Minutes for October 28, 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
Gov. Szymczak	x	
Gov. Vardaman	x	
Gov. Mills	x	
Gov. Robertson	x	
Gov. Balderston	x	
Gov. Shepardson	x	

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, October 28, 1957. The Board met in the Board Room at 10:00 a.m.

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

Mr. Carpenter, Secretary
Mr. Kenyon, Assistant Secretary

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 Mr. Lewis D. Gilbert, New York, New York, regarding the program of Transamerica Corporation to comply with certain provisions of the Bank Holding Company Act of 1956.	1
Letter to Union Bank of Michigan, Grand Rapids, Michigan, approving its request for permission to exercise fiduciary powers. (For transmittal through the Federal Reserve Bank of Chicago)	2

Discount rates. Telegrams to the following Federal Reserve Banks approving the establishment without change by those Banks on the dates indicated of the rates on discounts and advances in their existing schedules were approved unanimously:

Kansas City	October 18
Boston	October 21
Atlanta	October 21
St. Louis	October 23
San Francisco	October 23
New York	October 24
Philadelphia	October 24
Cleveland	October 24
Richmond	October 24
Dallas	October 24

Procedural question in connection with Continental Bank and Trust Company matter. Governor Balderston referred to a letter dated October 24, 1957, from Mr. Bolling R. Powell, Jr., Special Counsel to the Board in the matter of The Continental Bank and Trust Company, Salt Lake City, Utah, with which Mr. Powell submitted a memorandum requesting the Board to allow Counsel for Respondent to inspect on a confidential basis edited copies of certain reports of condition and earnings and dividends reports for 19 far western banks comparable in deposit size to The Continental Bank and Trust Company in connection with the preparation by Counsel for Respondent of his cross examination and rebuttal. The letter and memorandum, of which copies had been distributed to the members of the Board, explained that the request was made in the light of the Hearing Examiner's ruling on September 30, 1957, wherein, in reversing his previous ruling of May 28, 1957, he granted Respondent's motion to strike from the record all exhibits and testimony based on the 19-bank study because inspection of the basic documents had not been permitted. The request was addressed to the Board in the form of a confidential privileged communication between attorney and client.

Governor Balderston stated that this raised a question as to the members of the Board's staff who should be present today when Mr. Powell met with the Board to discuss his request. He said that Messrs. Solomon and O'Connell, Assistant General Counsel, not being among those members of the staff assigned to the prosecuting functions in this proceeding, had suggested that they not be present.

Governor Vardaman raised the question whether members of the Board's legal staff, other than those assigned to adjudicatory functions in this case, should not be present during a discussion of a matter such as Mr. Powell's recommendation in order to be in a position to render advice to the Board on legal points concerning which the Board might have a question, and also to advise regarding statements made by those on the prosecuting side concerning which the Board might want to seek further information. Other members of the Board having indicated that they likewise had questions along the lines of those raised by Governor Vardaman, it was decided to request Messrs. Solomon and O'Connell to join the meeting at this point so that they might express their views on the matter of attendance during Mr. Powell's presentation.

After Messrs. Solomon and O'Connell had come into the room and Governor Balderston had summarized for them the nature of the questions raised by the Board, Mr. Solomon said that he saw nothing wrong with a procedure whereby he and Mr. O'Connell would be present

at the time Mr. Powell stated his case but that they should not participate in the discussion. He pointed out that if he and Mr. O'Connell were to participate at this stage in certain phases of the proceeding in such a way that they would be considered to have become a part of the prosecution of the case, the Board could no longer call upon them for assistance on the adjudicatory functions involved in this proceeding.

In response to a question, Mr. Solomon repeated that he did not think merely being present when Mr. Powell discussed his request would create the difficulty that he had mentioned. However, he went on to set forth certain types of questions which, if asked by the Board, could place him and Mr. O'Connell in the position of having participated in the prosecution of the case. Since matters in this area had not been clearly covered by court decision, thus leaving room for differences of opinion, he and Mr. O'Connell had felt that the problem should be called to the Board's attention, particularly because of the difficulty in preventing a blending of the prosecuting and adjudicatory functions at Board level.

Mr. O'Connell supplemented Mr. Solomon's statement by emphasizing that all prosecutive problems should be taken up by the Board with Mr. Powell or the members of the staff assigned to the prosecuting functions in this case. In this instance, should the statements made by Mr. Powell and others on the prosecuting side of

the case raise any questions of policy, it would of course be appropriate for the Board later to obtain advice from him (Mr. O'Connell) and from Mr. Solomon. With these points in mind, it had been suggested that they not be present when Mr. Powell was presenting his recommendation or, at least, that they abstain from any discussion of it at the time. Should they refrain from any such discussion and should they not be questioned during that time or later concerning prosecutive phases of the proceeding, there appeared to him to be no reason for judicial error or conflict.

In a further discussion based on the comments by Messrs. Solomon and O'Connell, it developed that the Board would like to have them present during the discussion of Mr. Powell's recommendation, with the understanding that they would not participate in the discussion and that thereafter their advice would be sought only to the extent that had been mentioned.

This point having been decided, Governor Vardaman inquired about the propriety of individual Board members calling upon Messrs. Solomon and O'Connell or other members of the legal staff not assigned to the prosecuting functions in this proceeding and raising with them various questions of fact concerning aspects of the proceeding.

Statements by Messrs. Solomon and O'Connell indicated that they felt such a procedure would be proper, although if conversations with individual members of the Board raised any points of substance it would seem appropriate that these matters be the subject of discussion at a

subsequent meeting of the Board. Along these lines, it was suggested that if such conversations with individual members of the Board covered any point of substance, the member or members of the legal staff engaging in such conversations be instructed to report on the matter, by memorandum or otherwise, to the other members of the Board.

At this point the following persons joined the meeting: Messrs. Powell, Special Counsel to the Board; Leonard, Director, Horbett, Associate Director, Conkling, Assistant Director, and Langham, Technical Assistant, Division of Bank Operations; Masters, Director, and Holahan, Supervisory Review Examiner, Division of Examinations; and Hexter and Chase, Assistant General Counsel.

