

Minutes for May 5, 1958

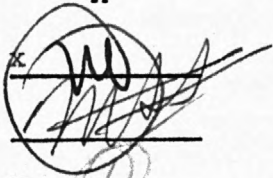
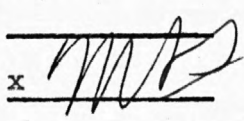
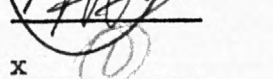
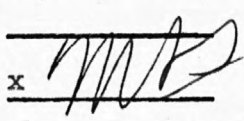
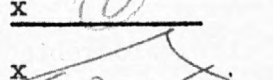
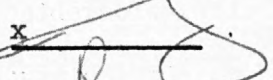
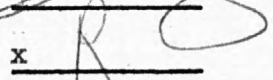
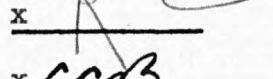
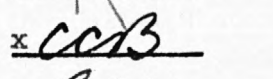
To: Members of the Board

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 | <input checked="" type="checkbox"/>  | <input type="checkbox"/>  |
| Gov. Szymczak | <input checked="" type="checkbox"/>  | <input checked="" type="checkbox"/>  |
| Gov. Vardaman | <input checked="" type="checkbox"/>  | <input type="checkbox"/> |
| Gov. Mills | <input checked="" type="checkbox"/>  | <input type="checkbox"/> |
| Gov. Robertson | <input checked="" type="checkbox"/>  | <input type="checkbox"/> |
| Gov. Balderston | <input checked="" type="checkbox"/>  | <input type="checkbox"/> |
| Gov. Shepardson | <input checked="" type="checkbox"/>  | <input type="checkbox"/> |

Minutes of the Board of Governors of the Federal Reserve System
on Monday, May 5, 1958. The Board met in the Board Room at 10:00 a.m.

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

Mr. Carpenter, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Riefler, Assistant to the Chairman
Mr. Thomas, Economic Adviser to the Board

Messrs. Young, Garfield, Noyes, and Robinson,
Miss Burr, and Messrs. Koch, Williams,
Dembitz, Brill, Eckert, Gehman, Miller,
Weiner, Paul Smith, Trueblood, Wernick,
and Wood of the Division of Research and
Statistics

Messrs. Marget, Furth, Hersey, Sammons, Bangs,
Reynolds, and Wood of the Division of
International Finance

Economic review. The Division of International Finance summarized recent developments in selected foreign countries with a view to shedding light on the probable future course of United States exports, which had declined sharply during the past several months. It was noted that, with the exception of France, the countries of Western Europe and the United Kingdom had shown considerable resistance to downward economic pressures. While the foreign situation had not been so strong generally as to give a positive boost to the United States economy, the degree of resistance to downward pressures was such as to suggest that when the recession in this country showed signs of bottoming out, the development was not likely to be impeded by a deterioration of the economic situation abroad.

5/5/58

-2-

The review by the Division of Research and Statistics revealed in general a continuation of the downward drift of the domestic economy. In the course of the Division's comments, Chairman Martin suggested a study by the staff of the degree of response of State and local governments to the easier credit conditions resulting from current monetary policy, particularly the extent to which State and municipalities that had deferred financing earlier because of the relatively high cost involved had now come into the market. At another point the Chairman suggested an analysis of changes in the money supply in order that comparative statistics might be available for this and earlier periods of recession. Comments by others in this respect suggested the need for examining the current increase in time deposits in connection with such a study, along with the trend of deposits at savings banks and share accounts at savings and loans associations, since it appeared that funds had been diverted to those purposes which otherwise might have taken the form of demand deposits at commercial banks.

All of the members of the staff who were present except Messrs. Carpenter, Kenyon, Riefler, and Young then withdrew from the meeting, while Messrs. Thurston, Assistant to the Board, Hackley, General Counsel, Masters, Director, Division of Examinations, Molony, Special Assistant to the Board, and O'Connell, Assistant General Counsel, entered the room.

