

Minutes for February 12, 1957

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>MS</u>
Gov. Szymczak	_____	<u>MS</u>
<u>1</u> /Gov. Vardaman	<u>x</u> _____	_____
Gov. Mills	<u>x</u> _____	_____
Gov. Robertson	<u>x</u> _____	_____
Gov. Balderston	<u>x</u> <u>CCB</u>	_____
Gov. Shepardson	_____	<u>x</u> <u>CCB</u>

✓ The attached set of minutes was sent to Governor Vardaman in accordance with the procedure approved at the meeting of the Board on November 29, 1955. They were returned to the Minutes Section with the statement (see Mr. Kenyon's memorandum of February 19, 1957) that although the Governor was present at the meeting he did not initial the minutes because no statements were attributed to him in the minutes. Therefore, with Governor Shepardson's approval, these minutes are being filed without Governor Vardaman's initial.

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, February 12, 1957. The Board met in the Board Room at 2:30 p.m.

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

Mr. Carpenter, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Thurston, Assistant to the Board
Mr. Vest, General Counsel
Mr. Hackley, Associate General Counsel
Mr. Cherry, Legislative Counsel

Governor Robertson, who testified on behalf of the Board this morning before the Senate Banking and Currency Committee regarding the Committee Print of the proposed Financial Institutions Act of 1957, reported having been asked by the Committee whether arrangements could be made for a member of the Board's staff to provide technical assistance in certain further work with regard to the Committee Print. It appeared, for example, that assistance might be desired in pointing out the effect on other statutes of statutory changes which would be made by the proposed legislation. He said that his reply was to the effect that whenever the Committee requested, the Board would be ready to help and that the Committee might wish to address any such request to the Chairman of the Board.

Governor Robertson went on to say that after the hearing members of the staff of the Banking and Currency Committee spoke to him further about the possibility of obtaining technical assistance, indicating that they would like to have someone take the changes that would be made in the Federal Reserve Act by the Committee Print and present in narrative

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form such changes and their effect on the present law. He said he responded that the person on the Board's staff best equipped for work of that kind would be Mr. Hackley, who probably could do such a job within a few days, at which point the Committee staff members indicated that they would have in mind a period of approximately two weeks. They also mentioned certain other work which might be desired, including, perhaps, a narrative concerning the changes to be made in the Federal Deposit Insurance Act and other statutes. Governor Robertson said he then suggested that the Committee staff specify in writing what kind of assistance was wanted, and that if such a "blueprint" was furnished he would be glad to take the matter up with the Board. He anticipated that such a request might be received this afternoon.

Governor Robertson said that he felt the Board had no alternative but to supply assistance in response to a specific request from the Committee, and he asked whether the Board would want to authorize him to work out the matter in such way as he considered most appropriate if the request was received.

There followed a discussion concerning how much of Mr. Hackley's time apparently would be required and where the work would be done. It was proposed that Governor Robertson might suggest that, to the extent compatible with the requirements of the Committee, Mr. Hackley perform his duties at the Board's offices in order to expedite the task as much as possible. Governor Robertson commented that if work was requested on the section of the Committee Print having to do with the National Bank

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Act, it might be possible for Mr. Hackley to have the assistance of Mr. Hexter, Assistant General Counsel.

With regard to the type of assistance which would be given, agreement was expressed with the position stated by Governor Robertson that staff assistance should be at a technical level and should not involve discussion of policy decisions.

Governor Balderston inquired whether it would be appropriate to get in touch with the Comptroller of the Currency and the Chairman of the Federal Deposit Insurance Corporation to advise them informally of the probable request from the Banking and Currency Committee for technical assistance so that they might be fully informed of the circumstances.

At the conclusion of the discussion it was agreed unanimously (1) that in the event of a formal request from the Banking and Currency Committee for technical assistance, Governor Robertson would inform the Committee that the Board had agreed to make Mr. Hackley's services available, with the suggestion that to the extent consistent with the Committee's requirements, the work be done by Mr. Hackley at the Board's offices, (2) that Governor Robertson would make such procedural arrangements for furnishing the requested assistance as seemed to him most appropriate, and (3) that he would advise the Comptroller of the Currency and the Chairman of the Federal Deposit Insurance Corporation informally of the probable request and the response which the Board had agreed to make.

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Governor Robertson then discussed certain questions raised by the Banking and Currency Committee at the hearing this morning regarding proposed changes in the administration of the Federal Deposit Insurance Corporation. He said that he endeavored to avoid responding to questions about the Board's views on the abolition of the Corporation's Board of Directors, but that at one point Senator Robertson indicated that he would like to have the views of the Board reported in seven days. While Governor Robertson felt, from subsequent developments at the hearing, that it was not entirely clear whether the Senator would pursue his inquiry, he considered it desirable that the Board be considering what response it would want to make if the request were made.

Following a brief discussion, it was understood that if developments made it necessary for Governor Robertson to report on the subject, the Board would meet to give additional consideration to the matter in the light of the nature of the request.

The meeting then adjourned.

Secretary's Note: Governor Balderston, acting as alternate to Governor Shepardson, today approved on behalf of the Board the following letters:

Letter to Mr. Snead, Chief Examiner, Federal Reserve Bank of Richmond, reading as follows:

In accordance with the request contained in your letter of February 6, 1957, the Board approves the designation of the following as special assistant examiners for the Federal Reserve Bank of Richmond for the purpose of participating

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in the examinations of State member banks except the banks listed immediately above their names:

The Bank of Virginia, Richmond, Virginia

Robert H. Dillard, Jr.
A. L. Richardson, Jr.

State-Planters Bank of Commerce and Trusts,
Richmond, Virginia

Marvin A. Palmore, Jr.
A. L. Richardson, Jr.

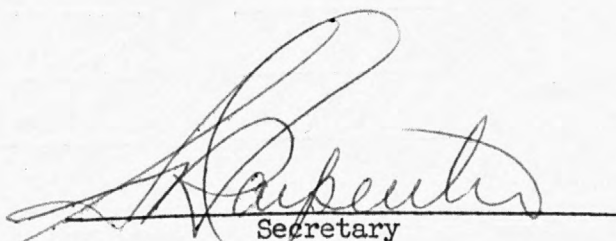
The authorizations heretofore given your bank to designate the above individuals as special assistant examiners are hereby canceled.

Letter to Mr. Diercks, Vice President, Federal Reserve Bank of Chicago, reading as follows:

In accordance with the requests contained in your letters of February 8, 1957, the Board approves the designation of Donald W. Kelley and Byron J. Loving as special assistant examiners for the Federal Reserve Bank of Chicago. Please advise as to the dates upon which the designations are made effective.

Letter to Mr. Pondrom, Vice President, Federal Reserve Bank of Dallas, reading as follows:

In accordance with the request contained in your letter of February 5, 1957, the Board approves, effective today, the appointment of Donald E. Reilly as an assistant examiner for the Federal Reserve Bank of Dallas.


Secretary