Minutes for July 24, 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 WM	
Gov. Szymczak	x MSS	
Gov. Vardaman	x	
Gov. Mills	x	
Gov. Robertson		x R
Gov. Balderston	x CCB	
Gov. Shepardson	x CCS	

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, July 24, 1957. The Board met in the Board Room at 10:00 a.m.

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

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Kenyon, Assistant Secretary
Mr. Thomas, Economic Adviser to the Board
Mr. Leonard, Director, Division of Bank Operations
Mr. Masters, Director, Division of Examinations
Mr. Solomon, Assistant General Counsel
Mr. Shay, Assistant General Counsel

Items circulated to the Board. 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:

	Item No.
Letter to Paoli Bank, Paoli, Pennsylvania, approving the establishment of a branch, at the location of the present main office, incident to a proposed merger with Berwyn National Bank, Berwyn, Pennsylvania. (For transmittal through the Federal Reserve Bank of Philadelphia)	1
Letter to the Federal Reserve Bank of Cleveland extending the time within which The Lorain Banking Company, Lorain, Ohio, may establish a branch on Lake Road, Brownhelm Township, Ohio.	2

	Item No.
Letter to the Comptroller of the Currency submitting a favorable recommendation with respect to an application to organize a national bank at Roseburg, Oregon. (With a copy to the Federal Reserve Bank of San Francisco)	3
Memorandum from the Division of International Finance submitting a suggested travel program from Mr. Irvine, Economist in that Division, including a visit of about four weeks at the Bank of Japan in response to the Bank's request.	4

Activities of Beacon Finance Company. In view of questions which had been raised by certain sources regarding the stock market loan activity of Beacon Finance Company, Boston, Massachusetts, the Board wrote to the Federal Reserve Bank of Boston under date of May 29, 1957, requesting information which might be available concerning expansion of such activity. The making of collateral loans by this company on a basis not permissible to banks under Regulation U or to brokers under Regulation T had been the subject of a similar request to the Reserve Bank in 1955. On the basis of the information received at that time, question was raised with the Federal Reserve Banks regarding the desirability of an amendment which would make lenders such as Beacon Finance Company subject to Regulation U. However, none of the Banks favored an amendment, either then or in 1956, since it appeared that collateral loans by presently exempt lenders were not of significant volume and any such expansion of the Regulation would create additional administrative and enforcement problems.

The report of the Boston Reserve Bank in response to the Board's current request was summarized in a memorandum from Mr. Shay dated June 18, 1957, which had been circulated to the members of the Board. This report indicated that Beacon Finance Company's aggregate collateral loans outstanding had grown from approximately $275,000 to about $800,000 since 1955 and that the source of funds was now bank loans in addition to "family" money. It also appeared that in addition to making stock purchase loans the company had offered to handle and finance short sales of securities. However, the solicitation of short-sale business was said to have been unsuccessful and the company stated that it was being discontinued.

Mr. Shay's memorandum raised the question whether consideration of broadening the coverage of Regulation U to bring in collateral loans by exempt lenders should be reopened. Unless it was felt by the Board that this should be done, no action on the report of the Boston Reserve Bank concerning Beacon Finance Company would appear to be required.

Following a discussion based on comments by Mr. Shay, during which reference was made to the effects of a broadening of the provisions of Regulation U, including the additional administrative burden that would be imposed upon the Securities and Exchange Commission, it was the unanimous opinion that the report on the Beacon Finance Company should be filed without further action on the part of the Board at the present time.

In this connection Governor Mills pointed out that any substantial extension of the activities of exempt lenders would be apt to provoke complaints from banks and brokers. In the absence of such complaints, it would appear that only scattered instances of such lending activities were involved, and it seemed doubtful whether those instances would warrant a broadening of the Board's Regulation.

In response to a question by Chairman Martin whether the report of the Boston Reserve Bank should be made available to the Securities and Exchange Commission, Mr. Shay said that the Commission had made its own investigation of the Beacon Finance Company and doubtless had full information in its possession. The Chairman then commented that if at any time in the future the Board should give further consideration to amendment of Regulation U to cover presently exempt lenders, the matter should be discussed with the Securities and Exchange Commission before action was taken in view of the additional responsibilities which would devolve upon that agency.

