

Minutes for March 8, 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	_____	x <u>mw</u>
Gov. Szymczak	_____	x <u>[Signature]</u>
Gov. Vardaman	x <u>[Signature]</u>	_____
Gov. Mills	x <u>[Signature]</u>	_____
Gov. Robertson	x <u>[Signature]</u>	_____
Gov. Balderston	x <u>COB</u>	_____
Gov. Shepardson	x <u>[Signature]</u>	_____



Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, March 8, 1957. The Board met in the Board Room at 10:00 a.m.

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

Mr. Carpenter, Secretary  
Mr. Kenyon, Assistant Secretary  
Mr. Sloan, Director, Division of Examinations  
Mr. Johnson, Controller, and Director, Division of Personnel Administration  
Mr. Solomon, Assistant General Counsel  
Mr. Masters, Associate Director, Division of Examinations  
Mr. Goodman, Assistant Director, Division of Examinations

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

	<u>Item No.</u>
Letter to the Federal Reserve Bank of New York interposing no objection to further leaves of absence for Messrs. Holmes and Brimmer, participants in a mission to the Sudan.	1
Letter to the Federal Reserve Bank of New York interposing no objection to the expenditure of approximately \$210,000 for improvements to the Annex Building at 95 Maiden Lane.	2
Letter to Montgomery Norristown Bank and Trust Company, Norristown, Pennsylvania, approving the establishment of a branch at Valley Forge. (For transmittal through the Federal Reserve Bank of Philadelphia.)	3
Letter to The Fahey Banking Company, Marion, Ohio, approving the establishment of an in-town branch. (For transmittal through the Federal Reserve Bank of Cleveland.)	4



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Item No.

Letter to the Director of the Office of Defense Mobilization  
furnishing requested data on key employees who are military  
reservists. 5

Letter to the Chairman of the Federal Deposit Insurance Corpo- 6  
ration regarding continuance of deposit insurance after  
withdrawal from System membership for Citizens State Bank,  
Anton, Texas.

Letter to the Chairman of the Federal Deposit Insurance Corpo- 7  
ration regarding continuance of deposit insurance after  
withdrawal from System membership for The Citizens State Bank,  
Richardson, Texas.

In connection with the two foregoing items, Governor Vardaman  
called attention to the number of banks in the State of Texas withdrawing  
from System membership and inquired as to the reasons.

Mr. Sloan stated that in most of the cases the principal reason  
given was a desire to increase earning assets, some of the banks indicating  
that larger earnings were necessary to meet higher rates of interest on  
time deposits.

Governor Shepardson commented that most of the Texas banks that had  
withdrawn from membership recently were located in small communities. When  
Governor Balderston remarked that he had discussed the matter several months  
ago with President Irons of the Federal Reserve Bank of Dallas and that  
the latter did not seem too clear on the reasons for the withdrawals,  
Governor Shepardson stated that he would be glad to raise the subject again  
with Mr. Irons.



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Discount rates. Unanimous approval was given to telegrams to the Federal Reserve Banks of New York, Philadelphia, Atlanta, and Chicago approving the establishment without change, on March 7, 1957, of the rates of discount and purchase in their existing schedules.

Appointment of Federal Reserve Agent's Assistants and Representatives. In a letter dated August 15, 1956, to the Chairman and Federal Reserve Agent at each Federal Reserve Bank, the Board requested that it be furnished specified information with respect to each individual then serving as Assistant Federal Reserve Agent, Alternate Assistant Federal Reserve Agent, or Federal Reserve Agent's Representative, and that similar information be furnished with respect to each individual recommended for approval to serve in any such capacity in the future. The Board also requested consideration of a proposal that future appointments of Assistant Federal Reserve Agents, Alternates, and Agent's Representatives be made, to the extent practicable, from the personnel of the bank examination department at each head office and from personnel operating the fiscal agency function in the case of a branch.

