

Minutes for November 20, 1957

To: Members of the Board

From: Office of the Secretary

Attached is a copy of the minutes of the Board of Governors of the Federal Reserve System on the above date.

It is not proposed to include a statement with respect to any of the entries in this set of minutes in the record of policy actions required to be maintained pursuant to section 10 of the Federal Reserve Act.

Should you have any question with regard to the minutes, it will be appreciated if you will advise the Secretary's Office. Otherwise, if you were present at the meeting, please initial in column A below to indicate that you approve the minutes. If you were not present, please initial in column B below to indicate that you have seen the minutes.

	A	B
Chm. Martin	x <u>MM</u>	
Gov. Szymczak		x <u>MS</u>
Gov. Vardaman	x <u>( )</u>	
Gov. Mills		x <u>[Signature]</u>
Gov. Robertson	x <u>R</u>	
Gov. Balderston	x <u>CCB</u>	
Gov. Shepardson	x <u>[Signature]</u>	

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, November 20, 1957. The Board met in the Board Room at 10:30 a.m.

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

Mr. Carpenter, Secretary  
 Mr. Fauver, Assistant Secretary  
 Mr. Leonard, Director, Division of Bank Operations  
 Mr. Hackley, General Counsel  
 Mr. Masters, Director, Division of Examinations  
 Mr. Solomon, Assistant General Counsel  
 Mr. Hexter, Assistant General Counsel  
 Mr. Molony, Special Assistant to the Board

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:

	<u>Item No.</u>
Letter to Union Trust Company of Springfield, Springfield, Massachusetts, approving the establishment of eight branches in connection with the merger with Springfield National Bank, Springfield, Massachusetts. (For transmittal through the Federal Reserve Bank of Boston)	1
Letter to The Dollar Savings and Trust Company, Youngstown, Ohio, approving the establishment of a branch in the vicinity of 7600 Market Street Extension, Boardman Township, Ohio. (For transmittal through the Federal Reserve Bank of Cleveland)	2
Letter to The Union Commerce Bank, Cleveland, Ohio, approving the establishment of a branch in a shopping center to be constructed on the south side of Mayfield Road, Mayfield Heights, Ohio. (For transmittal through the Federal Reserve Bank of Cleveland)	3

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Item No.

Letter to the Federal Reserve Bank of Atlanta regarding the qualifications of appraisers whom Consolidated Naval Stores Company contemplates retaining to make appraisals of several categories of assets in connection with its pending application for tax certification under the Bank Holding Company Act.

4

Letter to the Presidents of all Federal Reserve Banks regarding the necessity for Board's approval for removal from one location to another of a branch of a State member bank.

5

Letter to the Federal Deposit Insurance Corporation regarding the application of McAllen State Bank, McAllen, Texas, for continuance of deposit insurance after withdrawal from membership in the Federal Reserve System.

6

Letter to Wall Street Planning Corporation, New York, New York, concerning the application of the Board's Regulation T, particularly section 4(c) of the Regulation relating to "special cash accounts."

7

Building program for head office of the Federal Reserve Bank of Dallas (Item No. 8). Prior to the meeting there had been circulated to the members of the Board a proposed letter to the Federal Reserve Bank of Dallas which would advise of approval by the Board of the program of that bank for an addition to and alteration of its head office building submitted with the Bank's letter of July 25, 1957. In that letter the Bank advised that its directors had approved the final plans and specifications for changes in the head office building at an estimated cost of \$7,575,010, subject to approval of the Board of Governors. The cost was subsequently reduced to approximately \$7,400,000 by the architect. It was noted that the directors' approval of the program was subject to

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"the reservation that the board of directors would review the project after plans and estimated costs are approved and before bids on the project are requested." The draft letter proposed approving the program, accepting the estimated cost, and indicating that the Board was prepared to authorize at the appropriate time the call for bids.

