Minutes for April 27, 1959

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.

Chm. Martin
Gov. Szymczak
Gov. Mills
Gov. Robertson
Gov. Balderston
Gov. Shepardson
Gov. King
Minutes of the Board of Governors of the Federal Reserve System

on Monday, April 27, 1959. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Balderston, Vice Chairman
Mr. Szymczak
Mr. Mills
Mr. Robertson
Mr. Shepardson
Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Thomas, Economic Adviser to the Board
Mr. Johnson, Director, Division of Personnel Administration
Mr. Hackley, General Counsel
Mr. Solomon, Assistant General Counsel
Mr. Nelson, Assistant Director, Division of Examinations
Mr. Goodman, Assistant Director, Division of Examinations
Mr. Benner, Assistant Director, Division of Examinations
Mr. Hill, Assistant to the Secretary
Mr. Brill, Chief, Capital Markets Section, Division of Research and Statistics
Miss Hart, Assistant Counsel
Mr. Farrell, Legal Assistant

Items circulated or distributed to the Board. The following items, which had been circulated or distributed to the Board and copies of which are attached to these minutes under the respective item numbers indicated, were approved unanimously:

Letter to the Marine Midland Trust Company of Central New York, Syracuse, New York, granting an extension of time within which to establish a branch in Camillus, New York, in permanent quarters. (For transmittal through the Federal Reserve Bank of New York)
Letter to the Chase International Investment Corporation, New York, New York, extending the time within which to purchase stock in a proposed Iranian development corporation. (For transmittal through the Federal Reserve Bank of New York)

Letter to the First National Bank in Lake Worth, Lake Worth, Florida, approving its application for fiduciary powers. (For transmittal through the Federal Reserve Bank of Atlanta)

Letter to High Ridge Bank, High Ridge, Missouri, approving its application for membership in the Federal Reserve System. (For transmittal through the Federal Reserve Bank of St. Louis)

Letter to the Comptroller of the Currency recommending favorably on the application of Peoples Bank of North Miami Beach, North Miami Beach, Florida, to convert into a national bank. (With a copy to the Federal Reserve Bank of Atlanta)

Messrs. Nelson and Goodman then withdrew and Messrs. Molony, Special Assistant to the Board, and Noyes, Adviser, Division of Research and Statistics, entered the room.

Regulations T and U. Pursuant to the discussion at the meeting on April 20, 1959, there had been distributed to the Board a memorandum from Messrs. Solomon and Brill dated April 24, 1959, containing staff recommendations on the proposals to amend Regulations T and U prepared in the light of analysis of written comments received following publication of the proposed amendments. The recommendations also reflected views expressed at a meeting with a number of Reserve Bank officers acquainted with operating aspects of enforcing these regulations.
The Secretary read a list of those who had requested to be heard on Wednesday, April 29, and stated that arrangements would be made, by way of grouping some of the parties, to eliminate as much repetition as possible. He noted that the New York Stock Exchange did not wish to make an oral presentation.

At the request of the Board, Mr. Solomon and other members of the staff then commented on the proposed amendments to Regulation U and one of the proposed amendments to Regulation T, with emphasis on those proposals that seemed most likely to be the subject of oral comment.

No conclusions were reached as a result of the discussion, during which Mr. Riefler, Assistant to the Chairman, joined the meeting and Mr. Thomas withdrew, and it was understood that the Board would continue with its consideration of the proposed amendments by receiving the comments of the Federal Advisory Council and those who were to appear the following day.

All of the members of the staff except Messrs. Sherman and Johnson then withdrew.

Officers' salaries at Cleveland Bank (Item No. 6). Pursuant to the favorable recommendation contained in a memorandum from the Division of Personnel Administration, which had been circulated to the Board, unanimous approval was given to the payment of salaries to four
4/27/59

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officers of the Federal Reserve Bank of Cleveland at rates fixed by the Board of Directors. A copy of the letter sent pursuant to this action is attached as Item No. 6.

The meeting then adjourned.

[Signature]

Secretary
April 27, 1959

Board of Directors,
Marine Midland Trust Company
of Central New York,
Syracuse, New York.

Gentlemen:

The Board of Governors extends to December 1, 1959, the time within which Marine Midland Trust Company of Central New York, Syracuse, New York, may remove the branch now operating in temporary quarters at 3401 West Genesee Street to the southeast corner of the intersection of New York Route 5 and Onondaga Road in the unincorporated area of Fairmount, Town of Camillus, New York.

The Board's letter of December 3, 1958, authorizing establishment of this branch in temporary quarters erroneously referred to the location as 2401 West Genesee Street instead of as 3401 West Genesee Street.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.
Mr. Robert H. Craft, President,
Chase International Investment Corporation,
18 Pine Street,

Dear Mr. Craft:

In accordance with the request contained in your letter of March 23, 1959, transmitted through the Federal Reserve Bank of New York, the Board of Governors extends to April 29, 1960, the time within which your Corporation may purchase shares of capital stock in a corporation to be organized under the laws of Iran, to be known as Industrial Development Bank of Iran, in an amount not exceeding $500,000, subject to the understandings stated in the Board's letter dated April 29, 1958.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.
Item No. 3
4/27/59

Board of Directors,
First National Bank in Lake Worth,
Lake Worth, Florida.

