

Minutes for March 6, 1958

To: Members of the Board
From: Office of the Secretary

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

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

Page 22 Approval of a discount rate of 2-1/4 per cent at the Federal Reserve Banks of New York, Philadelphia, and Chicago; and agreement to approve the same rate for any other Federal Reserve Bank advising of the establishment of such rate.

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>W</u>	_____
Gov. Szymczak	x <u>[Signature]</u>	_____
Gov. Vardaman	x _____	_____
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 the Board of Governors of the Federal Reserve System
on Thursday, March 6, 1958. The Board met in the Board Room at 10:00 a.m.

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

Mr. Carpenter, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Thurston, Assistant to the Board
Mr. Riefler, Assistant to the Chairman
Mr. Thomas, Economic Adviser to the Board
Mr. Hackley, General Counsel
Mr. Noyes, Adviser, Division of Research and
Statistics
Mr. Dembitz, Research Associate, Division of
Research and Statistics
Mr. Solomon, Assistant General Counsel

Also present were Messrs. Daniel W. Bell (Chairman), David M. Kennedy, M. Monroe Kimbrel, and L. M. Schwartz, members of the Committee on Legal Reserve Requirements of the American Bankers Association; Joseph Welman, President, and Lee P. Miller, Vice President, of the Association; and G. Russell Clark, E. Sherman Adams, J. O. Brott, and Murray Lee, officers of the Association.

Reserve requirements (Item No. 1). On February 21, 1958, the Board met with the Committee on Legal Reserve Requirements and other representatives of the American Bankers Association for a discussion of possible reserve requirement legislation. The Chairman of the Committee (Mr. Bell) and other spokesmen for the Association subsequently discussed the subject with Mr. Thomas in the light of a draft bill and statement

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concerning the Board's legislative proposal which were transmitted to Mr. Bell, and the Committee then requested another meeting with the Board. Yesterday the Board received from Mr. Bell copies of a draft bill embodying the reserve requirement proposal which was developed by the Association's Economic Policy Commission and which is attached as Item No. 1.

Chairman Martin began the discussion by stating that the Association's draft bill had been distributed to the members of the Board for review but that the Board had not yet had an opportunity to discuss the document.

At the Chairman's request, Mr. Bell then made a statement in which, after expressing appreciation for the opportunity to meet with the Board again, he said that since the last meeting the Committee had given careful consideration to the Board's draft bill and had found it disappointing in certain respects. The Committee noted that there was no provision in it for a reduction of the minimum and maximum reserve requirement percentages now prescribed by statute and no suggestion of any intent to work toward lower reserve requirement levels. While it was understood from comments made at the last meeting of the Board and the Committee that the Board was more or less in agreement with the principle of moving in the direction of lower reserve requirements, the Committee noted that the composition of the Board changes over the course of time and felt that it would be better if there were something in the legislation itself to point in that direction. Also, there was nothing

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in the Board's proposal to suggest an ultimate goal of uniform reserve requirements and, as the Committee had pointed out at the previous meeting, acceptance of the Board's proposal would mean that the element of a package of legislation would be lost. The Committee, he said, thought it important to obtain rather broad changes in the existing legislation. Nevertheless, it had tried in every way to see if it could find something that would offer grounds for cooperation and, in view of the recent record of support given by the Association to the Board's policies, the Committee felt that it would be unfortunate if the Board and the Association were to take opposite sides on reserve requirement legislation.

In the circumstances, Mr. Bell said, his Committee would like to suggest certain amendments which the Committee felt would improve the Board's proposed bill. He went on to say that if they were accepted, the Committee felt that it could get support of such a proposal from the American Bankers Association. The first of the amendments which he then described would provide for elimination of the central reserve city classification. This was suggested because the present requirements seemed to the Committee to discriminate against central reserve city banks and to represent a relic of the past, which led the Committee to feel that the classification was no longer necessary and should be abolished. This would leave two classifications of banks, with a range of from 7 to 14 per cent for country banks and from 10 to 20 per cent in the case of reserve city banks. While this would not

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go as far as the ABA proposal, a movement toward the lower ends of those ranges would produce some degree of uniformity. The Committee did not like particularly the spread between 14 per cent and 20 per cent but felt that if it were possible to get actual reserve requirements down to 14 per cent the Board would not be likely to go higher than that point again except in an emergency, in which event the bankers no doubt would support the Board.

As an alternative to elimination of the central reserve city classification, the Committee would reluctantly accept the retention of the three present classifications, with the reserve requirement percentages for central reserve city banks lowered to the same range as for reserve city banks. The Committee would consider this alternative less desirable but made the suggestion in the thought that it might be more agreeable to the Board.

Such changes, Mr. Bell said, would help to correct what the Committee considered to be the unbalanced character of the Board's proposal. They would permit a move in the direction of lower reserve requirement levels and tend to result in some degree of uniformity.

Mr. Bell then called attention to the language of the Board's draft bill which would indicate that the Board could permit a member bank in a central reserve or reserve city to hold reserve balances specified for a lower classification on such basis as the Board might deem reasonable and appropriate in view of the character and volume of business transacted by the member bank. He said that the Committee

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questioned the advisability of putting the Board in a position where, at some time in the future, there might be discrimination between banks only because of size, and that the Committee would dislike to see anything of that character written into the Federal Reserve Act. Therefore, the Committee would suggest elimination of the words "and volume."

In further comments Mr. Bell said that the Committee had been in touch with members of the Federal Advisory Council and that they had expressed concern about the point he had just mentioned. While there was confidence in the Board as presently constituted, there would, of course, be changes over the years and it seemed possible that such language could be used in the wrong way. He added that the Committee had had some calls from large New York City banks but had not given them any information, on the grounds that it was not possible at this stage to discuss what had transpired at the last meeting with the Board. However, the Committee would like permission from the Board to discuss the legislative situation with the Presidents of the New York and Chicago Clearing House Associations.

