

Minutes for August 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 proposed to place in the record of policy actions required to be kept under the provisions of Section 10 of the Federal Reserve Act an entry covering the item in this set of minutes commencing on the page and dealing with the subject referred to below:

Page 5      Approval of a discount rate of 3-1/2 per cent for the Federal Reserve Banks of Boston, Atlanta, and Dallas.

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>WM</u>	
Gov. Szymczak		x <u>MS</u>
Gov. Vardaman	x <u>[Signature]</u>	
Gov. Mills	x <u>[Signature]</u>	
Gov. Robertson		x <u>R</u>
Gov. Balderston	x <u>CCB</u>	
Gov. Shepardson	x <u>LS</u>	

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, August 12, 1957. The Board met in the Board Room at 2:00 p.m.

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

Mr. Carpenter, Secretary  
Mr. Kenyon, Assistant Secretary  
Mr. Thurston, Assistant to the Board  
Mr. Riefler, Assistant to the Chairman  
Mr. Thomas, Economic Adviser to the Board  
Mr. Masters, Director, Division of Examinations  
Mr. Cherry, Legislative Counsel  
Mr. Molony, Special Assistant to the Board  
Mr. Horbett, Associate Director, Division of Bank Operations  
Mr. Koch, Assistant Director, Division of Research and Statistics  
Mr. Solomon, Assistant General Counsel  
Mr. Farrell, Assistant Director, Division of Bank Operations

Testimony before the Senate Finance Committee. In accordance with the understanding at the meeting on August 9, 1957, there had been sent to the members of the Board under today's date a further revised draft of statement to be given tomorrow by Chairman Martin before the Senate Finance Committee.

In response to a question by the Chairman, Governor Vardaman said that he had no comments with respect to the latest draft and that his general views concerning the testimony continued to be substantially the same as expressed at the meeting on August 9.

Specific comments by the Chairman and other members of the Board regarding the most recent revision of the testimony were directed toward

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incorporating certain additional points of information and effecting certain editorial changes for the purpose of clarification and emphasis.

At the conclusion of the discussion, it was agreed that the changes mentioned at this meeting would be incorporated in the testimony and that the statement would be presented in a final form satisfactory to Chairman Martin.

Messrs. Thurston and Riefler then withdrew from the meeting.

Study of small business financing (Item No. 1). Pursuant to the procedure agreed upon at the meeting on August 9, 1957, there had been distributed to the members of the Board copies of letters concerning the Board's survey of small business financing proposed to be sent to the Presidents of the Federal Reserve Banks, to Chairman Fulbright of the Senate Banking and Currency Committee, and to Senators Sparkman and Clark and Congressmen Spence and Patman.

Governor Vardaman suggested that the letter to Senator Fulbright (of which it was proposed to send copies to the other Congressmen named above) be edited in such a way as to bring out more forcefully that the survey could not be completed in its entirety by March 1, 1958, and that the portions of the study which it now appeared that it would be possible to complete by that date might not provide information sufficiently adequate to permit judgments with regard to the credit needs of small business. He indicated that the reason for this suggestion lay in his understanding that Senator Sparkman and perhaps other members of the Congress were holding proposed small business legislation in abeyance

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until the next session of the Congress in the hope that the results of the survey would be available by that time. In the circumstances, it was his view that it would be desirable to make a full disclosure with regard to the outlook for completing the study.

Following a discussion of the point raised by Governor Vardaman, it was understood that a revised draft of the letter to Senator Fulbright would be prepared for the Board's consideration. At the same time, it was agreed to transmit to the Reserve Bank Presidents the letter requesting their comments on the survey which had been distributed to the Board prior to this meeting. A copy of the letter sent pursuant to this action is attached hereto as Item No. 1.