Prior to this meeting, there had been distributed to the members of the Board copies of a memorandum from Mr. Goodman dated February 21, 1957, discussing the personnel information received in response to the Board's letter and commenting on the suggested appointment procedure in the light of views expressed by the Reserve Banks concerning the Board's proposal. The memorandum recommended (1) that, in view of difficulties that apparently would be experienced at some of the Banks under the proposal for



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selection of personnel for the Agent's function, the letter of August 15, 1956, be superseded by a letter, in the form of a draft attached to the memorandum, which would stress that appointments should not be made from personnel connected with certain specific functions; (2) that consideration be given to requesting the Federal Reserve Agent at New York to issue specific letters of designation or appointment to each person having custody for him of collateral held as security to Federal Reserve notes, particularly the System Open Market portfolio, and that the Agent's Representatives having joint custody of such collateral be restricted to persons who have been appointed Assistant Federal Reserve Agent or Alternate Assistant Federal Reserve Agent; and (3) that the Chief Federal Reserve Examiner be requested to include in his confidential memorandum to the Director of the Division of Examinations brief comments regarding each newly-appointed Assistant Federal Reserve Agent, Alternate Assistant Agent, and Agent's Representative.

Following comments by Mr. Goodman on the recommendations contained in his memorandum, Governor Balderston stated that when he had the function of approving on behalf of the Board letters to the respective Reserve Banks concerning the appointment of examiners, he noticed that rather detailed personnel information was furnished, whereas less information was furnished regarding personnel proposed for assignment to the Agent's function. Accordingly, he became somewhat concerned about the lack of data regarding the latter group of



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individuals which was available as a basis for judgment. He said that although he would not favor any elaborate requirements for providing factual data, he felt that under the existing procedures the Federal Reserve Agent might fail to take a personal interest in the appointees, and that it would therefore be advisable to establish procedures under which the Agent would receive sufficient information to enable him to ask appropriate questions concerning the persons proposed for appointment. If such procedures were placed in effect, it would follow that the Board would be in a better position to give its endorsement.

Mr. Carpenter stated that a point had come up in staff discussion of the matter with regard to whether the Division of Examinations should have responsibility for checking the proposed appointments to insure, so far as possible, that no conflict existed between the appointee's regular responsibilities and his duties as a member of the Agent's staff. He expressed some concern that the approval of appointments might have become a more or less routine operation and expressed the view that a check by the Division of Examinations, not from the personnel standpoint but from the standpoint of assuring the independence of the Agent's representatives, might be advantageous as an extra precaution.

Mr. Johnson expressed doubt that a diffusion of staff responsibility would be desirable and illustrated by a recent case what steps might be taken by the Personnel Division when additional information concerning a proposed appointment seemed necessary.



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Messrs. Sloan and Goodman indicated that, while the Division of Examinations would be glad to make such check as the Board considered desirable, which might include obtaining the views of the Reserve Bank General Auditor informally in any questionable case, it seemed doubtful whether much information would be available to the Division that would not be available to the Personnel Division. In addition, it was felt that an area of conflict might develop if the Washington staff of the Division recommended the approval of proposed appointees and the Division's field staff then was asked to make the appraisal recommended in Mr. Goodman's memorandum.

During the discussion, Governor Vardaman questioned whether, within the present framework of making appointments, it was possible to achieve complete independence of personnel assigned to the Agent's function. He suggested that at the proper time the Board might wish to recommend legislation to change the existing arrangement.

Governor Robertson said that he agreed with the recommendations in Mr. Goodman's memorandum and also with the view expressed at this meeting that everything possible should be done to remove the selection and approval of appointees from the routine category. He did not feel, however, that division of responsibility for checking proposed appointments would be advisable. Instead, he felt that the responsibility should be solely in the Personnel Division, with the understanding that a sufficient



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check would be made in each case to afford a proper basis for Board action. The Chief Examiner's report, he suggested, would constitute the kind of appraisal by the Division of Examinations that would be most valuable to the Board.

Following a further comment by Governor Balderston concerning the desirability of increasing the interest of the Reserve Bank Chairmen in the appointments, Governor Robertson suggested that the Board add to the letter proposed to be sent to the Chairmen a statement that any questions concerning this whole area could be brought up at the next meeting of the Chairmen's Conference.

