Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, August 16, 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. Kenyon, Assistant Secretary
Mr. Thurston, Assistant to the Board
Mr. Riefler, Assistant to the Chairman
Mr. Leonard, Director, Division of Bank Operations
Mr. Vest, General Counsel
Mr. Young, Director, Division of Research and Statistics
Mr. Solomon, Assistant General Counsel
Mr. Hexter, Assistant General Counsel
Mr. Koch, Assistant Director, Division of Research and Statistics
Mr. Miller, Chief, Government Finance Section, 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:

Memorandum dated August 9, 1955, from Mr. Young, Director, Division of Research and Statistics, recommending that the resignation of Dorothy S. Projector, Economist in that Division, be accepted effective August 12, 1955.

Approved unanimously.

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

In accordance with the request contained in your letter of August 5, 1955, the Board approves the appointments of

Robert P. Accardi and Peter J. Illari as Assistant Examiners for the Federal Reserve Bank of New York. Please advise as to the salary rates and the dates upon which the appointments are made effective.

Approved unanimously.

Letter to Mr. Pondrom, Vice President, Federal Reserve Bank of Dallas, reading as follows:

In accordance with the requests contained in your letter of August 1, 1955, the Board approves the appointments of Leon W. Cowan, Douglas Pond, and James Lucky as assistant examiners for the Federal Reserve Bank of Dallas. Please advise as to the dates upon which the appointments are made effective and also as to the salary rates.

Approved unanimously.

Letter to the Board of Directors, The Colonial Trust Company, Waterbury, Connecticut, reading as follows:

The Board of Governors approves the establishment of a branch by The Colonial Trust Company on Freight Street, Waterbury, Connecticut, on property to be leased from the Brass City Lumber Company, provided the branch is established within six months from the date of this letter.

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

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 May 5, 1955, enclosing photostatic copies of an application to organize a national bank at San Antonio, 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 discloses generally favorable findings with

respect to all of the factors usually considered in connection with such proposals. The Board of Governors, therefore, recommends approval of the proposal.

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.

Prior to this meeting the following draft of a letter which would be sent over the signature of the Chairman to the Honorable W. Randolph Burgess, Under Secretary of the Treasury, had been circulated to the members of the Board:

We are glad to learn from your letter of July 27 that you have designated Bill Heffelfinger, with assistance of the office of Administrative Assistant Secretary, to explore the plan proposed in my letter of July 14, and possible alternatives, for greater decentralization of reserve supplies of currency. I have designated R. F. Leonard, Director of the Board's Division of Bank Operations, to work with Mr. Heffelfinger and his associates on the matter.

You refer to the possibility of finding suitable vault space in banking institutions in non-target areas. With rather high hopes we made a survey of such possibilities some time ago, but were disappointed in what was developed. We shall be glad, of course, to reconsider with your representatives that possibility.

As for the expense of constructing, at a small number of inland military posts, vaults which are deemed necessary for the purpose of storing reserve supplies of Federal Reserve notes, it is possible that this might be appropriately done with the assistance of the Federal Reserve Banks.

The Board hopes that with the cooperation of the Treasury methods for meeting the problems of emergency currency supplies may be found.

In commenting on the matter, Mr. Leonard said that the Special Committee on Emergency Operations of the Presidents' Conference strongly favored the proposal to construct vaults at military posts and was prepared to consider a sharing of the cost by the Federal Reserve Banks as an expense "incidental" to the issuance of Federal Reserve notes. In response to a question, he estimated that construction costs might be in the neighborhood of $700,000 per vault.

Governor Vardaman raised a question concerning the utilization of Federal Reserve Bank branches for the storage of reserve supplies of currency, and Mr. Leonard responded by commenting on the substantial amounts of currency now stored at the various branches under the current program for decentralization of currency supplies. He went on to say, however, that most of the branches are in critical target areas.

Chairman Martin brought out that one of the advantages in the idea in storing reserve supplies at military installations was that this procedure would automatically tie the program in with the military, a factor which should be useful for protective purposes in the event of an emergency which necessitated making shipments of the currency to other points.

Thereupon, the letter to Mr. Burgess was approved unanimously.

Mr. Leonard then withdrew from the meeting and Mr. Goodman, Assistant Director, Division of Examinations, entered the room.

