

Minutes for September 24, 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	<u>X</u> <i>[Signature]</i>	_____
Gov. Szymczak	<u>X</u> <i>[Signature]</i>	_____
Gov. Vardaman	<u>X</u> <i>[Signature]</i>	_____
Gov. Mills	<u>X</u> <i>[Signature]</i>	_____
Gov. Robertson	<u>X</u> <i>[Signature]</i>	_____
Gov. Balderston	<u>X</u> <i>CCB</i>	_____
Gov. Shepardson	<u>X</u> <i>[Signature]</i>	_____

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, September 24, 1956. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman 1/
 Mr. Balderston, Vice Chairman
 Mr. Szymczak
 Mr. Vardaman
 Mr. Mills
 Mr. Robertson
 Mr. Shepardson

Mr. Carpenter, Secretary
 Mr. Sherman, Assistant Secretary
 Mr. Kenyon, Assistant Secretary
 Mr. Riefler, Assistant to the Chairman
 Mr. Thomas, Economic Adviser to the Board
 Mr. Leonard, Director, Division of Bank Operations
 Mr. Vest, General Counsel
 Mr. Young, Director, Division of Research
 and Statistics
 Mr. Sloan, Director, Division of Examinations
 Mr. Daniels, Assistant Controller
 Mr. Horbett, Associate Director, Division of
 Bank Operations
 Mr. Hexter, Assistant General Counsel
 Mr. Noyes, Adviser, Division of Research
 and Statistics

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 Chase Manhattan Bank, New York, New York, reading as follows:

Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors approves the establishment by The Chase Manhattan Bank, New York, New York, of a branch at 80-86 East End Avenue, New York, New York, provided the branch is established within 18 months from the date of this letter and the approval of the State authorities is in effect at the time of the establishment of the branch.

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

1/ Attended morning session only.

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Letter to Mr. Armistead, Vice President, Federal Reserve Bank of Richmond, reading as follows:

In view of the circumstances outlined in your letter of September 11, 1956, and the Reserve Bank's favorable recommendation, the Board of Governors extends until November 1, 1957, the time within which Piedmont Trust Bank, Martinsville, Virginia, may establish a branch at 14 East Church Street, Martinsville, Virginia, under the authorization contained in its letter of October 21, 1955.

Approved unanimously.

Memorandum from the Office of the Controller dated September 10, 1956, recommending that the Board approve a procedure stated therein for withholding District of Columbia income taxes from salaries of employees having a place of abode or residing or domiciled within the District of Columbia, effective the first pay day in October 1956, and that the Controller (in his absence the Assistant Controller) be designated as the official of the Board to withhold taxes, file required returns, and direct payment of such taxes withheld.

Approved unanimously.

Reference was made to a request from the Citizens Bank of Hattiesburg, Hattiesburg, Mississippi, for an extension of time of "at least six months" from November 10, 1956, within which to establish a proposed branch at about 1211 Corrine Street in Hattiesburg. In transmitting the request the Federal Reserve Bank of Atlanta recommended an extension of six months, with a stipulation that the approval granted was for a branch at the proposed location or in the immediate vicinity. The Reserve Bank's feeling was that if the member bank should desire to establish the branch elsewhere, as the bank had indicated was possible, a further investigation for the purpose of checking the community need factor would be in order. The Reserve Bank also felt that it would be proper to advise the member bank that definite action should be taken with respect to the establishment

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of the branch before the expiration of the extended period. The file on this matter had been circulated to the members of the Board with a draft of proposed reply to the Federal Reserve Bank of Atlanta.

Governor Robertson suggested that the reply call more specifically for a decision to be reached with respect to location of the branch at the approved address in order to support the Atlanta Reserve Bank in its effort to bring the matter to a conclusion. It was his view that the member bank should not be allowed to preempt the proposed branch site indefinitely and that a new application should be required if the bank did not reach a decision to locate at that site and take steps to establish the branch within the extended period.

There being agreement with the views stated by Governor Robertson, unanimous approval was given to a letter to Mr. Denmark, Vice President of the Federal Reserve Bank of Atlanta, in the following form:

In accordance with the recommendation contained in your letter of September 10, 1956, the Board of Governors extends to May 10, 1957, the time within which Citizens Bank of Hattiesburg, Hattiesburg, Mississippi, may establish a branch at about 1211 Corrine Street within the corporate limits of Hattiesburg, under the approval given by the Board in its letter of May 10, 1956.