During the foregoing discussion Messrs. Riefler, Assistant to the Chairman, Noyes, Adviser, Division of Research and Statistics, and Koch, Assistant Director of that Division, entered the room. At the conclusion of the discussion Mr. Shay withdrew from the meeting.

Report on H.R. 845 (Item No. 5). In a letter dated June 28, 1957, Chairman Spence of the House Banking and Currency Committee requested a report by the Board with respect to Bill H.R. 845, introduced by Congressman Multer, which would amend the provisions of section 19 of the Federal Reserve Act relating to reserve balances of member banks. A draft of reply prepared by Mr. Thomas, representing a revision of an earlier draft, had been distributed to the members of the Board prior to this meeting.

In commenting on the proposed reply, Mr. Thomas said that it followed generally the lines of a memorandum sent to Congressman Multer in 1955 in response to his request at that time about possible legislation in the area of member bank reserve requirements. The earlier proposed legislation would have been related directly to capital and surplus, and in a reply to the memorandum sent to him Mr. Multer indicated that he had in mind relating any such legislation to deposits as well. This had been done in H.R. 845.

Only two changes of substance were suggested by the Board with respect to the proposed letter to Mr. Spence. The first suggestion resulted in the deletion of a paragraph which might have been understood to indicate that the Board favored the extension of reserve requirements to nonmember banks. It was the view of the Board that this subject should not be raised at the present time. The second suggestion resulted in agreement to delete from the final paragraph of the letter a statement that the Board hoped to be able to present definite recommendations for legislation to the Congress in the course of the next year.

While it was the opinion of the Board that it would not be prudent to indicate to the Congress that definite legislative recommendations would be forthcoming within any specified period, at the same time there was general agreement that work should go forward within the System looking toward the presentation of staff recommendations to the Board for consideration as expeditiously as possible. In this connection Governor Vardaman suggested that the first of October be kept in mind as a goal toward which the staff should be working in the preparation of material for the Board's consideration.

Thereupon, the letter to Chairman Spence, changed to the extent agreed upon at this meeting, was approved unanimously, with the understanding that a copy would be sent to the Bureau of the Budget. A copy of the letter sent pursuant to this action is attached to these minutes as Item No. 5.

Interest payment on Federal Reserve notes (Item No. 6). In a memorandum dated July 23, 1957, copies of which had been sent to the members of the Board, the Division of Bank Operations advised that net earnings after dividends of the Federal Reserve Banks for the second quarter of 1957 amounted to $140,509,545. In order that the Reserve Banks might pay the Treasury approximately 90 per cent of such net earnings as interest on Federal Reserve notes, it was recommended that the Board establish the rates of interest indicated in a proposed telegram attached to the memorandum.

Following a brief discussion, the recommendation of the Division of Bank Operations was approved unanimously. Accordingly, there was sent today to the President of each Federal Reserve Bank a telegram in the form indicated in Item No. 6 attached to these minutes.

Proposal to establish branch bank in Augusta, Georgia. Governor Vardaman referred to correspondence received by individual members of the Board from Mr. Mills B. Lane, Jr., President of The Citizens and Southern National Bank, Savannah, Georgia, protesting an application by Georgia Railroad Bank & Trust Company to establish a branch in Augusta, Georgia. It was understood that this application had not yet been received in the Board's offices.

In particular, Governor Vardaman called attention to an enclosure with Mr. Lane's communication, consisting of a letter in which President Bryan of the Federal Reserve Bank of Atlanta commented on Federal supervisory responsibilities in connection with applications by State member banks to establish branches. It was Governor Vardaman's view that Mr. Bryan's letter failed to disclose adequately the duties and responsibilities of the Reserve Bank in a case of this kind.

Mr. Masters stated that Governor Robertson had received similar correspondence from Mr. Lane, including a copy of the letter from

President Bryan. It was his understanding that Governor Robertson had made a reply to Mr. Lane and had also written to Mr. Bryan.

Proposed seminars for economists. Governor Balderston developed reasons which led him to suggest the desirability of arranging another seminar for labor economists in order that the Board might be informed concerning their current thinking on credit and monetary problems, including the causes of inflationary pressures.

