

Minutes for December 6, 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>RM</u>	_____
Gov. Szymczak	x <u>MSP</u>	_____
Gov. Vardaman	x <u>W</u>	_____
Gov. Mills	x <u>[Signature]</u>	_____
Gov. Robertson	x <u>R</u>	_____
Gov. Balderston	x <u>COB</u>	_____
Gov. Shepardson	x <u>[Signature]</u>	_____

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, December 6, 1957. The Board met in the Board Room at 9:15 a.m.

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

Mr. Carpenter, Secretary  
 Mr. Kenyon, Assistant Secretary  
 Mr. Johnson, Director, Division of Personnel Administration  
 Mr. Hackley, General Counsel  
 Mr. Hostrup, Assistant Director, Division of Examinations  
 Mr. Solomon, Assistant General Counsel  
 Mr. Nelson, Assistant Director, Division of Examinations  
 Mr. Goodman, Assistant Director, Division of Examinations

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 The First National City Bank of New York approving the establishment of an additional branch in Buenos Aires, Argentina. (For transmittal through the Federal Reserve Bank of New York)	1
Letter to Long Island Trust Company, Garden City, New York, approving the establishment of a branch in South Farmingdale. (For transmittal through the Federal Reserve Bank of New York)	2
Letter to Provident Tradesmens Bank and Trust Company, Philadelphia, Pennsylvania, consenting to its absorption of The Merchants National Bank of Quakertown, Quakertown, Pennsylvania, and approving the establishment of two branches at the location of the present offices of the national bank. (For transmittal through the Federal Reserve Bank of Philadelphia)	3

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Item No.

Letter to County Trust Company of Maryland, Cambridge, Maryland, consenting to its absorption of The Tilghman Bank, Tilghman, Maryland, and approving the establishment of a branch at the present location of The Tilghman Bank. (For transmittal through the Federal Reserve Bank of Richmond)

4

Letter to Huron County State Bank, Harbor Beach, Michigan, approving its application for membership in the Federal Reserve System. (For transmittal through the Federal Reserve Bank of Chicago)

5

Letter to Citizens Commercial & Savings Bank, Flint, Michigan, consenting to its consolidation with First State and Savings Bank of Holly, Holly, Michigan, and State Bank of New Lothrop, New Lothrop, Michigan, and approving the establishment of branches by the consolidated bank at Holly, Grand Blanc, and New Lothrop. (For transmittal through the Federal Reserve Bank of Chicago)

6

Letter to Security Bank, Madison, South Dakota, granting the bank permission to exercise the fiduciary powers now or hereafter authorized by its Articles of Incorporation and the laws of the State of South Dakota. (For transmittal through the Federal Reserve Bank of Minneapolis)

7

Letter to the Federal Reserve Bank of Dallas regarding service of Mr. W. B. Gilbert as a director of a national bank and two nonmember State banks in the light of section 8 of the Clayton Act.

8

Letter to the Comptroller of the Currency recommending approval of an application to convert Springs State Bank, Tampa, Florida, into a national banking association. (With a copy to the Federal Reserve Bank of Atlanta)

9

Letter to the Comptroller of the Currency recommending approval of an application to organize a national bank in Walla Walla, Washington. (With a copy to the Federal Reserve Bank of San Francisco)1/

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1/ This letter was approved subject to further review by Governor Robertson. Later in the day Governor Robertson advised the Secretary that he was satisfied with the letter, and it was sent under date of December 6, 1957.

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Item No.

- Letter to the Department of Justice regarding insurance practices of the Pine Lawn Bank and Trust Company, St. Louis, Missouri. 11
- Letter to the Assistant Controller for Accounting, Atomic Energy Commission, regarding his request for a copy of a report prepared by Industrial Relations Counselors Service, Inc., in connection with its study of the Federal Reserve Retirement System. 12
- Letter to Paine, Lowe, Coffin and Herman, Spokane, Washington, regarding the right of Seattle-First National Bank, Seattle, Washington, to exercise fiduciary powers in the State of Idaho. 13
- Memorandum from Mr. Johnson recommending special arrangements for Board employees who are members of Group Health Association, Inc. 14
- Letter to the Federal Reserve Bank of Kansas City approving the retention in service through December 31, 1957, of an employee who reached age 65 on September 8, 1957. 15

Messrs. Johnson and Nelson then withdrew from the meeting.