Bulletin on farm credit (Items 2 and 3). In a memorandum dated August 9, 1957, which had been distributed to the members of the Board, Governor Shepardson referred to a bulletin on "Intermediate-Term Bank Credit for Farmers" being developed by the Agricultural Commission of the American Bankers Association for the use of the Association's member banks. The memorandum stated that the Commission desired to use a Foreword signed by representatives of the three Federal bank supervisory agencies endorsing the program, that the draft of the brochure and of the proposed Foreword had been reviewed by the staffs of the supervisory agencies, and that it was understood that the Comptroller of the Currency and the Chairman of the Federal Deposit Insurance Corporation intended to sign the Foreword. It was the recommendation of Governor Shepardson that the Chairman of the Board likewise sign the document.

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Following comments by Governor Shepardson on the origin and nature of the proposed bulletin, unanimous agreement was expressed with the recommendation contained in his memorandum. Copies of the letter sent by Governor Shepardson to the American Bankers Association pursuant to this action, and of the Foreword to the Association's proposed bulletin, are attached to these minutes as Items 2 and 3, respectively.

Messrs. Cherry, Molony, Horbett, and Koch then withdrew from the meeting.

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

	<u>Item No.</u>
Letter to The Cleveland Trust Company, Cleveland, Ohio, approving the establishment of a branch in North Olmsted, Ohio. (For transmittal through the Federal Reserve Bank of Cleveland)	4
Letter to The Union Commerce Bank, Cleveland, Ohio, approving the establishment of a branch at 75 Public Square. (For transmittal through the Federal Reserve Bank of Cleveland)	5
Letter to the Federal Reserve Bank of San Francisco interposing no objection to an expenditure of approximately \$18,000 for the conversion of two elevators to self-service operation.	6
Letter to the Presidents of all Federal Reserve Banks transmitting forms to be used by State member banks and their affiliates in submitting reports as of the next call date. (With the understanding that the letter would be sent when the forms were printed)	7

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	<u>Item No.</u>
Telegram to the Presidents of all Federal Reserve Banks advising that lump-sum payments to liquidate accrued liabilities resulting from the pending changes in Retirement System benefits should be charged to Profit and Loss.	8
Letter to the Federal Reserve Bank of New York approving an additional investment in bank premises by Fidelity Union Trust Company, Newark, New Jersey.	9
Letter to the Federal Reserve Bank of Richmond approving an additional investment in bank premises by The Farmers Bank of Dinwiddie, Dinwiddie, Virginia.	10
Letter to the Federal Reserve Bank of Richmond concurring in the view that a proposed change in the location of a branch in La Grange, North Carolina, by Wachovia Bank and Trust Company, Winston-Salem, North Carolina, would constitute the mere relocation of an existing branch.	11
Letter to American Trust Company, San Francisco, California, approving the establishment of a branch in Santa Rosa, California. (For transmittal through the Federal Reserve Bank of San Francisco)	12

In voting to approve the foregoing Item No. 8, Governor Vardaman noted that he did so because the question involved was only a matter of accounting procedure and his vote therefore would not be inconsistent with his fundamental position against the pending changes in the Bank Plan of the Retirement System of the Federal Reserve Banks.

Mr. Farrell then withdrew from the meeting.

Discount rates (Item No. 13). The Secretary recalled that, as stated at the meeting on August 8, 1957, advice was received last week from certain Federal Reserve Banks that their directors had established without change the rates of discount and purchase in the Banks' existing

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schedules. He then raised the question whether the Board wished to send to those Banks the usual code telegram indicating that the Board approved the reestablishment of the existing rates.

In summarizing staff discussion of the matter, Mr. Carpenter said it was the prevailing view that no real need existed for formal action on the part of the Board. While it had been suggested that failure to respond to the telegrams from the Federal Reserve Banks in question might be construed as exerting pressure on the Banks to raise the rate from 3 per cent, the staff had in mind that in the absence of a response from the Board the current rates would automatically remain in effect. Also, if the Board refrained from acting it could avoid being put in the position of approving a rate of 3-1/2 per cent for certain Banks and a 3 per cent rate for other Banks. Further points included the fact that pressure on the Banks, if the Board wished to exert pressure, might be expected to take some more positive form and that approval of continuation of the existing rate schedule at the New York Reserve Bank might be understood to indicate concurrence in the reasons cited in the Bank's telegram advising of the directors' action reestablishing the current rates.