Recommendation of Special Counsel to the Board in connection with Continental Bank and Trust Company proceeding. With respect to the request from the Board's Special Counsel, referred to hereinbefore, that the Board make available to Counsel for The Continental Bank and Trust Company for inspection on a confidential basis edited copies of certain unpublished reports of condition and earnings and dividends reports for 19 far western banks comparable in deposit size to Continental in order to permit their use in the preparation of cross examination and rebuttal, memoranda from Messrs. Masters and Holahan, from Messrs. Hexter and Chase, and from the Division of Bank Operations, each dated October 25, 1957, had been distributed to the members of the Board. The memorandum from Messrs. Masters and Holahan, after discussing the arguments embodied in this proposal both pro and con, as they bore on the public interest and on the System's bank

supervisory responsibilities, expressed the opinion that the greater weight was in favor of granting the request of Special Counsel. The memorandum stated, however, that the Comptroller of the Currency's Office had advised by telephone that it could not go along with making the reports of the 13 national banks in the group available even on the restricted basis suggested, this decision reportedly being based on the long-standing precedent that contents of earnings and dividends reports and reports of condition have not been made public, together with the view that disclosure of material from such reports in the present instance might "do more harm than good." The memorandum from Messrs. Hexter and Chase expressed the opinion that, with the safeguards suggested by Mr. Powell, the public interest would best be served by permitting Respondent to examine the reports in question. The memorandum from the Division of Bank Operations continued the previous recommendation of the Division that, for reasons stated, the reports of individual banks not be furnished. If, however, the request should be granted, it was suggested that the reports be made available without editing, since the editing would involve considerable staff work and the Division did not feel that it would be effective.

In response to the request of the Board for a statement concerning his recommendation, Mr. Powell made substantially the following statement:

> I set forth the proposal and the reasons for it in detail in the memorandum and letter of transmittal that I wrote to the Board on October 24. I do not want unnecessarily to take the Board's time to repeat what is in the memorandum if there has been opportunity to review it. Briefly, it states that, as developed since the Board previously had the matter under

consideration, the Hearing Examiner, who had obviously been wavering somewhat about his first ruling admitting these studies into the record notwithstanding denial of inspection of the basic documents by Counsel for Respondent, finally decided in the light of the evidence put into the record up to this point that he would have to grant the motion of Respondent to strike all the material in the record which was based on the 19-bank study. That ruling came on September 30, 1957. With that development in the record it was necessary to reappraise this whole situation for the purpose of recommending to the Board, as its Special Counsel, what action it should take, if any. As I pointed out in my initial memorandum when this matter came up previously in response to a much broader motion by Counsel for Respondent asking for a broader scope of documents and that he be given physical possession of those documents, I did not feel that that was necessary in view of the limited purpose of the documents in the record. At that time these studies and the testimony based thereon were in the record over the objection of Respondent and under the previous ruling of the Hearing Examiner. It was my feeling that the matter could be settled in a way that would not run into the risk of court reversal for having denied the request. However, the whole picture has changed now with the Hearing Examiner having reversed himself and stricken from the record all testimony based on the 19-bank study.

At first, there might seem to be some inconsistency in the position I took originally, but actually there is no real inconsistency. As I pointed out then and state now, the purpose of the study in question and of the testimony based thereon is to give this Board and any reviewing court some factual comparative measurements and yardsticks against which to judge the multitudinous expert opinions and judgments that have been put into the record of this case. That is the limited purpose of the 19-bank study and the testimony based on it. However, while it is a limited purpose it is not an unimportant one. Quite frankly, in my previous memorandum I did not dwell on the importance of that purpose for a very good reason. That memorandum was on the record of the proceeding and I had reason to feel assured, from conversations with the staff, that the Board would decline the request for inspection. Obviously, on the record I did not want to emphasize the importance of these documents under those circumstances because that would make for very strong arguments before a reviewing court. Now that the Hearing Examiner has granted the Respondent's motion and stricken the evidence from the record, we have got to reconsider the matter.

We are carrying the burden of proof in this case. It is up to us to prove that the capital structure of this bank is inadequate in a way which will not only satisfy the Board but any reviewing court that may take this matter under review. Certainly, Respondent has emphasized every intention to take this case to court at the proper time. We have a record which is full of very competent expert opinion and expert judgment, and of course Respondent has introduced expert testimony which is in conflict with ours. The natural and obvious thing for any board, in judging the relative expert opinions, is to try to measure them by facts and to find what are the most significant factual measurements that we have to utilize in this situation. As I see it, the most significant measurements are what other banks are actually doing. We have a number of such comparative measurements in the record--all member banks, all member banks in the Twelfth Federal Reserve District, and certain other comparative measurements based on published information. The 19-bank study was made for the purpose of trying to compile the most significant study possible in order to be completely fair with the Respondent and in an effort to give this Board and any reviewing court the most significant comparative factual study possible. The 19 banks are all of the banks in the far west in the same general size group as Continental. Of course, there was no regularly published study on those banks so it was necessary to compile this study especially for this hearing. It was recognized at the time that Continental would ask for inspection, if it so desired, of the basic records that go into the study and it was felt that it would be satisfactory to put the study on the record without such inspection by giving the names of the banks and scrambling the basic data. At first, the Hearing Examiner went along with us but now he has reversed himself.

Admittedly, it is a very close question. My own personal inclination would be to say that Counsel for Respondent should be entitled to inspect these documents to see if there are any facts or figures that would tend to impair the conclusions that we seek to draw from them. That is normal judicial procedure in connection with the usual measures of fair hearing and due process. It would be the most desirable thing possible to let them have the documents.

The Hearing Examiner having reversed himself, I thought that I should bring this matter to the attention of the Board so that, if it saw fit, it could amend its previous order and allow the recommended inspection of the documents which I have proposed in my memorandum.