While the letter was in circulation a question was raised concerning the desirability of dropping from the letter a sentence which would read: "In view of present circumstances and the peculiar position of the Federal Reserve in such matters, it would seem to be better economic statesmanship to defer the construction for a time, unless the immediate need is so compelling as to dictate otherwise." After a brief discussion it was unanimously agreed to delete the sentence and to approve the proposed letter in its amended form. The letter as approved is attached to these minutes as Item No. 8.

Following the discussion of this item, Messrs. Leonard and Masters withdrew from the meeting and Messrs. Young, Noyes, and Garfield entered the room.

Purchase of charting machine (Items 9 and 10). Governor Shepardson then referred to the previous discussion of the Board on September 12, 1957, concerning the difficulties encountered in connection with the purchase of equipment ordered by the Board from the Alwac Corporation. On October 16, 1957, the Alwac Corporation notified the Board by letter that it would be impossible for it to deliver the charting machine ordered by the Board. It also offered to pay to the Board the difference between its

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(Alvac's) contract price and the cost of obtaining either of two other electronic line plotters available, one produced by Electronic Associates, Inc., of Long Branch, New Jersey, and one by Benson-Lehner Corporation of Los Angeles, California.

Governor Shepardson reported that on receipt of the letter from Alvac the staff of the Division of Research and Statistics began an investigation of the alternate machines suggested. The results of their study were contained in a memorandum dated November 19, 1957, prepared by Messrs. Young and Garfield, copies of which were distributed to the members of the Board. Governor Shepardson summarized this memorandum in which the Division recommended that the Board enter into a contract for an Electronic Associates Dataplotter System, Model 3033B (L. P.), at a price of \$22,750, together with specified additional equipment in the amount of \$1,335 and miscellaneous items including spare parts, delivery, and reassembly in the amount of about \$600.

The Division's recommendation of this machine was based on the fact that the performance specifications of the model recommended were in general superior to those of the machine which the Alvac Corporation had agreed to furnish the Board. Members of its staff had seen the machine in operation at the factory in Long Branch, New Jersey, and comparable equipment had been in successful operation at the Aberdeen Proving Ground and elsewhere for some period of time. Its preference for this equipment over the Benson-Lehner Corporation machine was based on the fact that the latter was still in the development stage and would

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not be ready for demonstration purposes for several more weeks; plus the fact that the location of the manufacturer on the West Coast would complicate inspection and service.

The matter came before the Board at this time because Electronic Associates had offered to the Board a firm bid which was good only until November 25. It was pointed out that the net cost to the Board, including the extra equipment, and installation would be about \$13,400, although the grand total involved in the proposed purchase would be a little under \$25,000. The difference would be paid by the Alwac Corporation in liquidation of the Board's claim against it for nonperformance. Alwac would pay the Board \$11,273, representing the difference between the list price of the Electronic Associates machine (\$22,750) and Alwac's contract price for its own machine of \$11,477. Governor Shepardson concurred in the recommendation of the Division of Research and Statistics and suggested that the Board authorize the staff to enter into a contract with Electronic Associates, Inc., for the purchase of a charting machine.

In response to a request, Mr. Hexter outlined the legal steps which could be followed and which included, first, accepting the offer of Electronic Associates for the purchase of its charting machine and, second, informing the Alwac Corporation that this offer had been accepted and requesting them to pay the difference between the cost of the Electronic Associates machine and their own contract price in liquidation of damages.

In the discussion which followed, Governor Vardaman inquired as to what would be accomplished by the purchase of this equipment in terms of

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personnel and output of graphic charts. Mr. Young replied that at the present time the Graphic Illustrating Unit was at the limit of its operations and was faced with hiring additional personnel to meet the demand for its services. In some instances in the past it had resorted to the use of outside charting services, particularly in connection with the redrawing of the chartbook. He felt that while the purchase was not likely to result in any reduction of personnel, it would certainly eliminate the need for taking on more help in this unit and minimize the use of outside charting services.