In response to a question, Mr. Carpenter said it was contemplated that if the New York Bank's Board of Directors acted this Thursday to maintain the 3 per cent rate, consideration would have to be given at that time to what action should be taken by the Board.

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In an ensuing discussion, during which reference was made to the procedure followed by the Board in the past in somewhat similar circumstances, Mr. Solomon brought out that technically speaking the statutory requirement to establish the discount rate at least every 14 days was placed on the Reserve Banks and that the Board therefore was not specifically required to act on the establishment of the rate. On the other hand, he said, the position might be taken that the actions of the Reserve Banks and the Board could be expected to flow in unison.

Mr. Thomas expressed the view that under certain conditions there might be justifiable reasons for maintaining different discount rates from one Reserve Bank to another. It was his view that the New York Bank, by failing to establish a higher rate in the current circumstances, would soon find itself in an indefensible position, but he was not sure whether there was any compelling reason why the St. Louis Bank, for example, should change its rate at this time. In general, he felt that it was good precedent to establish that the Board had no objection to differences in the discount rate between Federal Reserve districts.

Governor Vardaman stated that he would favor approval in routine fashion of the action that had been taken by the New York Bank, for otherwise the record might give the appearance that pressure had been put on the Bank to establish a higher rate. He did not feel that routine approval of the action would carry the implication that the Board also concurred in the reasons stated by the Bank for reestablishing the



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existing rate. If, later this week, the Bank's directors should establish a higher rate, it was his view that the Board should grant its approval, also in the usual manner.

Governors Mills, Shepardson, and Balderston indicated that they also would be inclined to send routine wires of approval to the Banks that last week reestablished their existing discount rates. Among the reasons cited in support of this view were (a) that the sending of the code telegram approving continuation of the existing rate would not mean that the Board was abdicating its statutory authority to dictate the rate if the Board considered such action necessary at any time, (b) that routine approval of last week's actions by the several Banks would seem consistent in the absence of a feeling on the part of the Board that pressure should be brought to bear upon those Banks, and (c) that approval would tend to clarify, from a policy standpoint, the relationship between the Board and the Reserve Banks with respect to discount rate changes.

Accordingly, it was agreed unanimously to notify the Reserve Banks whose directors acted last week to reestablish existing rates of discount and purchase that the Board approved such action. Pursuant to this decision, the usual code telegram (IMUOM) was sent following the meeting to the Federal Reserve Banks of Atlanta, St. Louis, San Francisco, New York, Cleveland, and Richmond approving the establishment without change of existing rates of discount and purchase at Atlanta on August 5

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at St. Louis on August 6, at San Francisco on August 7, and at New York, Cleveland, and Richmond on August 8, 1957.

The Chairman then noted that the directors of the Boston Reserve Bank were to meet today and that they might act to raise the discount rate of that Bank. In the circumstances, he suggested that if, subsequent to this meeting, advice should be received from the Boston Bank or from any other Reserve Bank having a discount rate of 3 per cent that the directors of such Bank had established a discount rate of 3-1/2 per cent, along with appropriate subsidiary rates of discount and purchase, the Secretary of the Board be authorized to advise such Bank that the Board approved the proposed rates. This contemplated that in such event a press statement would be issued in the usual form, all Federal Reserve Banks and branches would be advised by telegram of the Board's action, and a notice would be published in the Federal Register.

This suggestion was approved unanimously.

Secretary's Note: Later in the day telegrams were received from the Federal Reserve Banks of Boston, Atlanta, and Dallas stating that the directors of those Banks had established, subject to review and determination by the Board of Governors, a rate of 3-1/2 per cent on discounts and advances under sections 13 and 13a of the Federal Reserve Act, along with appropriate subsidiary rates of discount and purchase. Pursuant to the authority conferred by the Board, the Secretary sent to those Banks a telegram in the form attached hereto as Item No. 13.