In an ensuing discussion the possibility was mentioned of arranging a seminar in which economists representing various types of organizations would be invited to participate, so that the Board might have the benefit of exchanges of opinion. An alternative suggestion contemplated the possibility of seminars for particular classes of economists, with perhaps one seminar at which divergent points of view would be represented.

After preliminary consideration of the problems which might be suggested as a framework of reference for seminar discussion, the staff was requested to present plans for the Board's further consideration, bearing in mind the demands upon the time of the members of the Board.

The meeting then adjourned.

Secretary's Notes: Pursuant to the recommendation contained in a memorandum dated July 3, 1957, from Mr. Masters, Director, Division of Examinations, Governor Shepardson approved on behalf of the Board on July 22, 1957, the transfer of Oda R. Johnson from the position of Secretary in the Division of Administrative Services to the position of Secretary in the Division of Examinations, with an increase in her basic salary from $4,210 to $4,350 per annum, effective July 28, 1957.

Governor Shepardson approved on behalf of the Board on July 23, 1957, the following letters, copies of which are attached hereto under the respective item numbers indicated:

	Item No.
Letter to the Federal Reserve Bank of New York approving the appointment of James O. Aston and Abram V. Honan as assistant examiners.	7
Letter to the Federal Reserve Bank of Philadelphia approving the appointment of James P. Greer as assistant examiner.	8

Pursuant to the recommendation contained in a memorandum dated July 22, 1957, from Mr. Marget, Director, Division of International Finance, Governor Shepardson today approved on behalf of the Board, an increase in the basic annual salary of John E. Reynolds, Economist in that Division, from $8,000 to $8,990, effective July 28, 1957.

Secretary

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 1
7/24/57

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 24, 1957

Board of Directors,
Paoli Bank,
Paoli, 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 on Lancaster Avenue in Paoli, Pennsylvania, the location of the present main office of Paoli Bank, incident to the merger of Berwyn National Bank, Berwyn, Pennsylvania, with and into Paoli Bank under the title of Upper Main Line Bank, and the removal of the main office of the resulting bank to the present quarters of the National Bank in Berwyn, provided (1) the merger is effected substantially in accordance with the plan of merger submitted to the Federal Reserve Bank of Philadelphia, (2) the establishment of the branch is effected within six months from the date of this letter, and (3) shares of dissenting stockholders of the constituent corporations which may be acquired by the resulting corporation are sold within six months of the date of such acquisition.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 2
7/24/57

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 24, 1957

Mr. Paul C. Stetzelberger, Vice President,
Federal Reserve Bank of Cleveland,
Cleveland 1, Ohio.

Dear Mr. Stetzelberger:

In view of the circumstances outlined in your letter of July 15, 1957, the Board of Governors extends until September 16, 1957, the time within which The Lorain Banking Company, Lorain, Ohio, may establish a branch on Lake Road, Brownhelm Township, Ohio, under the authorization contained in its letter of August 15, 1956.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 3
7/24/57

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 24, 1957

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 May 3, 1957, enclosing copies of an application to organize a national bank at Roseburg, Oregon, and requesting a recommendation as to whether or not the application should be approved.

A report of investigation of the application made by an examiner for the Federal Reserve Bank of San Francisco indicates that a capital structure of $500,000 would be provided for the bank instead of $375,000 shown in the application. This report discloses satisfactory findings with respect to all of the factors usually considered in connection with such proposals, except that the identity and qualifications of the proposed executive officer were not available. The Board of Governors recommends approval of the application provided arrangements are made for executive management satisfactory to your office. Our informant is of the opinion that a reasonable time should elapse before establishment of the proposed bank in order to permit the existing State bank to work out its present difficulty.

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) Merritt Sherman

Merritt Sherman,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Item No. 4 2081
7/24/57

Office Correspondence

Date July 16, 1957

To Board of Governors

From J. Herbert Furth,
Acting for the Director

Subject: Proposed Consultation Mission to the Bank of Japan

In a letter dated July 9 to Chairman Martin, Mr. Yamagiwa, Governor of the Bank of Japan, has requested services of Mr. Reed J. Irvine, Economist, Far Eastern Section, for consultation on monetary and technical problems in Japan.

