

Minutes for February 19, 1959.

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>(M)</u>	_____
Gov. Szymczak	x <u>[Signature]</u>	_____
Gov. Mills	x <u>[Signature]</u>	_____
Gov. Robertson	_____	x <u>R</u>
Gov. Balderston	x <u>CCB</u>	_____
Gov. Shepardson	x <u>[Signature]</u>	_____

Minutes of the Board of Governors of the Federal Reserve System
 on Thursday, February 19, 1959. The Board met in the Board Room at
 10:00 a.m.

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

Mr. Sherman, Secretary
 Mr. Kenyon, Assistant Secretary
 Mr. Fauver, Assistant Secretary
 Mr. Johnson, Director, Division of Personnel
 Administration
 Mr. Hackley, General Counsel
 Mr. Furth, Associate Adviser, Division of
 International Finance
 Mr. Sammons, Associate Adviser, Division of
 International Finance.
 Mr. Sprecher, Assistant Director, Division of
 Personnel Administration
 Mr. Hexter, Assistant General Counsel
 Mr. Chase, Assistant General Counsel
 Mr. Hostrup, Assistant Director, Division
 of Examinations
 Mr. Nelson, Assistant Director, Division
 of Examinations
 Mr. Benner, Assistant Director, Division
 of Examinations
 Mr. Hill, Assistant to the Secretary
 Mr. Hooff, Assistant Counsel
 Miss Hart, Assistant Counsel

Gold loan to Haiti (Item No. 1). Mr. Sammons reported that
 the Federal Reserve Bank of New York had received a telegram from the
 National Bank of Haiti requesting a 30-day renewal of the \$300,000
 gold loan due next week. This represented the outstanding balance of
 a \$700,000 loan made on September 25, 1958, which was reduced to \$300,000
 on December 26, 1958, and renewed for 30 days. The unpaid portion was

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again renewed for 30 days at the time a new \$400,000 60-day loan was made on January 26, 1959. The officers of the New York Reserve Bank had indicated their intention of recommending favorable action to their Board of Directors this afternoon.

After reviewing the Haitian situation, Mr. Sammons recommended approval of a 30-day renewal, perhaps coupled with advice to the National Bank of Haiti that when this loan and the \$400,000 loan became due they would not be extended further. He understood from the State Department and the International Monetary Fund that the International Cooperation Administration intended to advance about \$5 million to Haiti as budget support aid.

During discussion of the proposed renewal, Governor Mills raised the question of a possible distinction between loans already outstanding and new loans on gold. He suggested that renewal of the \$300,000 loan for a period of thirty days without any stipulation concerning further renewal would provide flexibility for determination of a future course of action in the light of conditions then existing if any additional request should be received from the National Bank of Haiti.

It was then agreed unanimously that if the directors of the New York Bank acted favorably on a 30-day extension of the \$300,000 loan, the New York Bank would be advised the Board approved such renewal, with no indication as to whether a further renewal would be granted.

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Secretary's Note: In a telegram dated February 20, 1959, the Federal Reserve Bank of New York advised that the Board of Directors had authorized, subject to the approval of the Board of Governors, a 30-day renewal of the \$300,000 loan due February 26. A copy of the telegram sent in reply on February 24 is attached as Item No. 1.

Messrs. Sammons and Furth then withdrew from the meeting.

Extension of time to establish branch (Item No. 2). There had been circulated to the Board a draft of letter to the Trust Company of Georgia, Atlanta, Georgia, granting an extension of time within which to establish a branch in the Lenox Square Shopping Center.

The letter, a copy of which is attached as Item No. 2, was approved unanimously.

Clayton Act question. Question had been raised through the Federal Reserve Bank of New York whether exception numbered (5) in section 8 of the Clayton Act would be applicable to the service of Mr. Sidney Friedman as a director of both The Meadow Brook National Bank of Nassau County, West Hempstead, New York, and the Commercial Bank of North America, New York, New York. The question arose because of the operation by the national bank of a branch in the village of Lawrence, the corporate limits of which coincide with the boundary of New York City. In submitting the matter, the Federal Reserve Bank of New York referred to the rather unusual geographical considerations

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involved in this case, including the fact that the corporate limits of the village of Lawrence coincide with the boundary of New York City in water and swampland at the head of Jamaica Bay. The view was expressed that section 8 of the Clayton Act and the provisions of Regulation L should be administered in terms of banking areas or service areas within which competition would be a meaningful factor.