Further discussion concerned the possibility of requesting the Chief Federal Reserve Examiner to include in his confidential memorandum information regarding the reports of indebtedness filed by persons assigned to the Agent's function. On this point, Mr. Goodman said it was the practice of the field examining staff to review the indebtedness reports filed by Federal Reserve Bank personnel and to comment in the confidential section of the report of examination whenever the occasion warranted. Therefore, he felt confident that the Chief Examiner would cover in the usual course any situations that might be out of line which involved personnel assigned to the Agent's function.

Thereupon, the recommendations contained in Mr. Goodman's memorandum were approved unanimously.



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All of the members of the staff except Messrs. Carpenter, Kenyon, and Solomon then withdrew from the meeting.

Meetings of Chairmen's Conference. Governor Vardaman suggested that the Board consider at an appropriate time the possibility of restoring the meetings of the Chairmen's Conference to a semi-annual basis, stating that he felt there was not close enough contact between the Chairmen and the Board at present and that meetings twice a year would be helpful.

Possible violations of Regulation U in connection with proxy contest. In a letter to the Board dated February 26, 1957, Counsel for Fairbanks, Morse & Co., Chicago, Illinois, quoted a letter to the Comptroller of the Currency in which it was stated that a national bank in Boston, Massachusetts, had been asked to make certain loans on Fairbanks, Morse stock in connection with a proxy contest, that the bank declined to make such loans, but that somewhat similar loans were believed to have been made in violation of Regulation U by two designated New York City banks, one a State member bank and the other an insured nonmember bank. In a letter dated March 1, 1957, a copy of which was transmitted to the Board, Deputy Comptroller of the Currency Taylor responded to the representative of Fairbanks, Morse that there did not appear to be any basis for action by the Comptroller since the national bank did not make the requested loans, but that, since the other banks mentioned were State banks, it might be desirable to call the matter to the attention of the New York State banking authorities.



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Prior to this meeting, there had been sent to the members of the Board copies of a memorandum from Mr. Solomon dated March 6, 1957, suggesting that in view of the meagerness of the information supplied, it would not seem appropriate to institute a special examination on the strength of the letter. It was suggested, however, that the information be passed along to the Federal Reserve Bank of New York for possible use in connection with the next regular examination of the State member bank concerned, and to the Federal Deposit Insurance Corporation in connection with the insured nonmember bank. Drafts of letters, including a letter to the Federal Reserve Bank of New York, were attached to the memorandum, together with a draft of acknowledgment to Counsel for Fairbanks, Morse.

The matter was discussed in the light of the responsibilities of the Board when it received information of this kind alleging violations of a Board regulation. In this connection, Mr. Solomon pointed out that in the case of Regulation U, the Board's sole responsibility under the statutes was for the issuance of a regulation, while the Securities and Exchange Commission has responsibility for civil enforcement and criminal prosecution would be a function of the Department of Justice. He recalled that when Regulation U was adopted in 1936, there was an exchange of letters among the bank supervisory authorities to the effect that if any agency found evidence of violations of the regulation it would first attempt to obtain compliance and then, if necessary, refer the matter to the Securities



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and Exchange Commission for civil enforcement or to the Department of Justice for criminal enforcement.

Mr. Solomon also said that there might well be differences of opinion regarding the adequacy of simply referring the information received from Fairbanks, Morse to the Federal Reserve Bank of New York and the Federal Deposit Insurance Corporation, the question being how much responsibility the Board should take in a matter of this kind. While, in view of the allegations, an argument could be made for conducting a special investigation immediately, the argument on the other side would run along lines that a proxy contest is a fluid and changing situation, with each side striving for every possible advantage. For the Board to launch an immediate investigation on the strength of charges such as those made by Counsel for Fairbanks, Morse could conceivably tip the scale in the proxy contest in such a way that the Board might later regret the action. Also, since compliance with Regulation U is checked in the regular course of bank examination procedure, the Board might be accused of taking sides if it ordered an immediate investigation.

Governor Mills expressed the view that the action contemplated by Mr. Solomon's memorandum would be appropriate and adequate. Since regular bank examination procedure would take into account compliance with Regulation U and special consideration at such time would be given to the allegations made, he indicated that he would have some concern if, on the strength of allegations that might prove to be unfounded, a special



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investigation were conducted. In the circumstances, he felt that referral of the available information to the appropriate bank supervisory agencies would be sufficient and that further steps, including reference of the matter to the Department of Justice, were not necessary at this time.