Mr. Bell also stated that the Committee would regard additional gradations of reserve requirements as a step in the wrong direction. As to the suggestion that the Board be authorized to fix different reserves for savings and for other time deposits, there were some differences of opinion, but the Committee finally concluded that it would be appropriate to adhere to the recommendation in the report of the Economic

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Policy Commission, which was that there should be a reserve requirement of 2 per cent against all time deposits.

Referring to the ABA draft bill, Mr. Bell pointed out that it represented some deliberate deviation from the Economic Policy Commission's report in an effort to arrive at a point which might permit cooperation between the Board and the Association. The vault cash provision would be the same as in the Board's bill and the second provision would call for getting eventually to a level of reserve requirements between 7 and 14 per cent. It would give the Board complete discretion in the meantime to move requirements up or down as the situation warranted, but after the level of 10 per cent was reached the maximum movement would be between 7 and 14 per cent in the absence of additional legislation. In the light of objections which had been mentioned by the Board, the draft bill did not include any deadline for reaching the ultimate objectives. Mr. Bell felt that the administrative committee of the Association would go along on that point, although it could not be said this morning that this was an ABA proposal.

With reference to the use of the word "volume", Mr. Adams said the Committee felt that "character of business" would be adequate for the Board's purposes and that inserting a reference to volume implied that the Board might wish to go further and discriminate between banks doing exactly the same type of business merely because they were different in size.

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At the Chairman's request, Mr. Hackley reviewed the discussions by the Board which eventuated in the use of the present language, to which Mr. Thomas added that the current language was in substitution for reference to the size of the bank.

Chairman Martin then made a statement in response to Mr. Bell's comments during which he said that the Association, as such, should feel free to discuss mutual problems at any time with the Federal Advisory Council. He emphasized that this morning's meeting was of an informal nature and that the Board was not in a position to make a definite commitment on any points at this particular time. He also said that he would personally see no objection to discussions by the Committee with the New York and Chicago Clearing House Associations but that the Board would consider this question further and then advise the Committee promptly.

Secretary's Note: Following the departure of the representatives of the American Bankers Association, the Board at this meeting considered this matter and it was agreed to inform Mr. Bell that the Board would have no objection to discussions of the kind mentioned, preferably with the Presidents of the respective Clearing House Associations, but that the matter should not go beyond that point at this time.

Chairman Martin said that the nature of the problem appeared to be set forth quite well in the draft bills of the Board and the American Bankers Association, and in this connection he read a memorandum which had been handed to him by Mr. Carpenter which commented that, with the

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time schedule eliminated from the ABA bill, as much could be accomplished under the Board draft as the ABA draft. The Chairman also referred to the amount of time devoted by the Board to consideration of the subject of reserve requirement legislation and said that the Board appreciated the time and effort spent by the American Bankers Association on the problem. In further comments he indicated that the present Board would not want to create a situation in which future Boards would be bound by commitments made by the existing Board.

The discussion continued with an informal expression of views by each member of the Board and each representative of the American Bankers Association. In the course of these comments, reference was made on several occasions to the effect of obtaining legislation with respect to vault cash only, and it was the consensus that this would have the unfortunate result of increasing the differentials between classes of banks and could foreclose the chances of obtaining additional legislation. Along these lines, however, it was pointed out that, taking vault cash legislation into consideration, a movement toward a uniform reserve requirement level for all classes of banks would mean a more substantial reduction for central reserve and reserve city banks than for country banks. The representatives of the American Bankers Association countered by suggesting that the Board's proposal contained a bias in favor of the country banks and that it could be made more palatable for the city banks by a reduction to 10-20 per cent in the range of reserve

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requirements applicable to central reserve city banks. This led to an inquiry by one member of the Board as to whether any practical purpose would be served by retaining three classifications of banks if the requirement range for central reserve and reserve city banks was the same. All of the members of the Board who addressed themselves to this point saw a need for retention of classifications of banks, at least during the period of transition, and took the position that they would not want to see written into legislation a doctrine of uniformity as a goal in the maintenance of reserve requirements. In view of Mr. Bell's comments regarding the Committee's difficulty in supporting legislation which contained no indication of intent, some of the members of the Board suggested the possibility of incorporating language in the Board's draft bill which, although it would not constitute a commitment, would afford some assurance of intent. It was understood that the Board would give further consideration to the feasibility of this suggestion.

With regard to Mr. Bell's remarks about concern regarding inclusion of the word "volume" in the draft bill, the members of the Board expressed themselves tentatively to the effect that it might be possible for the Board to operate satisfactorily under legislation citing the character of business of a bank as a basis for granting exemptions from the reserve requirements otherwise prescribed. At the same time it was clear that, despite the precise language used, the

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members of the Board felt that there were inherent differences in type of business which had a direct relationship to a bank's size, and that some weight must be given to this circumstance in determining the basis of reserve requirements. The comments of some Board members also touched upon safety and liquidity as factors deserving of some consideration in arriving at appropriate levels of reserve requirements, whereas representatives of the American Bankers Association tended to minimize those factors and suggested that safety and liquidity standards might more appropriately be dealt with through the bank supervisory function.

The discussion included comments by members of the Board and the Board's staff delineating the relationship of reserve requirement levels to problems of the national interest, including those which might arise under various sets of circumstances in the future and which would require leaving the Board enough flexibility and a sufficient Open Market Account portfolio to deal appropriately with them. These remarks emphasized the complementary nature of open market operations and reserve requirements as instruments of monetary policy.

In general, the statements by the members of the Board at this meeting disclosed an appreciation of the efforts made by the Committee on Legal Reserve Requirements to arrive at a compromise position which would permit a cooperative approach to the problem of reserve requirement legislation, and assurances were given that the amendments to the Board's proposal suggested by Mr. Bell would be given careful consideration.

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In the same spirit, members of the Committee stressed the hope that a basis of mutual agreement could be found. The view was expressed that in essence the Board and the Association were not far apart as to fundamental objectives, with the principal points of difference being in the area of procedure and transitional problems.