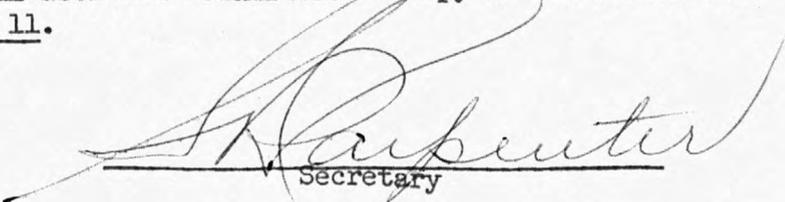
At the conclusion of the discussion it was unanimously agreed to approve Governor Shepardson's suggestion that the staff be authorized to enter into a contract for the purchase of an Electronic Associates, Inc., Dataplotter System, Model 3033B (L. P.), together with the supplementary items specified in Mr. Young's memorandum, and that the Legal Division undertake the settlement of contract claims with the Alvac Corporation.

Secretary's Note: Pursuant to this action, letters were sent to Electronic Associates, Inc., and Alvac Corporation on November 22, 1957. Copies are attached hereto as Items 9 and 10.

Thereupon the Board went into executive session, following which the meeting adjourned.

Secretary's Note: Governor Shepardson today ap-  
proved on behalf of the Board the following item:

Letter to Federal Reserve Bank of Chicago approving the designation of William W. Noel as special assistant examiner. A copy of the letter is attached hereto as Item No. 11.



Secretary

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

Item No. 1  
11/20/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

November 20, 1957



Board of Directors,  
Union Trust Company of Springfield,  
Springfield, Massachusetts.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Boston, the Board of Governors of the Federal Reserve System approves the establishment of branches by Union Trust Company of Springfield, Springfield, Massachusetts, at the following locations:

1531 Main Street, Springfield, Massachusetts,  
794 State Street, Springfield, Massachusetts,  
526 Sumner Avenue, Springfield, Massachusetts,  
144 Main Street, Springfield, Massachusetts,  
1242 Parker Street, Springfield, Massachusetts,  
9 Libcar Street, Springfield, Massachusetts,  
473 Longmeadow Street, Longmeadow, Massachusetts,  
51 Springfield Street, Agawam, Massachusetts,

provided (1) the merger of Springfield National Bank, Springfield, Massachusetts, with and into Union Trust Company of Springfield, and under the title of Valley Bank and Trust Company, is effected substantially in accordance with the agreement between the parties dated April 5, 1957; (2) shares of dissenting stockholders which may be acquired are disposed of within six months from the date of such acquisition; and (3) the branches are established within six months from the date of this letter.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Assistant Secretary.

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

Item No. 2  
11/20/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

November 20, 1957



Board of Directors,  
The Dollar Savings and Trust Company,  
Youngstown, 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 in the vicinity of 7600 Market Street Extension, Boardman Township, Ohio, by The Dollar Savings and Trust Company, Youngstown, Ohio, provided the branch is established within one year from the date of this letter, and the approval of the State authorities is in effect as of the date of the establishment of the branch.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Assistant Secretary.

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

Item No. 3  
11/20/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

November 20, 1957

Board of Directors,  
The Union Commerce Bank,  
Cleveland, 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 in a shopping center to be constructed on the south side of Mayfield Road approximately three-fourths of a mile west of SQM Center Road, Mayfield Heights, Ohio, by The Union Commerce Bank, Cleveland, Ohio, provided the branch is established within one year from the date of this letter and the approval of the State authorities is in effect as of the date of the establishment of the branch.

The Board of Governors also approves, under the provisions of Section 24A of the Federal Reserve Act, the additional investment in banking premises of not to exceed \$175,000 for leasehold improvements for the proposed branch.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Assistant Secretary.



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

Item No. 4  
11/20/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

November 20, 1957



Mr. Geo. W. Sheffer, Jr.,  
Chief Examiner,  
Federal Reserve Bank of Atlanta,  
Atlanta 3, Georgia.