Discount rates. Unanimous approval was given to 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:

Boston	December 2
Atlanta	December 2
Kansas City	December 2
New York	December 4
Philadelphia	December 5
St. Louis	December 5



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Conversion of First of Boston International Corporation

(Items 16 and 17). There had been sent to the members of the Board copies of a memorandum from Messrs. Goodman and Solomon dated December 4, 1957, relating to an application involving the proposed conversion of First of Boston International Corporation into a corporation organized under the provisions of section 25(a) of the Federal Reserve Act to be known as "The First Bank of Boston (International)". Counsel for The First National Bank of Boston, sole owner of the present "agreement" corporation, had requested that the Board issue to the newly organized corporation a final permit to commence business effective December 20, 1957, and had stated that they were going forward with the necessary actions to meet the requirements of the statute and the Board's Regulation K for the issuance of such a permit. The Federal Reserve Bank of New York, the Legal Division, and the Division of Examinations recommended approval of the proposal; accordingly, it was recommended that the Secretary of the Board be authorized (1) to issue to the new corporation a preliminary permit to begin business and to exercise those powers incidental and preliminary to its organization, and (2) upon receipt of an appropriate certification pursuant to section 3(c) of Regulation K, to issue to the corporation a final permit to commence business.

Among other things, the memorandum brought out that (1) the home office of the proposed Edge corporation would be in New York City, the location of the only banking office of the existing corporation, (2) according to the articles of association the initial meeting of

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shareholders for the election of directors would be held in Boston but regular annual meetings of shareholders commencing in 1958 would be held in New York, and (3) according to the bylaws special meetings of shareholders would be held at such places as specified in the notice of meeting, annual meetings of directors would be held at the office of The First National Bank of Boston, and other meetings of directors would be held within or outside the State of New York as decided upon by the directors. It was also brought out that no significant changes were presently contemplated in the methods of operation or type of business carried on by First of Boston International Corporation, that the general ledger of the new corporation would be maintained in New York along with the stock ledger and related documents, but certain control procedures and subsidiary records would continue to be maintained in Boston.

There had also been distributed to the Board copies of a letter dated December 4, 1957, from Deputy Comptroller of the Currency Jennings indicating that the Comptroller's Office knew of no reason why the application should not be approved.

At the request of the Board, Mr. Goodman commented on various aspects of the application, devoting particular attention to the proposed allocation of functions and records between New York and Boston. He stated that all of the directors presently listed for

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the new corporation are officers of The First National Bank of Boston, that one of them now has his office in New York, but that the others are located in Boston. With regard to the name proposed for the new corporation, he pointed out that inasmuch as a "banking" corporation was involved there was nothing in Regulation K to prevent the use of a name similar to that of the parent institution. Although the proposed corporation would receive deposits, it was understood that a very substantial portion of its business would, as in the case of the "agreement" corporation, relate to the handling of letter of credit transactions for the parent bank.

In reply to a question by Chairman Martin, Mr. Goodman said that he would have no hesitancy in recommending favorably on the proposal. However, he had deemed it advisable to bring to the Board's attention the points covered in the memorandum and at this meeting, particularly in view of questions discussed by the Board from time to time with regard to the operations of Bank of America, New York.

Governor Szymczak then made a statement concerning his analysis of the application and his discussions with the staff concerning it. While, as he pointed out, it would be possible for the Board to make a number of stipulations in connection with authorizing the new corporation to commence business, it was his view that these would not be necessary, especially because it appeared that the Edge corporation would be engaged in just about the same type of operations as the present "agreement" corporation.

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Thereupon, the procedure recommended in the memorandum from Messrs. Goodman and Solomon was approved unanimously. Attached to these minutes as Items 16 and 17 are copies of the letter to Counsel for The First National Bank of Boston and of the preliminary permit to begin business which were issued pursuant to this action. These documents were transmitted through the Federal Reserve Bank of New York.