In a memorandum circulated to the Board under date of February 4, 1959, Mr. Chase indicated that the Legal Division would not favor reconsideration of the entire question of the relationship of suburban areas to metropolitan areas because it was convinced that the present rule had overwhelming advantages of definiteness and understandability. Submitted with the memorandum was a draft of letter to the Federal Reserve Bank of New York expressing the view that exception numbered (5) of section 8 of the Clayton Act would not be applicable to the services of Mr. Friedman.

In commenting on the matter, Mr. Chase pointed out that The Meadow Brook National Bank had expressed a desire to discuss the case with representatives of the Board before a decision was reached.

In view of this request and the favorable recommendation of the Reserve Bank, it was agreed to advise the Reserve Bank informally of the likelihood of an adverse decision by the Board in order that the Reserve Bank or the national bank might have an opportunity to express further views if they should so desire.

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Directors' Day. A final draft of the program for Directors' Day had been distributed and there were no suggestions at this meeting for any change therein.

Mr. Fauver, Mr. Chase, and Miss Hart then withdrew and Mr. Holahan, Supervisory Review Examiner, Division of Examinations, entered the meeting.

Proposed amendments to section 5155 of the Revised Statutes (Item No. 3). There had been distributed to the Board a draft of letter to the Bureau of the Budget expressing views on amendments to subsection (b) of section 5155 of the Revised Statutes, proposed by the Treasury, which would (1) permit a national bank, formed by conversion from a State bank, to retain and operate any branches in lawful operation by the State bank at the time of conversion, and (2) permit a national bank which takes over, by merger or consolidation, a State bank or another national bank to retain and operate any branches which the continuing bank had in lawful operation at the time of the merger or consolidation.

When the file was in circulation, Governor Mills attached a memorandum in which he raised certain questions with respect to the proposed legislation. Mr. Hexter, who had previously discussed those questions with Governor Mills, reviewed the effect of enactment of the legislative proposals, pointing out especially that they would not enable a national bank that had merged with a State member bank automatically to continue the operation of branches of the State bank without approval of the Comptroller of the Currency.

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Following discussion the letter, a copy of which is attached to these minutes as Item No. 3, was approved unanimously.

Mr. Hooff then withdrew from the meeting.

Continental Bank and Trust Company. Under date of February 17, 1959, there had been distributed to the Board, with a transmittal memorandum from Mr. Benner, a memorandum prepared by Mr. Holahan reviewing the report of examination of The Continental Bank and Trust Company, Salt Lake City, Utah, made as of October 6, 1958. The examination revealed a continued badly undercapitalized condition and a reversal of the improving trend in adversely classified loans which was in evidence at the time of the previous examination, made as of December 2, 1957. The increase in adversely classified paper, most of which increase was in the substandard category, was due largely to the inclusion therein of unsecured loans totaling \$827,000 to the wife and the mother of President Cosgriff. Altogether, loans to the Cosgriff family and their interests totaled \$1,233,000, or approximately 30 per cent of total capital funds. In this connection, it was noted that the bank's membership condition number three required that borrowings at Continental of members of the Cosgriff family be paid off within two years. However, the management of the bank, on advice of counsel, had taken the position that the condition of membership applied only to loans which were on the books at the time of admission to membership as a State bank and

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not to subsequent borrowings. While the Reserve Bank examiner who conducted the examination recognized that it would be difficult to establish that specific Federal or State statutes had been violated as a result of the Cosgriff borrowings at Continental, he concluded that they bordered on unsafe and unsound practices and therefore suggested that the Board of Governors might wish to give consideration to a section 30 proceeding. Reserve Bank Vice President Millard had reiterated this suggestion.