Role of branch directors (Item No. 14). Governor Shepardson recalled discussion by the Board several months ago regarding the extent of

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participation by branch directors in Federal Reserve Bank policy matters and the possibility of encouraging enlargement of such participation. He proposed that as a first step in determining what might be done in this direction, a letter be sent to the Chairman of each Federal Reserve Bank, with a copy to the President, calling attention to the Board's interest in director activities and requesting as a matter of information a summary of the steps already taken by the respective Banks. With such information available, it was his thought that the subject might be placed on the agenda for discussion at the next meeting of the Conference of Chairmen of the Federal Reserve Banks.

In response to a suggestion by Governor Mills that such a letter might have a better reception after the current vacation season, Governor Shepardson said that although he had envisaged only a collection of information at this stage, he would have no objection to deferring the transmittal of the proposed letter.

Chairman Martin then suggested that the Board authorize the sending of the proposed letter in the month of September and there was unanimous agreement with this suggestion. A copy of the letter is attached as Item No. 14.

The meeting then adjourned.

Secretary's Note: Pursuant to recommendations contained in memoranda from appropriate

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individuals concerned, Governor Shepardson approved on behalf of the Board on August 9, 1957, the following actions regarding the Board's staff:

Salary increases

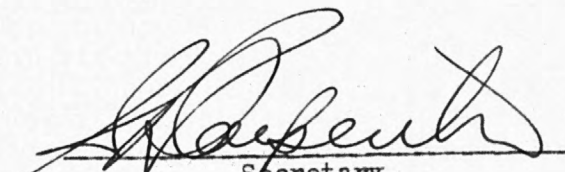
John N. Lyon, from \$6,605 to \$7,570 per annum, with designation as Federal Reserve Examiner rather than Assistant Federal Reserve Examiner in the Division of Examinations, effective August 11, 1957.

Susie T. Oros, from \$4,890 to \$5,065 per annum, with a change in title from Accounting Clerk to Disbursing Assistant in the Office of the Controller, effective August 11, 1957.

Transfers

Rita D. Brinley, from the position of Clerk-Stenographer in the Division of Research and Statistics to the position of Secretary in the Division of Administrative Services, with an increase in her basic annual salary from \$3,755 to \$3,940, effective August 11, 1957.

Mary Ann Shuler, from the position of Clerk-Stenographer in the Division of Personnel Administration to the position of Clerk-Stenographer in the Division of Research and Statistics, with no change in her basic salary at the rate of \$3,500, effective August 11, 1957.

  
Secretary

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

Item No. 1  
8/12/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

August 12, 1957.



Dear Sir:

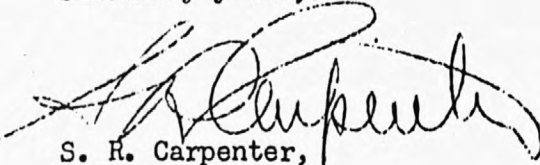
As you know, the Board has had under consideration a possible study of small business financing. Several months ago a System group was requested to explore the feasibility of conducting a research project in this field and a copy of its report is attached.

It is the strong view of the Board that such a study should be undertaken now. While parts of it might be said to fall outside the immediate interest of the Federal Reserve System, the Board and the Federal Reserve Banks are perhaps in a better position to undertake the over-all study than anyone else.

When you were in Washington for the last meeting of the Federal Open Market Committee, you were given a copy of a letter received from the Chairman of the Senate Banking and Currency Committee endorsing a study of the financial problems of small business. The letter stated that it would be helpful if the Committee could have a report on the results of the study by March 1, 1958. Although it is recognized that only the first two parts, as contemplated in the attached report, could be completed by that date, it is felt that the Board and the Reserve Banks should furnish what information they can within that time. Accordingly, your comments by September 3 on the nature and scope of the study will be appreciated.

