

Minutes for April 11, 1958

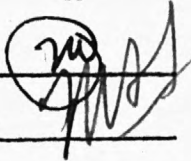
To: Members of the Board

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 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></u>	_____
Gov. Szymczak	x _____	_____
Gov. Vardaman <u>1/</u>	_____	x _____
Gov. Mills	x _____	_____
Gov. Robertson	_____	x <u>R</u>
Gov. Balderston	x <u>CCB</u>	_____
Gov. Shepardson	x <u>SSS</u>	_____

1/ In accordance with Governor Shepardson's memorandum of March 8, 1957, these minutes are not being sent to Governor Vardaman for initial.

Minutes of the Board of Governors of the Federal Reserve System  
on Friday, April 11, 1958. The Board met in the Board Room at 10:30 a.m.

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

Mr. Carpenter, Secretary  
Mr. Kenyon, Assistant Secretary  
Mr. Riefler, Assistant to the Chairman  
Mr. Hackley, General Counsel  
Mr. Conkling, Assistant Director, Division of  
Bank Operations  
Mr. Noyes, Adviser, Division of Research and  
Statistics  
Mr. Solomon, Assistant General Counsel  
Mr. Hostrup, Assistant Director, Division of  
Examinations  
Mr. Nelson, Assistant Director, Division of  
Examinations  
Mr. Collier, Chief, Current Series Section,  
Division of Bank Operations

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 Bristol County Trust Company, Taunton, Massachusetts, granting an extension of time within which to establish an in-town branch. (For trans- mittal through the Federal Reserve Bank of Boston)	1
Letter to the Grand Rapids State Bank, Grand Rapids, Minnesota, approving its application for membership in the Federal Reserve System. (For transmittal through the Federal Reserve Bank of Minneapolis)	2

4/11/58

-2-

	<u>Item No.</u>
Letter to the Federal Reserve Bank of Minneapolis, in response to a request from First Bank Stock Corporation, relating to whether the Corporation's indirect ownership of shares of Downtown Auto Park, Inc., is exempt from the divestment requirements of the Bank Holding Company Act.	3
Letter to the Federal Deposit Insurance Corporation concerning the application of River Oaks State Bank, Houston, Texas, for continuance of deposit insurance after withdrawal from membership in the Federal Reserve System.	4
Memorandum from Mr. Leonard, Director of the Division of Bank Operations, dated March 26, 1958, suggesting that the number of cloth bound copies of the All-Bank Series book be increased from 1,000 to 3,000.	5
Letter to the Federal Reserve Bank of Kansas City approving payment of a legal fee in connection with the purchase of lots adjoining the Oklahoma City Branch building.	6

Discount rates. Unanimous approval was given to telegrams to the Federal Reserve Banks of New York, Cleveland, Richmond, Atlanta, St. Louis, Kansas City, Dallas, and San Francisco approving the establishment without change by the San Francisco Bank on April 9, 1958, and by the other seven Banks on April 10, 1958, of the rates on discounts and advances in their existing schedules.

Messrs. Conkling and Collier then withdrew from the meeting and Mr. Hexter, Assistant General Counsel, entered the room.

Proposed absorption of The National Metropolitan Bank of Washington by American Security and Trust Company. There had been distributed to the members of the Board memoranda dated April 9, 1958, from the Division of

4/11/58

-3-

Examinations and from Mr. Hackley relating to the informal request of the Comptroller of the Currency for the Board's views with respect to the applicability of the Clayton Act to the proposed absorption of The National Metropolitan Bank of Washington, Washington, D. C., by American Security and Trust Company, also of Washington. Under the terms of an agreement between the two banks, an affiliate of American Security and Trust Company known as American Security Corporation would offer to purchase the stock of National Metropolitan Bank at \$80 per share. Consequently, the transaction would fall within the scope of section 7 of the Clayton Act and the question raised was whether the effect of the acquisition would be "substantially to lessen competition, or to tend to create a monopoly."