There is one thing that I want to emphasize. I am not asking for the publication of these earnings and dividends reports and reports of condition. I am excluding the portions of reports of examination and certain other documents which were requested in the motion by Counsel for Respondent. I felt that if we could let them inspect the documents mentioned in my memorandum on this restricted and confidential basis here at the offices of the Board, and if the only use made of them would be in confidential private hearing in this proceeding, we could save the most important portions of the 19-bank study for the record. That is what I would like very much to see done if the Board can find its way clear to do it. I think it will give the Board a valuable tool to work with in evaluating the evidence in this voluminous record that will be presented to it for decision before too long, and I think it will be very valuable to any reviewing court. Quite frankly, I think that any court would probably put more weight on that feature than any other feature of this record. A court might look at this and see how Continental compares with other banks of its own category and type. If it sees such a wide difference between Continental and the other banks in the group, I frankly think that any court would be hesitant to question a conclusion of the Board of Governors in a situation like this. That is the reason I think this type of evidence would be so very valuable in the record.

As I said, we have other studies in the record from which comparisons can be made by this Board or by a court. However, on the basis of our own admission and witnesses, the 19-bank study is the most significant thing that it is possible to compile in this situation. That is why it was compiled initially and put in the record.

That summarizes my position. I understand that the Comptroller of the Currency has some reservations in the matter, and I believe that 13 of the 19 banks are national banks. I do not know, frankly, just how the two supervisory bodies would operate together on that.

Governor Vardaman asked Mr. Powell if he had any understanding with, or assurance from, Counsel for Respondent that use of the information in the limited manner suggested would be agreeable to Respondent, and Mr. Powell replied that although he had not actually discussed the proposal with Counsel for Respondent, there would be no basis in the law for interposing any meritorious objection on the ground that the documents were not physically reproduced and delivered to Respondent's Counsel. He pointed out that the law only requires a reasonable opportunity to inspect such documents and study them for the purpose of cross examination and rebuttal.

Mr. Powell also commented that Counsel for Respondent had stated on the record that Continental was not interested in identifying the banks whose reports would be inspected and that the reports could be edited by striking out information such as the name of the bank and the names of bank officers. Of course, if Respondent so desired it would admittedly still be possible to identify the banks by comparing the reports with pertinent published information, but he did not believe that this would give Respondent any advantage as far as the current proceeding was concerned. While he was not sufficiently experienced in the bank supervisory field to know whether this would give Respondent any advantage in other respects, he pointed out that the reports covered the years from 1948 to 1956, so that the possibility of obtaining any competitive advantage seemed more doubtful than if current reports were involved.

Governor Vardaman then asked whether Counsel for Respondent could reverse his position, and in reply Mr. Powell remarked that Respondent had already been furnished the names of the banks included in the 19-bank study. This was done so that it would be possible for Respondent to go to those banks and attempt to obtain the basic information and also because it was recognized that Respondent could determine the names by looking at all banks in the far western states having deposits between $50 million and $100 million and then following a process of elimination.

Governor Robertson said that whether or not the reports were edited, he thought that undoubtedly Respondent could ascertain which report related to which bank. He then said that, as he understood it, the Board's statement concerning the conditions under which the reports would be available for inspection would go to the Hearing Examiner, who would decide whether or not to admit the evidence under such conditions. If the Hearing Examiner held that the information should be used only on the confidential basis proposed, that would be binding and no agreement on the part of Counsel for Respondent would be required to make it binding.

After indicating that Governor Robertson's statement was correct, Mr. Powell noted that the Hearing Examiner had gone on record to the effect that fractional disclosure under the duress of due process was possible without violating any fundamentals, which meant that the information could be available under a commitment to maintain it in a confidential status and to use it only on a coded basis. Also, Counsel for Respondent had stated that it would be

agreeable to obtain the information on such a basis, since all that was desired was a reasonable opportunity to review the reports in question in order to test the accuracy of the 19-bank study and determine whether there were facts and figures in the reports that could be utilized to Respondent's benefit in cross examination and rebuttal.

In response to questions by Governor Shepardson, Mr. Powell verified that Counsel for Respondent had already made a commitment for the confidential handling of such information, that he therefore would have to treat the information as confidential and treat evidence based on it as a confidential part of the record, and that violation of this confidence after making such a commitment could mean that Counsel for Respondent might be disbarred from practice not only before the Board but in the State of Utah and in the Federal courts. There was, of course, the possibility that some officer of Continental might, in some way, speak of this information outside the record of the proceeding, but he could not see what Continental would stand to gain thereby.

At this point Mr. Hexter commented that if the Hearing Examiner should take the position that he would admit the 19-bank study and evidence based thereon to remain in the record if the underlying documents were made available, and if Counsel for Respondent should then refuse to make any commitment for confidential handling of the information, the Hearing Examiner presumably then would admit the 19-bank study and the relevant evidence.

Mr. Powell added that in such event the record would show that a reasonable opportunity had been given to inspect the documents under reasonable conditions. If Respondent did not elect to take advantage of such an offer, that would remove the possibility of error and the Hearing Examiner could immediately put the 19-bank study and the relevant testimony in the record.

Governor Shepardson asked whether the request could be accommodated by restricting the information to Counsel for Respondent and not to others, to which Mr. Powell replied that, with technical information involved, he thought that Counsel for Respondent should have the privilege of expert advice in reviewing the documents. This did not mean necessarily that officers of Continental could review them, but it might mean that Respondent's expert witnesses would be allowed to go over the documents to advise Counsel concerning points of significance.

Governor Robertson noted the position taken by the Comptroller's Office, as mentioned previously, and Mr. Powell said that a copy of his memorandum was sent to Deputy Comptroller of the Currency Jennings, following which Mr. Jennings met with him and members of the Board's staff for further discussion of the matter. He also said that at the termination of this meeting Mr. Jennings expressed himself in generally favorable terms, although he wanted to make at least a test check of the 13 national banks involved to obtain their reaction. However, others in the Comptroller's Office appeared to have had a somewhat

different view and a tentative decision apparently was reached within that Office to decline to make the reports of the national banks available in the manner proposed. He understood that, in the circumstances, no check had been made with the banks concerned.

Mr. Masters confirmed that Mr. Jennings had reviewed fully the memorandum from Mr. Powell and that at the meeting with Mr. Powell and members of the Board's staff the reasons for the request and the circumstances under which the information would be disclosed were explored with Mr. Jennings in detail, along with the advantages and disadvantages involved in making the reports available on the basis suggested. At that time, he said, Mr. Jennings did not want to concur in the proposal until he had talked with at least some of the national banks included in the group of 19 banks. When Mr. Jennings called on the telephone Friday afternoon, Mr. Masters said, he did not indicate that he had talked with any of the banks but did say that he had reviewed the pertinent reports and had discussed the matter with the Comptroller. At that time, according to Mr. Jennings, it was the firm view of the Comptroller's Office that it could not go along with the proposal.