Your recommendation that the Board's approval be amended to include any location "in the immediate vicinity" of 1211 Corrine Street has been noted but has not been incorporated in this extension. The bank should be advised that a decision must be reached with respect to location at the approved address, and if the bank ultimately decides to establish its proposed branch at a location other than that already approved, it should apply for and obtain the Board's prior permission to do so.

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Mr. Daniels then withdrew from the meeting.

There had been sent to the members of the Board copies of a proposed letter to the Bureau of the Budget responding to the Bureau's request for an expression of the Board's views with respect to a draft bill which would amend section 24 of the Federal Reserve Act to permit loans by national banks to finance the construction of buildings upon the security of purchase contracts entered into pursuant to the provisions of the Public Buildings Purchase Contract Act of 1954 or the Post Office Department Property Act of 1954. The reply would state that the Board interposed no objection to the proposed legislation.

Governor Robertson commented that the effect of the current legislation was to enable certain agencies of the Federal Government to enter into contracts for the construction of buildings for Government use and pay for the buildings over a 25-year period. He noted that even in the current money market the Federal Government was able to raise money for about three per cent and that under the procedure authorized in the legislation referred to, a higher rate of interest was paid. In these circumstances, he questioned whether this was a desirable practice for the Federal Government to follow. It did not appear, however, that participation by national banks in such financing would present any particular problems from a supervisory standpoint.

In a discussion based on Governor Robertson's remarks, Governor Mills pointed out that the legislation authorizing construction of buildings in the manner stated had been on the statute books for two years

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and that the Board was being asked only for its views on supplementary legislation which would permit national banks to participate in the financing of such buildings. Since the Board was not being asked for comment on the original statutes and the construction loans would not appear to create an unusual financing risk for national banks, it was his view that the proposed letter to the Budget Bureau was appropriate.

Governor Robertson said that he understood General Services Administration had been trying to find ways of encouraging participation in the program and that the commercial banks were not particularly interested since the maximum rate of interest was 4 per cent. The fact that the two statutes were on the books, he said, might mean that the Board should simply raise no objection at this point, but on the other hand the Board possibly should go on record that this was not an advisable method of financing the construction of Government buildings.

Chairman Martin inquired as to the Board's position with respect to the original legislation and the response was made that the record reflected no request for the Board's views.

In a further discussion, during which a change in the draft of letter was agreed upon in order to clarify the effect of the proposed legislation, the conclusion was reached that although there might be reservations about the desirability of the legislation enacted in 1954, it seemed doubtful whether the Board was called upon at this stage to comment upon the advisability of financing the construction of Government buildings in the manner therein authorized.

Accordingly, unanimous approval was given to a letter to Mr. Roger W. Jones,

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Assistant Director for Legislative Reference, Bureau of the Budget, in the following form:

This is in response to your communication of August 21, 1956, requesting an expression of the Board's views with respect to a draft bill to amend section 24 of the Federal Reserve Act with respect to loans made by national banks to finance the construction of buildings upon the security of purchase contracts entered into pursuant to the provisions of the Public Buildings Purchase Contract Act of 1954 or the Post Office Department Property Act of 1954.

The purpose of the proposed legislation apparently is to encourage national banks to participate in the financing of the construction program, and to do so the present section 24, which limits construction loans by national banks to residential or farm buildings, would be broadened so as to permit such loans upon the security of contracts entered into pursuant to the provisions of these two statutes.

Under these statutes the Administrator of General Services and the Post Office Department have authority to enter into contracts for the purchase of buildings to be constructed for Government use. The Government would become obligated to complete payment under each of these contracts within a period not exceeding 25 years. As a limitation on the dollar amount outstanding on all such contracts the law provides that the Government may not become obligated to make annual payments in an aggregate amount exceeding that fixed by Congress in annual appropriation bills.

Construction loans which are made under the present section 24 of the Federal Reserve Act in the case of residential or farm buildings may have maturities not exceeding 9 months. In the case of buildings to be constructed for Government use under the two statutes named above, the proposed legislation would permit construction loans with maturities up to 36 months.

You are advised that the Board interposes no objection to the proposed legislation.