On the basis of a review of banking facilities in the District of Columbia, the memorandum from the Division of Examinations expressed the view that the proposed absorption would not appear to result in a tendency toward monopoly or substantial lessening of competition. Mr. Hackley's memorandum noted the lack of controlling precedents as to the circumstances under which acquisitions of bank stocks by corporations involve a substantial lessening of competition within the meaning of the Clayton Act. Reference was made, however, to the Baystate Corporation case, recently decided by the Board under the Bank Holding Company Act, in which it was contemplated that the second and third largest banks in Springfield, Massachusetts, would be merged to form the largest of the

4/11/58

-4-

commercial banks in that city. While the proposed absorption and the Baystate case were not strictly comparable, it was recalled that the Legal Division had expressed in the latter case the opinion that the transaction probably would not be considered as involving such a substantial lessening of competition as to violate section 7 of the Clayton Act. As Mr. Hackley's memorandum pointed out, the stock acquisition in that case would seem to have resulted in a greater lessening of competition than that which would follow the absorption of National Metropolitan Bank by American Security and Trust Company. While there had not been an opportunity to study the current case in detail in the light of court decisions under the Clayton Act, the memorandum expressed the view that the transaction would not involve a tendency to create a monopoly and probably would not result in a substantial lessening of competition in violation of the Clayton Act.

Mr. Hackley's memorandum also pointed out that the Department of Justice has certain concurrent enforcement powers under section 7 of the Clayton Act and that failure of the Board to institute proceedings would not preclude that Department from taking action in its discretion. It further stated that the Board's staff had indicated in a conversation with representatives of the Comptroller's Office that the Board might not be willing to take any position at this time. It was understood, however, that if the Board should be prepared to express any view, the Comptroller's Office would appreciate being advised promptly.

4/11/58

-5-

Following comments by Messrs. Nelson and Hackley in amplification of the memoranda which had been sent to the Board, Mr. Hexter commented, with respect to a previous statement regarding the extent of banking competition in the District of Columbia after the absorption, that apparently such a circumstance was not regarded as conclusive by the Department of Justice and the Federal Trade Commission for in certain cases outside the banking field proceedings had been instituted even though there would still be a great deal of competition if the contemplated mergers were consummated. On the other hand, he did not feel that the Board was obligated to reach out to the borders of antitrust law. In other words, where it could not be said that a case clearly involved a violation or that it did not, in his view the Board was not under obligation to institute proceedings.

In response to a question, Mr. Hackley said that, as indicated in his memorandum, it would be difficult, if not impossible, for either the Board or the Department of Justice to take action after the transaction was consummated.

Governor Mills then expressed agreement with the position that the Board should not initiate proceedings or raise any question about the proposed transaction from the standpoint of the applicability of the Clayton Act. Neither did he feel that the Board was called upon to send a letter to the Comptroller of the Currency setting out its reasons for not initiating proceedings under that Act.

4/11/58

-6-

Mr. Hackley indicated that if the Board merely took no action, it was his understanding that the Comptroller probably would go ahead and approve the proposed absorption. However, it appeared that before giving his approval the Comptroller would like, if possible, advice to the effect that the Board did not contemplate taking action. To put it another way, if the Comptroller had any indication that the Board thought a possible violation of the Clayton Act might be involved, the Comptroller apparently would withhold his approval.

Further discussion regarding the possibility of the Department of Justice taking action brought out that there had been public notice of the proposed transaction but that the element of timing might have the effect of making it difficult to institute proceedings unless the Comptroller withheld his approval. It was brought out also that action on the part of Justice once the absorption was carried out would be limited to proceedings under the Sherman Act, the possibility of which seemed remote.

In an additional comment, Governor Shepardson, who was one of those in the minority in the Baystate case, stated that he would be inclined to agree with the Legal Division that the lessening of competition resulting from the proposed transaction would not appear to be as great as the lessening of competition resulting from the merger which followed the Baystate decision.

4/11/58

-7-

It was then agreed unanimously that Chairman Martin would advise the Comptroller of the Currency informally that the Board did not contemplate instituting proceedings under section 7 of the Clayton Act with respect to the proposed absorption of The National Metropolitan Bank by the American Security and Trust Company.

Messrs. Nelson and Hexter then withdrew and Mr. Shay, Legislative Counsel, entered the room.

Mr. Patman's request for information concerning bank holding companies in Texas (Item No. 7). In a letter dated March 26, 1958, the Board responded to a request from Congressman Patman for information regarding three registered bank holding companies having their principal offices in the State of Texas. In furnishing the information, the Board noted that this material had not been made available to the public and that it was therefore being sent to Mr. Patman for his confidential information and use.