Health insurance program. In a further reference to the foregoing Item No. 14, previously approved during this meeting, Governor Shepardson stated that the procedure recommended in the memorandum from Mr. Johnson, pursuant to which the Board would contribute toward the dues in Group Health Association, Inc., payable by members of the staff who are currently members of that organization, probably would not be regarded as entirely satisfactory by the interested members of the staff, many of whom had been members of the Group Health program for many years, since they would like to have that organization fully recognized under the Board's program. However, he said, he had reviewed this situation carefully with Mr. Johnson and had concluded that the recommended procedure was sound.

In response to questions by Governor Vardaman, Governor Shepardson said that the Group Health Association plan was believed to be a good one and that it had been used by some Government agencies. However, the Board had made its choice of a group health program and it seemed unwise to sponsor a variety of plans. So far as he knew,



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the Group Health plan was the only other program involving any substantial portion of the Board's staff and it did not appear, therefore, that the recommended procedure would open the door to Board contributions toward the expense of additional programs. Also, since only those persons, numbering about 35, who are now members of Group Health would be eligible to benefit by Board participation in the expense of that program, the number of eligible persons would diminish over the course of time. As stated in Mr. Johnson's memorandum, the procedure would have a similarity to the procedure decided upon by the Board when members of the staff covered by the Connecticut General group life insurance plan were permitted at their option to retain that coverage in lieu of subscribing to the Federal employees group life insurance.

Governor Vardaman stated that the reasoning of Governor Shepardson seemed to him to be sound, and the other members of the Board concurred.

The meeting then adjourned.

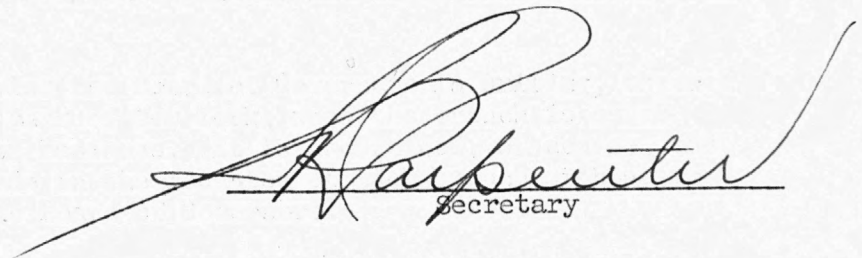
Secretary's Notes: In accordance with the procedure authorized by the Board on December 7, 1956, Governor Robertson approved on behalf of the Board on December 5, 1957, the designation of Warren C. Straub, Assistant Examiner for the Federal Reserve Bank of New York, as a Federal Reserve Examiner for the purpose of participating in an examination of International Banking Corporation, New York, New York.

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Pursuant to the recommendation contained in a memorandum dated November 29, 1957, from Mr. Johnson, Director, Division of Personnel Administration, Governor Shepardson approved on behalf of the Board on December 5, 1957, the transfer of Ruth Hadley Goodyear from a basis of half-time in the Office of the Controller and half-time in the Division of Personnel Administration to a full-time basis in the latter Division as Secretary, with no change in her basic annual salary at the rate of \$5,200, effective December 1, 1957.

Governor Shepardson today approved on behalf of the Board a letter to the Federal Reserve Bank of San Francisco approving the appointment of Robert C. Johnsen as examiner. A copy of the letter is attached hereto as Item No. 18.

  
Secretary



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

Item No. 1  
12/6/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

December 6, 1957

The First National City Bank of New York,  
55 Wall Street,  
New York, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System authorizes The First National City Bank of New York, New York, New York, pursuant to the provisions of Section 25 of the Federal Reserve Act, to establish an additional branch in the City of Buenos Aires, Argentina, to be situated in the District of Belgrano at Cabildo 2248, between Mendoza and Olazabal Streets, and to operate and maintain such branch subject to the provisions of such Section; upon condition that, unless the branch is actually established and opened for business on or before December 1, 1958, all rights granted hereby shall be deemed to have been abandoned, and the authority hereby granted shall automatically terminate on such date.