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Mr. Hexter then withdrew from the meeting and Messrs. Boothe, Administrator, Office of Defense Loans, and Solomon and Hackley, Assistant General Counsel, entered the room.

Reference was made to three items appearing on the agenda for the current meeting of the Conference of Presidents of the Federal Reserve Banks which it was felt that it might be advisable for the Board to discuss at this time in order to decide what attitude should be taken if they were mentioned at the joint meeting of the Board and the Presidents on Thursday, September 27. The first topic, suggested by President Fulton of the Federal Reserve Bank of Cleveland, concerned the advisability of increasing from 5 to 6 per cent the maximum permissible interest rate on loans made pursuant to Regulation V, Loan Guarantees for Defense Production, or adjusting the schedule of guarantee and commitment fees. In suggesting this topic, President Fulton reported his understanding that the Armed Services did not favor reducing the commitment or guarantee fees. He also reported additional evidence that commercial banks were becoming less enthusiastic about participation in the V-loan program.

In a discussion of this matter it was recalled that earlier this year the Board reached agreement (Governor Mills dissenting) on action to increase the maximum interest rate from 5 to 6 per cent, but that action was postponed because the heads of the principal guaranteeing agencies reversed the previously favorable recommendations of their respective agencies.

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Governor Mills suggested that, aside from other considerations, the Board might wish to consider deferring action on the interest rate until the forthcoming Treasury financing had been accomplished. With some instability in the Government securities market, he felt that an announcement of an increase to 6 per cent might be subject to misinterpretation and provoke unnecessary discussion. He then referred to a study which he understood was being prepared by the Board's staff on the scope and history of the V-loan program and suggested that the Board should have the benefit of that study. In making this comment, Governor Mills had reference to the Board's reply of June 29, 1956, to a letter dated June 25, 1956, from Arthur F. Burns, Chairman of the Council of Economic Advisers, in which Mr. Burns suggested that before any increase in the maximum interest rate on V-loans was made, there be a review of the schedule of guarantee fees.

Mr. Boothe expressed the view that there was very little to study on the subject of the guarantee and commitment fees. He said that he had discussed the matter with representatives of the Department of Defense, who took the position that it was difficult to determine what losses might be incurred under the V-loan program and that they would oppose any adjustment in the schedule of guarantee fees in the absence of an accumulated "reserve" considered sufficient in the light of possible losses. According to Mr. Boothe, the Defense Department representatives also felt that such action might encourage commercial banks to ask for a larger percentage of guarantee. He reported that as the

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result of a meeting within the Defense Department last week, it appeared that members of the Department might go to the Secretary of Defense shortly with a recommendation favoring an increase in the maximum interest rate. Mr. Boothe said he told the Defense Department representatives that in his opinion the next move was definitely up to the guaranteeing agencies, particularly the Armed Services.

Following additional discussion of the position of the Defense Department in regard to the schedule of guarantee fees, Governor Mills outlined further the nature of a study by the Board's staff that he felt would be helpful to the Board in arriving at a decision. He suggested that among other things the study might develop the trend in V-loan applications and indicate whether there appeared to be a lack of interest in V-loans on the part of applicants or, if not, whether applicants were being discouraged by their banks on account of the interest rate factor. In conclusion, he suggested that the Board should also take into account the views of the President's Cabinet Committee on Small Business regarding an increase in the maximum interest rate and that the Board should have in its possession an adequate historical and statistical record on which to justify an increase in the rate.

Chairman Martin then suggested that Mr. Boothe take such material as he had previously collected on this subject and prepare a memorandum for the Board's information which the Division of Research and Statistics could review to see whether there was anything to be added which would be of significance. He went on to suggest that there be included in

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such a memorandum references to any cases which had come to light where commercial banks were known to have expressed lack of enthusiasm in connection with V-loan applications. With such information at hand, he said, the Board would be in a better position to act, if it so desired, if recommendations favorable to an increase in the maximum rate should again be received from the guaranteeing agencies.

There being agreement with the procedure suggested by Chairman Martin, it was understood that at the meeting with the Presidents the Board would take the position that it was glad to have the views of the Presidents with regard to the question of increasing the maximum permissible rate of interest on V-loans.