Governor Robertson then inquired of Mr. Powell whether use could be made of the reports of the remaining six banks in the group, and Mr. Powell replied that the greatest weakness would be the apparent one, that is, that there were only six banks in the group and this was a small number to use as a basis of comparison. He also said that he had not had an opportunity to review the reports of the six banks.

Mr. Holahan said that he had examined these reports this morning, that they reflected more or less the same picture as for the 19 banks, that he recognized the difficulty in putting in the record statistics for such a small group of banks, but that he thought such a procedure might be helpful. The figures for the six banks seemed to him, as an analyst, to have some significance, but he did not know whether this would be true from a legal standpoint.

Mr. Powell then expressed the opinion that in a matter of this kind, where the Board was involved in an adversary proceeding in a matter of first impression, everything possible should be put in the record. If the figures for the six banks were all that could be made available, he would be inclined to include them, although he recognized that the comparative study of 19 banks, comprising all the banks in the United States which were in the same geographical and size category as Continental, would be much more effective. He commented that if figures for only the six banks were put in the record, the reason therefor would, of course, be entered in the record also.

With regard to possible reconsideration of the position taken by the Comptroller's Office, Mr. Masters recalled that when the broader motion was made by Counsel for Respondent at an earlier date, the attitude of the Comptroller's Office was one of reluctance to permit inspection of the pertinent portions of examination reports of the national banks in the 19-bank group. It was indicated, however, that if the Board should decide to permit the requested disclosure in

this proceeding, the Comptroller's Office might reconsider its initial opposition. At the time of Mr. Jenning's telephone call on Friday, there was no indication of the possibility of reconsideration, and Mr. Masters was inclined to believe that the views expressed were final. On the other hand, if the Board should indicate that it favored disclosure of the condition reports and earnings and dividend reports in the manner suggested by Mr. Powell, it seemed possible that this might have some effect.

Governor Balderston asked Mr. Powell whether he had encountered similar issues in other hearings, and Mr. Powell stated that when studies and testimony of this kind were offered in the record of an adversary proceeding, such action generally would open the basic documents for inspection by the other party. This, he said, was a reciprocal right and a fundamental concept of fair hearing and due process as reflected in the Administrative Procedure Act, which states that the parties to a proceeding shall have full opportunity for cross examination and rebuttal. This would necessitate having access to basic documents.

Governor Balderston then asked whether Mr. Powell was familiar with any proceedings before a Governmental commission where the action taken might be subject to court review and the commission had to preserve the confidentiality of documents.

Mr. Powell replied that except in cases involving national defense, classified information, and matters of that kind, the courts would generally require disclosure to the adversary. He pointed out that none of the decisions in this respect required publishing the basic documents, but merely a reasonable opportunity for inspection of them.

Messrs. Powell, Masters, Hexter, Chase, Conkling, Holahan, and Langham then withdrew from the meeting.

At the request of the Board, Mr. Solomon made a statement in which he said that to him most of the legal points which Mr. Powell had made seemed valid. He referred to the general principle that equity and fairness usually may be expected to lead to a person being allowed to inspect documents when evidence based on them is used against that person in a proceeding. This general legal requirement for disclosure of this type of information would also have applicability from the standpoint of the strength of the case on review. In these respects, he said, the arguments in favor of disclosure were quite strong. Of course, arguments could be made in the other direction and it was possible that a court might be persuaded that an exception should be made. However, this would be an exception to the general rules and the odds probably would be against such an exception being made.

Governor Balderston inquired of Mr. Solomon whether he was saying in effect that the Board of Governors could not carry out its enforcement duties under the Federal Reserve Act and have the support of the courts without violating the confidentiality attached to data coming into its possession through the bank examination function.

In reply, Mr. Solomon said that he was thinking primarily of reports of condition and earnings and dividend reports, that he could not say positively what the courts would do in this area, but that it had been the tendency of the courts to hold in somewhat similar cases along the lines that he had mentioned.

Mr. O'Connell said that he was inclined to agree precisely with Mr. Solomon. A court of appeals, he brought out, would ask in effect whether the record of the case in question substantiated the evidence in support of the decision rendered by the administrative body. He gathered from what Mr. Powell had said that in his opinion the 19-bank study was sufficiently important and relevant so that without this study in the record a court might find a failure of the record to support the Board's decision. He suggested that the Board might want to ask Mr. Powell whether, if the 19-bank study were omitted from the record, it was his view that a court of appeals could find in the record enough other substantial evidence to support a ruling by the Board. Mr. O'Connell also said he was inclined to agree that Mr. Powell's position did reflect the position taken by the courts in

requiring the availability to respondents of basic documents for the preparation of cross examination and rebuttal. With regard to the question which had been raised about restraint on Respondent in the use of such documents, he thought Mr. Powell had properly stated that in effect there was no valid restraint. In the event of violation of a commitment made during a hearing, however, the party violating the commitment would be subject to contempt citation and would be precluded from further participation in the hearing.

Governor Vardaman then suggested that perhaps the discussion was academic unless the position of the Comptroller's Office should change.

After it had been recalled that Mr. Powell seemed inclined to use figures for the six State banks in the group if necessary, Governor Szymczak commented that conceivably the Comptroller's position would be different if he should be informed that in the interest of sound banking the Board felt that the documents for the 19 banks should be made available.

Additional discussion brought out that all of the banks in the group were member banks and that copies of the reports were available at the Federal Reserve Banks. It was the view of Governor Robertson, however, with which other members of the Board concurred, that although the Board might have the authority to allow the reports to be used in the manner suggested, it would not have the moral right to do so without the Comptroller's consent.

At this point Governor Shepardson raised certain questions with respect to the harm, if any, which might be done to the 19 banks through making the reports available on a confidential basis.

Governor Mills' answer to this question was in terms that at some time Respondent, in an explanation of position to the courts or to the public, might refer to one or more of the banks in the group in such terms as to make them the subject of invidious comparison or criticism although they were not involved in the current proceeding.