At the conclusion of the discussion Mr. Bell repeated, in response to a question by Chairman Martin, that in the opinion of the Committee additional gradations of reserve requirements would be undesirable and legislation should not be sought which would permit a distinction between savings and other time deposits for reserve requirement purposes. Mr. Bell's reply indicated that the Committee was not adamant on a requirement of 2 per cent, as opposed to 3 per cent, against time deposits.

Chairman Martin then stated that the Board would give further consideration to the problem in the light of this discussion and that the Committee would be informed of the Board's conclusions. He also said that the Board would be glad to have any additional comments or suggestions from the Committee, and he suggested that they be made through Mr. Thomas.

The representatives of the American Bankers Association then withdrew, along with Messrs. Thurston and Dembitz. Messrs. Masters, Director, Hostrup, Assistant Director, and Thompson, Supervisory Review Examiner, Division of Examinations, entered the room at this point, as did Messrs. Hexter, Assistant General Counsel, and Davis, Assistant Counsel.

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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 Pennsylvania Banking and Trust Company, Philadelphia, Pennsylvania, approving the establishment of a branch in Radnor Township. (For transmittal through the Federal Reserve Bank of Philadelphia)	2
Letter to Winston, Strawn, Smith & Patterson, Chicago, Illinois, regarding the status of F. H. Prince & Co., Inc., and Chicago Stock Yards Company as holding company affiliates. (For transmittal through the Federal Reserve Bank of Chicago)	3
Letter to the Federal Reserve Bank of Dallas approving an investment in bank premises by Texas State Bank, Austin, Texas.	4
Letter to the Federal Reserve Bank of San Francisco granting an extension of time within which Union Bank, Los Angeles, California, may establish a branch in the Toluca Lake area of Los Angeles.	5
Letter to the Bureau of the Budget regarding proposals for State legislation.	6
Letter to the Federal Reserve Bank of Chicago regarding the review of district lines and branch zones of the Federal Reserve Banks previously suggested in the light of the program for common machine language announced by the Bank Management Commission of the American Bankers Association. (With a copy to the Federal Reserve Bank of Minneapolis)	7

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Discount rates. Unanimous approval was given to a telegram to the Federal Reserve Bank of Atlanta approving the establishment without change by that Bank on March 3, 1958, of the rates on discounts and advances in its existing schedule.

Mr. Molony, Special Assistant to the Board, entered the room at this point.

Housing legislation (Item No. 8). At the meeting on February 27, 1958, the staff was requested to study further the report which should be made on S. 2995, a housing bill which would amend the Service-men's Readjustment Act of 1944 in certain respects. Subsequently, reports were requested on two other housing bills to which the Senate Banking and Currency Committee was giving consideration and Mr. Noyes prepared under date of March 5, 1958, a memorandum summarizing the essential purposes of these and other current legislative proposals. Copies of his memorandum had been sent to the members of the Board prior to this meeting.

Mr. Noyes stated that the Senate Banking and Currency Committee was holding the record of its current hearings open in order to include the Board's comments. It was understood to be particularly urgent that the Board submit its comments on two points, first, the question of additional lending authority for the Federal National Mortgage Association and expansion of the Veterans Administration's direct loan program, and, second, extension of the Veterans Administration's home loan guaranty

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program for World War II veterans which would otherwise expire on July 25, 1958. He said that none of the proposals summarized in his memorandum involved new issues and that a principal question, therefore, was whether the Board would wish to modify its previously expressed position in any respect due to the change in the economic climate since the earlier comments were made.

Mr. Riefler agreed that the question was mostly whether the Board wanted to adhere to the same general position it had taken earlier or modify that position in any respect in view of interim developments. He suggested that it did not seem necessary to give additional lending authority to the Federal National Mortgage Association in the light of the increased availability of mortgage funds but that the question of continuing the VA home loan guaranty program was more difficult. This might have a stimulating effect during the next few months, particularly in rural areas, because the Federal Housing Administration had not yet been able to staff fully to provide facilities in those areas.

After Governor Vardaman said that he would not want to oppose extension of the VA loan guaranty program, Governor Mills expressed the view that a sound economic position would permit acquiescence in a one-year extension. He also felt that the Board should support flexibility in the maximum VA interest rate which would permit bringing it up to the FHA rate. He suggested taking exception to any overlapping of the FNMA operation and raising a question about any substantial liberalization in

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the terms of FHA-insured mortgages. Perhaps an increase in the size of mortgage eligible for FHA insurance would be all right, but he was not sure.

Following statements by the other members of the Board which indicated that they concurred in the views expressed by Governor Mills, it was agreed to send to the Senate Banking and Currency Committee a letter reflecting the Board's position on the provisions concerning which Mr. Noyes had indicated that a reply was urgent, with the understanding that other provisions of pending housing legislation would be given further consideration by the Board. A copy of the letter sent to the Banking and Currency Committee pursuant to this action is attached as Item No. 8.

Acceptance by branch director of commercial bank directorship (Item No. 9). The Federal Reserve Bank of New York having advised the Board of the election of Mr. Ralph F. Peo, Chairman of the Buffalo Branch Board, as a director of The Marine Trust Company of Western New York, Buffalo, New York, a proposed letter to the Chairman of the New York Bank had been circulated to the members of the Board which would indicate that, although the Board of Governors would interpose no objection to Mr. Peo's serving out the remainder of his term as a Buffalo Branch director, it would not consider him eligible for reappointment when his term expires at the end of this year. When the file was in circulation, Governor Robertson attached a note stating that the Board would have to stop

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this practice (i.e., acceptance by branch directors of commercial bank directorships) at some point and that maybe this was the time to do it. Governor Shepardson had indicated that he agreed with Governor Robertson.