The second topic appearing on the agenda of the Presidents' Conference was suggested by First Vice President Harris of the Federal Reserve Bank of Chicago and concerned continuous borrowing by member banks from Federal Reserve Banks. In presenting this topic, Vice President Harris stated that the continuous borrowing by some member banks amounted to furnishing capital funds for loan expansion and did not appear to be in accord with the intent of the Federal Reserve Act.

After Governor Vardaman had expressed views to the effect that he seriously doubted whether it would be appropriate to raise the question of continuous borrowing with member banks at this time, Governor Robertson said that in his opinion banks should not engage in continuous borrowing even in times like the present for the purpose of getting capital and making a profit. He thought, however, that careful consideration should be given to the timing of any approach on the part of

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the Reserve Banks and that perhaps this was not the time to attempt correction aggressively. He also said that he felt the Board should be willing to discuss the matter with the Presidents, that it should counsel them to arrive at a System policy, and that it might be suggested that the Reserve Banks curtail continuous borrowing to the extent that they could through usual administrative procedures. With regard to comments in the press concerning attitudes on bank liquidity expressed in the course of bank examinations, he said that such comments were bound to arise in times like these because examiners always must consider the liquidity factor, and that banks wanting to expand their loans were very apt to criticize the examiner.

Governor Shepardson suggested that there might be a distinction between attempting to correct an existing situation of continuous borrowing and an effort to prevent further aggravation. He pointed out that a bank might be in such a situation that it would be difficult to repay its borrowing to the Reserve Bank at this time.

After further discussion, there was agreement with a suggestion by Chairman Martin that at the meeting of the Board with the Presidents it would be appropriate to have a round-table discussion during which anyone would be free to express his views.

The third item appearing on the agenda of the Presidents' Conference was suggested by President Irons of the Federal Reserve Bank of Dallas and concerned the dates for submission of the annual Federal Reserve Bank budgets and experience reports. In presenting the matter,

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he set forth reasons why it would be helpful to the Banks if the Board would agree to advance the submission dates by 15 days to October 15 and March 15, respectively.

Mr. Leonard said that as far as the experience reports were concerned, there appeared to be no reason why the change should not be made. With regard to the date of submission of the budgets, the present schedule called for analysis and a presentation to the Board of Governors by the first week of November so that the Board might have time to discuss the budgets and act early in December. Under the proposed schedule, the budgets probably would not begin coming in until after the directors' meetings in the first part of October, which would mean that the essential material probably could not be submitted to the Board by the Division of Bank Operations until the last part of November.

Following a discussion of the nature of the experience reports and their value, including the value derived from them by the Federal Reserve Banks, Mr. Leonard indicated that consideration would be given to a suggestion by Governor Vardaman that the material prepared for the Board concerning the experience reports be kept at a minimum consistent with reporting essential information.

With regard to the date of submission of the budgets, Chairman Martin asked Mr. Leonard whether he could meet the schedule that he had suggested under the proposed later date for submission of the budgets, to which Mr. Leonard replied that the question was purely whether the

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Board would be satisfied to receive the budget memoranda by the last week in November rather than the first week of that month.

Accordingly, it was agreed that if the suggestion of President Irons was favored by the Presidents' Conference and was presented at the joint meeting of the Board and the Presidents, the Board would state that it accepted the suggestion.

Mr. Boothe then withdrew from the meeting.

There had been sent to the members of the Board on September 21, 1956, copies of a memorandum from Mr. Vest submitting for consideration a draft of the legislative proposals to be submitted to the Senate Banking and Currency Committee in connection with that Committee's current study of the Federal statutes governing financial institutions and credit. This draft included all of the suggestions to which the Board had tentatively agreed at its recent meetings on this subject, with each of the items prepared in the form which the staff of the Committee had suggested, beginning with a statement of the exact language of the existing statute which would be amended. This statement was followed by the recommendation and the reasons therefor. The list of proposed legislative amendments included those items on which the Board had expressed some doubt but had suggested inclusion on a tentative basis.

Following a statement by Mr. Vest concerning the material which had been sent to the Board, Governor Szymczak reviewed the discussions of the Board concerning the suggestions received from its staff and from the Federal Reserve Banks. He pointed out that while there was

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general agreement on the inclusion of most of the legislative amendments submitted with Mr. Vest's memorandum, in a few cases the members of the Board indicated a desire to review the subject further before a final decision was made. He also noted that in two cases alternative drafts had been prepared for the Board's consideration.