Dear Mr. Sheffer:

This is in reply to your letter of October 21, 1957, enclosing a letter of October 17 from Consolidated Naval Stores Company regarding the qualifications of appraisers whom Consolidated contemplates retaining to make appraisals of several categories of assets in connection with its pending application for tax certification under the Bank Holding Company Act.

Consolidated's descriptions of the several proposed appraisers indicate that they are qualified with respect to the kinds of assets to be appraised. Unless your Bank is in a position to furnish additional information regarding any of the persons named or views as to their qualifications or standing which would contradict this conclusion, it is requested that Consolidated be informed that, on the basis of the information submitted to the Board, the qualifications of the proposed appraisers appear to be satisfactory. However, it should be made clear, as indicated in the Board's letter of August 14, 1957, that the appraisals, when they are submitted, should be accompanied by statements as to procedure and scope evidencing that they are based upon adequate investigation, and by pertinent information (for example, with respect to actual sale prices of similar property) supporting the reasonableness of the appraisals.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,  
Secretary.

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

S-1642

Item No. 5  
11/20/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

November 20, 1957



Dear Sir:

When State member banks find it necessary or desirable to move domestic branches from one location to another, the question often arises whether the Board's approval must be obtained for the "establishment" of a new branch. It has been the practice of most of the Reserve Banks to submit all such cases to the Board for consideration. This requires the Board to consider many cases where it is clear from the facts that there is to be a "mere relocation" rather than the establishment of a new branch. Therefore, it is requested that only doubtful cases be submitted to the Board for decision, accompanied by information as to distance of the proposed move, anticipated changes in business and customers, and probable effect on competition in the area. The Board should be notified by letter of cases not submitted for its decision, with mention of the factors considered by the Reserve Bank and copies of correspondence with the member bank enclosed. Change of address should, of course, be included on monthly report form F. R. 412 (Report of Bank and Branch Changes).

For the sake of uniformity, you are informed that the Board interprets the words "immediate neighborhood", as used in section 8(b)(7) of Regulation H, as restricting such moves to very short distances except in unusual cases: across the street, around the corner, or not more than a block or two away. However, in rare cases even so short a move may affect substantially the nature of the business or the customers served; for example, an entirely new competitive situation might be created by relocation at a short distance if the new location were adjacent to a small and struggling independent bank. Therefore, the distance factor alone is not conclusive, and occasionally, under the law and regulation, the Board's approval is required for the establishment of a new branch even though one only a short distance away is to be discontinued and its personnel and business transferred to the new office.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,  
Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS

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

Item No. 6  
11/20/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

November 20, 1957



The Honorable Jesse P. Wolcott, Chairman,  
Federal Deposit Insurance Corporation,  
Washington 25, D. C.

Dear Mr. Wolcott:

Reference is made to your letter of November 4, 1957,  
concerning the application of McAllen State Bank, McAllen,  
Texas, for continuance of deposit insurance after withdrawal  
from membership in the Federal Reserve System.

During recent years the relationship of the bank's  
capital structure to risk assets has been unsatisfactory.  
While no formal request has been made by the Board of Governors  
for correction of this situation, the Federal Reserve Bank of  
Dallas has on several occasions urged the bank to consider  
seriously the sale of additional capital stock. No other cor-  
rective programs have been urged upon the bank or agreed to by  
it which the Board of Governors believes should be incorporated  
as conditions to the continuance of deposit insurance.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Assistant Secretary.

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

Item No. 7  
11/20/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

November 20, 1957



Mr. W. Channing Beucler,  
Secretary-Treasurer,  
Wall Street Planning Corporation,  
One Wall Street,  
New York 5, New York.

Dear Mr. Beucler:

This refers to your letter of October 23, 1957, and its enclosures concerning the application of the Board's Regulation T, particularly section 4(c) of the Regulation relating to "special cash accounts."