It was suggested that Governor Robertson's comment may have indicated that he would favor a change in the Board's regulations relating to branches of Federal Reserve Banks so as to provide that branch directors appointed by the Board of Governors shall not be directors of banks. At present the regulations state that the Board will appoint as branch directors persons who are not primarily engaged in banking and preferably are not directors of banks, although they may be stockholders.

The view was expressed that a change in the regulations of the kind mentioned might be unduly restrictive from the Board's standpoint and increase the difficulty already encountered by the Board in obtaining directors for Federal Reserve Bank branches. It was noted that from time to time, in cases similar to that of Mr. Peo, the Board had interposed no objection to the branch director serving out the remainder of his term of office, particularly when the term of office would expire at the end of the calendar year during which the commercial bank directorship was accepted. It being agreed that the same position should be taken in Mr. Peo's case, unanimous approval was given to the letter which had been circulated to the Board. A copy of that letter is attached as Item No. 9.

Messrs. Riefler, Thomas, and Noyes then withdrew from the meeting.

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Application of New Hampshire Bankshares, Inc. (Item No. 10).

Consideration was given to the application of New Hampshire Bankshares, Inc., Nashua, New Hampshire, for prior approval of the acquisition of voting shares of The New Hampshire National Bank of Portsmouth, Portsmouth, New Hampshire. The application had been analyzed in a memorandum from the Division of Examinations which was distributed to the members of the Board under date of February 21, 1958, and the recommendation of the Division, as well as those of the Federal Reserve Bank of Boston and the Comptroller of the Currency, was favorable. The Board had also received a memorandum from the Legal Division dated February 27, 1958, which reflected the opinion that a decision by the Board either to approve or to deny the application probably would be upheld by the courts as being within the Board's discretionary authority.

Following comments by Mr. Molony on certain protests that had been received from various sources in New Hampshire regarding the application, Mr. Masters made a statement in which he first reviewed the factual situation, including the position of New Hampshire Bankshares in the Portsmouth trading area, in Rockingham County, and in the State of New Hampshire. He brought out that the Division of Examinations had found favorably on the first three factors required to be considered in an application of this kind and that the situation seemed more or less neutral as far as the fourth and fifth factors were concerned. It appeared to the Division that the area of competition primarily concerned

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was the city of Portsmouth and the surrounding trade area, and here New Hampshire Bankshares would not have a dominant position after the proposed acquisition, which involved the smallest of the four commercial banks in the Portsmouth trading area. It also appeared that some consideration should be given to the mutual savings banks, which in New Hampshire compete not only for deposits and real estate loans but also for other loans, principally to individuals. With regard to the opposition expressed in communications received by the Board, Mr. Masters said that most of the protests were based on the premise that holding company banking is a form of branch banking which circumvents State law. It was the feeling of the Division that such a position was not valid in view of the legislative history relating to the Bank Holding Company Act as finally enacted.

Mr. Hackley then reviewed various points developed in the memorandum from the Legal Division. He stated that this application pointed up the fundamental problem of whether approval of an application was justified only where the applicant made a definite and positive showing that the transaction would be in the public interest and would facilitate the needs of the community. Personally, he was not inclined to feel that an application ought necessarily to be disapproved where the fourth and fifth factors required by the statute to be considered are more or less neutral and the transaction would not be inconsistent with the fundamental purposes of the Bank Holding Company Act. With respect to the pattern

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established by Board decisions, he thought it should be borne in mind that approval in this case might indicate a policy of approving any application which involved acquisition of one bank in a community where there was competition, even if no strong case was made. On the other hand, disapproval would seem inconsistent with the favorable action taken by the Board in the case involving acquisition by Marine Midland Corporation of an independent bank in Dunkirk, New York. Personally, he felt that the fundamental question was whether the acquisition would be inconsistent with the purposes of the Act, and in this case it would seem to be more in line with other decisions of the Board to approve than to disapprove the application. With respect to the opposition expressed by a number of New Hampshire banks, he expressed doubt whether a formal hearing would produce additional facts helpful in reaching a conclusion.

Mr. Hexter, who held a somewhat different point of view, stated that this case posed the question of what action would be taken by the Board if a bank holding company sought to enter various communities in a State through acquiring one bank each in communities where there was banking competition. To him this presented the problem of where to draw the line, and the language of section 3(c) of the Bank Holding Company Act was admittedly difficult. Although in Portsmouth competition apparently would not be diminished by the proposed acquisition, the legislative history of the Act indicated some intent to preserve independent banks and not have them taken over by holding companies in the

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absence of affirmative reasons. However, the statute itself did not confirm such an intent strongly.

The comments of Messrs. Hackley and Hexter led to a general discussion of the philosophy which the Board should follow in deciding applications for the acquisition of stock arising under the Bank Holding Company Act. During this discussion Mr. Hostrup said it was his feeling that the Act was not a freeze law and that where the fourth and fifth factors were neutral the Board was not necessarily precluded from permitting bank holding company expansion in its discretion in the light of the circumstances of individual cases. This line of reasoning was supported generally by Messrs. Hackley and Davis.

In this connection, Governor Mills read a statement setting forth the reasons, in the light of the provisions of the Bank Holding Company Act, which caused him to feel that an application such as presented by New Hampshire Bankshares could properly be approved by the Board. A copy of Governor Mills' statement is attached as Item No. 10.

For the purpose of considering further the fundamental points raised by this discussion, it was understood that copies of Governor Mills' memorandum would be distributed to the members of the Board and also that the Legal Division would submit for the Board's consideration a memorandum presenting information and views on the basic question involved.

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As to the application of New Hampshire Bankshares in particular, all of the members of the Board indicated that they would be inclined toward a favorable decision except Governor Balderston, who disqualified himself from participation in the decision because of personal association in the past with one of the principal officers of the applicant bank holding company. Governor Shepardson qualified his position to the extent of saying that he was not in agreement, at least at the present time, with the general philosophy that the Bank Holding Company Act contemplated expansion programs in the absence of affirmative justification. It was his understanding that the statute was intended to be restrictive and to permit expansion only when a need could be demonstrated. Looking at the specific facts of this particular case, he would not want to oppose the application but there was still a grave question in his mind about the proper philosophy to be followed. The position taken by Governor Szymczak was similar to that stated by Governor Shepardson. Chairman Martin and Governor Balderston indicated that they wished to reserve judgment on the philosophical approach contained in Mr. Mills' memorandum pending further discussion by the Board.