Items circulated to the Board. The following items, which had been circulated to the members of the Board and copies of which are

5/5/58

-3-

attached to these minutes under the respective item numbers indicated,
were approved unanimously:

- | | <u>Item No.</u> |
|--|-----------------|
| Letter to County Trust Company of Maryland, Glen Burnie, Maryland, approving the establishment of a branch in Cambridge, Maryland, at the former location of the bank's principal office. (For transmittal through the Federal Reserve Bank of Richmond) | 1 |
| Letter to First-City Bank & Trust Company, Hopkinsville, Kentucky, approving an investment in bank premises. (For transmittal through the Federal Reserve Bank of St. Louis) | 2 |
| Letter to the Comptroller of the Currency recommending approval of an application to convert the Citizens Bank of Stuart, Florida, into a national banking association. (With a copy to the Federal Reserve Bank of Atlanta) <u>1/</u> | 3 |
| Memorandum from Governor Shepardson recommending that the Board authorize reinstallation of the Associated Press Teletype News Ticker Service and approve an over-expenditure of \$600 for this purpose in the All Other Account of the 1958 Budget of the Board Members' Offices. | 4 |

Oral argument in First New York Corporation matter (Item No. 5).

With reference to the oral argument to be held on May 21, 1958, in the matter of the applications by First New York Corporation and others under the Bank Holding Company Act, the Secretary stated that a telephone call had been received from the office of Congressman Celler advising that the

1/ Approved with a change to indicate why a special field investigation of the application had not been made by the Federal Reserve Bank of Atlanta.

5/5/58

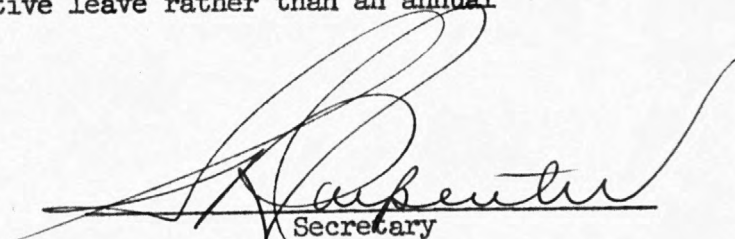
-4-

Congressman would like to appear and present oral argument. According to his office, the statement might require as long as 40 minutes and the Congressman would like to appear first in order that he might keep other scheduled appointments.

After some discussion of the matter, it was agreed unanimously to begin the oral argument at 9:15 a.m. on May 21, 1958, with Congressman Celler appearing first, and to give appropriate advice to the interested parties. It was understood that at the beginning of the oral argument Chairman Martin would state for the record that the time had been advanced from 10:00 a.m. to 9:15 a.m. in the light of the request of Congressman Celler. A copy of the order issued pursuant to this action is attached as Item No. 5.

The meeting then adjourned.

Secretary's Note: Pursuant to the recommendation contained in a memorandum from the Division of Personnel Administration dated May 1, 1958, Governor Shepardson, acting on behalf of the Board, authorized Charles R. Norris, Head Messenger, Division of Administrative Services, to attend monthly meetings of Local Board No. 15, Selective Service System, on an administrative leave rather than an annual leave basis.



Secretary

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 1
5/5/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 5, 1958

Board of Directors,
County Trust Company of Maryland,
Glen Burnie, Maryland.

Gentlemen:

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 a branch in Cambridge, Maryland, at the former location of the bank's principal office, by County Trust Company of Maryland, Glen Burnie, Maryland, as a result of the recent amendment to the bank's charter changing the location of the principal office from Cambridge, Maryland, to Glen Burnie, Maryland.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 2
5/5/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 5, 1958



Board of Directors,
First-City Bank & Trust Company,
Hopkinsville, Kentucky.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of St. Louis, the Board of Governors gives its approval, as required by section 24A of the Federal Reserve Act, to the investment of \$125,759.30 in bank premises by First-City Bank & Trust Company, Hopkinsville, Kentucky, expended in the construction of a new branch office. It is understood that capitalized costs will be depreciated at not less than the maximum rate allowed by the Internal Revenue Service for income tax purposes.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 3
5/5/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 6, 1958



Comptroller of the Currency,
Treasury Department,
Washington 25, D. C.