From the simultaneous examination of the affiliated Cosgriff banks, it had been found that direct family borrowings, together with those of an affiliate owned and controlled by President Cosgriff, totaled \$3,218,750 as of examination date, including \$1,454,500 borrowed from banks in the Cosgriff group and \$1,764,250 borrowed from nonaffiliated banks, principally the Republic National Bank of Dallas, Texas, and the Central Bank and Trust Company of Denver, Colorado. There appeared to be a definite connection between the volume of credit extended to the Cosgriffs and the size of the deposits maintained by Continental at the lending banks; the last examination report of Central Bank and Trust Company revealed the bank's usual interest rate to be 5-6 per cent, whereas the Cosgriff loans were mostly at 3 per cent and had a maximum rate of 4-1/2 per cent. This suggested that the Cosgriffs were guilty of self-serving by immobilizing large amounts of Continental's funds

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in correspondent banks which accommodated the family with substantial loans. However, the inconclusive wording of membership condition number three and the pendency of the proceeding against Continental under section 9 of the Federal Reserve Act led Mr. Holahan to recommend that no section 30 action be taken at this time. In the light of the findings of the simultaneous examination of Continental and affiliated banks, as summarized briefly in the memorandum, it was Mr. Holahan's view that simultaneous examinations should be made again about mid-year 1959.

At the Board's request, Mr. Benner summarized the highlights of the most recent examination of Continental, reviewed the reasons why the Division of Examinations recommended against a section 30 action at this time, and presented for the Board's consideration the suggestion that arrangements be made for another simultaneous examination of the Cosgriff banks about mid-year 1959. In this connection, Mr. Holahan reported that the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation had indicated willingness to participate.

Governor Mills expressed the opinion that the Board should stand on the position it had already taken and await the Hearing Examiner's Report and Recommended Decision on the section 9 proceeding, which was due to be submitted on or before March 16, 1959. Without doubt, he said, Mr. Cosgriff and his associates followed dubious practices, but those practices appeared to be legal and the question was principally one of

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the degree of difference between their practices and those followed by bankers of satisfactory standing. As he read the briefs and rebuttal briefs in the section 9 proceeding, he was left with the feeling that a court or an outside authority called upon to study a situation of this kind might find it difficult, at least legally, to distinguish between the types of lending engaged in by Mr. Cosgriff and his associates and the types of lending regarded as reasonable by institutions of high reputation. Pointing out that the loans to the Cosgriffs had been classified only as substandard by the examiner, he said that, irrespective of the fact that this might be a dangerous type of banking, he would concur in the feeling that a section 30 action should not be instituted.

With regard to the suggestion for another simultaneous examination, Governor Mills said he had doubt that the information produced as a consequence of so much effort would add enough to the understanding of the Cosgriff situation to warrant such a step. He saw a decided risk that in the eyes of outsiders the Federal Reserve could be charged with taking every opportunity to find fault with the administration of the Cosgriff banks. On that ground, he would question whether another simultaneous examination should be considered, although an accelerated examination of Continental Bank and Trust Company would certainly be in order. Criticism also might be leveled at the Federal Reserve System

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if a simultaneous examination included banks having nothing to do with Mr. Cosgriff's operations except for the fact that they made loans to Mr. Cosgriff, for there might be a suspicion that the Federal Reserve was witch-hunting without having any definite and demanding reason for doing so. From the outset, Governor Mills said, he had had serious concern about extending the procedure of simultaneous examination to noninsured affiliated banks because he felt that the legal authority for those examinations was tenuous.

Mr. Holahan then reviewed information developed through simultaneous examination last October which contributed to an understanding of the situation of Continental. Those findings, he said, had changed his earlier view somewhat and led him to believe that it would be desirable to conduct simultaneous examinations this year to determine what changes might have occurred since last October. In any event, he noted, the banks would all be examined sometime this year. Mr. Holahan added that the conducting of the simultaneous examinations last October apparently met with no serious objection on the part of the management of Continental. In connection with the developing of information on the Cosgriff borrowings at banks outside of the Cosgriff group, he said that he had shared Governor Mills' misgivings but the procedure seemed to have produced no difficulties.