The following draft of letter to Mr. Howard C. Sheperd, Chairman of the Board of Directors, International Banking Corporation, New York,

New York, had been circulated to the members of the Board and was presented for consideration:

Upon reviewing the Call Report of Condition of International Banking Corporation as of June 30, 1955, it has been noted that your Corporation held 22,203 shares of stock of The County Trust Company, a State member bank, White Plains, New York, which shares were carried at a book value of $888,230.72.

As you will recall, in a letter dated May 21, 1954, with reference to the report of examination of your Corporation, made as of December 17, 1953, the Board referred to shares of stock of The First National Bank and Trust Company of Ossining then held by your Corporation. The Board stated that the purchase of those shares appeared "to be in no way related to your Corporation's international or foreign banking business", and your Corporation was requested to dispose of all the shares as soon as practicable. The matter was the subject of several letters, including the Board's letter of July 12, 1954, which stated that the Board had reviewed the matter and had "again reached the conclusion that such shares should not be purchased or held by your Corporation." On June 16, 1955, Secretary J. MacN. Thompson, of your Corporation, advised that the Corporation had sold the stock of the Ossining bank.

In view of the circumstances outlined above, the Board was surprised to note the holding of stock of The County Trust Company as shown in your Call Report of Condition. Since it appears that the purchase of such shares is in no way related to your Corporation's international or foreign banking business, and that, like the shares of the Ossining bank, they should not be purchased or held by your Corporation, it is requested that your Corporation promptly dispose of such shares.

Early advice of your disposition of these shares will be appreciated.

Following comments by Mr. Goodman and a discussion of the distinctions between this situation and the holding of bank stocks by certain member banks, a matter which was referred to at the meeting on June 28, 1955, the letter to Mr. Sheperd was approved unanimously, with a copy to the Federal Reserve Bank of New York.

Mr. Goodman then withdrew from the meeting and Messrs. Hostrup and Nelson, Assistant Directors, Division of Examinations, entered the room.

Letters had been received from the Federal Reserve Bank of New York under date of July 14 and July 22, 1955, regarding informal advice received from officers of Marine Midland Corporation to the effect that the Corporation was contemplating acquisition of the Carthage National Exchange Bank, Carthage, New York, and The Citizens National Bank of Springville, Springville, New York, with a view to merging those banks into The Northern New York Trust Company, Watertown, New York, and the Marine Trust Company of Western New York, Buffalo, New York, respectively, and operating them as branches of those banks. The informal advice was submitted in accordance with the Board's letter dated December 17, 1951, in which Marine Midland Corporation was requested to advise the Board well in advance of the acquisition of stock of additional banking institutions so that the Board would have ample opportunity to consider the matter fully before each transaction was consummated.

The Division of Examinations had prepared memoranda analyzing the two situations under date of August 1 and July 29, 1955, respectively, and these memoranda had been circulated to the members of the Board prior to this meeting. It was the recommendation of the Division that Marine Midland Corporation be advised that the Board would interpose no objection to the contemplated acquisition of The Citizens National Bank of Springville but that it looked with disfavor upon the proposed acquisition of the Carthage National Exchange Bank.

In a memorandum dated August 10, 1955, which also had been circulated to the Board, Mr. Hexter reviewed the legal aspects of the situation, discussed the concentration of Marine Midland group banks in the respective areas, and expressed the opinion that the Board would have legal justification if it wished to take unfavorable action in either of the two cases. The memorandum pointed out, however, that neither case was a "strong" one and that in view of the unsettled state of the law with respect to the Board's authority to refuse voting permits and branch applications on the grounds of tendency toward undue concentration of banking power, tendency toward monopoly, etc., a possibility existed that unfavorable Board action, if litigated, might be upset by the courts.

At the request of the Board, Mr. Nelson reviewed the two cases and stated the reasons for the recommendations made by the Division of Examinations. In the course of his comments, he referred to the recommendation of the New York Reserve Bank that the Board consent in principle to both acquisitions but inform Marine Midland Corporation that, except in unusual circumstances, it probably would look with disfavor on any additional acquisitions by The Northern New York Trust Company in Jefferson County.