Please advise the Board of Governors in writing, through the Federal Reserve Bank of New York, when the branch is established and opened for business. It is understood, of course, that no change will be made in the location of such branch without the prior approval of the Board of Governors.

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  
12/6/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

December 6, 1957



Board of Directors,  
Long Island Trust Company,  
Garden City, New York.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors of the Federal Reserve System approves the establishment of a branch by the Long Island Trust Company, Garden City, New York, in the County Line Shopping Center located at the intersection of South Main Street and Carman Road in the unincorporated Village of South Farmingdale, Town of Oyster Bay, New York, provided the branch is established within six months from the date of this letter and approval of the State authorities is in effect as of the date the branch is established.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Assistant Secretary.



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

Item No. 3  
12/6/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

December 6, 1957



Board of Directors,  
Provident Tradesmens Bank and Trust Company,  
Philadelphia, Pennsylvania.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Philadelphia, the Board of Governors of the Federal Reserve System hereby gives its consent, under the provisions of section 18(c) of the Federal Deposit Insurance Act, to the purchase of assets and assumption of liabilities of The Merchants National Bank of Quakertown, Quakertown, Pennsylvania, by Provident Tradesmens Bank and Trust Company, Philadelphia, Pennsylvania, and approves the establishment of branches by the latter bank at the southwest corner of Second and West Broad Streets, Quakertown, Pennsylvania, and 207-209 N. Main Street, Sellersville, Pennsylvania, the present offices of The Merchants National Bank of Quakertown, provided (1) the absorption is effected substantially in accordance with the agreement between the parties dated August 22, 1957, (2) all securities and bank premises acquired by Provident Tradesmens Bank and Trust Company are not carried on its books in excess of the market value of the securities at the time of purchase and the depreciated value of the banking premises as computed for Federal income tax purposes, respectively, and (3) the absorption and establishment of the branches are effected 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. 4  
12/6/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

December 6, 1957



Board of Directors,  
County Trust Company of Maryland,  
Cambridge, Maryland.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Richmond, the Board of Governors of the Federal Reserve System hereby gives its consent, under the provisions of Section 18(c) of the Federal Deposit Insurance Act, to the purchase of assets and assumption of liabilities of The Tilghman Bank, Tilghman, Maryland, by County Trust Company of Maryland, Cambridge, Maryland, and approves the establishment of a branch by the latter bank at the present location of The Tilghman Bank, provided, (1) the absorption is effected substantially in accordance with the agreement between the parties dated October 22, 1957, (2) all securities and bank premises acquired by the County Trust Company of Maryland are not carried on its books in excess of the market value of the securities at the time of purchase and the depreciated value of the banking premises as computed for Federal income tax purposes, respectively, and (3) the absorption and establishment of the branch are effected 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. 5  
12/6/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

December 6, 1957



Board of Directors,  
Huron County State Bank,  
Harbor Beach, Michigan.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the application of Huron County State Bank, Harbor Beach, Michigan, for stock in the Federal Reserve Bank of Chicago, subject to the numbered conditions hereinafter set forth:

1. Such bank at all times shall conduct its business and exercise its powers with due regard to the safety of its depositors, and, except with the permission of the Board of Governors of the Federal Reserve System, such bank shall not cause or permit any change to be made in the general character of its business or in the scope of the corporate powers exercised by it at the time of admission to membership.
2. The net capital and surplus funds of such bank shall be adequate in relation to the character and condition of its assets and to its deposit liabilities and other corporate responsibilities.

In connection with the foregoing conditions of membership, particular attention is called to the provisions of the Board's Regulation H, as amended effective September 1, 1952, regarding membership of State banking institutions in the Federal Reserve System, with especial reference to Section 7 thereof. A copy of the regulation is enclosed.

It appears that the bank is authorized to exercise trust powers under its charter, but that it does not engage in such activities. Attention is invited to the fact that if the

Huron County State Bank

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bank desires to exercise trust powers it will be necessary, under condition of membership numbered 1, to obtain the permission of the Board of Governors before exercising them.

