



CONFIDENTIAL--(F.R.)

To Members of the Federal Open Market Committee and Presidents of Federal Reserve Banks not presently serving on the Committee.

September 7, 1962

From R. W. Stone

Subject: Malon S. Andrus, Inc.

I wish to inform the Open Market Committee that effective August 30, 1962, the Trading Desk suspended trading relationships with the dealer firm of Malon S. Andrus, Inc. The reason for this action is that as a result of operating losses the firm's net worth has been reduced to only \$62,000, a figure too low to support a primary dealer operation in which one can have complete and unquestioned confidence that all commitments will be met. The firm's net worth at the time trading relationships were established with the Desk in the Spring of 1961 was \$288,000.

Mr. Andrus, the head of the firm, has been invited to explore with us the possibility of re-establishing trading relationships if his capital position should undergo substantial improvement.

A rectangular stamp with a double border. The text inside reads "FOR FILES" at the top and "Ralph A. Young" at the bottom.