Governor Vardaman took the position that the information available to the Board was sufficient to warrant transmittal of the information to the Department of Justice, as the agency responsible for the criminal enforcement of Regulation U, and that the Board might be in a vulnerable position if, in the light of possible developments, it did not take such action. He pointed out that the next examination of the State member bank concerned might be well in the future, and he expressed doubt whether the examination function was an entirely practicable mechanism for dealing with violations of the kind alleged.

Governor Robertson, who expressed general agreement with the position taken by Governor Vardaman, suggested that a paragraph be added to the proposed letter to the Federal Reserve Bank of New York which would ask that the Bank give this matter early attention and advise the Board if it found evidence that violation of Regulation U appeared to have occurred. If evidence were found, he said, it could then be referred immediately to the Department of Justice. He did not think that the Securities and Exchange Commission came into the picture in this case at this time, but he would send a letter to the Department of Justice transmitting for



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information and attention all of the letters received and sent by the Board in connection with this matter.

At the conclusion of the discussion, the procedure suggested by Governor Robertson was approved, Governor Mills voting "no" for the reasons that he had stated. This action was taken with the understanding that the proposed letters would be brought to the attention of Chairman Martin before they were mailed.

Secretary's Note: Pursuant to this action, the letters attached to these minutes as Items 8 through 11, inclusive, were sent on March 11, 1957, Chairman Martin having approved.

The meeting then adjourned.

Secretary's Note: On the dates indicated, Governor Shepardson approved on behalf of the Board the following items:

March 7, 1957:

Memorandum dated March 1, 1957, from Mr. Young, Director, Division of Research and Statistics, recommending the appointment of Georgine Winslett as Clerk-Typist in that Division, on a half-time basis, with basic annual salary at the rate of \$3,260, apportioned on the basis of hours worked, effective the date she assumes her duties.

March 8, 1957:

Memorandum from appropriate individuals concerned recommending the following actions with respect to members of the Board's staff:



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Appointments, effective on the  
respective dates of assuming duties

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>
Robert B. Hamilton, Personnel Technician	Personnel Administration	\$4,215
Barbara H. Murphy, Clerk-Typist	Examinations	3,175

Salary increases, effective March 10, 1957

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
	<u>Research and Statistics</u>		
Helene Baur, Statistical Assistant 1/		\$4,885	\$5,025
Saul B. Klamann, Economist		8,000	8,990
Alice M. Taylor, Statistical Assistant 1/		4,885	5,025
	<u>International Finance</u>		
Samuel I. Katz, Chief, British Commonwealth, Scandinavia, and Near East Section		10,320	11,610
Ralph C. Wood, Chief, European Section		10,750	11,610

Extension of temporary appointment

Extension for two months of the appointment of Henry L. Edmonds, Cafeteria Laborer, Division of Administrative Services, with no change in his present basic annual salary at the rate of \$2,745, effective at the expiration of his present two-month appointment, April 3, 1957.

Acceptance of resignation

Rudolph Reece, Laborer, Division of Administrative Services, effective March 8, 1957.

1/ Title changed from Clerk.



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Notice of retirement on disability

James F. Hamilton, Messenger, Division of Administrative Services,  
effective April 1, 1957.

Letter to the Federal Reserve Bank of New York, attached to these minutes as Item No. 12, approving the appointment of Messrs. Pierce and Hunke as examiners and the designation of Messrs. Daly and Geng as special assistant examiners.

Letter to the Federal Reserve Bank of Atlanta, attached to these minutes as Item No. 13, approving the designation of Messrs. Dorris, Coombs, Newton, and Taylor as special assistant examiners.