If at any time a change in or amendment to the bank's charter is made, the bank should advise the Federal Reserve Bank, furnishing copies of any documents involved, in order that it may be determined whether such change affects in any way the bank's status as a member of the Federal Reserve System.

Acceptance of the conditions of membership contained in this letter should be evidenced by a resolution adopted by the Board of Directors and spread upon its minutes, and a certified copy of such resolution should be filed with the Federal Reserve Bank. Arrangements will thereupon be made to accept payment for an appropriate amount of Federal Reserve Bank stock, to accept the deposit of the required reserve balance, and to issue the appropriate amount of Federal Reserve Bank stock to the bank.

The time within which admission to membership in the Federal Reserve System in the manner described may be accomplished is limited to 30 days from the date of this letter, unless the bank applies to the Board and obtains an extension of time. When the Board is advised that all of the requirements have been complied with and that the appropriate amount of Federal Reserve Bank stock has been issued to the bank, the Board will forward to the bank a formal certificate of membership in the Federal Reserve System.

The Board of Governors sincerely hopes that you will find membership in the System beneficial and your relations with the Reserve Bank pleasant. The officers of the Federal Reserve Bank will be glad to assist you in establishing your relationships with the Federal Reserve System and at any time to discuss with representatives of your bank means for making the services of the System most useful to you.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Assistant Secretary.

Enclosure.



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

Item No. 6  
12/6/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

December 6, 1957



Board of Directors,  
Citizens Commercial & Savings Bank,  
Flint, Michigan.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Chicago, the Board of Governors hereby gives its written consent, under the provisions of Section 18(c) of the Federal Deposit Insurance Act, to the consolidation of the Citizens Commercial & Savings Bank with the First State and Savings Bank of Holly, Holly, Michigan, and the State Bank of New Lothrop, New Lothrop, Michigan, under the present title and charter of the Citizens Commercial & Savings Bank, and approves the establishment of branches by the consolidated bank in Holly, Grand Blanc, and New Lothrop, Michigan, provided (a) the consolidation is effected substantially in accordance with the Consolidation Agreement dated October 16, 1957, (b) the transactions are effected within six months from the date of this letter, and (c) the approval by the State authorities is in effect at the time the consolidation is effected and the branches are established.

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  
12/6/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

December 6, 1957



Board of Directors,  
Security Bank,  
Madison, South Dakota.

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 Security Bank to exercise the fiduciary powers now or hereafter authorized by its Articles of Incorporation and the laws of the State of South Dakota.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Assistant Secretary.

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

WASHINGTON 25, D. C.

Item No. 8  
12/6/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

December 6, 1957



Mr. L. G. Pondrom, Vice President,  
Federal Reserve Bank of Dallas,  
Dallas 2, Texas.

Dear Mr. Pondrom:

Receipt is acknowledged of your letter addressed to Mr. Masters, dated November 14, 1957, and enclosures relative to the service of Mr. W. B. Gilbert, as chairman of the Board of Directors of the Industrial National Bank of Dallas and as director of Grand Prairie State Bank, Grand Prairie, Texas, and of Irving State Bank, Irving, Texas.

In view of the fact that the corporate limits of Grand Prairie and Irving both touch the corporate limits of Dallas, Mr. Gilbert understands that section 8 of the Clayton Act now makes it necessary to terminate his service as a director of the two nonmember State banks. However, Mr. Gilbert asks whether the Board might consider permitting his service as a director of one of the State banks, pursuant to the provision in the first paragraph of section 8 which authorizes the Board "by regulation" to permit service of a director, officer, or employee of a member bank as a director, officer, or employee of not more than one other institution within the prohibited classes.

As pointed out in Mr. Rudy's memorandum, a copy of which you enclosed, the Board, prior to 1935 was authorized to issue individual permits. This authorization was replaced by the authority to make exceptions, by regulation; and the exceptions which the Board has made are included in Regulation L. A new exception would require an amendment to Regulation L. The amendment would be of general application, as are the other provisions of the regulation. It could not be limited to cases in which there were special considerations of inconvenience or other hardship.