At its meeting on June 21, the Board indicated that it would look favorably on a formal request from the Bank of Japan that Mr. Irvine be made available to the Bank for a period of consultations. Mr. Marget was authorized to enter into discussions with the New York representative of the Bank of Japan, with a view to arranging for the transmission of a formal request. Governor Yamagiwa's letter grew out of these discussions.

It is proposed that Mr. Irvine be authorized to spend about four weeks at the Bank of Japan in Tokyo, beginning around the middle of August. His salary and expenses will be paid by the Board of Governors. For this travel, it is recommended that a per diem of $12.00 per day be authorized. Mr. Irvine also wishes to take a week's annual leave in Japan.

In view of Mr. Irvine's responsibilities for advising on developments in adjacent countries, it is proposed that he also be authorized to visit the Philippines, Korea, and Taiwan for approximately one week each, and to spend approximately one day in Okinawa, and approximately three days in Hong Kong, before returning to Washington. It is recommended that the following per diems, in line with U. S. Government allowances, be authorized: $16.00 in Manila, $20.00 in Seoul, $13.00 in Hong Kong, $9.00 in Taipei, and $6.00 in Okinawa. On his return, Mr. Irvine wishes to take a couple of days of annual leave en route to Washington. Including official business and leave time, Mr. Irvine expects to be absent for approximately nine to ten weeks.

It is recommended that the Board of Governors approve the draft letter to Governor Yamagiwa, which authorizes the proposed consultation.

Attachment

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

OFFICE OF THE CHAIRMAN

July 24, 1957

AIR MAIL

The Honorable Masamichi Yamagiwa,
Governor,
Bank of Japan,
Tokyo, Japan.

Dear Governor Yamagiwa:

Thank you for your kind wishes in your letter of July 9.

I am glad to inform you that the Board of Governors has acted favorably on your request that Mr. Reed J. Irvine, Economist, Division of International Finance, be made available for consultation with your Bank on technical monetary questions.

Mr. Irvine has been authorized to spend approximately four weeks with your Bank, beginning around August 17.

With all good wishes,

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 5
7/24/57

OFFICE OF THE CHAIRMAN

July 24, 1957

The Honorable Brent Spence,
Chairman, Committee on Banking and Currency,
House of Representatives,
Washington 25, D. C.

Dear Mr. Spence:

This is in response to your letter of June 28, 1957, requesting a report from the Board of Governors of the Federal Reserve System on Bill H. R. 845, to amend the provisions of Section 19 of the Federal Reserve Act relating to reserve balances of member banks.

The proposed bill, while continuing the authority of the Board of Governors to fix the amount of reserve balances that each member bank shall establish and maintain with its Federal Reserve Bank, would further direct that "The reserve requirements so fixed by such Board of Governors shall be based upon the capital, surplus, undivided profits, and deposits of the member banks, shall be so fixed as to equalize such requirements, so far as practicable, between the various member banks on the basis of protecting stockholders and depositors, and shall be so fixed as to avoid creating unfair competitive positions between member banks because of differentials in reserve requirements." It would further state that differences in such requirements shall not be based in whole or in part upon the location of member banks.

This authority would supplant the existing provisions of Section 19 of the Federal Reserve Act relating to reserve balances, which prescribe the minimum percentages of demand and time deposits that each member bank must hold in the form of a reserve balance with the Reserve Bank of its district and which authorize the Board to change such requirements within prescribed limits. In the case of demand deposits, these limits differ for three classes of banks, which are based on location of banks in certain cities specified by the Board.

Before commenting specifically on the proposed legislation, the Board would like to point out that for effectuation of general monetary and credit policies, the existing system of reserve requirements is workable. For this purpose, it is essential that the Federal Reserve have authority and ability to adjust the supply of assets that can be counted as reserves to the existing level of required reserves, however computed. The Federal Reserve now has adequate powers for this purpose. Question has been raised, however, as to whether the existing differentials in requirements among banks are fair and equitable.

The Board recognizes that the present system of reserve requirements has some definite disadvantages and believes that a change is desirable. There are three principal disadvantages, in our opinion, namely, (1) the inability of banks to count vault cash as required reserves; (2) the inequities as between individual banks, entailed in the existing system of classification, which is based upon standards no longer appropriate; and (3) the administrative difficulty in classifying cities for reserve requirement purposes without creating further inequities. What is needed is either a system of requirements that is uniform for all banks or new rational guides for the classification of banks.