Governor Vardaman added that this might be said to violate one of the cardinal principles of the bank supervisory relationship, namely, the strict element of confidence involved. In this case, he said, the Board would be using this confidential information for the purpose of prosecuting and winning a case, and he considered the principle involved much more important than the outcome of the proceeding.

Governor Shepardson stated that he had raised this aspect of the matter for the purpose of ascertaining whether it involved adherence to an abstract principle or the possibility of actual harm to the banks concerned. With respect to the Continental case, he expressed the opinion that perhaps the most important thing to be determined from it was whether the Board had authority to require member banks to conform to prescribed standards. From that standpoint, he said, the presentation of all available material that would serve to establish valid standards was important, not necessarily for the purpose of prosecuting the particular case but to establish in the courts the Board's authority to enforce such standards.

Governor Balderston stated that this went to the heart of the matter as far as he was concerned. As he had said at another meeting of the Board, it would be difficult for a fire marshal to proceed effectively if, faced with a serious fire hazard in a particular building, he had to produce records to show that the situation was hazardous. By the same token, if the Board, in order to bring about adequate capitalization in a single member bank, had to violate a confidential relationship with other banks under its supervision, he believed that it would be better to lose the case than to violate traditional procedures.

Governor Szymczak commented that, with or without the 19-bank study, it was not certain whether the Board would win or lose the case. He thought it was too bad if the study could not be retained in the record, but its elimination did not mean necessarily that the case would be lost.

Governor Vardaman suggested that in this case the courts would be called upon to decide two things. First, there would be the question whether the Board had authority to enforce its demand for additional capital and, second, there would be the question whether, if the Board had the authority, it was justified in its demand. If the courts should decide against the Board on the first question, the matter would be concluded. To him, this was the important question since it was the one involving a broad principle.

Governor Balderston then inquired whether any members of the Board wished to call Mr. Powell back into the room for further questions, and none of the members felt that this was necessary.

The question before the Board was then stated as follows: Would the Board grant or deny the request made by its Special Counsel in his letter and memorandum dated October 24, 1957, it being understood that denial would embrace refusing to permit disclosure to Counsel for Respondent of the pertinent reports of any of the banks included in the 19-bank study.

Governor Szymczak stated that he would vote reluctantly to deny the request, and this position was taken also by Governors Vardaman and Mills.

Governor Robertson said that he would vote in favor of granting the request because he did not feel that, with the confidential handling of the reports taken care of in an order of the Hearing Examiner, any bank in the group would be put in jeopardy. His favorable vote, however, would be conditioned upon the matter being taken up with the Comptroller of the Currency. If the Comptroller would permit access to the national bank reports, he would make the reports of all 19 banks available for the purpose requested, but otherwise he would not make any of the reports available.

Governor Shepardson expressed the view that the Board should take action on the basis of using the reports of all 19 banks and on the basis, therefore, of favorable action by the Comptroller with respect to the national bank reports. He then asked again what harm would result from making the reports available on the basis suggested. Thus far, he said, it was not clear to him how the banks in the group might possibly be harmed, and to him this was an important factor in reaching a decision.

Governor Mills suggested that a question of the definition of "harm" was involved. After referring to competition within the 19-bank group, he went on to say that if the earnings and dividend reports should become public, they might show, for example, that a particular bank, actually one with sounder management, had been less liberal in the disbursement of dividends than another, or that one bank at a particular time had incurred unusual losses. If, without the willing cooperation of the banks, there was public access to information of that kind, it could reflect on a bank's competitive position.

Governor Shepardson asked whether it was not true that banks themselves made public disclosure of earnings and dividends, and Mr. Horbett stated that they did not usually reveal anything like the amount of detail shown in the reports submitted to the supervisory authorities.

After Governor Szymczak had suggested the possibility of reaching an impasse with the Comptroller's Office if the Board acted favorably on Special Counsel's request, Governor Robertson called attention to the fact that the only possibility for public disclosure of the reports under the conditions mentioned by Special Counsel would appear to lie in the chance that officers of Continental would make disclosures or comparisons. As far as the Comptroller was concerned, he did not see the possibility of reaching an impasse because the Board would go along with whatever the Comptroller decided. In other words, the final decision would rest with the Comptroller.

Governor Shepardson referred to the possibility that the Comptroller might change his position upon learning that the Board favored permitting access to the reports. Therefore, he felt that the Board's action should not be based upon the reported position of the Comptroller at this time but rather should reflect its own opinion concerning the desirability of granting Special Counsel's request.

On this point, Governor Vardaman stated that he was not basing his vote on the Comptroller's position exclusively.

Governor Shepardson then stated that he would favor permitting confidential use of the reports, subject to agreement being reached with the Comptroller of the Currency.

Governor Balderston said that he supposed there was no precedent for the Congress giving a body like the Board the power to pass upon matters of this kind affecting organizations under its supervision without the possibility of court review. If not, and if the court

review was likely to result favorably only upon the revealing of confidential information, he asked whether the supervisory body was not in a rather difficult position.

Following a statement by Mr. Solomon that he could not immediately recall any examples of such authority having been granted by the Congress, Governor Balderston inquired whether the Congress had ever said on the matter of membership alone that the decision of a supervisory body was not subject to court review. Mr. Solomon replied by referring to the power of the Comptroller of the Currency to throw a bank into receivership and the authority of the Home Loan Bank Board to throw a savings and loan association into receivership. However, he pointed out, the statute pertinent to System membership states specifically that the Board may expel a member bank only after a hearing.

After additional discussion, Governor Balderston said that, as he saw it, what the Board wanted to ascertain from the courts was whether it had authority to enforce provisions relating to adequate capitalization of a bank without violating confidentialities. He went on to say that what had impressed him particularly about Mr. Powell's argument was that the Board, sitting as a court, would undoubtedly ask about the facts underlying the testimony of the expert witnesses on both sides. If the Board sought and used those facts in reaching its own decision, then they would be available to any court of review. The facts Mr. Powell would want to present would be those for the entire sample of 19 banks, and such a line of reasoning would lead to

Governor Robertson's point, namely, that if the Comptroller would agree, it would be helpful to the Board in reaching its decision to have the sample of 19 banks laid before it. However, Governor Balderston said, he had some concern about Governor Mills' point that a desire to do everything possible to win the case might lead to a leak through some violation of confidentiality. If that should happen, he would wonder whether the Board had not paid too high a price for the clarification of authority that it sought.