It was decided to review each of the items submitted with Mr. Vest's memorandum, with particular attention to those items where alternative drafts had been prepared or as to which substantial questions had been raised during the previous discussions of the Board.

The review of the items then proceeded and in a number of cases agreement was reached on suggestions for minor changes in the language of the recommendation or the reasons given for the recommendation. Certain suggestions also were made with regard to the order in which the items would be presented and the indexing of the material.

On the subject of payment of Federal Reserve Bank earnings to the Treasury, two alternative recommendations had been drafted, the first of which would amend section 7 of the Federal Reserve Act to require the Reserve Banks to pay 90 per cent of their net earnings after expenses and dividends to the United States as a franchise tax. The alternative amendment would specifically authorize the Board to require the Reserve Banks to transfer a portion of their net earnings annually to the United States without regard to the volume of Federal Reserve notes outstanding.

In a discussion of this subject, the question first was raised whether any recommendation should be made and it was the view of the

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Board that it would be appropriate to make some suggestion for a change in the existing procedure for transferring a portion of the net earnings of the Reserve Banks to the Treasury. Reasons were then presented for and against a recommendation for the reinstitution of a franchise tax, following which Chairman Martin suggested that it might be desirable to present both of the alternatives to the Banking and Currency Committee for consideration since there were arguments to be made in favor of each and the preference between them apparently was a matter of degree. Agreement was expressed with Chairman Martin's suggestion and it was understood that a single recommendation presenting the two alternative suggestions would be prepared by the staff.

The review of the legislative suggestions not having been completed at this point, it was agreed that the Board would meet again this afternoon to consider the remaining items.

Messrs. Leonard, Horbett, and Hackley then withdrew from the meeting and Mr. Miller, Chief, Government Finance Section, Division of Research and Statistics, entered the room.

Further consideration was given to the memorandum from the staff to Chairman Martin on the subject of forthcoming Treasury financing problems which was referred to at the meeting last Friday, September 21. Pursuant to the understanding at that meeting, copies of the memorandum had been distributed to all of the members of the Board.

Following a discussion of the subject, Chairman Martin said that, if agreeable to the other members of the Board, he would pass the

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memorandum on to the Treasury informally as a memorandum submitted to him by the Board's staff. He said that while the memorandum raised certain questions which were debatable, he would make it clear in handing the memorandum to the Treasury that it was being transmitted merely as an expression of staff views that might be helpful in considering problems of the forthcoming financing.

It was agreed that there would be no objection to furnishing the memorandum to the Treasury on the basis that Chairman Martin had outlined.

Chairman Martin noted that the agenda for this meeting called for further consideration of the maximum permissible rates of interest on time and savings deposits. He said that he wanted to have further discussion of this subject with the Secretary of the Treasury and that he hoped there would be an opportunity for such discussion with the Secretary later today.

In the circumstances, it was agreed to defer further Board consideration of this topic until the Chairman had completed his discussion of the matter with the Treasury.

The meeting then recessed and reconvened at 3:00 p.m. with all of the members of the Board except Chairman Martin present. Messrs. Carpenter, Kenyon, Leonard, Vest, Young, Sloan, Horbett, Solomon, and Hackley of the staff also were present.

The Board continued its review of the legislative amendments proposed for submission to the Senate Banking and Currency Committee which were presented with Mr. Vest's memorandum of September 21, 1956.

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During the review it was decided to eliminate several of the recommendations, as follows:

1. An amendment which would remove from the statutes provisions stating that the Board may expel from membership a State member bank and may suspend the operations of a Federal Reserve Bank if any officer or employee of the State member bank or the Federal Reserve Bank, as the case may be, certifies a check drawn against insufficient funds.
2. An amendment to repeal various provisions of the law relating to "holding company affiliates" which were on the statute books prior to the date of enactment of the Bank Holding Company Act of 1956.
3. A provision which would authorize the Board of Governors to issue subpoenas and administer oaths in those cases where it is authorized to hold hearings.