Mr. Vest said that the continued acquisition of banks by Marine Midland Corporation gave rise to the question of how far the Board should permit the corporation to go, that the group already had substantial concentration in certain sections of New York State, that the two cases now before the Board seemed to the Legal Division to be so similar as to warrant taking

the same action with respect to both of them, that neither case offered particularly strong reasons for unfavorable action by the Board, but that on the other hand there appeared to be enough factors in each to afford legal grounds for an unfavorable reply if the Board should decide upon such action. He added that if the Board should turn down one or two such proposals, a precedent would be established which would make it very difficult subsequently to approve similar proposals by Marine Midland Corporation involving banks in the particular areas concerned.

In reply to an inquiry by Chairman Martin, Mr. Vest discussed the effects of pending bank holding company legislation on a situation of this kind and went on to point out that at present the Board would have the right to proceed under Section 7 of the Clayton Act if it concluded that there was a substantial lessening of competition or a tendency toward monopoly. In a further discussion of the legal situation, it was pointed out that it might be difficult for the Board to institute proceedings under the Clayton Act where it had given its approval to a series of transactions.

The expansionary activities of the Marine Midland group were reviewed in some detail and members of the Board expressed apprehension that these activities, if continued, would soon result in undue concentration in some areas. At the same time, it was recognized that current legislation provides no precise measurement for administration of the statutes, that the areas of heavy concentration were defined in terms of particular counties or banking districts established by the New York State Banking Department, and

that in each case where a bank had been acquired by the Marine Midland group there were circumstances which argued in favor of the acquisition.

It was the unanimous view of the members of the Board that the two current cases were similar enough that the same decision should be made with respect to both of them and, after considerable discussion, the conclusion was reached that in view of all the circumstances the Board should advise Marine Midland Corporation that it was not disposed to disapprove the proposed transactions. It was felt, however, that the New York Reserve Bank, in advising the Corporation of the Board's position, should be asked to state that members of the Board had expressed strong reluctance to agree to further expansion of the Marine Midland Corporation in sections where the group already has substantial concentration.

During the course of the discussion, Governor Balderston suggested that it might be advisable for the Board to refer the general problem of concentration of banking interests to the Presidents' Conference so that the matter might have System discussion and the Board could have the benefit of the Presidents' views. Such a procedure, he thought, might assist the Board in determining what criteria should be used in exercising its responsibilities under existing legislation.

At the conclusion of the discussion, it was agreed that a letter to the Federal Reserve Bank of New York should be drafted for the Board's consideration expressing the conclusions which were reached at this meeting.

Mr. Hostrup then withdrew from the meeting and Mr. Masters, Assistant Director, Division of Examinations, entered the room.

At the meeting on May 5, 1955, the Board gave preliminary discussion to information received from the Federal Reserve Bank of San Francisco relative to the real estate brokerage activities of Tracy-Collins Trust Company, a member bank in Salt Lake City, Utah. It appeared that the member bank proposed to expand its activities in this field substantially and a question was raised as to possible conflict with a condition of membership imposed when the bank was admitted to membership in the System in 1919. The Board indicated that before making a determination, it would like to obtain information concerning the nature and extent of similar activities on the part of other banks in the Salt Lake City area and information as to whether the practice was common elsewhere in the Twelfth Federal Reserve District.

On the basis of further information subsequently received from the San Francisco Reserve Bank, the following draft of letter to Mr. Millard, Vice President of the Reserve Bank, had been prepared and had been circulated to the members of the Board along with a memorandum from the Division of Examinations dated June 29, 1955, which outlined the factors considered by the Division in recommending that the letter be approved:

> Reference is made to your letters of March 16 and June 6 and their various enclosures all pertaining to the real estate brokerage business conducted by Tracy-Collins Trust Company, Salt Lake City, Utah.
>
> From the information submitted, it is understood that the member bank currently proposes to expand substantially its

business of acting as agent for the purchase and sale of real estate, that a separate real estate department staffed by salesmen on a commission basis has already been established, and that the anticipated expanded volume of transactions for the year 1955 ($1,000,000) will be two-thirds the aggregate volume during the five past years. It is further understood that the bank has acted as agent in the sale of real estate for many years in a relatively modest way; i.e., sales during the five-year period 1950-1954 have aggregated $1,500,000 resulting in commissions totaling $60,000.