At the request of Governor Shepardson, Mr. Horbett then explained how the testimony placed in the hearing record with respect to all banks in the Twelfth Federal Reserve District, being based on published statistics, was in a different category from the 19-bank study.

There ensued a further discussion of the information that would be disclosed through granting Mr. Powell's request, following which Governor Balderston said that this appeared to be a matter that the Board should settle without delay and that his vote would be very reluctantly to deny the request of Special Counsel. While he considered it important to win the case, he did not think that a favorable outcome was important enough to warrant granting the request. What the Board really wanted to know, he said, was what the System must do in a matter of this kind.

Thereupon, it was voted to deny the request of Special Counsel to the Board, Governors Robertson and Shepardson dissenting. The Secretary was requested to advise Mr. Powell and appropriate members of the Board's staff immediately concerning the decision reached by the Board.

The meeting then recessed and reconvened at 2:30 p.m. with the same attendance as at the conclusion of the morning session except that Mr. Benner, Assistant Director, Division of Examinations, was present and Messrs. Leonard and Horbett were not present.

Certification filed by Hearing Examiner in Continental Bank and Trust Company matter. At its meeting on October 24, 1957, the Board gave preliminary consideration to a certification filed by the Hearing Examiner in the case of The Continental Bank and Trust Company, Salt Lake City, Utah, under date of October 22, 1957, concerning the question of holding conferences for settlement or simplification of issues.

In discussing the matter, Mr. Solomon said that ordinarily a certification would be filed when there was some question to be decided by the Hearing Examiner and he felt that the Board could be helpful in making the decision. While such was not the case with regard to the certification filed in this instance, nevertheless it had been filed and the Board must make some disposition of it. He said it seemed to the staff that the best disposition of the matter would be to recite what seemed to have been the case all along, namely, that under the Administrative Procedure Act and the pertinent provisions of the Board's Rules of Practice for Formal Hearings, as well as by virtue of the order issued by the Board for this hearing, the Hearing Examiner had authority to hold conferences for the settlement and simplification of issues with the consent of the parties. With

respect to the question of consent of the parties, it would seem proper to reaffirm the implied authority of the Board's Special Counsel to conduct this proceeding, which implied authority would authorize him to participate in conferences for the simplification of issues. If there was discussion, for example, regarding whether a certain document was genuine, Special Counsel would have authority to settle the question without the necessity for obtaining complicated proof, and this would be a normal function for Counsel to perform. As to conferences for the settlement of issues or for the settlement of the entire case, it would appear that Special Counsel likewise had implied authority to participate in conferences to arrive at what would look to him like a reasonable settlement, but his authority would not go beyond making a recommendation to the Board for the Board's consideration. Presumably, Counsel for Respondent would be under similiar instructions. There would also be the further implicit understanding that, in all such cases, Special Counsel would be expected to exercise his best judgment as to what would be most in the public interest. Any offers of settlement or simplification, Mr. Solomon pointed out, would be outside the record of the hearing and would be privileged communications. He concluded by saying that a statement in response to the certification had been drafted along the lines indicated by these comments.

Governor Vardaman then asked a series of questions to which Mr. Solomon responded concerning the role of the Hearing Examiner and

the role of Special Counsel in any conferences which might be held, following which Governor Vardaman called attention to certain language in the Hearing Examiner's certification relating to the "uncertain state of the law" with regard to the jurisdiction or statutory authority of the Board of Governors to require any increase in Respondent's capital. The Hearing Examiner had also stated that under these circumstances a settlement resulting in an increase of Respondent's capital in an amount acceptable to Respondent and the Board of Governors, supported by the factual record and findings thereon by the Hearing Examiner, would render the jurisdictional problem in this proceeding moot.

Governor Vardaman said he had thought that the Board, in entering into this proceeding, had as one of the primary objectives a determination by the courts as to whether it had the authority to require a member bank to increase its capital. In the event of a settlement, he said, the Board would have incurred considerable trouble and expense with no result except to obtain an increase in the capital of one particular bank, and this seemed to him relatively unimportant in relation to the broad principle involved. He suggested that the Hearing Examiner might be given some indication that the Board was not seeking any compromise settlement which would remove from the courts a determination of the question of jurisdiction and authority.

Governor Balderston stated that this was his view also.

Governor Szymczak said that while the Board would, of course, like to have a determination by the courts regarding its power under the law to require an increase in a member bank's capital when such an increase was deemed necessary, he did not think that the Board could very well take a position such that, if Continental wanted to provide additional capital without an adjudication of the case, the Board would not permit the bank to make a settlement.

Governor Vardaman said that he agreed, provided the offer of the bank was entirely acceptable to the Board. He felt that the Board should not accept any settlement merely to avoid determination of the question of its jurisdiction and authority.

Governor Balderston then asked Mr. Solomon whether it appeared possible to harmonize the views expressed thus far at this meeting in preparing a response to the Hearing Examiner's certification, and the latter responded that he thought the views could be harmonized. Governor Vardaman, he said, had stated a very definite objective of the Board, and Governor Szymczak had likewise stated a very definite objective. He went on to say, as he had previously, that Special Counsel could go no further than to refer any proposed settlement to the Board for consideration. If any such settlement offer should come very close to providing what the Board considered to be adequate capital for the bank, the Board might well take the position that it would be hardly worth while and hardly fair to the Respondent to carry the matter through to a court determination. However, if the offer should

be such that the Board would not achieve its objective, acceptance of it might be regarded by the banking community as almost complete surrender. In such circumstances, the Board probably would wish to reject the offer and take the position that it was more interested in obtaining judicial determination of the matter of its authority.