There does not appear to be any basis on which an exception could be drafted which would permit Mr. Gilbert to serve and which would not also permit a very large number of other interlocking relationships between banks in contiguous localities. It would seem that any such amendment would be contrary to the purposes of the Act.

Mr. Pondrom

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It is suggested that you explain the situation to Mr. Gilbert in the light of this letter and Mr. Rudy's memorandum, since it seems likely that Mr. Gilbert's request resulted from not understanding fully the significance of the provision authorizing the Board to make exceptions "by regulation."

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Assistant Secretary.





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

Item No. 9  
12/6/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

December 6, 1957

Comptroller of the Currency,  
Treasury Department,  
Washington 25, D. C.

Attention Mr. W. M. Taylor,  
Deputy Comptroller of the Currency.

Dear Mr. Comptroller:

Reference is made to a letter from your office dated October 29, 1957, enclosing copies of an application to convert the Springs State Bank, Tampa, Florida, into a national banking association and requesting a recommendation as to whether or not the application should be approved.

Information supplied by the Federal Reserve Bank of Atlanta about the Springs State Bank is favorable with respect to its financial history, adequacy of capital structure, earnings prospects, character of its management, and services to the community. Therefore, the Board of Governors recommends approval of the application.

The Board's Division of Examinations will be glad to discuss any aspects of this case with representatives of your office if you so desire.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Assistant Secretary.



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

Item No. 10  
12/6/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

December 6, 1957

Comptroller of the Currency,  
Treasury Department,  
Washington 25, D. C.

Attention Mr. L. A. Jennings,  
Deputy Comptroller of the Currency.

Dear Mr. Comptroller:

Reference is made to a letter from your office dated July 2, 1957, enclosing copies of an application to organize a national bank in Walla Walla, Washington, and requesting a recommendation as to whether or not the application should be approved.

A report of investigation of the application made by an examiner for the Federal Reserve Bank of San Francisco indicates that a capital structure of \$350,000, instead of \$225,000 as shown in the application, would be provided for the bank, and this revised amount of capital is regarded as adequate. The earnings prospects of the institution are reasonably favorable and the proposed management appears to be generally satisfactory. While it is reported that the two existing banks in Walla Walla provide fairly satisfactory banking services, it is evident that another bank could operate profitably. According to the information submitted, outside interests would hold sufficient capital to dominate if not control the bank, and the opinion has been expressed that the organization of this bank may be for the purpose of subsequent sale to some other outside banking group. The Board would not look with favor on the organization of this bank for such purposes, and it is assumed that this matter will be resolved to your satisfaction. Accordingly, the Board of Governors recommends approval of the application to organize a national bank in Walla Walla.

The Board's Division of Examinations will be glad to discuss any aspects of this case with representatives of your office if you so desire.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Assistant Secretary.

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

Item No. 11  
12/6/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



December 6, 1957

Mr. Victor R. Hansen,  
Assistant Attorney General,  
Antitrust Division,  
Department of Justice,  
Washington 25, D. C.

Dear Mr. Hansen:

In your letter of November 15, 1957, with enclosures, you refer to complaints concerning insurance practices of the Pine Lawn Bank and Trust Company of St. Louis, Missouri, and request advice as to the action which has been taken with respect to these complaints.

Following receipt of your letter of May 15, 1957, and the Board's letter to you of June 19, 1957, the Board asked the Federal Reserve Bank of St. Louis to provide the Board with any information which it might be able to report regarding the matter. Officials of the Federal Reserve Bank then discussed the problem with officers of the Pine Lawn Bank and Trust Company and were advised orally and later by letter that the bank intended to discontinue the use of its mortgage insurance agreement.

More detailed information regarding the situation is contained in a letter to the Board from the Vice President of the Federal Reserve Bank of St. Louis, dated July 12, 1957, and in a letter from the Vice President of the Pine Lawn Bank and Trust Company to the Federal Reserve Bank of St. Louis, dated July 12, 1957, copies of which are enclosed for your information.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Assistant Secretary.

Enclosures

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

Item No. 12  
12/6/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

December 6, 1957



Mr. Walker E. Campbell,  
Assistant Controller for  
Accounting,  
United States Atomic Energy  
Commission,  
Washington 25, D. C.