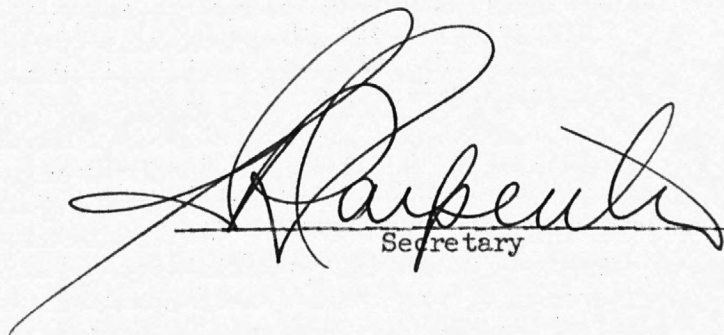
Secretary's Note: In a memorandum to Mr. Carpenter dated March 8, 1957, Governor Shepardson stated that he had conferred further with Governor Vardaman regarding his wishes in connection with the approval of minutes of Board meetings, and that Governor Vardaman had reaffirmed a statement which he made to Mr. Vest on February 12, 1957, to the effect that he did not desire to see and would not sign the minutes of meetings at which he was not present. The memorandum therefore suggested that the Secretary's Office discontinue forwarding such minutes to Governor Vardaman's Office and that a note of the memorandum be entered in the minutes as authorization for such action. With reference to minutes of meetings attended by Governor Vardaman, the memorandum stated that Governor Vardaman had indicated that such minutes should continue to be forwarded to his Office for his secretary to check as to attributions to him, that he would read and indicate his approval or disapproval of such attributions, but that he did not intend to indicate approval of such minutes. Accordingly, Governor Shepardson's memorandum suggested that such



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minutes continue to be forwarded to Governor Vardaman and, if returned unsigned or without comment, that notation to such effect be made on the signature cover page and the minutes processed in due course. In a footnote to the memorandum Governor Shepardson stated that it had been checked with Governor Vardaman on March 8, 1957, and that he (Governor Vardaman) concurred in it.



Secretary



Item No. 1  
3/8/57

March 8, 1957

Mr. William H. Braun, Jr.,  
Assistant Secretary,  
Federal Reserve Bank of New York,  
New York 45, New York.

Dear Mr. Braun:

Reference is made to your letter of February 26, 1957, relating to leaves of absence, with pay, granted to Messrs. Alan R. Holmes and Andrew F. Brimmer, each for a period of approximately three months, plus travel time, to enable them to participate in a mission, headed by Mr. Oliver P. Wheeler, Vice President, Federal Reserve Bank of San Francisco, to advise the Sudanese Government on the functions of a central bank for the Sudan.

It is noted from your letter that, at the request of the Sudanese Government, and the Department of State, the leaves of absence granted Messrs. Holmes and Brimmer have been extended for a further period of approximately thirty days, on the same terms as the original leave, in order to allow them sufficient time to complete the preparation of statutes for the central bank now being organized.

The Board of Governors interposes no objection to the extension of leaves granted Messrs. Holmes and Brimmer as described in your letter.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Assistant Secretary.



Item No. 2  
3/8/57

March 8, 1957

Mr. H. H. Kimball, Vice President,  
Federal Reserve Bank of New York,  
New York 45, New York.

Dear Mr. Kimball:

Reference is made to your letter of February 21, 1957, regarding proposed improvements for the Annex Building at 95 Maiden Lane, New York, as authorized by the directors of the Bank.

Preliminary estimates of the cost of the project are reported as:

- |   |              |
|---|--------------|
| 1. Modernization of three elevators   | \$150,000.00 |
| 2. Provision of a service entrance, and<br>renovation of the public entrance<br>and first floor lobby | 60,000.00    |

It is noted from your letter that the work can probably be completed during the current year, but that the program had not been sufficiently developed when the 1957 budget was prepared to permit provision for it therein.

The Board will interpose no objection to the expenditure of approximately \$210,000 by your Bank for the improvements described in your letter of February 21, 1957.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,  
Secretary.



Item No. 3  
3/8/57

March 8, 1957

Board of Directors,  
Montgomery Norristown Bank and Trust Company,  
Norristown, Pennsylvania.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Philadelphia, the Board of Governors of the Federal Reserve System approves the establishment of a branch in General Huntingdon's Headquarters, Valley Forge, Pennsylvania, by Montgomery Norristown Bank and Trust Company, for the period July 2 through July 24, 1957, to provide banking facilities for the Jamboree of the Boy Scouts of America.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Assistant Secretary.