Your letter relates that your corporation is a broker-dealer empowered to conduct a general securities business; that it has sold only mutual fund shares; and that it presently sells shares of only one mutual fund, the Wall Street Investing Corporation. You relate further that from November 1956 to August 1957 your corporation permitted its representative in Alabama to sell the shares of four different mutual funds; that such sales were paid for by the customers after the expiration of seven days from the day of the trade; and that the National Association of Securities Dealers has indicated to you that these trades violated Regulation T. You apparently disagree with the Association.

It appears from the information submitted that transactions of the kind in question would be permissible to a "creditor" (broker-dealer) subject to Regulation T only if effected in a special cash account complying with the provisions of section 4(c) of the regulation. Under the regulation, a copy of which is enclosed, a creditor may not effect a purchase of a security for, or a sale of a security to, a customer in a special cash account unless the use of the account meets with the limitations of section 4(a) and the purchase or sale constitutes a "bona fide cash transaction" which complies with the eligibility requirements of section 4(c)(1)(A). One such requirement is that the purchase or sale be made "in reliance upon an agreement accepted by the creditor in good faith" that the customer

Mr. W. Channing Beucler

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will "promptly" make full cash payment for the security, if funds sufficient for the purpose are not already in the account; and, subject to certain exceptions, section 4(c)(2) provides that the creditor shall "promptly" cancel or liquidate the transaction if payment is not made by the customer within seven business days after the date of purchase. The Board uniformly has taken the position that a necessary part of the customer's undertaking pursuant to section 4(c)(1)(A) is that he should have the necessary means of payment readily available when he purchases a security in the special cash account, and that he should expect to pay for it immediately or in any event within the period (of not more than a very few days) that is as long as is usually required to carry through the ordinary security transactions.

You referred to the exception contained in section 4(c)(3) relating to an "unissued security". This provision, however, should not be regarded as applicable to the situations of the kind in question where the shares are regularly available for sale and delivery. You made no reference to any other provision of section 4(c).

It is believed that you will appreciate that specific answers to questions of the kind giving rise in your letter necessarily depend on all the detailed facts and circumstances with respect to particular situations and transactions. However, it is hoped that the foregoing will be of assistance to you in connection with such further consideration as you may give to the matter.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,  
Secretary.

Enclosure

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

Item No. 8  
11/20/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

November 20, 1957



Mr. Watrous H. Irons, President,  
Federal Reserve Bank of Dallas,  
Dallas 2, Texas.

Dear Mr. Irons:

This refers to your letter of July 25, 1957, advising that the Directors of your Bank had approved final plans and specifications for the proposed addition to and alterations of the present Dallas head office building at an estimated cost of \$7,573,010, subject to approval of the Board of Governors. The cost was subsequently reduced to approximately \$7,400,000 by the architect. The Board notes that the Directors' approval of the program was subject to "the reservation that the Board of Directors would review the project after plans and estimated costs are approved and before bids on the project are requested."

The Board approves the program in accordance with the plans and specifications referred to in your letter, accepts the estimated cost of approximately \$7,400,000, and is prepared to authorize at the appropriate time the call for bids.

It is understood that the review referred to in the minutes of the Directors' meeting is for the purpose of considering the timing of the project in relation to the economic situation. The Board appreciates this concern on the part of the Directors as to the desirability of proceeding with the construction program at an appropriate time and will be interested in learning the conclusions drawn by the Directors from their review of this matter. It is understood that, in accordance with established procedures, bids will not be requested until specific approval for such action is given by the Board.

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. 9  
11/20/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

November 22, 1957



Electronic Associates, Inc.,  
Long Branch,  
New Jersey.

Gentlemen:

The Board of Governors of the Federal Reserve System hereby accepts the proposal contained in your letter and Quotation No. 7268 dated October 23, 1957, for furnishing, delivering and installing within the Board's offices in Washington your Model 3033B(LP) Continuous Line Digital Plotting System consisting of the eight (8) components specified as Item Nos. 1, 4, 6, and 7 in your formal quotation, all of which are to be furnished at the total price of \$23,785.00.