Dear Mr. Campbell:

This refers to your letter of November 1 requesting that you be loaned a copy of a report which covers a survey of benefits of over 400 companies.

The study to which you refer is one prepared by the Industrial Relations Counselors Service, Inc., New York, New York, in December 1955, entitled "Analysis of Retirement and Related Benefit Plans in 421 Companies Co-operating in a Survey by the Federal Reserve Banks." This report was prepared in connection with a study of the Retirement System of the Federal Reserve Banks and, except for use within the System, the results were only made available to the participants who join in the salary surveys of the Federal Reserve Banks.

In your conversation with Mr. Conkling of the Board's staff you have indicated that one of the Atomic Energy's contractors was a participant in this study and has made reference to certain material which was included in his copy of the survey report. While it is expected that the use of this report will generally be confined to participants, in accordance with your request we are sending to Mr. John W. Blocher, Division of Finance, Atomic Energy Commission, our copy of the report to save you the need for requesting the contractor's copy.

We request that the use of this material be confined to your own organization and that as soon as it has served your purpose the report be returned to us.

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. 13  
12/6/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

December 6, 1957

Paine, Lowe, Coffin and Herman,  
602 Spokane and Eastern Building,  
Spokane 1, Washington.

Attention of Mr. Alan P. O'Kelly.

Gentlemen:

This refers to your letter of November 12, 1957, relating to the right of Seattle-First National Bank, Seattle, Washington, to exercise fiduciary powers in the State of Idaho.

The Board has frequently expressed the opinion that a national bank which has received permission to exercise fiduciary powers under the provisions of the Federal Reserve Act may, without other authority, exercise the powers granted not only in the State in which the bank is located but also in any other State the laws of which do not prohibit the exercise of those powers by banks located in other States. The statement to this effect, which is published in the Federal Reserve Bulletin for July, 1921, at page 816, is still the opinion of the Board of Governors.

As Seattle-First National Bank has been granted the right to exercise full fiduciary powers, it may do so in Idaho provided the bank conforms to the laws, if any, of that State which relate to the exercise of fiduciary powers by a foreign corporation.

Copies of your letter and this reply are being furnished to the Federal Reserve Bank of San Francisco, and if you have any further questions concerning the matter it is suggested that you communicate with that institution.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Assistant Secretary.

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

Item No. 14  
12/6/57

Date November 27, 1957

# Office Correspondence

To Board of Governors

Subject: Special arrangements for Board

From E. J. Johnson

employees having Group Health Insurance

There are, at the present time, 35 employees at the Board who are members of Group Health Association, Inc. These members are mostly employees in responsible positions who have been with the Board for some time. The Board on October 9, 1957, authorized the payment of one-third of basic hospitalization for its employees and dependents, basic hospitalization having been defined in the specifications used for Major Medical Insurance as the Blue Cross--Blue Shield Plans of Group Hospitalization, Inc. In view of the size of the group of employees who are covered by Group Health, it would seem desirable to consider paying part of the cost to them of that program. Accordingly, the following recommendation is presented for the Board's consideration:

## Recommendation:

1. In order to give members of Group Health approximately the same fringe benefits as are now received by our employees who subscribe to our basic hospitalization (Blue Cross--Blue Shield), it is recommended that we contribute a dollar amount toward their Group Health premiums equal to the dollar amount contributed by the Board toward Blue Cross--Blue Shield premiums, effective at the same date.

This would be \$1.03 for Group Health members without dependents and \$2.97 for Group Health members with dependents, i.e., family plan. The Board would reserve the right to change that dollar amount at any time that it is changed for subscribers to the Blue Cross--Blue Shield plan.

2. It is recommended that our contribution toward the cost of Group Health premiums be limited to those of the Board's employees who are now members of this association. The Board would not contribute toward premiums for this insurance for new employees or present employees who take out this insurance at a later date. This is similar to the Board's decision when the Federal Employees Group Life Insurance was made available. Employees who were currently covered by the Connecticut General Group Plan were permitted the option of retaining that coverage, but this option was not extended to either new employees or current employees not having the insurance. Thus, over a period of years, the number of people involved in this special group would diminish.