Gentlemen:

The Board of Governors of the Federal Reserve System has given consideration to your supplemental 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 Florida. The exercise of such rights shall be subject to the provisions of Section 11(k) of the Federal Reserve Act and Regulation F of the Board of Governors of the Federal Reserve System.

In addition to the general fiduciary powers herein authorized the bank was granted specific authorizations on October 23, 1950, to act as trustee of the Construction Fund Trust Agreement in connection with the issue of $1,775,000 City of Lake Worth, Florida, Water and Electric Revenue Certificates, Series 1950, dated May 1, 1950; on October 20, 1953, to act as trustee for Profit-Sharing Retirement Plan of First National Bank in Lake Worth, Florida; and on December 2, 1957, to act as trustee of the Construction Fund Trust Agreement in connection with the issue of $1,630,000 City of Lake Worth, Florida, Water and Electric Revenue Certificates, Series 1957, dated May 1, 1957.

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

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.
April 27, 1959

Board of Directors,
High Ridge Bank,
High Ridge, Missouri.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the application of High Ridge Bank, High Ridge, Missouri, for stock in the Federal Reserve Bank of St. Louis, effective if and when the bank opens for business under appropriate State authorization, subject to the numbered conditions hereinafter set forth:

1. Such bank at all times shall conduct its business and exercise its powers with due regard to the safety of its depositors; and, except with the permission of the Board of Governors of the Federal Reserve System, such bank shall not cause or permit any change to be made in the general character of its business or in the scope of the corporate powers exercised by it at the time of admission to membership.

2. The net capital and surplus funds of such bank shall be adequate in relation to the character and condition of its assets and to its deposit liabilities and other corporate responsibilities.

In connection with the foregoing conditions of membership, particular attention is called to the provisions of the Board's Regulation H, regarding membership of State banking institutions in the Federal Reserve System, with especial reference to Section 7 thereof. A copy of the regulation is enclosed.

If at any time a change in or amendment to the bank's charter is made, the bank should advise the Federal Reserve Bank, furnishing copies of any documents involved, in order that it may be determined whether such change affects in any way the bank's status as a member of the Federal Reserve System.

Acceptance of the conditions of membership contained in this letter should be evidenced by a resolution adopted by the Board
High Ridge Bank

of Directors and spread upon its minutes, and a certified copy of such resolution should be filed with the Federal Reserve Bank. Arrangements will thereupon be made to accept payment for an appropriate amount of Federal Reserve Bank stock, to accept the deposit of the required reserve balance, and to issue the appropriate amount of Federal Reserve Bank stock to the bank.

The time within which admission to membership in the Federal Reserve System in the manner described may be accomplished is limited to six months from the date of this letter, unless the bank applies to the Board and obtains an extension of time. When the Board is advised that all of the requirements have been complied with and that the appropriate amount of Federal Reserve Bank stock has been issued to the bank, the Board will forward to the bank a formal certificate of membership in the Federal Reserve System.

The Board of Governors sincerely hopes that you will find membership in the System beneficial and your relations with the Reserve Bank pleasant. The officers of the Federal Reserve Bank will be glad to assist you in establishing your relationships with the Federal Reserve System and at any time to discuss with representatives of your bank means for making the services of the System most useful to you.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

Enclosure.
April 27, 1959

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 5, 1959, enclosing copies of an application of Peoples Bank of North Miami Beach, North Miami Beach, 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 it opened for business on May 16, 1956; and, in view of the Reserve Bank's knowledge of the institution and the latest report of examination as of October 20, 1958, a field investigation of the application was not regarded as necessary. Information in the records of the Board of Governors and that supplied by the Federal Reserve Bank of Atlanta is favorable with respect to the factors usually considered in connection with such proposals, except operating earnings. It appears that expenses of operation have been much higher than estimated, and for the year 1958 a net operating loss of $26,000 was sustained. It is believed, however, the favorable factors outweigh the poor earnings experience; and the Board recommends favorable consideration 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,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.
April 27, 1959

CONFIDENTIAL (FR)

Mr. W. D. Fulton, President,
Federal Reserve Bank of Cleveland,
Cleveland 1, Ohio.

Dear Mr. Fulton:

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Cleveland, for the period May 1 through December 31, 1959, at the rates indicated, which are the rates fixed by your Board of Directors as reported in your letter of April 10, 1959:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>John J. Balles</td>
<td>Vice President</td>
<td>$16,000</td>
</tr>
<tr>
<td>Edward A. Fink</td>
<td>Vice President</td>
<td>$14,000</td>
</tr>
<tr>
<td>Addison T. Cutler</td>
<td>Special Economist</td>
<td>$12,000</td>
</tr>
<tr>
<td>Harold H. Renz</td>
<td>Assistant Chief Examiner</td>
<td>$11,500</td>
</tr>
</tbody>
</table>

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.