In order to expedite the planning of the study, President Bryan, Chairman of the Committee on Research and Statistics of the Presidents' Conference, concurs in this method of obtaining Reserve Bank reaction to the proposal.

Sincerely yours,

  
S. R. Carpenter,  
Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS.



BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

Item No. 2  
8/12/57

CHAS. N. SHEPARDSON  
MEMBER OF THE BOARD

August 13, 1957

Mr. Lawrence E. Kreider, Assistant Secretary,  
The American Bankers Association,  
12 East 36 Street,  
New York 16, New York.

Dear Larry:

Thanks for your letter of August 6 concerning the forthcoming publication of "Intermediate-Term Bank Credit for Farmers". I am happy that you found helpful the few suggestions which we and our colleagues at the Comptroller's office and the FDIC passed on to you. The copies of your August 6 letter together with the revised Foreword are being forwarded today to Dr. Cramer and to Deputy Comptroller Garwood with the suggestion that they forward directly to you the formal approval of their respective agencies, together with any further points of view they may have. Also they will send directly to you the required sample signatures together with a request for copies of the pamphlet in quantities sufficient for their purposes.

The Foreword as now revised has our concurrence here at the Board. Samples of Chairman Martin's signature are enclosed for your use in reproducing the statement in the manner contemplated.

Regarding your offer to furnish us with copies of the pamphlet for distribution to our field examiners, we would appreciate receiving here 50 copies which will permit us to furnish one copy to each of our senior field examiners at the Reserve Banks and in addition allow a small supply for use in this office. I hope this request is not imposing unduly on your generosity but the importance of this topic and the current interest in it impresses me with the need to take this opportunity to more fully inform our examining people on this subject.

Yours sincerely,

  
Chas. N. Shepardson.

Enclosure

Item No. 3

8/12/57

## FOREWORD

Washington, D. C.

The June 30, 1956 Agricultural Loan Survey administered by the Federal Reserve System in cooperation with the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation showed that one-third of all bank notes to finance intermediate-term farm investments had maturities longer than one year. However, renewals of shorter term notes were also used to facilitate many intermediate type investments.

While approximately two-thirds of those shorter term renewals were reported to have been made on an advanced commitment basis, the survey revealed no information as to the adequacy of the planning on which the commitments were based. Other available information indicates that, in all too many cases, intermediate-term farm financial programs are inadequately planned.

It is important that all concerned realize the advantages to be derived from careful farm planning when longer repayment programs are expected. In loans of this type, it is generally advisable that a plan of farm operations for the period of the line of credit become a major part of the loan folder. The plan should include a schedule of estimated income, expenses, and loan repayment capacity, and should provide for periodic reviews of the farm financial program.

No Federal law or regulation prevents commercial banks from extending credit to farmers on an intermediate-term repayment basis. Like all classes of loans, each loan of this type should be evaluated on the basis of its own characteristics -- the risk involved, the character, ability, financial responsibility and record of the borrower, value and character of collateral, and the feasibility and probability of its orderly liquidation in accordance with the repayment plan.

It is the belief of the Federal supervisory agencies that intermediate-term credit by commercial banks on a sound and prudent basis contributes greatly to the growth and strength of American agriculture.

Wm. McC. Martin, Jr.  
Chairman  
Board of Governors  
Federal Reserve System

Ray M. Gidney  
Comptroller of the  
Currency

H. E. Cook  
Chairman  
Federal Deposit  
Insurance Corporation

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

Item No. 4  
8/12/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

August 12, 1957

Board of Directors,  
The Cleveland Trust Company,  
Cleveland 1, 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 by The Cleveland Trust Company, Cleveland, Ohio, in a shopping center to be constructed at the intersection of Lorain and Brookpark Roads in the city of North Olmsted, Ohio, provided the branch is established within one year from the date of this letter, and approval of the State authorities is in effect as of the date the branch is established.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,  
Secretary.