There ensued a discussion of the possible implications of the statements made by the Hearing Examiner in his certification with respect to the question of the Board's jurisdiction and authority, following which Governor Mills said that, at least in his own thinking, the Board had entered into this proceeding on the ground that it had clear authority under the law to make a demand for additional capital. Such being the case, he felt that any interpretation of the law, if there were doubts, should come through the courts. He went on to say that this line of reasoning brought him into agreement with the view of Mr. Solomon that the Hearing Examiner was already sufficiently authorized to preside over discussions between Counsel for both parties to the proceeding, both for the simplification of issues and for settlement of the case, with the understanding that any proposed settlement would have to come to the Board for consideration. He was of the opinion that the reply to the Hearing Examiner's certification should be couched in terms which would indicate clearly that the Board was not seeking his interpretation of the law.

On this point, Mr. Solomon said it would seem to be proper procedure that the Hearing Examiner in a case of this kind follow the law as laid down to him by his superior authority whether he agreed with it or not. The Board, in ordering the hearing, had in effect indicated that it thought it had authority under the law to require Continental to provide additional capital. Whatever the Examiner's personal views were with respect to the law, it would not seem to be appropriate for him to discuss the matter in the form of a certification.

Governor Balderston expressed concern about the point Governor Mills had raised, that is, how the Board could reply to the Hearing Examiner without seeming to lend encouragement to a position which the Board disliked or which it did not approve. It appeared possible, he said, that the Examiner was seeking a method of not giving the Board that which it really wanted from him, namely, a review and analysis of this case so that the Board could reach a decision.

Governor Robertson said that, according to his understanding, the Board had launched this case solely for the purpose of correcting a capital deficiency in a particular bank and that the sole reason for using section 9 of the Federal Reserve Act was that it appeared to be the best method available for achieving the Board's purpose. Consequently, he felt that the Board should refer the certification back to the Hearing Examiner with a statement to the effect that under the Administrative Procedure Act he was authorized to conduct

the hearing and prepare a record and recommendations for the Board, and that if Respondent wanted to discuss a compromise settlement of the case the approach should be direct to the Board or its Special Counsel. He felt that it was not the job of the Examiner to enter into negotiations for a compromise settlement, but rather that his job was to get the facts and prepare the record for the Board along with his recommendations. In further comments, Governor Robertson stated that the holding of conferences for the simplification of issues would appear to be properly a part of the Hearing Examiner's function, that the Examiner therefore needed no additional authority from the Board, and that it would seem appropriate to call to the Examiner's attention the provisions of the Administrative Procedure Act and the Board's Rules of Practice for Formal Hearings.

Governor Shepardson commented that, as Governor Robertson had said, the purpose of instituting this proceeding was to get Continental to comply with what the Board considered to be appropriate standards. However, when Continental resisted and questioned the authority of the Board to enforce its demand, this second question also became something to be tested. Obviously, any compromise settlement, even if it was satisfactory, would fail to resolve the second question that had been raised.

Governor Robertson said that he would agree in substance, although he would state the matter a little differently. Whereas the original intent of the Board was to obtain compliance with an

order designed to improve the situation of the member bank, the Board welcomed a test of its authority when this question was raised. Nevertheless, he did not think that the Board should proceed in a way that would jeopardize the Respondent's position. In other words, it should not insist on a court test of its authority irrespective of what the Respondent was willing to do.

In further discussion, Governor Mills said it seemed to him that at this stage of the proceeding, with a vast amount of evidence accumulated, the purpose Governor Robertson had in mind could be accomplished if the Hearing Examiner were to be the intermediary to hear the position of Respondent on a compromise settlement. It also seemed to him that Special Counsel to the Board would, in the light of the information developed through the hearing and his familiarity with the background of the case, be in a good position to evaluate any compromise proposal and make a recommendation to the Board. This, in his view, would be better procedure than if Respondent were to make an approach direct to the Board, for the Board would not be familiar with all the facts that should shape its judgment as to a decision on a compromise offer. Personally, he hoped that the case could be carried through to a determination of the legal question involved, but if a proposal should be made that would be consistent with the Board's requirements for adequate capital and a properly conducted banking operation, he felt that the Board would be duty bound to listen to the suggestion.

Governor Mills went on to say that while he therefore came out at substantially the same place as Governor Robertson, he was not persuaded that a procedure whereby any compromise proposal came direct to the Board rather than through the Hearing Examiner would put the Board in the best position to reach a considered judgment. At an earlier stage of the proceeding, when the Board indicated that a possible offer of settlement should not be taken up by Counsel for Respondent with the Federal Reserve Bank of San Francisco but should come direct to the Board through its Special Counsel, he had felt that this decision was correct. Inasmuch, however, as the case had now continued over many months and a great quantity of testimony and facts had been placed on the record, there was a question in his mind whether the previous position of the Board continued to be entirely correct.

Governor Robertson said that whatever the Hearing Examiner did during the process of the hearing of this case by way of trying to negotiate with the parties was the Examiner's own business and was, of course, not binding on the Board. If Respondent wanted to negotiate for a compromise settlement, it was his opinion that the approach should be to the other principal, while the Hearing Examiner should simply present the facts and make his recommendations. He would not attempt to take away from the Examiner any authority vested in him, but he felt that negotiations on the part of Respondent looking toward

a settlement should be undertaken direct with the Board or through its Special Counsel. He definitely would not favor giving the Hearing Examiner any specific additional authority to hold conferences with a view to arriving at a settlement.

In commenting on Governor Robertson's position, Governor Mills said he presumed that the Hearing Examiner would not be precluded from sitting with Counsel for the Board and Respondent so that he would be conversant with their discussion, but that any recommendation regarding the settlement and simplification of issues would come from Special Counsel rather than the Hearing Examiner.

Mr. Solomon stated that this was correct.

Since it appeared that the members of the Board were substantially in agreement on the general approach to be taken in responding to the certification and that the principal questions remaining were in the area of drafting, Mr. Solomon was requested to prepare and submit to the Board for consideration a draft of statement and order which might be used for this purpose.

In further discussion, Mr. O'Connell responded to a question by Governor Robertson by verifying that, although the Administrative Procedure Act contains authority for a hearing examiner to conduct conferences for the settlement of issues, in practice counsel for the respective parties would do the conferring. He also pointed out that the hearing examiner would have no offer before him until it had been confirmed by the principals.

Later, Governor Mills commented that a settlement would appear to cut off the record of the proceeding at the point of settlement without official consideration of the record. If the Board were to accept a settlement without looking at the record, he was inclined to think that it would not have fulfilled its responsibility. He asked how the record would be brought before the Board if not in connection with a recommendation from the Hearing Examiner.