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Governor Shepardson said that he felt the recommendation of the Division of Examinations regarding the suggestion for a section 30 action was correct. As to the suggestion for an accelerated examination of Continental and simultaneous examination of affiliated banks, he was not so sure. However, Mr. Holahan had pointed out a number of things that might justify such a procedure and he would be inclined to favor it.

Governor Szymczak stated that he agreed with Governor Shepardson.

Governor Balderston inquired of Mr. Hackley whether the self-serving evident in this case by virtue of unsecured loans by Continental to members of the Cosgriff family and borrowings by the Cosgriffs from nonaffiliated banks at lower than normal rates of interest, through carrying balances of Continental at those banks, constituted grounds to support a section 30 action or action under section 8(a) of the Federal Deposit Insurance Act.

Mr. Hackley replied that there appeared to be no evidence that these practices constituted any statutory violation. The only basis on which section 30 proceedings could be instituted, therefore, would be on the grounds of unsafe or unsound banking practices, which involved a matter of judgment. The Board would have to be quite certain of being able to substantiate the fact that the practices were unsafe or unsound or that they endangered depositors in order to be assured that a section 30 action could be supported legally. Any such proceeding presumably would cover not only the practices referred to by Governor Balderston but any

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others considered unsafe and unsound, which might include the bank's undercapitalized position. It could be argued, of course, that the section 9 proceeding had gone on for some time, and might continue for some time in the future, and that if Continental's position was definitely unsound the Board had a responsibility, irrespective of the section 9 proceeding, to consider a section 30 action in the interest of protecting the bank's depositors and discharging its responsibilities under the law.

Governor Balderston said that he had deep concern as to the position in which the Board would be placed if it took no action on the matter that had now been brought to its attention. He recalled that in 1956 the Board, being concerned about the safety of Continental's depositors because of the bank's undercapitalized position, asked Continental to increase its capital in the amount of at least \$1.5 million. If the capital cushion was inadequate in 1956, it apparently was even more inadequate now. Furthermore, the bank now had in its portfolio long-term bonds showing depreciation marketwise equal to about one-fourth of the bank's capital structure, and adversely classified loans had increased substantially since the previous examination. However, Governor Balderston said, his concern centered more on the self-serving evident from the most recent examination report, for the lending of more than \$800,000 to the wife and the mother of Mr. Cosgriff on an unsecured basis added to the risk of the depositors about whose safety the Board had already indicated concern in its action in

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1956. Furthermore, the use of Continental deposits to acquire from Dallas and Denver banks personal loans for the Cosgriffs at a rate as low as 3 per cent seemed to mean that the position of the bank's stockholders, other than the Cosgriffs, had been damaged, for supposedly the deposits placed in the Denver and Dallas banks could have been used more advantageously in some other manner. The San Francisco Federal Reserve Bank had made the suggestion that a section 30 action be looked into, and for the Board of Governors, having been placed on notice, to delay action seemed to him to require most serious consideration. If circumstances should develop that caused the bank's depositors to lose money, the Board would be doubly vulnerable because its move to secure more capital had been defeated thus far and because the management had been engaging in self-serving practices. If it were felt that the Board lacked the power to correct this situation, he suggested that it would be desirable to seek appropriate authority from Congress. In concluding his remarks, Governor Balderston said that he would favor taking action under section 8(a) of the Federal Deposit Insurance Act since he felt that this would be in keeping with the duties of the agency having the obligation for insurance of deposits and since the Board itself had pending a proceeding under section 9 of the Federal Reserve Act.

Governor Mills questioned whether it could be said that the loans to the Cosgriff family were in fact bad loans. It would be difficult to prove, he suggested, that the Cosgriffs were so lacking

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in financial responsibility as to make their notes doubtful assets. Therefore, he felt that the Federal Reserve would be "treading on thin ice" if it based a section 30 proceeding on such a premise.

In further discussion Mr. Holahan suggested, as a compromise, that the Board might wish to consider deferring a decision on a section 30 proceeding until the next examination of Continental, which examination could be conducted on an accelerated time schedule. If at such time it were found that the Cosgriff indebtedness was still as extensive as at present, perhaps the issuance of a section 30 warning would cause the Cosgriffs to move the loans out of the bank or to divest other assets in order to liquidate the borrowings, and the Board thereby would accomplish its objective.