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

Item No. 5  
8/12/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

August 12, 1957

Board of Directors,  
The Union Commerce Bank,  
Cleveland 1, Ohio.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Cleveland, the Board of Governors approves the establishment by The Union Commerce Bank, Cleveland, Ohio, of a branch at 75 Public Square, Cleveland, Ohio, provided the branch is established within six months from the date of this letter, and the approval of the State authorities is effective at the time the branch is established.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,  
Secretary.

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

Item No. 6  
8/12/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

August 12, 1957

Mr. H. N. Mangels, President,  
Federal Reserve Bank of San Francisco,  
San Francisco 20, California.

Dear Mr. Mangels:

This refers to Mr. Swan's letter of July 31, 1957,  
requesting Board approval for the conversion of two elevators  
in your building to self-service operation.

It is noted from your letter that the recommended  
change should result in improved service and an estimated sav-  
ing of approximately \$8,500 per year.

The Board will interpose no objection to the expendi-  
ture of approximately \$18,000 by your Bank for the conversion  
of the two front elevators as proposed.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,  
Secretary.

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

Item No. 7  
8/12/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



Dear Sir:

The indicated number of copies of the following forms are being forwarded to your Bank under separate cover for use of State member banks and their affiliates in submitting reports as of the next call date. A copy of each form is attached.

Number of  
copies

Form F.R. 105 (Call No. 145), Report of condition of State member banks.

Form F.R. 105e (Revised November 1955), Publisher's copy of report of condition of State member banks.

Form F.R. 105e-1 (Revised November 1955), Publisher's copy of report of condition of State member banks.

Form F.R. 105e-2 (Revised November 1955), Publisher's copy supplement.

Form F.R. 220 (Revised March 1952), Report of affiliate or holding company affiliate.

Form F.R. 220a (Revised March 1952), Publisher's copy of report of affiliate or holding company affiliate.

All of the forms are the same as those used on June 6, 1957.

Very truly yours,

S. R. Carpenter,  
Secretary.

Enclosures

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS

T E L E G R A M  
LEASED WIRE SERVICEItem No. 8  
8/12/57BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON

August 13, 1957

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS

Lump-sum payment, authorized in Board's August 1 letter,  
to liquidate accrued liabilities resulting from changes in Retirement  
System benefits should be charged to Profit and Loss account.

(Signed) S. R. Carpenter

Carpenter

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

Item No. 9  
8/12/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

August 12, 1957

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

Dear Mr. Phelan:

Reference is made to your letter of July 29, 1957, submitting with a favorable recommendation the request of the Fidelity Union Trust Company, Newark, New Jersey, for approval under Section 24A of the Federal Reserve Act of an additional investment of \$8,420,000 in bank premises under a purchase contract extending over a term of fifty years.

The Board of Governors has given consideration to the information you have submitted and approves an additional investment of \$8,420,000 in bank premises by the Fidelity Union Trust Company. It is noted the trust company is entitled to certain credits during the first ten years of the contract which will reduce its aggregate payments \$620,000 and result in a net investment of \$7,800,000 over the full term of the contract. If subsequent estimates indicate the net cost or purchase price will exceed \$7,800,000, it is understood the Board's approval of the excess amount will be requested by the trust company. Please advise the trust company accordingly.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,  
Secretary.

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

Item No. 10  
8/12/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

August 12, 1957

Mr. John L. Nosker, Assistant Vice President,  
Federal Reserve Bank of Richmond,  
Richmond 13, Virginia.

Dear Mr. Nosker:

Reference is made to your letter of August 1, 1957, with regard to the request of The Farmers Bank of Dinwiddie, Dinwiddie, Virginia, for approval, under Section 24A of the Federal Reserve Act, of a total investment in bank premises not to exceed \$65,000, in order that the bank may complete a remodeling of its building.