In effect, the proposed bill H. R. 845 would give the Board of Governors broad discretionary authority to establish requirements for member banks upon whatever formula may seem suitable, provided the formula is based upon the guides set forth in the Act. A distinctive new feature of this bill is the provision that, in addition to the amount of deposits, reserve requirements should be based upon bank capital. The specific formula by which these various elements would be taken into account would be left to Board discretion. Although not specifically provided in the bill, presumably the Board would also have authority to change the formula from time to time if deemed advisable to meet changing situations.

The proposed bill might be interpreted as granting the Board sufficient authority to make any changes in the reserve requirement structure that may be considered desirable. This proposal, however, suffers from the difficulty that it combines two subjects--capital adequacy and reserve requirements--which are not closely related. For reasons given below, the capital position of individual banks is not an appropriate standard or guide for the fixing of reserve requirements.

Although not specifically stated, it may be assumed that under the bill required reserves would, as at present, be expressed as some specific percentage of outstanding deposits (perhaps with differentials for types of deposit) but that different percentages would apply to different banks depending on the bank's capital position. Since a reserve requirement which varied directly with the amount of capital would tend to discourage capital accumulation and to weaken depositor protection, it is further assumed that such percentages would need to vary inversely with the amount of capital--e.g., as measured by the ratio of a bank's capital to its total resources or to certain classes of assets or some other appropriate measure of capital adequacy.

It would be possible, for reserve requirement purposes, to classify banks on the basis of capital accounts instead of, as at present, on the basis of location. Banks having low capital ratios would be required to maintain larger reserves against deposits than those with high ratios. Such a method of classification, however, would present difficult problems from the standpoints of credit and monetary policy, pratical operation, and fairness as among different institutions.

A basic difficulty would arise from the fact that there is no close relationship between the main function performed by bank capital and that performed by reserve requirements. The main function of bank capital is to provide a cushion for the protection of depositors against losses in the event of asset shrinkage or adverse operating circumstances. The main function of reserve requirements, under present circumstances, is to provide a medium through which the Federal Reserve can influence the amount of bank credit and the money supply, mainly bank deposits, as needed to promote economic stability and growth in the economy.

Movements in required reserves, under a reserve structure relating requirements to both amount of capital as well as deposits, might at times conflict with the changes needed for economic stability and growth. In periods of strong credit demand, when profits would generally be rising, capital could easily be raised and reserve requirements reduced just when restraint on credit expansion is most needed. In a recession, capital might tend to decline because of losses in assets, causing reserve requirements to rise when an incentive to expand credit is most needed. Over relatively short periods, individual banks might alter substantially their capital position and their required reserves, while for the system as a whole, such movements would be moderate. Basing reserve requirements even in part on bank capital would introduce an additional variable into the reserve structure for which allowance would need to be made in setting credit and monetary policy and would make the already complex task now facing the Federal Reserve Board even more difficult.

If the purpose of the proposal is to provide the Federal Reserve Board with a means for requiring banks to have adequate capital for the protection of depositors, this purpose could be more effectively accomplished by dealing directly with the capital adequacy problem. Years of bank supervisory experience have shown that the problem of capital adequacy is extremely complex and could not be satisfactorily met in any formula sufficiently simple to be integrated with the reserve requirements structure. Any such formula would almost certainly result in problems and inequities at least as great as those under the present law.

The proposed bill, though granting broad discretionary authority to the Board in fixing reserve requirements, apparently does not correct one provision of existing law, relative to member bank reserves, which the Board believes should be revised. At present all required reserves must be carried as balances with the Reserve Banks; in the Board's opinion it would be desirable from the standpoint of administrative convenience and equity among banks and would not be in conflict with the functions of reserve requirements, for banks to be permitted to count their cash in vault as required reserves. While the proposed bill might be interpreted to give the Board authority to define reserve balances so as to include any assets that it deemed advisable, a more specific authorization in law would be preferable. Similarly, specific authority to change requirements should be provided.