In response, Mr. Solomon discussed various possible alternative procedures. He gathered that the Hearing Examiner would like to have a compromise settlement worked out which would be agreeable to counsel for both parties, and of course to their principals, and that the Examiner would work this into his recommended decision. As Governor Mills had said, the Examiner would be expected to make a recommended decision and no doubt he would try to make that recommendation follow the agreed-upon compromise. If the parties were agreeable, many things could be done by counsel, he said, even to the extent of waiving the recommended decision.

Governor Mills then said he was apprehensive that a procedure which would discard the evidence taken at the hearing would be regarded by the financial community as indicating a feeling on the part of the Board that the proceeding and the legal conclusions flowing from it would not sustain the Board's authority under the law.

Governor Vardaman expressed the view that in the absence of an offer to comply with the Board's demand the only reasonable thing to do would be to obtain the Hearing Examiner's findings and then discuss any proposed compromise. He would not like to have the Examiner mixed up in any detailed settlement, for this might warp the Examiner's views or recommendations. What the Board should have, in his opinion, was a clear-cut recommendation from the Hearing Examiner based on the record.

Mr. Solomon commented that, while the Board could always say that it did not consider this the proper time to authorize its Counsel to participate in conferences, he felt that, with the Hearing Examiner having authority under the law to hold such conferences, such a position on the part of the Board might create the impression among bankers and lawyers generally that the Board was being unduly adamant. He thought it would serve the purpose to simply reiterate that Special Counsel had the authority, as Counsel, to participate in conferences and to submit any proposals to the Board for consideration. If any such proposal should be submitted, the Board could then be as clear as it desired in stating that it would not consider an offer which was not fully acceptable. It could even advise Special Counsel, before he entered into any negotiations, that the Board did not intend to give away anything substantial in this case. He suggested that any such information would be best communicated to Special Counsel direct, rather than to spell out such a position in response to the Hearing Examiner's certification.

Governor Balderston noted that, as Governor Robertson had mentioned earlier, a court might misunderstand any seeming unwillingness on the part of the Board to accept a reasonable settlement, if offered.

At the conclusion of the discussion, Governor Robertson restated his point of view about the appropriate handling of the Hearing Examiner's certification. The matter, he thought, should be turned back to the Examiner with a statement concerning his powers under the Administrative Procedure Act and the Board's Rules of Practice for Formal Hearings, and with a statement that the Board's Special Counsel was authorized to represent the Board in every respect in connection with this hearing. He felt that nothing should be said in reply to the certification concerning the possibility of a compromise settlement.

The meeting then adjourned.

Secretary's Notes: Governor Balderston, acting in the absence of Governor Shepardson, approved on behalf of the Board on October 25, 1957, a letter to the Federal Reserve Bank of Boston approving the appointment of Joseph Samuel Winning as assistant examiner. A copy of the letter is attached hereto as Item No. 3.

Pursuant to recommendations contained in memoranda from appropriate individuals concerned, Governor Shepardson today approved on behalf of the Board the following items affecting the Board's staff:

Appointment

Daviette Clagett Hill as Statistical Clerk, Division of Research and Statistics, with basic annual salary at the rate of $3,585, effective the date she assumes her duties.

Transfer

Mary Catherine Tippett, from the position of Clerk-Stenographer in the Division of Personnel Administration to the position of Clerk-Stenographer in the Division of Bank Operations, with no change in her basic annual salary at the rate of $3,415, effective November 7, 1957.

Notice of retirement

Alice M. Taylor, Statistical Assistant, Division of Research and Statistics, effective December 1, 1957.

Pursuant to the suggestion contained in a memorandum dated October 22, 1957, from the Chairman of the Employees' Committee, the President of the Reserve Board Club, and the Division of Personnel Administration, Governor Shepardson also approved on behalf of the Board today a plan under which the responsibility for arranging and coordinating the Board's annual Christmas program would be assigned to the various Divisions on a regularly scheduled rotation basis.

Secretary

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

Item No. 1
10/28/57

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 28, 1957

Mr. Lewis D. Gilbert,
1165 Park Avenue,
New York, New York.

Dear Mr. Gilbert:

This is in reply to your letter of October 4 with respect to the program of Transamerica Corporation to comply with certain provisions of the Bank Holding Company Act of 1956.

Although the newspaper clipping you enclosed stated that the Transamerica plan was to be filed with the Federal Reserve Board for its approval, the contemplated transactions actually do not require the approval of the Board.

Transamerica has applied to the Board for a certification under section 1101 of the Internal Revenue Code with respect to certain aspects of its program, as a step toward securing for its stockholders the tax relief provided by that section. However, it is questionable whether the Board's statutory duties and authority under section 1101 would permit the imposition of conditions with respect to cumulative voting of stock of the proposed new holding company.

Your letter mentions views expressed at the Congressional hearings on the proposed Financial Institutions Act of 1957. As you will recall, that discussion related to cumulative voting of stock of banks, particularly national banks, rather than stock of other corporations, such as holding companies. To some extent, certainly, the same considerations are applicable, in this connection, to both banks and nonbank corporations, but the existing law and the proposed change that were considered at the hearings do not relate to the voting rights of stockholders of any corporations other than national banks.

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. 2
10/28/57

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 28, 1957

Board of Directors,
Union Bank of Michigan,
Grand Rapids, Michigan.

Gentlemen:

This refers to your request for permission, under applicable provisions of your condition of membership numbered 1, to exercise fiduciary powers.

Following consideration of the information submitted, the Board of Governors of the Federal Reserve System grants permission to the Union Bank of Michigan to exercise the fiduciary powers now or hereafter authorized under the terms of its charter and the laws of the State of Michigan.

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
10/28/57

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 25, 1957

Mr. Benjamin F. Groot, Vice President,
Federal Reserve Bank of Boston,
Boston 6, Massachusetts.

Dear Mr. Groot:

In accordance with the request contained in your letter of October 21, 1957, the Board approves the appointment of Joseph Samuel Winning as an assistant examiner for the Federal Reserve Bank of Boston. Please advise us as to the date upon which the appointment is made effective.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Assistant Secretary.