Item No. 4  
3/8/57

March 8, 1957

Board of Directors,  
The Fahey Banking Company,  
Marion, Ohio.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Cleveland, the Board of Governors of the Federal Reserve System approves the establishment of a branch at the southeast corner of East Center Street and Forest Lawn Boulevard, Marion, Ohio, by The Fahey Banking Company, Marion, Ohio, provided the branch is established within one year from the date of this letter, and the approval of the State authorities is in effect as of the date of the establishment of the branch.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Assistant Secretary.



Item No. 5  
3/8/57

March 8, 1957

The Honorable Gordon Gray, Director,  
Office of Defense Mobilization,  
Executive Office of the President,  
Washington 25, D. C.

Dear Mr. Gray:

The following is being submitted in accordance with the request contained in Mr. Flemming's memorandum of February 5, 1957, for information on key civilian employees who are military reservists and who have been designated to report to the relocation site of the Board of Governors of the Federal Reserve System during an emergency:

- (1) Number of Reserves reported to the Military Departments in accordance with your letter of July 2, 1956 - 4
- (2) Number of these Reserves on whom the screening process has been completed - 4
- (3) Disposition:
  - a. Number now in Ready Reserve - 1
  - b. Number now in Standby Reserve - 0
  - c. Number now in Retired Reserve - 2
  - d. Number no longer in any Reserve component - 1

With reference to the inquiry relating to the policy being pursued by the Board of Governors with respect to the assignment of Ready Reserves to positions requiring that they report to a relocation site during an emergency, no definite policy has been established inasmuch as there is but one member of the Board's staff that is now in this status. However, in the event of an emergency, military obligations will take precedence over any assignments made by the Board of Governors with respect to relocation site activities.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,  
Secretary.



Item No. 6  
3/8/57

March 8, 1957

The Honorable H. E. Cook,  
Chairman,  
Federal Deposit Insurance Corporation,  
Washington 25, D. C.

Dear Mr. Cook:

Reference is made to your letter of February 26, 1957, concerning the application of Citizens State Bank, Anton, Texas, for continuance of deposit insurance after withdrawal from membership in the Federal Reserve System.

No corrective programs have been urged upon the bank or agreed to by it which the Board of Governors believes should be incorporated as conditions to the continuance of deposit insurance.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Assistant Secretary.



Item No. 7  
3/8/57

March 8, 1957

The Honorable H. E. Cook,  
Chairman,  
Federal Deposit Insurance Corporation,  
Washington 25, D. C.

Dear Mr. Cook:

Reference is made to your letter of February 25, 1957, concerning the application of The Citizens State Bank, Richardson, Texas, for continuance of deposit insurance after withdrawal from membership in the Federal Reserve System.

No corrective programs have been urged upon the bank or agreed to by it which the Board of Governors believes should be incorporated as conditions to the continuance of deposit insurance.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Assistant Secretary.



Item No. 8  
3/8/57

March 11, 1957

Mr. W. D. Randolph,  
Counsel,  
Fairbanks, Morse & Co.,  
600 South Michigan Avenue,  
Chicago 5, Illinois.

Dear Mr. Randolph:

This will acknowledge receipt of your letter of February 26, 1957, setting forth for the Board's information a copy of a letter you addressed to the Comptroller of the Currency regarding certain possible violations of Regulation U. Thank you for sending this to the Board.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,  
Secretary.



Item No. 9  
3/8/57

March 11, 1957

Mr. Alfred Hayes, President,  
Federal Reserve Bank of New York,  
New York 45, New York.

Dear Mr. Hayes:

Copies of correspondence as set forth below and relating in part, to Federation Bank & Trust Company, New York, are being forwarded for your information in connection with your supervisory responsibilities concerning subject bank:

1. Letter of February 26, 1957, to the Board from Mr. W. D. Randolph, Counsel for Fairbanks, Morse & Co., quoting a letter which he addressed to the Comptroller of the Currency regarding possible violations of Regulation U by the State member bank mentioned above.
2. Reply dated March 1, 1957, of Mr. W. M. Taylor, Deputy Comptroller of the Currency, to Mr. Randolph.
3. Letter of today's date to Mr. Randolph acknowledging receipt of his letter to the Board.
4. Letter of today's date to the Federal Deposit Insurance Corporation forwarding copies of this correspondence for its information in connection with Commercial State Bank and Trust Company of New York, New York City.
5. Letter of today's date to the Department of Justice forwarding copies of this correspondence.