Although the member bank may not have been engaged in the real estate brokerage business at the time of its admission to membership, it had ample charter authority so to do and, in recognition of this, the Board sought to curtail the exercise of such authority by imposition of a condition of membership as follows:

> "That you agree as a condition of membership that you will exercise the powers which you have under your charter...to transact a general loan, brokerage and commission business...so as not to permit them to assume such proportions as in the judgment of the Federal Reserve Board may endanger the safety of your depositors."

The real estate brokerage business heretofore conducted by the member bank in relatively limited and stable volume has not provided basis for any suggestion of a possible conflict with the above quoted condition of membership, and the Board has not had cause to consider the question now presented as to whether the proposed expansion in volume of such business is of such nature and significance as to involve the danger to depositor safety which was contemplated when the above quoted membership condition was imposed.

It is admittedly difficult to determine in any precise manner, during a period of increasing volume of activity of the subject kind, the point at which the activity may involve undue hazards for a bank or its depositors; the Board is reluctant to take a fixed or arbitrary stand on the question based on considerations of volume of business alone. Nonetheless, the Board has previously taken the position with respect to the performance of a real estate agency and brokerage business by member banks, that they should not, except to the extent usually necessary and incident to the transaction of a commercial banking or trust business, directly or indirectly engage in the business of dealing in

real estate or other properties, either for their own account or as agent for others. This view reflects a recognition by the Board of possible unfavorable effects of such activities on a bank's loaning policies and practices, with a possible resultant weakening in asset quality and a consequent undermining of sound bank condition. This is apart from possible hazards for the bank which may arise from its acts or those of its agents -- risks peculiarly associated with the real estate brokerage business.

In your letter of June 6, you indicate that in view of the prevalence of the real estate brokerage business among banks in Salt Lake City and the fact that Tracy-Collins Trust Company has been so engaged for a long period of time without criticism from supervisory authorities, you feel it would be "unfair to request the bank now to desist from this practice." It is further indicated in your letter that, in this particular case, you would be inclined to allow the member bank to continue its real estate brokerage operations inasmuch as this activity is not, in your judgment, likely to reach such proportions as to be in violation of the bank's conditions of membership.

In all the circumstances, the Board is of the view that the real estate brokerage activities of Tracy-Collins Trust Company, as conducted in the recent past or, as outlined in your letter of June 6, contemplated at the present time, are not of such nature or volume as to indicate that the safety of depositors may be endangered. However, it is requested that the member bank be advised that, in the Board's view, a real estate brokerage business contains obvious inherent dangers when associated with a bank's lending activities and, inasmuch as non-banking activities by member banks are not looked upon with favor, further substantial expansion of such business will be cause for review of the matter again by the Board.

Accordingly, the real estate brokerage activities of Tracy-Collins Trust Company should be given careful scrutiny at the time of subsequent examinations to ascertain whether their nature or scope is such as may endanger depositor safety.

In commenting on the matter, Mr. Masters said that when the San Francisco Reserve Bank first called attention to the real estate brokerage activities of Tracy-Collins Trust Company, the Division of Examinations was

inclined to believe that the Board should invoke the pertinent condition of membership, but that on the basis of the additional information supplied by the Reserve Bank, the Division now was inclined toward a more lenient position for the reasons stated in its memorandum, with the understanding that if the real estate brokerage business should expand to the point where it became of sufficient importance to overshadow normal banking activities or to appear to endanger the safety of depositors, further consideration should be given to the matter.

Following a discussion based on Mr. Masters' comments, the letter to Vice President Millard was approved unanimously.

Messrs. Nelson and Hexter then withdrew from the meeting.

There had been sent to the members of the Board copies of a memorandum from Mr. Solomon dated August 11, 1955, concerning a request from the House Committee on Interstate and Foreign Commerce for a report on H. R. 7845, a bill to amend the Securities Exchange Act of 1934, as amended. The memorandum pointed out that the text of this bill was the same as that of S. 2054, on which Chairman Martin presented a statement on June 27, 1955, before the Subcommittee on Securities of the Senate Banking and Currency Committee. After discussing certain provisions of a modified version of S. 2054 which had been reported by the Subcommittee to the full Committee, the memorandum recommended that the following letter be sent to the Honorable J. Percy Priest, Chairman of the House Committee on Interstate and Foreign Commerce, over the signature of Chairman Martin:

This refers to your letter of August 4, 1955, requesting comments on H. R. 7845, a bill to amend the Securities Exchange Act of 1934, as amended.