Thereupon, the tentative views of the members of the Board on the New Hampshire Bankshares application having been expressed, it was understood that the Legal Division would submit for the Board's consideration drafts of an order and supporting statement.

The members of the staff then withdrew and the Board went into executive session.

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Special payments to Mr. Erickson (Item No. 11). The Chairman later informed the Secretary that during the executive session the Board approved a supplemental agreement dated February 24, 1958, to the contract between the Federal Reserve Bank of Boston and President Erickson dated December 12, 1950, covering special payments to Mr. Erickson after his retirement. A copy of the letter to the Chairman of the Boston Bank which was approved pursuant to this action is attached under Item No. 11 along with a copy of the supplemental agreement.

Discount rates. The Secretary also was informed that during the executive session Governor Balderston reported receipt of advice that the directors of the Federal Reserve Bank of Philadelphia had established today, subject to the approval of the Board of Governors, a rate of 2-1/4 per cent (rather than 2-3/4 per cent) on discounts and advances under sections 13 and 13a of the Federal Reserve Act, a rate of 2-3/4 per cent on advances under section 10(b), and other rates in the Bank's existing schedule without change.

The Board was aware that the boards of directors of certain other Federal Reserve Banks also had meetings scheduled for today and gave consideration to the possibility that the directors of one or more of those Banks would take action similar to that taken by the Philadelphia directors.

After discussion of the situation, the Board approved unanimously the rates established by the directors of the Federal Reserve Bank of

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Philadelphia, effective March 7, 1958. In addition, the Board agreed that if advice should be received subsequently that any other Federal Reserve Banks had established a discount rate of 2-1/4 per cent, along with appropriate subsidiary rates, such Banks should be notified that the Board approved the action taken by the directors. It was understood that a press statement in the usual form would be issued at 4:30 p.m. EST today for immediate release, that appropriate telegrams of notification would be sent to Federal Reserve Banks and branches, and that arrangements would be made for publication of a notice in the Federal Register.

Secretary's Notes: Subsequent to the meeting, advice was received that the directors of the New York and Chicago Reserve Banks also had established a rate of 2-1/4 per cent on discounts and advances under sections 13 and 13a, subject to approval by the Board of Governors, along with a rate of 2-3/4 per cent on advances under section 10(b). Other rates in the Banks' existing schedules were established without change except that the New York Bank had established a rate of 3-1/4 per cent on advances under the last paragraph of section 13. Pursuant to the action taken by the Board of Governors at this meeting, the New York and Chicago Banks were advised of approval of the rates established by their directors, effective March 7, 1958.

Advice also was received from the Minneapolis Bank that its directors had established without change the rates on discounts and advances in the Bank's existing schedule. Pursuant to the procedure approved by the Board on January 24, 1958, the Secretary advised the Minneapolis Bank of approval by the Board of the action taken by the Bank's directors.

The meeting then adjourned.

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Secretary's Notes:

Pursuant to the recommendation contained in a memorandum dated February 27, 1958, from Mr. Johnson, Director, Division of Personnel Administration, Governor Shepardson approved on behalf of the Board on March 3, 1958, attendance of June E. Ayers of that Division at a seminar on supervisory training to be held in New York City, March 5-7, 1958, under the sponsorship of the American Management Association. The memorandum stated that no provision had been made in the 1958 budget for the registration fee of \$150 or for the travel expense involved.

Pursuant to the recommendation contained in a memorandum from Mr. Masters, Director, Division of Examinations, dated February 10, 1958, Governor Shepardson also approved on behalf of the Board on March 3, 1958, an increase in the basic salary of Alex J. Harris, Jr., Assistant Federal Reserve Examiner, from \$4,215 to \$4,525 per annum, effective March 9, 1958.

On March 5, 1958, Governor Shepardson approved on behalf of the Board the following items:

Memoranda from appropriate individuals concerned recommending the following actions affecting the Board's staff:

Appointments

Virginia C. Gunter as Statistical Assistant in the Division of Research and Statistics, with basic annual salary at the rate of \$3,940, effective the date she assumes her duties.

Edward W. Healey as Assistant Federal Reserve Examiner in the Division of Examinations, with basic annual salary at the rate of \$4,660, effective the date he assumes his duties.

H. Lloyd Lufkin as Assistant Federal Reserve Examiner in the Division of Examinations, with basic annual salary at the rate of \$4,525, effective the date he assumes his duties.

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Transfer

Marcia G. Patz, from the position of Secretary in the Division of Bank Operations to the position of Secretary in the Division of International Finance, with no change in her basic salary at the rate of \$3,805 per annum, effective the date she assumes her new duties.

Letter to Mr. Mangels, Chairman of the Committee on Collections and Accounting of the Conference of Presidents (attached Item No. 12), regarding the designation of Board representatives on three subcommittees.

Letter to the Presidents of all Federal Reserve Banks (attached Item No. 13) regarding the plan of distribution of the Federal Reserve Bulletin which was discussed at the joint meeting of the Board and the Presidents on February 11, 1958.

Governor Shepardson today approved on behalf of the Board the following items:

Memoranda from appropriate individuals concerned recommending the following actions affecting the Board's staff:

Transfers

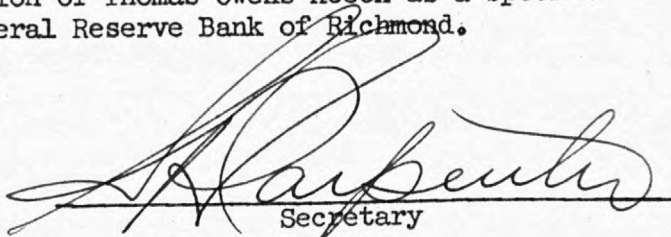
Jean S. Glascock, from the position of Secretary in the Division of Bank Operations to the position of Secretary in the Office of the Controller, with an increase in basic salary from \$4,215 to \$4,525 per annum, effective March 9, 1958.