For purposes of the above paragraph the specific items mentioned therein consist of the following:

- Item No. 1 - Dataplotter System, Model 3033B(LP), one (1) @ \$22,750.00
- Item No. 4 - Automatic Incremental Advance Unit, Type 3033-38C, one (1) @ \$225.00.
- Item No. 6 - Automatic Servo-Set Scale Factor Control Chassis, Type 3033-51A, three (3) each @ \$135.00 - \$405.00.
- Item No. 7 - Automatic Servo-Set Parallax Control Chassis, Type 3033-51B, three (3) each @ \$135.00 - \$405.00.

In addition to the specific items listed in your Quotation No. 7268, you are hereby authorized to furnish the following additional accessories at the unit prices quoted on page four (4) of your October 23 letter:

Six (6) Pens, assorted points	@ \$35.00 each	\$210.00
Six (6) Inkwells for pens	@ \$ 2.70 each	\$ 16.20

It is understood the prices of equipment used in your Quotation No. 7268 were quoted as F. O. B. Long Branch, New Jersey; that, as a result of telephone conversations between your personnel and representatives of the Board, it has now been determined that the Board desires to purchase the plotting system equipment as F. O. B. Federal Reserve Building, Washington, D. C. Accordingly, you are hereby authorized to deliver the

Electronic Associates, Inc. -2-

equipment, properly insured, on this basis at the following additional price verbally quoted by your Mr. Blodgett on November 20, 1957:

Transportation and Insurance (Long Branch,  
New Jersey to Washington, D. C.).....\$250.00

The total contract price authorized herein for the (1) plotting equipment, (2) additional pens and inkwells, and (3) transportation and insurance amounts to \$24,261.20.

Machine Performance. It is understood that the machine, when operated and maintained in conformity with recommended procedures, will consistently plot lines of the quality shown in the attached sample chart with respect to straightness of line, uniformity of flow of ink, and smoothness of transition at each point from one line to another. It is further understood that the plotting of the points connected by lines will be accurate to .015 (fifteen-thousandths) of an inch, the larger inaccuracies of the sample chart being recognized as the result of the printing process used to reproduce a master chart.

Spare Parts Package. No provision is made herein for a "spare parts package" as it is planned to review this matter in more detail with your representatives at a later date.

Equipment Maintenance Program. It is understood that prior to delivery of the equipment you will provide appropriate advance notification so that the Board may send a representative to your plant to receive instructions from a qualified representative of your company in operational and preventative maintenance procedures. It is further understood that no fee is to be paid by the Board for such instruction.

Color of Equipment. The plotting system equipment is to be supplied in your standard gray crinkle finish.

Placement of Equipment in Board's Building. As a result of discussions between your personnel and the Board's representative you are aware that the plotter equipment as a completed unit cannot be moved through the 34-3/4" doorway to the office in the Board's building wherein the plotter will be located.

In the circumstances it is understood you will furnish the necessary technicians to dismount the case, control panel and plotting table and after the equipment is moved into the room to reassemble and test-operate same. It is understood no additional charge will be made to the Board for this procedure but that the operation will be regarded as the first of two free service calls provided within a period of one (1) year under this contract.

Electronic Associates, Inc. -3-

Delivery. 135/165 days from date of your receipt of this contract as specified in your Quotation No. 7268. Should changing conditions afford improved scheduling for an earlier delivery, it will be appreciated if every consideration be given this contract.

Payment. Net - 30 days. Upon delivery, installation, satisfactory operation and acceptance of the equipment by the Board, the Board will, upon receipt of proper invoice in duplicate, render payment in accordance with the terms of this contract.

In addition to the terms and conditions contained in your formal proposal and Quotation No. 7268 dated October 23, 1957, and verbal quotations and statements of your representatives referred to herein, it is understood that the performance of this contract will conform to the representations and stipulations prescribed for contracts by Section 1 of the Act of June 30, 1936, as Amended (41 U.S.C., Sec. 35-45) known as the "Walsh-Healey Public Contracts Act."