In a letter dated March 28, 1958, Mr. Patman inquired whether restrictions upon the use of such information stemmed from the Board's interpretation of the law or from Board policy. If the former, he suggested that perhaps the law should be changed; if the latter, he suggested that the policy be reconsidered.

A proposed reply had been distributed to the members of the Board which would state that the registration and reporting requirements contained in section 5 of the Bank Holding Company Act were regarded as having been designed to supply the Board information necessary to administer the Act



4/11/58

-8-

rather than to disclose to the public the relationships between the bank holding companies and their banks and other subsidiaries. It would be noted that section 5 does not require publication by the Board, by the bank holding companies, or by their subsidiary banks of the information on intercompany relationships furnished to the Board, and that in such circumstances the Board would not feel justified in publishing data regarding relationships between private business enterprises.

In view of editorial changes suggested by Governor Balderston, a version of the proposed letter reflecting those changes also had been distributed to the Board.

After certain additional editorial suggestions had been made, the Board reexamined the fundamental question raised by Congressman Patman's letter; namely, whether there was justification in adhering to the position that, under the present provisions of the Bank Holding Company Act, a policy against public disclosure of information supplied by bank holding companies pursuant to the registration and reporting requirements should be followed. Aspects of the matter covered during the discussion included the apparent purposes of the registration and reporting requirements of the Act, the precedents accumulated in the bank supervisory area, the lack of positive requirements for public disclosure in the Act, the provisions of other legislation which require public disclosure of registration statements and similar material, and the distinctions which might be drawn between the purposes of the Bank Holding Company Act and other

4/11/58

-9-

legislation, including the Securities Exchange Act, from the standpoint of registration and reporting requirements. In this connection, it was pointed out that the procedures under the Bank Holding Company Act and the Securities Exchange Act might be regarded as alternatives, since the Bank Holding Company Act contemplates supervision of the registered companies and their banking subsidiaries by a Government agency while the Securities Exchange Act is designed to afford protection to investors by making available to them certain information concerning a wide variety of companies in many fields.

During the discussion Chairman Martin expressed the view that the Board might properly take the position that the Congress, if it felt that information furnished under the registration and reporting requirements should be available to the public, ought to consider appropriate changes in the Act.

It was then suggested that the reply to Mr. Patman would be strengthened by including therein pertinent excerpts from section 5 of the Bank Holding Company Act.

There being agreement with this suggestion, unanimous approval was given to a letter to Congressman Patman in the form attached under Item No. 7.

Mr. Shay then withdrew from the meeting and Mr. Brill, Chief, Capital Markets Section, Division of Research and Statistics, entered the room.

4/11/58

-10-

Suggestion for amendment of section 4(c)(1) of Regulation T.

Mr. Solomon stated that with a certain amount of latitude to take care of special circumstances, as provided in succeeding subsections, section 4(c)(1) of the Board's Regulation T, relating to special cash accounts, contemplates that transactions will not be handled under that section except where there is prompt payment on the part of the customer. While the provisions of the section seemed to have worked reasonably well, from time to time questions had been raised suggesting the need for relief to institutional investors by way of exceptions to the general rule. It had never been entirely clear what circumstances were considered to make such exceptions necessary or desirable, but the problems seemed to involve mostly situations around the end of the year. It had been alleged that some brokers and dealers were inclined to accommodate institutional investors under such circumstances on the basis of oral agreements and that other brokers and dealers lost business as a consequence.

Mr. Solomon reported that representatives of the National Association of Securities Dealers had visited the Board's offices at the suggestion of the President of the Association for discussion of questions of this nature with himself and Mr. Brill, and that it had now been stated that the President of the Association would be in Washington on Tuesday, April 15, and would like to come to the Board's offices for further discussion with the staff. Accordingly, Mr. Solomon had brought the matter to the attention of Governor Balderston, who suggested discussion of it by the Board so that the staff might have appropriate instructions.