Dorothy L. Werner, from the position of Secretary in the Office of the Controller to the position of Secretary in the Division of Bank Operations, with no change in her basic salary at the rate of \$4,890 per annum, effective March 9, 1958.

Resignation

Kathleen Barnes, Draftsman, Division of Research and Statistics, effective March 14, 1958.

Letter to the Federal Reserve Bank of Richmond (attached Item No. 14) approving the designation of Thomas Owens Keech as a special assistant examiner for the Federal Reserve Bank of Richmond.


Secretary

(CONFIDENTIAL DRAFT 3-5-58)

A B I L L

To amend Section 19 of the Federal Reserve Act with respect to reserves required to be maintained by member banks of the Federal Reserve System.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Section 19 of the Federal Reserve Act, as amended, is further amended by adding after the sixth paragraph of such section the following:

"Notwithstanding the other provisions of this Section -

(1) The Board of Governors of the Federal Reserve System may permit member banks of the Federal Reserve System, subject to such terms and limitations as it may prescribe, to count as reserves required under this section all or part of currency and coin in vault or on hand; and

(2) The Board of Governors of the Federal Reserve System, in its discretion giving due regard to appropriate monetary policies, may from time to time make adjustments in reserves required under this section, by reclassifying cities or terminating classifications and by changing requirements, in such a manner that eventually the reserves required to be established and maintained under this section by each member bank shall be in a uniform amount, without regard to the size or geographic location of the bank, equal to not less than seven per centum nor more than

- 2 -

fourteen per centum of the aggregate amount of its demand deposits and two per centum of its time deposits: Provided, however, that when reserves of all member banks required to be established and maintained against demand deposits have been reduced to a uniform amount equal to ten per centum of such deposits any subsequent changes in such reserves shall not increase the amount to more than fourteen per centum of such deposits."

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

Item No. 2
3/6/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 6, 1958



Board of Directors,
The First Pennsylvania Banking 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 approves the establishment of a branch at the northwest corner of Radnor-Chester Road and Lancaster Avenue, Radnor Township, Delaware County, Pennsylvania, 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 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
3/6/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 6, 1958



Winston, Strawn, Smith & Patterson,
First National Bank Building,
Chicago 3, Illinois.

Attention Mr. Thomas S. Tyler

Gentlemen:

This refers to the request contained in Mr. Tyler's letter of January 17, 1958, submitted through the Federal Reserve Bank of Chicago, for a determination by the Board of Governors of the Federal Reserve System as to the status of F. H. Prince & Co., Inc., and its subsidiary Chicago Stock Yards Company, both of Chicago, Illinois, as holding company affiliates.

From the information supplied, the Board understands that the sole present activities of F. H. Prince & Co., Inc., and Chicago Stock Yards Company are holding and otherwise dealing with securities; that F. H. Prince & Co., Inc., owns 60 per cent of the outstanding capital stock of Chicago Stock Yards Company and the latter owns approximately 80 per cent of the authorized and outstanding shares of stock of The Live Stock National Bank of Chicago, Chicago, Illinois; but that F. H. Prince & Co., Inc., and Chicago Stock Yards Company do not own or control, directly or indirectly, any other bank stock, and do not manage or control, directly or indirectly, any other banking institution.

In view of these facts, the Board of Governors has determined that F. H. Prince & Co., Inc., and Chicago Stock Yards Company are not engaged, directly or indirectly, as a business in holding the stock of or managing or controlling banks, banking associations, savings banks, or trust companies within the meaning of section 2(c) of the Banking Act of 1933, as amended; and, accordingly, F. H. Prince & Co., Inc., and Chicago Stock Yards Company are not deemed to be holding company affiliates except for the purposes of section 23A of the Federal Reserve Act, and do not need voting permits from the Board of Governors in order to vote the bank stock which they own or control.

Winston, Strawn, Smith & Patterson -2-

If, however, the facts should at any time differ from those set out above to an extent which would indicate that either F. H. Prince & Co., Inc., or Chicago Stock Yards Company might be deemed to be so engaged, this matter should again be submitted to the Board. The Board reserves the right to rescind this determination and make a further determination of this matter at any time on the basis of the then existing facts.

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
3/6/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 6, 1958



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

Dear Mr. Pondrom:

Reference is made to your letter of February 20, 1958, recommending that the Board approve, under the provisions of Section 24A of the Federal Reserve Act, an investment by Texas State Bank, Austin, Texas, in bank premises in excess of the capital stock of the bank.

After consideration of the information submitted, the Board of Governors concurs in your recommendation and approves the investment by Texas State Bank of not to exceed \$139,400 for the purpose of expanding and remodeling banking quarters. This amount includes \$5,500 expended for architect's fees, a firm bid of \$118,900 for the expansion and remodeling program, and \$15,000 for additions and changes not included in the firm bid.

It is noted that the bank proposes to charge off during the next three years, in addition to regular depreciation, the book value of bank premises in excess of capital stock.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.

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

Item No. 5
3/6/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 6, 1958



Mr. E. R. Millard, Vice President,
Federal Reserve Bank of San Francisco,
San Francisco 20, California.

Dear Mr. Millard:

Reference is made to your letter of February 20, 1958, recommending that the Board of Governors grant Union Bank, Los Angeles, California, an extension of time in which to establish a branch in the vicinity of the intersection of Riverside Drive and Lankershim Boulevard in the Toluca Lake area of Los Angeles (North Hollywood), California.

After consideration of the information submitted, the Board of Governors extends to August 30, 1958, the time within which Union Bank may establish the branch under the authorization contained in its letter of August 30, 1957.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.