It was decided to include certain items, as follows, subject to a check by Chairman Martin with the Secretary of the Treasury:

1. An amendment to section 9 of the Federal Reserve Act to provide that, with the approval of the Board of Governors, a member State bank may purchase and hold temporarily stock of another bank as one step in the process of absorbing such other bank through merger, consolidation, acquisition of assets and assumption of liabilities, or otherwise.
2. Repeal of the first sentence of the second paragraph of section 7 of the Federal Reserve Act, which relates to the use by the Treasury of funds received from Federal Reserve Banks.

With regard to fiscal agency operations of the Federal Reserve Banks, two alternatives had been presented, as follows:

1. An amendment to the Federal Reserve Act providing that, notwithstanding any other provision of law, the operations of a Federal Reserve Bank, pursuant to authority of law, as fiscal agent, depository, or custodian of the United States or any instrumentality thereof or of any other organization shall be subject to the supervision and regulation of the Board of Governors of the Federal Reserve System.

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2. An amendment to the Federal Reserve Act providing that, notwithstanding any other provision of law, the operations of a Federal Reserve Bank, pursuant to authority of law, as fiscal agent, depository, or custodian of the United States or any instrumentality thereof or of any other organization shall be subject to the supervision, regulation, approval, and direction of the Board of Governors, and that Federal Reserve Banks shall be reimbursed for their reasonable expenses in carrying out such operations.

Following a discussion, preference was expressed for the first alternative, with certain changes in the statement of reasons with respect thereto, and it was understood that the item would be included among those sent to the Banking and Currency Committee subject to a check by Chairman Martin with the Secretary of the Treasury.

With respect to the item having to do with procedures applicable to the issuance and redemption of Federal Reserve notes, it was decided that the item would be included in the form suggested by Mr. Leonard subject to his clearing the draft with the Office of the Comptroller of the Currency and a check by Chairman Martin with the Secretary of the Treasury.

With respect to an item which would suggest changes in the Federal Reserve Act and corresponding changes in the Federal Deposit Insurance Act regarding payment of interest on deposits, Mr. Vest stated that he had taken up the subject with representatives of the Federal Deposit Insurance Corporation but that he had received no response as to the position of that agency. In this connection, Governor Robertson reported having been advised informally by the directors of the Corporation at an earlier date that if an appropriate legislative proposal could

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be devised, they would not be inclined to oppose it. Accordingly, it was agreed to include this item in a form which would take into account certain changes in wording which were suggested at this meeting.

With regard to the item which would amend section 30 of the Banking Act of 1933 to provide for the issuance of warnings by the Board of Governors rather than the Federal Reserve Agent at the Reserve Bank concerned, a question was raised by Governor Robertson as to whether such warnings should more logically be issued by the Federal Reserve Bank. After some discussion of the matter, however, it was agreed to include the item in the form in which it had been prepared.

With regard to the item concerning audits of the Federal Reserve System, a question was raised as to whether such a suggestion could properly be made within the framework of the current study. Various opinions were expressed on this point, following which it was agreed that before a final decision was reached the subject would be considered further at a meeting when all of the members of the Board were present.

At the conclusion of the review, it was understood that the Legal Division would prepare the various legislative proposals in final form for transmission to the Banking and Currency Committee.

The meeting then adjourned.

Secretary's Note: During the day Governor Shepardson approved the following letters on behalf of the Board:

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Letter to Mr. Wiltse, Vice President, Federal Reserve Bank of New York, reading as follows:

In accordance with the request contained in your letter of September 14, 1956, the Board approves the appointment of Robert D. Burrill as an assistant examiner for the Federal Reserve Bank of New York. Please advise as to the date upon which the appointment is made effective.

The Board also approves the designation of John L. Young as a special assistant examiner for the Federal Reserve Bank of New York.

Letter to Mr. Kroner, Vice President, Federal Reserve Bank of St. Louis, reading as follows:

In accordance with the request contained in your letter of September 14, 1956, the Board approves the designation of Paul Dodd Quick as a special assistant examiner for the Federal Reserve Bank of St. Louis.

If the designation is not made effective on October 1, 1956, as planned, please advise the Board.

Governor Shepardson also approved on behalf of the Board the recommendation contained in a memorandum from the Division of Examinations dated September 21, 1956, that a reception and a luncheon on September 26 and 28, respectively, be tendered by the Board for members of the Fifth Session of the School for Examiners of the Inter-Agency Bank Examination School.



Secretary