This recommendation is made with the thought that it is much better for the Board to concentrate on its presently approved health program, i.e., Blue Cross--Blue Shield plus Major Medical Insurance. Adding a second basic type of coverage to this program and

To: Board of Governors

-2-

giving it full recognition would not be warranted in view of the small number of employees involved and would result in additional administrative burden.

(Signed) E. J. Johnson

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

Item No. 15  
12/6/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

December 6, 1957

Mr. Henry O. Koppang, First Vice President,  
Federal Reserve Bank of Kansas City,  
Kansas City 6, Missouri.

Dear Mr. Koppang:

In view of the circumstances outlined in your letter of November 21, 1957, the Board approves the retention in service of and the payment of salary through December 31, 1957, to Mr. Hubbard J. Minor, Assistant Manager, Fiscal Agency Department, who reached age 65 on September 8, 1957.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Assistant Secretary.





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

Item No. 16  
12/6/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

December 6, 1957

Messrs. Bingham, Dana & Gould,  
One Federal Street,  
Boston 10, Massachusetts.

Attention Mr. Austin S. Ashley

Gentlemen:

The Board of Governors has approved the Articles of Association and Organization Certificate for the conversion of First of Boston International Corporation into a new corporation to be known as The First Bank of Boston (International), as forwarded with your letter of November 25, 1957, and there is enclosed herewith a preliminary permit authorizing the latter corporation to exercise such of the powers conferred by Section 25(a) of the Federal Reserve Act as are incidental to and preliminary to its organization. As you are aware, the corporation may not exercise any of the other powers conferred by Section 25(a) until it has received a final permit from the Board authorizing it generally to commence business.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,  
Secretary.

Enclosure.

Item No. 17  
12/6/57

December 6, 1957

IT IS HEREBY CERTIFIED that the Board of Governors of the Federal Reserve System, pursuant to authority vested in it by section 25(a) of the Federal Reserve Act, as amended, has this day approved the Organization Certificate (dated November 25, 1957) and the Articles of Association (dated November 25, 1957) filed with the said Board of Governors on behalf of First of Boston International Corporation, a banking institution principally engaged in foreign business and organized under the general laws of the Commonwealth of Massachusetts, the said Organization Certificate and Articles of Association having been filed for the purpose of converting said First of Boston International Corporation into a corporation organized under section 25(a) of the Federal Reserve Act, as amended, under the name and title of THE FIRST BANK OF BOSTON (INTERNATIONAL); and that THE FIRST BANK OF BOSTON (INTERNATIONAL) is authorized to exercise such of the powers conferred upon it by said section 25(a) as are incidental and preliminary to its organization pending the issuance by the Board of Governors of the Federal Reserve System of a final permit for the conversion of said First of Boston International Corporation into said THE FIRST BANK OF BOSTON (INTERNATIONAL) and for the latter generally to commence business in accordance with the provisions of said section 25(a) and the rules and regulations of the Board of Governors of the Federal Reserve System issued pursuant thereto.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

(SEAL)

(Signed) S. R. Carpenter

By S. R. Carpenter, Secretary



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

3477

Item No. 18  
12/6/57

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

December 6, 1957

CONFIDENTIAL (FR)

Mr. R. H. Morrill, Vice President,  
Federal Reserve Bank of San Francisco,  
San Francisco 20, California.

Dear Mr. Morrill:

In accordance with the request contained in your letter of November 29, 1957, the Board approves the appointment of Robert C. Johnsen as an examiner for the Federal Reserve Bank of San Francisco. Please advise the Board if the appointment is not made effective January 1, 1958, as planned.

It is noted that Mr. Johnsen is indebted to the Mechanics Bank of Richmond, Richmond, California, a nonmember bank, in the amount of \$8,144.77. Accordingly, the Board's approval is given with the understanding that Mr. Johnsen will not participate in any examination of the Mechanics Bank of Richmond, Richmond, California, until his indebtedness to the bank has been liquidated.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Assistant Secretary.