In general, the proposal raises a basic question of legislative policy because of the broad discretion it would delegate to the Board of Governors to determine the specific form of member bank reserve requirements as well as the level. Although the Board should have power to change requirements within limits, the Board questions the advisability of having a broad, vaguely-defined, delegation of authority to designate assets eligible to be included as reserves.

In conclusion, it may be said that the problem of reserve requirement differentials is principally one of the competitive relationships among banks, rather than an important concern of banking supervision or even of credit and monetary policy, as long as the total level of reserve requirements is adequate for these purposes. The problem deserves continuing study and analysis, but there does not appear to be any urgent need for change from the point of view of credit and monetary regulation.

The Board recognizes the desirability of reviewing the existing system of the reserve requirements with a view to revisions that would eliminate any possible inequities among individual banks and also remove or reduce the difficult administrative problems imposed on the Board in classifying banks and cities for reserve purposes. Any such revision should be so designed as not to interfere with essential functions of reserve administration for the broad purposes of monetary policy.

The Board has made frequent studies of this problem and has at times made recommendations for revisions, which have not been adopted by Congress. The nature of the problem changes in the course of time owing to shifts in the availability of reserves, in banking practices, and in the distribution of bank resources. The Board now has in process a further study of this problem and hopes to be able to present definite recommendations to the Congress for legislation.

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.

Item No. 6
7/24/57

TELEGRAM
LEASED WIRE SERVICE

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

July 24, 1957

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS.

EZCRA (1)________, (2)________, (3)________,(4) July 26, 1957.

(Signed) S. R. Carpenter

CARPENTER.

	(1)	(2)	(3)
Boston	2.54137	$1,030,359,352	$6,528,375.77
New York	4.05475	3,302,424,937	33,384,552.98
Philadelphia	2.66653	1,142,638,859	7,596,332.95
Cleveland	3.01406	1,444,640,600	10,855,760.10
Richmond	2.47300	1,233,605,713	7,605,872.07
Atlanta	2.76488	898,270,769	6,192,016.18
Chicago	3.22541	2,889,936,575	23,239,231.78
St. Louis	2.40691	775,865,629	4,655,806.18
Minneapolis	2.49259	405,309,044	2,518,753.52
Kansas City	2.74636	783,866,299	5,367,202.56
Dallas	4.10649	448,580,876	4,592,615.13
San Francisco	4.47623	1,247,504,469	13,922,044.95

EZCRA - Board establishes under authority of fourth paragraph of Section 16 of Federal Reserve Act rate of (1) per cent per annum interest for preceding three calendar months on $ (2) daily average of outstanding Federal Reserve notes of your Bank in excess of gold certificates pledged with Agent as collateral security. Interest payment of $ (3) should be credited to Treasurer's General Account as Miscellaneous Receipts, account symbol and title "201520 Deposits of earnings, Federal Reserve System (collection under Section 16 of Federal Reserve Act, as amended)" on (4).

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 7
7/24/57

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 23, 1957

Mr. A. Phelan, Vice President,
Federal Reserve Bank of New York,
New York 45, New York.

Dear Mr. Phelan:

In accordance with the request contained in your letter of July 19, 1957, the Board approves the appointment of James O. Aston and Abram V. Honan as Assistant Examiners for the Federal Reserve Bank of New York. Please advise us as to the dates upon which these appointments are made effective.

It is noted that Mr. Honan is indebted to the Industrial National Bank of Providence, Providence, Rhode Island, a member bank, located in the First Federal Reserve District, in the amount of $10,800. Accordingly, the Board's approval is given with the understanding that, should examiners for the Federal Reserve Bank of New York be requested to participate in examinations of member banks in the First District, Mr. Honan will not participate in any examination of the Industrial National Bank of Providence until his indebtedness has been liquidated or otherwise eliminated.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 8
7/24/57

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 23, 1957

Mr. E. C. Hill, Vice President,
Federal Reserve Bank of Philadelphia,
Philadelphia 1, Pennsylvania.

Dear Mr. Hill:

In accordance with the request contained in your letter of July 18, 1957, the Board approves the appointment of James P. Greer as an assistant examiner for the Federal Reserve Bank of Philadelphia. Please advise us as to the date upon which his appointment is made effective.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Assistant Secretary.