Under the bill certain provisions of the Securities Exchange Act which now apply to securities listed on a national securities exchange would be made applicable to securities of large widely-owned corporations, regardless of whether or not those securities are listed on an exchange. The provisions of the Securities Exchange Act which would be made applicable are those relating to publication of financial reports and related information, solicitation of proxies, so-called "insiders' profits" resulting from trading in the company's stock, and margin regulations. The bill would not apply to any security issued by a bank or by any corporation having less than $5 million in assets or less than 500 security holders.

The text of H. R. 7845 is identical with that of the Senate bill, S. 2054. On June 27, 1955 I presented a statement on S. 2054 before the Subcommittee on Securities of the Senate Committee on Banking and Currency, and I am pleased to attach a copy of that statement, which sets forth the views of the Board on this proposed legislation.

Following comments by Mr. Solomon, the letter to Chairman Priest was approved unanimously.

Mr. Solomon then withdrew from the meeting and Messrs. Chase, Assistant General Counsel, and Shay, Assistant Counsel, entered the room.

Reference was made to a memorandum from Mr. Vest dated August 10, 1955, copies of which had been sent to the members of the Board, regarding a question raised by the Federal Reserve Bank of Richmond, at the request of the national bank examiners, concerning the service of Mr. Buford Scott, senior partner in the Richmond securities firm of Scott and Stringfellow, in an advisory capacity to the board of directors, the finance committee,

and the trust committee of the First and Merchants National Bank of Richmond. It was understood that the firm of Scott and Stringfellow was primarily engaged in the underwriting business so that Mr. Scott's service as an officer, director, or employee of the national bank would be prohibited by section 32 of the Banking Act of 1933. The legal question involved, therefore, was whether Mr. Scott's service in an advisory capacity was such as to make him an "officer, director, or employee" of the member bank. Following a recitation of the arguments for and against the application of section 32, the memorandum stated that the question was recognized to be a very close one and that there was a difference of opinion in the Legal Division regarding it.

At the request of the Board, Mr. Vest enumerated the reasons which led him to conclude that the Board would be justified in resolving the doubt in favor of the applicability of the statute. He said, in summary, that he had reached this conclusion in view of the apparent purpose of the law and the fact that Mr. Scott performed duties similar in some respects to the functions of a director, in other respects to those of an officer, and in still other respects to those of an employee. It seemed obvious, he said, that Mr. Scott was in a position where it would be possible for him to do exactly what the statute was endeavoring to prevent, that is, to influence the investment policies of the bank unduly or to influence the advice given by the bank to its customers regarding investments.

Messrs. Chase and Shay then stated arguments which might be advanced in support of the non-applicability of section 32. They contended that Mr. Scott could not be considered a director, an officer, or an employee within the usual meaning of those terms and went on to comment that if the Congress had intended a greater coverage it could easily have used more inclusive language. In the circumstances, it was their opinion that a court would be inclined to construe the words "officer, director, or employee" according to their usually accepted meanings and not expand them by judicial construction.

There ensued a full discussion of the facts of the case and some of the members of the Board expressed agreement with Mr. Vest's position that to find in favor of the applicability of section 32 would seem to be in accord with the purpose of the statute. On the other hand, it was brought out that banks regularly employ persons, such as lawyers and architects, to perform particular services and that to hold in favor of the applicability of the statute in the case of Mr. Scott might result in a number of extremely difficult cases being presented to the Board for rulings. Another comment was to the effect that a full disclosure of the facts, as in the case of Mr. Scott, was preferable to a situation where a member bank might use the advice of investment counsel on a basis whereby the existing relationship would not come to light.

In the course of the discussion, Governors Balderston and Szymczak indicated that it would be their preference to have the Board find in favor

of the applicability of section 32 in the case of Mr. Scott for reasons along the lines of those presented by Mr. Vest. They recognized, however, that the adoption of such a position would represent administrative interpretation of Congressional intent and that other cases undoubtedly would be presented involving difficult decisions.