Default. In case the Contractor shall fail to comply with any provision of this contract, the Board may procure substantially the same equipment, articles, and services described in the contract from other sources and hold the Contractor responsible for any excess cost occasioned thereby. The rights and remedies of the Board provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

Nondiscrimination in Employment. In connection with the performance of work under this contract, the Contractor agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision shall include, but not be limited to, the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor further agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices to be provided by the Board's contracting officer setting forth the provisions of the nondiscrimination clause. The Contractor further agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

Officials Not to Benefit. No member of or Delegate to Congress, or Resident Commissioner, shall be admitted to any share or part of this contract or to any benefit that may arise therefrom unless it be made with a corporation for its general benefit.

Buy American Act. Unless otherwise specified, it is understood and agreed that only such unmanufactured articles, materials, and supplies as

Electronic Associates, Inc. -4-

have been mined or produced in the United States, and only such manufactured articles, materials, and supplies as have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States shall be delivered pursuant to this contract.

If the above terms and conditions meet with your approval, please signify your acceptance thereof by signing the enclosed copy of this letter and returning it to the Board.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,  
Secretary.

Attachments 2.

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

Item No. 10  
11/20/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

November 22, 1957

Alwac Corporation,  
Coliseum Office Building,  
10 Columbus Circle,  
New York 19, New York.

Gentlemen:

This is with respect to the contract between Alwac Corporation and the Board of Governors, pursuant to your proposal of June 5, 1955 and the Board's letter of acceptance of July 15, 1955, regarding an Economic Time Series Plotter. The original price of \$12,037 was subsequently reduced to \$11,477 in connection with the Board's purchase of a Motorized Tape Reader from Commercial Controls Corporation.

Your letter of October 16, 1957 informed the Board of your inability to supply the Plotter, and in settlement of Alwac's obligations under the contract you offered to pay to the Board the difference between the above-mentioned contract price and the price of a Plotter to be purchased from either of two corporations named in your letter.

The Board has today accepted an offer from Electronic Associates, Inc. to furnish its Dataplotter System, Model 3033B (LP), for \$22,750. In addition, certain supplementary equipment is being purchased, but the Board has concluded that the cost of such supplementary equipment should not be regarded as an obligation of Alwac.

Pursuant to your letter of October 16, the Board of Governors will accept, in settlement of Alwac Corporation's obligations to the Board under the contract referred to in the first paragraph hereof, payment by Alwac of the sum of \$11,273, which is the difference between (a) the price fixed by said contract and (b) the amount that the Board is paying for the Plotter to be furnished by Electronic Associates, Inc.

On July 9, 1956, the above-mentioned Motorized Tape Reader was shipped to Alwac Corporation to be incorporated in the Plotter to be manufactured by Alwac for the Board. Said Tape Reader remains the property of the Board, and the Board's approval of the arrangement outlined herein is conditioned upon its prompt return in good condition (or the furnishing of a new Tape Reader of the same model similarly equipped to read edge-punched cards).



Alwac Corporation

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It will be appreciated if you will indicate your acceptance of the settlement arrangement described herein by transmitting to the Board a check to its order in the amount specified above.

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  
11/20/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

November 20, 1957



Mr. W. R. Diercks, Vice President,  
Federal Reserve Bank of Chicago,  
Chicago 90, Illinois.

Dear Mr. Diercks:

In accordance with the request contained in your letter of November 13, 1957, the Board approves the designation of William W. Noel as a special assistant examiner for the Federal Reserve Bank of Chicago. Please advise us as to the date upon which the designation is made effective.

It is noted that Mr. Noel owns one share of stock of the Denmark State Bank, Denmark, Wisconsin, a State member bank, of which his father is cashier. Accordingly, the Board's approval of the designation of Mr. Noel as a special assistant examiner for the Federal Reserve Bank of Chicago is given with the understanding that he will not participate in any examinations of Denmark State Bank while a stockholder in that bank or so long as his father is an officer of the institution.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Assistant Secretary.