Please give this matter your early attention and advise the Board if you find violation of Regulation U appears to have occurred.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,  
Secretary.

Enclosures



Item No. 10  
3/8/57

March 11, 1957

The Honorable H. Earl Cook,  
Chairman,  
Federal Deposit Insurance Corporation,  
Washington 25, D. C.

Dear Mr. Cook:

For your information in connection with Commercial State Bank and Trust Company of New York, New York City, there are attached copies of the following:

1. Letter of February 26, 1957, to the Board of Governors from Mr. W. D. Randolph, Counsel for Fairbanks, Morse & Co., regarding possible violations of Regulation U by the insured nonmember bank mentioned above.
2. Reply dated March 1, 1957, of Mr. W. M. Taylor, Deputy Comptroller of the Currency, to Mr. Randolph.
3. Letter of today's date to Mr. Randolph from the Board of Governors acknowledging receipt of his letter.
4. Letter of today's date to the Federal Reserve Bank of New York forwarding copies of this correspondence for its information in connection with Federation Bank & Trust Company, New York City.
5. Letter of today's date to the Department of Justice forwarding copies of this correspondence.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,  
Secretary.

Enclosures



Item No. 11  
3/8/57

March 11, 1957

The Honorable Herbert Brownell, Jr.,  
Attorney General of the United States,  
Washington 25, D. C.

Dear Mr. Attorney General:

There are enclosed for your information and such action as you consider advisable copies of the following:

1. Letter of February 26, 1957, to the Board of Governors from Mr. W. D. Randolph, Counsel for Fairbanks, Morse & Co., regarding possible violations of Regulation U by The Federation Bank and Trust Company of New York.
2. Reply dated March 1, 1957, of Mr. W. M. Taylor, Deputy Comptroller of the Currency, to Mr. Randolph.
3. Letter of today's date to Mr. Randolph acknowledging receipt of his letter to the Board.
4. Letter of today's date to the Federal Reserve Bank of New York forwarding copies of this correspondence for its information in connection with Federation Bank & Trust Company (a State member bank).
5. Letter of today's date to the Federal Deposit Insurance Corporation forwarding copies of this correspondence for its information in connection with Commercial State Bank and Trust Company of New York, New York City, (an insured nonmember bank).

Very truly yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.

Enclosures



Item No. 12  
3/8/57

March 8, 1957

Mr. Howard D. Crosse,  
Assistant Vice President,  
Federal Reserve Bank of New York,  
New York 45, New York.

Dear Mr. Crosse:

In accordance with the request contained in your letter of March 4, 1957, the Board approves the appointment of John F. Pierce as examiner for the Federal Reserve Bank of New York effective February 7, 1957, and Richard E. Hunke as examiner for the Federal Reserve Bank of New York effective February 14, 1957.

The Board approves the designation of Dan A. Daly and Edward J. Geng as special assistant examiners for the Federal Reserve Bank of New York.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Assistant Secretary.



Item No. 13  
3/8/57

March 8, 1957

CONFIDENTIAL (FR)

Mr. J. E. Denmark, Vice President,  
Federal Reserve Bank of Atlanta,  
Atlanta 3, Georgia.

Dear Mr. Denmark:

In accordance with the request contained in your letter of March 1, 1957, the Board approves the designation of the following employees of your bank as special assistant examiners for the Federal Reserve Bank of Atlanta for the purpose of participating in examinations of State member banks only:

Claude A. Dorris  
John D. Coombs  
Rual S. Newton  
Norman F. Taylor

It is noted that Mr. Newton is indebted to Commerce Union Bank, Nashville, Tennessee, a State member bank, in the amount of \$75, which was to have been repaid on March 8, 1957. Accordingly, the Board's approval of Mr. Newton's designation is given with the understanding that his indebtedness to Commerce Union Bank, Nashville, Tennessee, has been eliminated.

The name of Mr. H. Allen Justice, Jr. has been deleted from the list of special assistant examiners.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman  
Assistant Secretary.