strong doubts whether the suggested approach would serve any useful purpose. In

5/4/55

-18-

the circumstances, Governor Robertson's memorandum suggested the following alternatives:

(1) To continue to follow the present policy, leaving the problem to be dealt with through the activities of State and local bankers and businessmen's associations and possibly through State legislation;

(2) To reverse the Board's own "historical" position by a holding to the effect that absorption of exchange charges by member banks is not a payment of interest; or

(3) To recommend to Congress new legislation on this subject.

The memorandum discussed these alternatives, including various forms of legislation that might be proposed, but made no specific recommendation as to what course of action should be followed.

Governor Robertson stated that the purpose of the memorandum was to acquaint the Board with developments and that it was not intended that the Board should come to any conclusion at this time. He hoped, however, that the problem could be taken up with the Federal Advisory Council during its meeting later this month as part of the problem of indirect payments of interest already presented to the Council.

After a brief discussion, it was agreed unanimously that the matter should be handled in the manner suggested by Governor Robertson.

Messrs. Sloan, Horbett, and Hackley then withdrew from the meeting.

In accordance with the understanding at the meeting on April 25, 1955, there was a further discussion of the real estate credit situation.

5/4/55

-19-

Governor Balderston, who had raised for consideration the question whether the Board should make known in some appropriate way its concern over the development of unsound real estate lending practices, said that according to the press a Congressional committee might initiate an investigation of real estate credit. He felt that such an investigation would be an appropriate forum for the presentation of views by interested parties and he pointed out that the Board might be called upon to testify, thus affording an opportunity to make whatever statement the Board might deem advisable.

Chairman Martin suggested that careful consideration should be given to the question whether the Board should make a statement of its views in an area where it has no specific authority, unless it is prepared to ask for authority to deal with the situation. He then called upon Messrs. Young and Riefler for comment on the housing market and mortgage credit. Their remarks indicated that the housing market remained strong and that future prospects were favorable. They expressed some concern, however, regarding the tendency toward liberal credit terms in a period when the economy was as strong as at present.

Mr. Thomas said that the Veterans Administration and the Federal Housing Administration had been making a housing survey at the request of the National Housing Council, that surpluses were found to exist in a small proportion of the areas surveyed, but that in most of the areas having any substantial surpluses, special circumstances were involved.

5/4/55

-20-

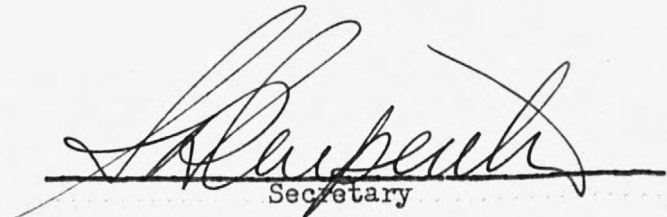
He said that the agencies were following up on the survey by instructing their field officers in places where there was evidence of a housing surplus not to be generous in giving commitments for additional housing, and that the agencies also were now prohibiting the financing of closing costs. These steps, he said, were two of the methods available under the present law for making terms of housing credit more restrictive.

Chairman Martin said that he declined an invitation from the National Automobile Dealers Association to address their consumer credit conference to be held in Washington next week on the grounds of a conflict with a meeting of the Federal Open Market Committee. He suggested, however, that the Board might authorize Mr. Young or an alternate whom he would designate to attend the conference as an observer only.

This suggestion was approved unanimously.

Minutes of actions taken by the Board of Governors of the Federal Reserve System on May 3, 1955, were approved unanimously.

The meeting then adjourned.


Secretary