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

Item No. 6
3/6/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 6, 1958

Mr. Robert E. Merriam,
Assistant Director of the
Bureau of the Budget,
Washington 25, D. C.

Dear Mr. Merriam:

This refers to your letter of February 25, 1958, inquiring whether the Board has any proposals for State legislation which it desires to present through the Bureau of the Budget and the Council of State Governments for consideration at the 1959 sessions of the State legislatures.

The Board has no proposals to suggest at this time for State legislation.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.

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

Item No. 7
3/6/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 6, 1958



Mr. C. E. Allen, President,
Federal Reserve Bank of Chicago,
Chicago 90, Illinois.

Dear Mr. Allen:

The members of the Board have read with interest your letter of February 20 regarding the review of district lines and branch zones which the Board requested in its letter of January 21, 1958.

It is noted that as a result of your study you conclude that no changes in the boundaries of the Seventh Federal Reserve District would be desirable at this time except possibly in the case of northern Wisconsin and the upper peninsula of Michigan. With regard to the latter areas, you indicate that a preliminary review has led to the conclusion that a more thorough study should be made of the possible desirability of transferring these areas to the Seventh Federal Reserve District, and suggest the following procedure:

1. Development of additional data to cover all factors which should be considered, including a breakdown of data by counties.
2. Consultation and cooperation of the Federal Reserve Bank of Minneapolis to assure that all essential facts are considered.
3. Some ascertainment of sentiment in the area concerned.

In response to your specific question, the Board has no objection to your proceeding with steps (1) and (2), and concurs in your view that the third step, ascertainment of sentiment in the area concerned, should await completion of the other two steps.

A copy of your letter of February 20 and of this reply are being sent to Mr. Deming, President of the Federal Reserve Bank of Minneapolis, for his information.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 8
3/6/58

OFFICE OF THE CHAIRMAN

March 6, 1958

The Honorable J. W. Fulbright, Chairman,
Committee on Banking and Currency,
United States Senate,
Washington 25, D. C.

Dear Senator Fulbright:

This is in response to your request for comments on S.2995, S.3336, and S.3373, which are presently under consideration by your Committee.

While it feels that the orderly termination of the VA loan-guaranty program is a desirable objective, the Board sees no objection to a one-year extension of the program for World War II veterans. Quite apart from the benefit to the individual veterans, the availability of this program for home financing will facilitate the processing of an increased volume of Government-aided mortgage loans in a period when this should make a positive contribution to economic stability.

The Board also hopes that your Committee will give favorable consideration to increased flexibility in the maximum interest rate specified for the VA program. The provision contained in S.3336 appears to us to be an acceptable means of accomplishing this objective. We would also favor the removal of the present controls on discounts in both the VA and FHA programs.

It is the Board's opinion that if these actions are taken additional lending authority to the Federal National Mortgage Association is neither necessary nor desirable, and that the customary \$200,000,000 of direct lending authority to the Veterans Administration should be sufficient. There is growing evidence of increased availability of funds for mortgage lending. With some increased flexibility in rates of interest and discounts, both commitments and loans should be readily available to support an increased level of building activity.

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.

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

Item No. 9
3/6/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 6, 1958



Mr. John E. Bierwirth,
Chairman,
Federal Reserve Bank of New York,
New York 45, New York.

Dear Mr. Bierwirth:

The Board of Governors has noted the information given in Mr. Braun's letter of February 6 to the effect that Mr. Ralph F. Peo, Chairman of the Buffalo Branch board, has been made a director of The Marine Trust Company of Western New York, in Buffalo.

You may recall that the Board's regulations relating to branches of Federal Reserve Banks provide that branch directors appointed by the Board of Governors shall be persons who are not primarily engaged in banking and preferably are not directors of banks, although they may be stockholders. There have been a few cases, however, including two at the Buffalo Branch, in which a branch director accepted a commercial bank directorship during his Federal Reserve service and was allowed to serve until the end of his term. The Board of Governors therefore will not interpose any objection to Mr. Peo's holding a commercial bank directorship and a Federal Reserve directorship simultaneously for the remainder of his term, but it will not consider him eligible for reappointment when his term expires at the end of this year.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.

March 5, 1958

Item No. 10

3/6/58

NEW HAMPSHIRE BANKSHARES, INC.

I concur in the recommendation of the Division of Examinations that the Board approve the proposed acquisition by the New Hampshire Bankshares, Inc. of the controlling interest in the New Hampshire National Bank of Portsmouth, New Hampshire.

Reflection on the various applications received by the Board, by virtue of which bank holding companies have sought to extend their banking interests within the authority of the Bank Holding Company Act of 1956, has led me to a positive rather than a negative approach to administering the Bank Holding Company Act of 1956 which assumes that proposals submitted to the Board by bank holding companies shall be decided in their favor unless the evidence developed is conclusively adverse.

This type of approach does not interpret the Bank Holding Company Act of 1956 as an over-all prohibition against the expansion of bank holding companies, but, rather, a permission for such expansion when not in contravention of the five principles set out in section 3(c) of the Act. The legislative history of the Bank Holding Company Act of 1956 established clearly that it was not the intention of Congress to pass a death sentence on the expansion of bank holding companies and most definitely not when such expansion was confined to the State within which the bank holding company's headquarters was established.

Coupling this line of reasoning with the facts developed by the Division of Examinations and the Legal Division respecting the New Hampshire Bankshares, Inc.'s proposal to acquire control of the New Hampshire National Bank of Portsmouth argues conclusively for approving the application. In considering evidence submitted in this case and in all other bank holding company applications, I have become convinced of the necessity of examining the applications against the complete competitive financial background against which it is presented and not solely against competitive situations in the local field of commercial banking. It is especially important in the New Hampshire Bankshares, Inc. case to note that mutual savings banks in the State of New Hampshire are permitted to engage in transactions that place them in direct competition with the State's commercial banks, with the effects of such competition heightened by the further fact that mutual savings banks in New Hampshire, and particularly in the New Hampshire Bankshares, Inc.'s competitive area, outrank the commercial banks in size. In the light of the competitive situation in which the units of the New Hampshire Bankshares, Inc. operate, it is necessary to consider its application not only with respect to commercial bank competition but also with respect to the competition afforded by mutual savings banks operating in the same area.