Attention Mr. W. M. Taylor,
Deputy Comptroller of the Currency.

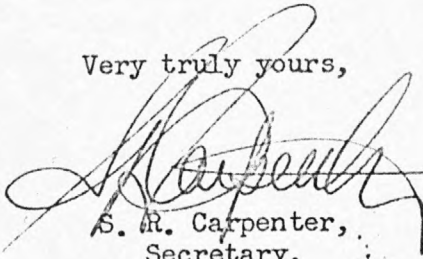
Dear Mr. Comptroller:

Reference is made to a letter from your office dated March 11, 1958, enclosing copies of an application of Citizens Bank of Stuart, Stuart, Florida, to convert into a national banking association and requesting a recommendation as to whether or not the application should be approved.

This bank has been a member of the Federal Reserve System since September 3, 1946, and, inasmuch as it was examined on November 9, 1957, a field investigation of the application to convert into a national banking association was not regarded as necessary by the Reserve Bank. Information in the files of the Board of Governors and that supplied by the Federal Reserve Bank of Atlanta is favorable with respect to the bank's financial history, earnings prospects, character of management, and services to the community. While the bank's capital structure is somewhat below average, this situation is not regarded as too important in view of the condition of the bank's assets and its satisfactory management. The Board of Governors recommends approval of the application to convert into a national banking association.

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.

Very truly yours,


S. R. Carpenter,
Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

1391

Item No. 4
5/5/58

Date April 30, 1958

Office Correspondence

To Board Members

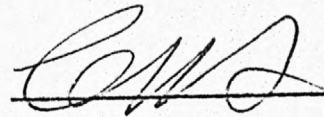
Subject: AP Ticker Installation

From Governor Shepardson

Mr. Thurston and Mr. Molony have recommended re-installation of the AP ticker in order to provide more prompt and complete coverage of news going out over the wire. It appears that the DJ ticker fails to carry many items of interest to the Board and that our staff is frequently asked questions regarding stories of which they have had no prior knowledge.

An AP unit will cost \$75.00 per month, the same rate as that in effect at the time of its early installation, and can be installed promptly if authorized. Its use is of special significance during the periods when Congress is in session.

Recommendation: It is recommended that the Board authorize the immediate installation of the Associated Press Teletype News Ticker Service at a cost of \$75.00 per month and that an over-expenditure of \$600 for this purpose in the All Other (News Ticker Service) account of the budget for the Offices of the Board Members be approved.



UNITED STATES OF AMERICA

Item No. 5
5/5/58

BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

| | |
|--|--|
| <p>In the Matter of the Applications of</p> <p>FIRST NEW YORK CORPORATION,</p> <p>THE FIRST NATIONAL CITY BANK OF NEW YORK,</p> <p style="text-align: center;">and</p> <p>INTERNATIONAL BANKING CORPORATION</p> <p>for prior approval of action to become bank holding companies under Section 3 of the Bank Holding Company Act of 1956</p> | <p>DOCKET NUMBERS</p> <p>BHC - 1</p> <p>BHC - 2</p> <p>BEC - 3</p> |
|--|--|

ORDER CHANGING TIME FOR ORAL ARGUMENT

Amending the Board's Order of April 28, 1958, it is hereby ORDERED that Oral Argument in the above-entitled proceeding, previously set for 10:00 a.m. on Wednesday, May 21, 1958, shall commence at 9:15 a.m. on that date.

This 5th day of May 1958.

By order of the Board of Governors.

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.

(SEAL)

Washington, D. C.
May 5, 1958