

Minutes for July 31, 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.

	A	B
Chm. Martin	_____	x <u>M</u>
Gov. Szymczak	_____	x <u>[Signature]</u>
Gov. Vardaman	x <u>[Signature]</u>	_____
Gov. Mills	x <u>[Signature]</u>	_____
Gov. Robertson	x <u>[Signature]</u>	_____
Gov. Balderston	x <u>ccrB</u>	_____
Gov. Shepardson	x <u>[Signature]</u>	_____

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, July 31, 1956. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Balderston, Vice Chairman
Mr. Vardaman
Mr. Mills
Mr. Robertson
Mr. Shepardson

Mr. Carpenter, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Vest, General Counsel
Mr. Johnson, Controller, and Director,
Division of Personnel Administration

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 stated:

Letter to the Board of Directors, The Farmers and Merchants Bank, Fairborn, Ohio, reading as follows:

Pursuant to your request submitted through the Federal Reserve Bank of Cleveland, the Board of Governors of the Federal Reserve System approves the establishment of a branch on State Route 35, in Knollwood, Beaver Creek Township, Greene County, Ohio, by The Farmers and Merchants Bank, Fairborn, Ohio, provided the branch is established within six months from the date of this letter and the approval of the State authorities is in effect as of the date the branch is established.

It is understood there will be no increase in investment in fixed assets in connection with the establishment of the branch.

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

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Letter to the Board of Directors, First National Bank of Lansing, Lansing, Illinois, reading as follows:

The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers and grants you authority to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of Illinois, the exercise of all such rights to be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

A formal certificate indicating the fiduciary powers which the First National Bank of Lansing is now authorized to exercise will be forwarded to you in due course.

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

At the meeting on July 19, 1956, the Board approved the appointment of Thomas J. O'Connell as Assistant General Counsel subject to clearance with Governor Robertson. Subsequently, such clearance was effected. In a memorandum dated July 27, 1956, which had been circulated to the members of the Board prior to this meeting, the Division of Personnel Administration advised that Mr. O'Connell had not passed in entirety the usual physical examination

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precedent to employment. However, it was recommended for reasons stated that the Board waive the physical requirement in this case.

In a discussion of the matter Mr. Johnson stated, in response to a question by Governor Vardaman, that Mr. O'Connell would be eligible for Federal group life insurance in the same manner as any other employee of the Board and that there would be no penalty by way of extra fee attached to his participation in the program.

Thereupon, the recommendation contained in Mr. Johnson's memorandum was approved unanimously, with the understanding that Mr. O'Connell's appointment as Assistant General Counsel with salary at the rate of \$12,000 per annum, previously approved by the Board, would become effective as of the date on which he enters upon the performance of his duties.

Governor Robertson referred to the likelihood of a substantial number of hearings under the provisions of the Bank Holding Company Act of 1956 and inquired whether steps were being taken to assure the availability of trial examiners in order that any necessary hearings might be held without delay.

In response, Mr. Vest discussed contacts which had been made with the Civil Service Commission and certain other Government agencies. He also said that he had instructed Mr. Solomon, Assistant General Counsel, to visit additional agencies as soon as possible to review the situation with them.

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The discussion concluded with an understanding that the Legal Division would take steps to assure as far as possible the availability of the required trial examiners as needed.

At the instance of Governor Vardaman, there was a brief discussion regarding the prospective volume of work under the Bank Holding Company Act during which Governor Robertson described the procedures pursuant to which applications and requests would be submitted. He stated that it was not possible to make any precise estimate at this time of the number of matters that would come before the Board or the number of cases in which hearings would be required although it appeared that the volume of applications under the Act would be substantial.

The meeting then adjourned.

Secretary's Note: On July 30, 1956, Governor Balderston approved the following items on behalf of the Board:

Memorandum dated July 25, 1956, from Mr. Noyes, Adviser, Division of Research and Statistics, recommending the appointment of Cornelia Little Motheral as Statistical Assistant in that Division, with basic salary at the rate of \$4,210 per annum, effective as of the date she assumes her duties.

Memorandum dated June 8, 1956, from Mr. Sloan, Director, Division of Examinations, recommending that the resignation of John H. Hotson, Assistant Federal Reserve Examiner in that Division, be accepted effective August 29, 1956.

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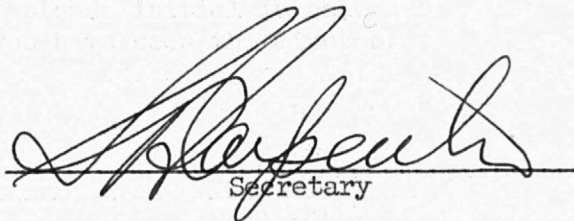
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Memorandum dated June 8, 1956, from Mr. Sloan, Director, Division of Examinations, recommending that John F. Clark, Senior Federal Reserve Examiner in that Division, be granted leave of absence without pay for the period August 8, 1956 through August 27, 1956.

Governor Balderston today approved the following items on behalf of the Board:

Memorandum dated July 30, 1956, from Mr. Sloan, Director, Division of Examinations, recommending that Cynthia C. Jester, Clerk-Typist in that Division, be granted leave of absence without pay for the period July 27, 1956, through August 17, 1956.

Memorandum dated July 26, 1956, from Mr. Sloan, Director, Division of Examinations, recommending that the official headquarters of F. J. McGarvey, Assistant Federal Reserve Examiner in that Division, be changed from Philadelphia, Pennsylvania, to Washington, D. C.



Secretary