At the conclusion of further discussion, unanimous approval was given to a letter to Mr. Heflin, Vice President and General Counsel of the Federal Reserve Bank of Richmond, in the following form, with the understanding that the substance of the letter would be transmitted to all of the Federal Reserve Banks for their information:

This is in further reference to your letter of May 25, 1955, concerning whether section 32 of the Banking Act of 1933, as amended, prohibits Mr. Buford Scott, senior partner of the securities firm of Scott & Stringfellow, Richmond, Virginia, from continuing to serve at the same time in an "advisory" capacity to the board of directors, the finance committee, and the trust committee of The First and Merchants National Bank of Richmond, Richmond, Virginia. You indicated that the bank presented the matter at the request of the National Bank Examiner.

The information submitted indicates that Mr. Scott presently serves the bank pursuant to a resolution of its board of directors adopted January 11, 1955. That resolution authorized the President "to appoint any stockholder or stockholders, for advisory service, and to pay for this service for attendance at Board meetings or committee meetings fees prevailing for Directors for such service." It is stated that Mr. Scott has served the bank in the capacity of stockholder-advisor for a period of nineteen years.

It appears further that Mr. Scott attends meetings of the board and of the finance and trust committees, and participates fully in any discussions at such meetings; that his participation is not limited to investment matters; that, because of his attendance at such meetings, Mr. Scott is thoroughly familiar with

the bank's operations and is in a position to furnish helpful advice on many matters of policy; that much importance is given to his opinions; and that members of the board and the committees seek his advice both in and out of such meetings. In addition, Mr. Scott might be asked to advise with some special committee.

The information submitted indicates also that Mr. Scott has no other duties or responsibilities for the bank; that he makes no motions nor does he vote at any board or committee meetings; that he does not have an office or desk at the bank and is not supplied with any other facilities or accommodations; that his only compensation is the prevailing fees for directors for attendance at meetings, as indicated above; and that for the first half of 1955, Mr. Scott attended all of the meetings of the board and about half of the meetings of the finance and trust committees, for which it is understood that he received total fees of slightly more than $1,000.

It is indicated also that both the finance committee and the trust committee meet weekly and are composed of the president, as chairman, and not less than five directors; that the finance committee is the bank's policy-forming executive committee which acts for the board between its monthly meetings on many matters, including loans and investments; and that the trust committee exercises all such incidental powers as may be necessary to carry on the business of the bank's trust department.

On the basis of its understanding of all the information submitted in this case, the Board believes that Mr. Scott should not be regarded as an "officer, director, or employee" of the bank within the meaning of section 32 and that, accordingly, he is not prohibited from serving the bank in the capacity described and at the same time maintaining his connection with Scott & Stringfellow.

It should be understood, of course, that if there should be any material change in the circumstances concerning Mr. Scott's interlocking relationship at any time, it may be necessary to give the question further consideration.

Messrs. Masters, Chase, and Shay then withdrew from the meeting.

Governor Balderston reported receipt of a letter dated August 12, 1955, from Mr. Robert A. Culver, President of the Consumer Bankers Association, expressing regret that no representative of that Association was present at the informal meeting which the Board held on August 9 with representatives of finance companies to discuss consumer instalment terms and trends. He stated that if agreeable to the other members of the Board, he would reply to Mr. Culver as follows:

> Thank you for your kind letter of August 12. We at the Board do admire the fine job your organization does with its membership in keeping it informed as to instalment credit trends. Any time your group would like to meet with us here, please be assured of a warm welcome. Direct discussion with the key people representing informed groups like yours is very helpful to the Board. We did hold two recent meetings with comparable groups on the question of lenders' risk exposure at present low equities and long maturities, as you have noted in your letter. We are naturally interested in extending our range of information about this subject and any help your Association can give us will be appreciated. The Board's Secretary, Mr. Carpenter, or its Director of Research, Dr. Young, will be glad to take care of specific arrangements for a meeting here on some mutually convenient date.

The other members of the Board expressed concurrence in the letter which Governor Balderston proposed to send to Mr. Culver.

Minutes of actions taken by the Board of Governors of the Federal Reserve System on August 15, 1955, were approved unanimously.

The meeting then adjourned.

Secretary