4/11/58

-11-

Mr. Solomon went on to say that some fairly good arguments apparently could be made for exceptions along the lines suggested. However, there might also be arguments on the other side and at present it was not clear whether there was endorsement of the idea by the industry. One difficulty appeared to be that of defining the problem clearly enough to permit exempting the situations said to require relief without getting into amendments which would be of too sweeping a nature and perhaps discriminatory. He also said that yesterday he received a telephone call from a representative of the Federal Reserve Bank of New York who outlined problems of a somewhat similar nature which had been reported from a source within the New York Stock Exchange, but it was not entirely clear whether these problems were exactly the same as those mentioned by the representatives of the National Association of Securities Dealers.

In a discussion of the matter, Governor Szymczak referred to the difficulty involved in taking a definite position without having more information. He pointed out that membership in the National Association of Securities Dealers is widespread and that suggestions sometimes are made which represent individual opinion and not the position of the Association as a whole. Therefore, he doubted whether the Board could appropriately take any position at this point.

Along the same lines, Governor Balderston recalled that recently a past President of the Association had suggested certain amendments to Regulation T but that subsequent inquiry by the Board through the Federal

4/11/58

-12-

Reserve Banks developed that the proposal was not favored by the industry. He suggested, therefore, that the Board's staff might propose in further discussion that it would be well for the proponents of the present proposal to determine the views of the industry.

Following additional comments, agreement was expressed with the suggestion of Chairman Martin that the Board's staff should state that the Board had discussed the matter, that the Board had some question whether this problem was important enough to warrant a change in Regulation T, but that it would be glad to consider amending the Regulation if a strong case was developed. To put it another way, amendment of the Regulation was doubtful unless a good case was made.

Invitation to Mr. Thomas. The Board authorized Mr. Thomas, Economic Adviser to the Board, to accept an invitation to speak at a luncheon session of the Management Conference of the Savings Association League of New York State to be held in Washington, D. C., on May 7, 1958.

The meeting then adjourned.

Secretary's Notes: On April 1, 1958, Governor Shepardson approved on behalf of the Board a luncheon in the Board's dining rooms each year to be attended by the incoming Committee of Employees, the Director of the Division of Personnel Administration, and the member of the Board having responsibility for internal affairs.

Pursuant to recommendations contained in memoranda from appropriate individuals concerned, Governor Shepardson approved on behalf of the Board on April 9, 1958, increases in the basic annual salaries of the following persons on the Board's staff in the amounts indicated, effective April 20, 1958:

4/11/58

-13-

Division of Research and Statistics

Edward R. Fry, Economist, from \$5,845 to \$5,980.  
 Irma B. Gavin, Draftsman-Illustrator, from \$4,755 to \$4,890.  
 Verna Hodge, Librarian, from \$4,480 to \$4,615.  
 Katharyne P. Reil, Economist, from \$6,520 to \$6,655.  
 Charles G. Trescott, Library Assistant, from \$4,345 to \$4,480.

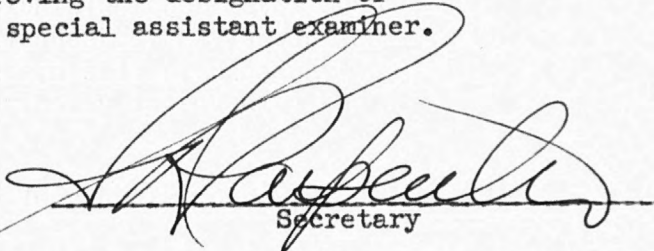
Division of Examinations

Francis D. Dargo, Assistant Federal Reserve Examiner, from \$4,930 to \$5,065.

Division of Administrative Services

Harry F. Allen, Telegraph Operator, from \$4,345 to \$4,480.  
 Ruth Anna Brown, Telegraph Operator, from \$3,805 to \$3,940.  
 Paul G. Hutts, Operator, Tabulating Equipment, from \$3,940 to \$4,075.  
 Lola A. Buckley, Telephone Operator, from \$3,175 to \$3,260.

Governor Shepardson approved today on behalf of the Board a telegram to the Federal Reserve Bank of Chicago (attached Item No. 8) approving the designation of Robert W. Cieszynski as a special assistant examiner.



Secretary

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

Item No. 1  
4/11/58

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

April 11, 1958



Board of Directors,  
Bristol County Trust Company,  
Taunton, Massachusetts.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Boston, the Board of Governors of the Federal Reserve System extends until October 10, 1958, the time within which Bristol County Trust Company, Taunton, Massachusetts, may establish an in-town branch on the eastern side of Broadway opposite Avon Street, as originally approved by the Board on April 10, 1957.