- 2 -

On the score of commercial bank competition alone, the proposed acquisition of the New Hampshire National Bank of Portsmouth by New Hampshire Bankshares, Inc. would be suspect in that the percentage of commercial bank resources represented by New Hampshire Bankshares, Inc. units in Rockingham County would be substantial. However, that situation does not hold true when the competition of local mutual savings banks is also considered and, in fact, it can be argued that the proposed expansion would improve rather than deter total financial institution competition. If the position of New Hampshire Bankshares, Inc. following its proposed acquisition of the New Hampshire National Bank of Portsmouth is also considered against a broader, several-county background, there is no evidence of an undue concentration of financial resources.

A. L. Mills, Jr.

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

Item No. 11
3/6/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 6, 1958

Mr. Robert C. Sprague, Chairman,
Board of Directors,
Federal Reserve Bank of Boston,
Boston 1, Massachusetts.

Dear Mr. Sprague:

This refers to your letter of February 24, 1958, enclosing two copies of a supplemental agreement dated February 24, 1958, between your Bank and President Erickson covering special payments to President Erickson after his retirement.

The Board of Governors approves the supplemental agreement to the original contract between the Federal Reserve Bank of Boston and President Erickson dated December 12, 1950, and the Secretary of the Board has affixed his signature in the place indicated on the supplemental agreement.

In accordance with your letter, one executed copy has been retained for the Board's files and the other is returned herewith.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.

Enclosure.

This Supplemental Agreement made and entered into this 24th day of February 1958, by and between JOSEPH A. ERICKSON (hereinafter called Erickson) and FEDERAL RESERVE BANK OF BOSTON (hereinafter called Bank);

WHEREAS, the parties hereto entered into an agreement dated December 12, 1950, and because of changes in economic conditions, salary adjustments, and retirement provisions, now desire to change the amount of \$10,000 stated in Paragraph 2 of said agreement;

NOW THEREFORE THIS AGREEMENT WITNESSETH, That the parties hereto, intending to be legally bound hereby, mutually agree as follows:

1. - Paragraph 2 of said agreement of December 12, 1950, is hereby amended so that the amount of \$10,000 per annum stated in Paragraph 2 of said agreement is changed to \$12,500 per annum.

2. - Said agreement of December 12, 1950, shall remain in full force and effect in all other respects.

IN WITNESS WHEREOF, Erickson has hereunto set his hand and seal and Bank has caused these presents to be executed by its proper corporate officers and its corporate seal to be hereunto affixed.

(Signed) Joseph A. Erickson SEAL
Joseph A. Erickson

FEDERAL RESERVE BANK OF BOSTON

By (Signed) Robert C. Sprague
Chairman of Board of Directors

Attest:

(Signed) Laurence H. Stone Secretary

SEAL

The foregoing agreement has been approved by the Board of Governors of the Federal Reserve System and, in witness thereof, the seal of the said Board is attached and its Secretary has affixed his signature.

(Signed) S. R. Carpenter Secretary

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

Item No. 12
3/6/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 5, 1958



Mr. H. N. Mangels, Chairman,
Committee on Collections and Accounting,
Federal Reserve Bank of San Francisco,
San Francisco 20, California.

Dear Mr. Mangels:

Your letter of February 24 to Mr. Erickson, Chairman, Conference of Presidents, regarding appointments to three subcommittees for the ensuing year, mentioned that the Board had not yet designated its representatives to those subcommittees.

The Board's presently designated representatives to the three subcommittees named in your letter will continue as associates, as follows:

Subcommittee on Accounting	Mr. Farrell
Subcommittee on Collections	Mr. Leonard
Subcommittee of Counsel on Collections	Mr. Hackley

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
3/6/58
S-1648



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 7, 1958

Dear Sir:

At the recent joint meeting of the Board of Governors and the Presidents of the Federal Reserve Banks the latter concurred in the proposed plan of discontinuing the present practice of furnishing additional free copies of the Federal Reserve Bulletin to branches of member banks and the adoption in its place of an arrangement under which subscriptions for the Bulletin (in addition to the one official copy which is sent to the head office of each member bank without charge) either for the head office or branches will be made available at a subscription price of \$2 a year. Accordingly, the Board is sending the attached letter to all member banks informing them of the new arrangement. The letter, marked as a copy, is also being sent to each domestic and foreign branch of a member bank which has been receiving a free copy of the Bulletin. It will also appear in the March issue of the Bulletin.

The Board of Governors concurs in the Presidents' view that with the adoption of the arrangements referred to above there should be few instances which, in fairness to member banks which pay for additional subscriptions, would justify the Federal Reserve Banks in furnishing free subscriptions to the Bulletin to member or nonmember banks. This, of course, does not refer to instances in which the Federal Reserve Banks respond to proper requests for a free copy of a single issue of the Bulletin.

Agreement was also expressed by the Presidents that it would be desirable to supply the Bulletin and other System publications without cost to former directors of the Federal Reserve Banks and their branches who request them. In order to put this arrangement into effect the Board plans to inquire of each retiring director whether he wishes to continue to receive Board publications. As you know, the free mailing lists of the Board are checked annually and as long as a former director expresses a desire to receive a publication, it will continue to be sent.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.

Enclosure

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS

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

Item No. 14
3/6/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 6, 1958



Mr. N. L. Armistead, Vice President,
Federal Reserve Bank of Richmond,
Richmond 13, Virginia.

Dear Mr. Armistead:

In accordance with the request contained in your letter of March 3, 1958, the Board approves the designation of Thomas Owens Keech as a special assistant examiner for the Federal Reserve Bank of Richmond.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.