After consideration of the information submitted, the Board concurs in the Reserve Bank's recommendation and approves a total investment in bank premises by The Farmers Bank of Dinwiddie not to exceed \$65,000.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,  
Secretary.

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

Item No. 11  
8/12/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

August 12, 1957



Mr. John L. Nosker, Assistant Vice President,  
Federal Reserve Bank of Richmond,  
Richmond 13, Virginia.

Dear Mr. Nosker:

Reference is made to your letter of August 5, 1957,  
with regard to the request of Wachovia Bank and Trust Company,  
Winston-Salem, North Carolina, for permission to move its branch  
in La Grange, North Carolina, from Main and Railroad Streets to  
119 West Railroad Street, a distance of 150 yards.

We concur in your view that the proposal constitutes a  
mere relocation of an existing branch in the immediate neighborhood  
without affecting the nature of its business or the customers  
served, and, therefore, the approval of the Board of Governors is  
not necessary.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,  
Secretary.

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

Item No. 12  
8/12/57



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

August 12, 1957

Board of Directors,  
American Trust Company,  
San Francisco, California.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of San Francisco, the Board of Governors approves the establishment of a branch in the vicinity of the intersection of Farmers Lane and Sonoma Highway, Santa Rosa, California, by American Trust Company, San Francisco, California, provided the branch is established within one year from the date of this letter and that formal approval of the Superintendent of Banks of the State of California is effective at the time the branch is established.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,  
Secretary.



T E L E G R A M  
LEASED WIRE SERVICEItem No. 13  
8/12/57BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON

August 12, 1957

Erickson - Boston  
Patterson - Atlanta  
Irons - Dallas

Reurtel today. Board approved, effective August 13, for your Bank (a) rate of 3-1/2 per cent on discounts for and advances to member banks under Sections 13 and 13a, (b) other rates as set forth in your telegram of today, and (c) establishment by your Bank without change of remaining rates in Bank's existing schedule.

(Signed) S. R. Carpenter

Carpenter

The rates referred to in (b) above were as follows:

On advances to member banks under Section 10(b) for each of these Banks--4 per cent;

On advances to individuals, partnerships, or corporations other than member banks under last paragraph of Section 13 for each of these Banks--4-1/2 per cent;

On direct advances under Section 13b, including advances made in participation with financing institutions, for the Federal Reserve Bank of Atlanta--rates ranging from 3-3/4 per cent to 6 per cent, and for the Federal Reserve Bank of Dallas--rates ranging from 4 per cent to 6 per cent.

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

Item No. 14  
8/12/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



Dear Sir:

For several years the Board has had a continuing interest in programs designed to strengthen ties of the boards of directors of the various Reserve Banks with the System. Reserve Bank directors play a valuable and constructive part in the operation of the System by serving as the eyes and ears of the banking and business community, and public generally, in observing its operations. They also serve as vital listening posts for the System's network of economic intelligence. If branch directors are to be able to play these dual roles to the fullest there must be the effective liaison with their head office and with the System operations in general.

Several of the Reserve Banks have taken definite steps in this direction by providing joint meetings of head office and branch directors and by providing for the attendance of branch directors at head office meetings on a rotating basis. Policy statements of the Bank or of the Board are usually presented to the boards of directors of the branches. Economic reviews have also been provided as a regular feature of some branch office meetings.

The Board is interested in furthering the participation of branch directors in the discussions of policy matters. To this end, consideration is being given to requesting a discussion of this subject at the next meeting of the Chairmen's Conference. In order to have a complete understanding of what is now being done at each Bank it would be appreciated if some member of your staff could prepare a brief summary of the activities of your Bank especially designed to increase the interest of, and participation by, branch directors. Such information when available from all of the Banks will serve as excellent background for discussion at the Chairmen's Conference.

Very truly yours,

S. R. Carpenter,  
Secretary.

TO THE CHAIRMEN OF ALL FEDERAL RESERVE BANKS  
(COPY TO PRESIDENTS OF ALL FEDERAL RESERVE BANKS)