Very truly yours,

(Signed) S. R. Carpenter

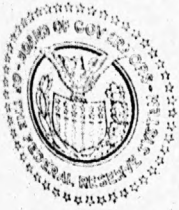
S. R. Carpenter,  
Secretary.

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

Item No. 2  
4/11/58

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

April 11, 1958



Board of Directors,  
Grand Rapids State Bank,  
Grand Rapids, Minnesota.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the application of Grand Rapids State Bank, Grand Rapids, Minnesota, for stock in the Federal Reserve Bank of Minneapolis, 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.

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.



Grand Rapids State Bank

- 2 -

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) S. R. Carpenter

S. R. Carpenter,  
Secretary.

Enclosure

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

Item No. 3  
4/11/58

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

April 11, 1958



Mr. H. G. McConnell, Vice President,  
Federal Reserve Bank of Minneapolis,  
Minneapolis 2, Minnesota.

Dear Mr. McConnell:

This is in reference to your letter of February 6, 1958, enclosing a letter dated February 4, 1958, from First Bank Stock Corporation, Minneapolis, Minnesota. The Board is requested for an interpretation as to whether the indirect ownership by First Bank Stock Corporation (the "Corporation") of shares of Downtown Auto Park, Inc., Minneapolis, Minnesota ("Downtown Auto"), is exempt from the divestment requirements of the Bank Holding Company Act.

The Board understands that the Corporation owns approximately 98 per cent of the capital stock of the First National Bank of Minneapolis ("First National"); that First National in turn owns 50 per cent of the outstanding shares of First National and Soo Line Building Co. ("Soo Line Building Co."); that the latter company owns the First National - Soo Line Building ("Soo Line Building"), which premises are occupied in part by First National. It is further understood that Soo Line Building Co. owns approximately 12 per cent of the outstanding shares of Downtown Auto; that Downtown Auto owns two parking ramps, one situated within a block of the Soo Line Building in which the offices of First National are located, and the other approximately six blocks distant from First National's quarters; that "from time to time" customers of First National use the parking ramp situated within a block of the Soo Line Building; that First National does not reserve any stalls in either parking ramp for its use or the use of its customers; that First National has an autobank with parking space directly adjacent to its premises.

On the basis of the above information, the indirect ownership by the Corporation of shares of Downtown Auto would not seem to come within the exemptive provisions of section 4(c)(1) of the Act, since it appears that Downtown Auto is not a "company engaged solely in holding or operating properties used wholly or substantially by any bank".

Mr. H. G. McConnell.

-2-

As you know, section 4(c)(4) of the Bank Holding Company Act exempts from the prohibitions of section 4 "shares which are of the kinds and amounts eligible for investment by National banking associations under the provisions of section 5136 of the Revised Statutes". Accordingly, if the shares of Downtown Auto Park, Inc. are of a kind and amount which would be eligible for investment by a national bank under the law, the indirect ownership or control of such shares by a bank holding company would be exempt from the prohibitions of section 4 of the Act. Since the Comptroller of the Currency has primary jurisdiction with respect to determining whether a given investment by a national bank is permissible under the law, it would seem appropriate for First Bank Stock Corporation to request an opinion from the Comptroller as to the eligibility of shares in Downtown Auto Park, Inc. for investment by a national bank.

It would be appreciated if you would transmit to First Bank Stock Corporation the substance of this letter.

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. 4  
4/11/58

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

April 11, 1958



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

Dear Mr. Wolcott:

Reference is made to your letter of March 31, 1958, concerning the application of River Oaks State Bank, Houston, Texas, for continuance of deposit insurance after withdrawal from membership in the Federal Reserve System.

Although no formal demand for additional capital has been presented, efforts have been made for more than four years, through conferences and correspondence, to convince the directors of the need for additional capital. No other corrective programs have been urged upon the bank or agreed to by it which the Board of Governors believes should be incorporated as conditions to the continuance of deposit insurance.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,  
Secretary.

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

1136

Item No. 5  
4/11/58

Date March 26, 1958

Office Correspondence

To Board of Governors

Subject: Revised All-Bank Series Bids.

