The attached set of minutes of the Board of Governors of the Federal Reserve System on January 26, 1956, which you have previously initialed, has been amended at the request of Governor Robertson to revise certain language on page 5. If you approve these minutes as amended, please initial below.

Chm. Martin
Gov. Szymczak
Gov. Mills
Minutes for January 26, 1956.

To: Members of the Board

From: Office of the Secretary

Attached is a copy of the minutes of the Board of Governors of the Federal Reserve System on the above date.

It is not proposed to include a statement with respect to any of the entries in this set of minutes in the record of policy actions required to be maintained pursuant to section 10 of the Federal Reserve Act.

Should you have any question with regard to the minutes, it will be appreciated if you will advise the Secretary's Office. Otherwise, if you were present at the meeting, please initial in column A below to indicate that you approve the minutes. If you were not present, please initial in column B below to indicate that you have seen the minutes.

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<td>Chm. Martin</td>
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<td>Gov. Szymczak</td>
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<td>Gov. Shepardson</td>
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[Signatures]

Digitized for FRASER http://fraser.stlouisfed.org/ Federal Reserve Bank of St. Louis
Minutes of actions taken by the Board of Governors of the Federal Reserve System on Thursday, January 26, 1956. 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. Robertson
Mr. Shepardson

Mr. Carpenter, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Thomas, Economic Adviser to the Board
Mr. Marget, Director, Division of International Finance
Mr. Solomon, Assistant General Counsel
Mr. Dembitz, Assistant Director, Division of International Finance

Chairman Martin stated that following the meeting of the Board yesterday he personally took to Senator Robertson the letter which the Board had approved relating to bank holding company legislation, and that the Senator asked that the letter not be left with him but rather that Mr. Vest, the Board's General Counsel, attend the meeting of the Senate Banking and Currency Committee today. Chairman Martin went on to say that although Mr. Vest would, of course, make no policy statement on behalf of the Board concerning bill S. 2577, it was understood that he might comment on any technical aspects of the legislation and amplify any points that were covered by the Board in previous testimony or correspondence.
Reference then was made to a letter dated January 19, 1956, from Mr. Sproul, President of the Federal Reserve Bank of New York, concerning a proposal under which that Bank would act as fiscal agent for the International Monetary Fund and the Treasury in connection with the investment in United States Treasury bills of some of the gold now held by the Fund. The proposal involved the sale of approximately $200 million of the Fund's gold to the United States, the investment of the proceeds of sale in Treasury bills, an agreement on the part of the Secretary of the Treasury to resell to the Fund at the price prevailing at the time of resale the same quantity of gold purchased, and the application to the Treasury bills, and to the proceeds of sale or redemption thereof, of the maintenance of gold value clause in the Articles of Agreement of the Fund. Mr. Sproul's letter, copies of which had been sent to the members of the Board, expressed the views of the Reserve Bank and raised questions as to the legality and desirability of the proposed transaction.

Following a discussion of the statutory responsibilities of the Board of Governors in connection with actions of a Federal Reserve Bank as fiscal agent in transactions of this kind, it was understood that copies of the opinion of the Treasury Department's General Counsel concerning the International Monetary Fund's proposal would be sent to the members of the Board and that there would be a further discussion of the subject at the meeting of the Board on Monday, January 30.
Messrs. Thomas, Marget, Solomon, and Dembitz then withdrew from the meeting.

Consideration was given to the appointment of directors to fill existing vacancies on the boards of the Little Rock and New Orleans branches.

It was agreed unanimously to request Chairman Alexander of the Federal Reserve Bank of St. Louis to ascertain whether Mr. T. Winfred Bell, President, Bush-Caldwell Company and Arkansas Electric Company, Little Rock, Arkansas, would accept appointment as a director of the Little Rock Branch for the unexpired portion of the term ending December 31, 1956, if such appointment were tendered; and that if Mr. Bell would accept, the appointment would be made.

It was agreed unanimously to request Chairman Mitchell of the Federal Reserve Bank of Atlanta to ascertain whether Mr. G. H. King, Jr., Vice President, King Lumber Industries, Canton, Mississippi, would accept appointment as a director of the New Orleans Branch for the unexpired portion of the term ending December 31, 1958, if such appointment were tendered; and that if Mr. King would accept, the appointment would be made.

Governor Robertson referred to a memorandum which he had distributed to the members of the Board outlining proposed arrangements in connection with visits by various banking groups during the next several weeks, including representatives of several State bankers' associations. He suggested that the arrangements outlined in the memorandum be accepted
as a general guide, with the understanding that enough flexibility would be provided so that members of the Board could make any changes respecting attendance at the various functions that might be necessary.

Following a discussion, it was understood that the arrangements proposed in Governor Robertson's memorandum would be followed, subject to such changes as subsequent developments might make necessary.

Governor Robertson then stated that the Executive Committee of the National Association of Supervisors of State Banks would meet in Washington April 4-6, 1956, and that the Committee would like to visit the Board's offices on April 5. He recommended that an invitation be extended to the Executive Committee to have luncheon and an informal discussion with the available members of the Board on that day.

This suggestion was approved unanimously.

Governor Robertson referred to the discussion at the meeting yesterday concerning a proposed merger of the First National Bank of Arizona, Phoenix, Arizona, with the Miners and Merchants Bank, Bisbee, Arizona, and to the authorization which was given to him to advise the Office of the Comptroller of the Currency informally that in the Board's opinion it would be desirable for that Office to withhold approval of the merger pending the outcome of the investigation of the competitive banking situation in Arizona which the Board recently requested the Federal Reserve
Bank of San Francisco to initiate. He said that in a subsequent conversation with a representative of the Comptroller's Office, it developed that the merger was approved by that Office on December 6, 1955 (which was prior to the date when the Board requested the current investigation) and that, in addition, the Comptroller's Office about 10 days ago advised the parties at interest that the papers were in order and that a certificate would be issued on February 3. In view of the situation as now reported, it was Governor Robertson's view that the Board would not be justified in making a recommendation to the Comptroller's Office that action on the merger be postponed. He also suggested that a memorandum be placed in the Board's files reviewing the circumstances and indicating why the Board did not make a recommendation to the Comptroller's Office.

The procedure suggested by Governor Robertson was approved unanimously.

The meeting then adjourned.