After further discussion of the feasibility of a section 30 proceeding at this time, Governor Mills commented that the issues mentioned at this meeting were debated thoroughly in the course of the section 9 proceeding. These matters were fully explored in the opposing briefs and probably would be resolved by a court of law at some time, since it seemed likely that the case would reach the courts. The section 9 proceeding, he noted, revolved in large measure around a difference of approach as to the quality of the bank's assets.

At the conclusion of the discussion, Chairman Martin suggested that the Division of Examinations be authorized to proceed with arrangements for another simultaneous examination of Continental Bank and Trust Company

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and affiliated Cosgriff banks on the basis that had been proposed by the Division, but that consideration of other possible steps be deferred until the Report and Recommended Decision of the Hearing Examiner on the current section 9 proceeding was available.

It being understood that the views of Governor Mills and Balderston would be reflected in the minutes, agreement was expressed with Chairman Martin's suggestion.

Messrs. Hackley, Hexter, Hostrup, Nelson, Benner, and Holahan then withdrew from the meeting.

Retention of employees past retirement age (Items 4, 5, and 6).

There had been circulated to the members of the Board two letters from the San Francisco Reserve Bank and one from the New York Bank regarding cases where employees had been inadvertently retained in active service beyond age 65 due to erroneous information as to their ages. The proposed replies indicated that the Board would interpose no objection to retention of the specified employees in active service until the earliest feasible retirement date following ascertainment of the correct data.

In commenting on the subject, Mr. Sprecher suggested that submission by the Reserve Banks of individual cases of this kind to the Board could be avoided by sending a letter to all of the Banks pertaining to the appropriate handling of such situations. He also stated that in

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view of a circular letter recently issued by the Retirement Committee of the Retirement System of the Federal Reserve Banks, the Banks were now increasing their efforts to obtain accurate information as to new employees. They also were reviewing their records on other employees as fully as possible with a view to correcting erroneous birth records in time to assure retirement at age 65. Mr. Sprecher then read a preliminary draft of a letter that might be sent to the Reserve Banks.

Agreement was expressed with the procedure suggested by Mr. Sprecher, and it was understood that the letter to the Federal Reserve Banks would be sent when in a form satisfactory to Governor Shepardson.

Thereupon, the proposed letters to the Federal Reserve Banks of New York and San Francisco, copies of which are attached as Items 4, 5, and 6, were approved unanimously.

The meeting then adjourned.

Secretary's Note: 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:

Appointment

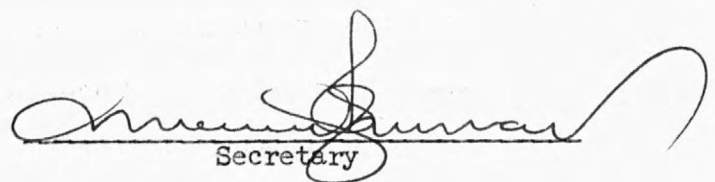
Mary E. Prather as Cafeteria Helper, Division of Administrative Services, on a part-time basis, with basic salary at the rate of \$1.57 per hour when actually employed.

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Salary increase

Ellen Carpenter, Statistical Clerk, Division of Bank Operations, from \$3,590 to \$3,755 per annum, effective February 22, 1959.

Memorandum dated February 12, 1959, from Mr. Young, Director, Division of Research and Statistics, containing recommendations regarding the printing, complimentary distribution, and sale of a revised edition of the technical study on bank debits prepared by Mr. George Garvy. A copy of the memorandum is attached as Item No. 7.


Secretary

TELEGRAM
BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
LEASED WIRE SERVICE
WASHINGTON

Item No. 1
2/19/59

February 24, 1959

EXTER - NEW YORK

Your wire February 20. Board approves further renewal for thirty days of loan on gold by your Bank to Banque Nationale de la Republique d'Haiti of \$300,000 due February 26 on same terms and conditions as those of maturing loan. It is understood that the usual participation will be offered to the other Federal Reserve Banks.