From R. F. Leonard

Bids have been received for the printing of the All-Bank Series book, and the low bid for 5,000 paper-bound copies and 1,000 cloth-bound copies stamped with imitation gold is \$20,749. The purpose of this memorandum is to raise for reconsideration the question of the number of cloth-bound copies, and to suggest that the number be increased from 1,000 to 3,000.

The proposal submitted to the Board in 1955 was that all 6,000 copies be cloth-bound, and at that time the estimated cost for printing and binding was \$34,000. The Board, however, approved the suggestion made by the Controller's Office that, in the interest of economy, only 1,000 copies be cloth-bound and the remaining 5,000 copies be paper-bound, and reduced the budget item by \$2,500 to \$31,500.

As a result of changing from the conventional printing process to the offset printing process, the cost will be reduced approximately \$8,000, and a very substantial amount of time will be saved in checking and proofreading, with the chances of typographical errors in printing eliminated.

The distribution program approved by the Board provides for approximately 3,000 copies to be distributed free at the initiative of the Board, including 2,000 copies to libraries, leaving 3,000 copies available for further distribution. The volume is large, contains about 1,200 pages, and is by nature a reference work. It will, of course, stand up much better if bound in cloth. The additional cost of cloth binding over the paper cover is \$515 a thousand, or 51-1/2¢ per copy.

The bid and budget figures are shown below:

Basic low bid:

5,000 paper-bound copies	
1,000 cloth-bound copies	\$20,749

Low bid adjusted on suggested basis of:

3,000 paper-bound copies	
3,000 cloth-bound copies	\$21,779

1958 Budget

Expended for IBM run of data for printer's copy	\$24,350
Unexpended	351
	\$23,999

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

Item No. 6  
4/11/58

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

April 11, 1958

Mr. H. G. Leedy, President,  
Federal Reserve Bank of Kansas City,  
Kansas City 6, Missouri.

Dear Mr. Leedy:

In response to your letter of April 1, 1958, you are advised that the Board approves the payment of a fee of \$4,500 to Messrs. Embry, Crowe, Tolbert, Boxley and Johnson, for legal services rendered in connection with the purchase of the lots adjoining your Oklahoma City Branch bank building, as described in the invoice, a copy of which was enclosed with your letter and which was approved by your Bank's Executive Committee.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,  
Secretary.

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

Item No. 7  
4/11/58

OFFICE OF THE VICE CHAIRMAN

April 14, 1958.

By Messenger

The Honorable Wright Patman,  
House of Representatives,  
Washington 25, D. C.

Dear Mr. Patman:

Your letter of March 28, 1958, raises a question regarding our letter of March 26 furnishing information requested by you with respect to the three registered bank holding companies whose principal offices are located in Texas. Our letter indicated that the information, other than the names and addresses of the holding companies, has not been made available to the public and therefore was furnished in confidence. You have inquired whether the restrictions upon the use of the data stem from the Board's interpretation of the law or from the Board's policy.

With respect to registration and reporting by bank holding companies, section 5 of the Bank Holding Company Act requires that each bank holding company "register with the Board on forms prescribed by the Board, which shall include such information with respect to the financial condition and operations, management, and intercompany relationships of the bank holding company and its subsidiaries, and related matters, as the Board may deem necessary or appropriate to carry out the purposes of this Act," and provides that the Board may require reports from such companies "to keep it informed as to whether the provisions of this Act and... regulations and orders issued thereunder have been complied with;... ."

It is clear from these provisions of the law that information submitted to the Board of Governors pursuant thereto is for the purpose of enabling the Board to discharge its responsibilities under the Bank Holding Company Act and that there is no indication that information regarding relationships between private business enterprises would be given to the public.

Sincerely yours,

(Signed) C. Canby Balderston

C. Canby Balderston.

T E L E G R A M  
LEASED WIRE SERVICEItem No. 8  
4/11/58BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON

April 11, 1958

DIERCKS - CHICAGO

Reurlet April 9, 1958, Board approves designation of Robert W. Cieszynski as special assistant examiner for the Federal Reserve Bank of Chicago. Please advise date designation is made effective.

(Signed) S. R. Carpenter

CARPENTER