(Signed) Merritt Sherman

SHERMAN

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

Item No. 2
2/19/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

February 19, 1959.



Board of Directors,
Trust Company of Georgia,
Atlanta, Georgia.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Atlanta, the Board of Governors of the Federal Reserve System extends until December 31, 1959, the time within which Trust Company of Georgia may establish a branch in the Lenox Square Shopping Center at the intersection of Peachtree Road and Lenox Road, Atlanta, Georgia, under the authorization contained in the Board's letter of March 19, 1958.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

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

Item No. 3
2/19/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

February 19, 1959.



Mr. Phillip S. Hughes,
Assistant Director for
Legislative Reference,
Executive Office of the President,
Bureau of the Budget,
Washington 25, D. C.

Dear Mr. Hughes:

This is in response to your communications of January 13 and 30, 1959, in which you request the Board's views on proposals submitted by the Secretary of the Treasury, to amend subsection (b) of section 5155 of the Revised Statutes. The first proposal would permit a national bank, formed by conversion from a State bank, to retain and operate any branches in lawful operation by the State bank at the time of conversion. The second proposal would permit a national bank which takes over, by merger or consolidation, a State bank or another national bank to retain and operate any branches which the continuing bank had in lawful operation at the time of the merger or consolidation.

This proposed legislation, from the standpoint of national banks, seems unobjectionable and would not appear to have any significant adverse effect upon the State banking systems. Accordingly, the Board has no objection to enactment of these proposals into law.

Attention is called to the fact that if both of these proposals are enacted into law, the later enactment will have the effect of nullifying the earlier enactment. It might be advisable to combine these proposals into a single piece of legislation.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 4
2/19/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

February 19, 1959.

Mr. H. N. Mangels, President,
Federal Reserve Bank of San Francisco,
San Francisco 20, California.

Dear Mr. Mangels:

In the light of the circumstances stated in your letter of February 6, 1959, the Board interposes no objection to the payment of salary to January 1, 1959, the effective date of his service retirement, to Alfred R. Folk, an employee of the Los Angeles Branch.

It is noted that, in connection with the verification of Mr. Folk's date of birth looking toward disability retirement, it was ascertained the birthday he had furnished upon employment was incorrect and that, instead of attaining age 63 on February 28, 1958, he had reached age 67 on such date.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 5
2/19/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

February 19, 1959.



CONFIDENTIAL (FR)

Mr. H. N. Mangels, President,
Federal Reserve Bank of San Francisco,
San Francisco 20, California.

Dear Mr. Mangels:

In the light of the circumstances stated in your letter of February 6, 1959, the Board interposes no objection to the payment of salary to Mrs. Arley N. Fossey, an employee of your Bank, until March 1, 1959, the date of her retirement.

It is noted that documentary evidence now in hand has shown that Mrs. Fossey was born, not in 1900 as stated on her application for employment filed in 1942, but in 1889; and that she is now 69 rather than 58 years of age.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 6
2/19/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

February 19, 1959.



Mr. Walter H. Rozell, Jr.,
Vice President,
Federal Reserve Bank of New York,
New York 45, New York.

Dear Mr. Rozell:

Thank you for your letter of January 30, 1959, regarding the advice that your Bank has received from an employee of the Cable Division, Foreign Department, that she was born on January 29, 1892, rather than in 1900, and that she was, therefore, 65 on January 29, 1957.

It is noted that the Retirement Committee will interpose no objection to the retention of the employee, Miss Katherine G. Day, in the Bank's employ to March 1, 1959, which is the first day of the first month in which it is practicable to effect retirement in the case.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

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Item No. 7
2/19/59

Office Correspondence

Date February 12, 1959

Board of Governors

Subject: Printing of Revised Edition--

Ralph A. Young

Bank Debits Study

It is recommended:

(1) That the Division of Research and Statistics and the Division of Administrative Services be authorized by the Board to complete the necessary arrangements for printing 3,000 copies of a revised edition of the System technical study, The Development of Bank Debits and Clearings and Their Use in Economic Analysis. Printing costs have been estimated at about \$3,800.*

(2) That the same policy of complimentary distribution followed for other technical studies be adopted. This would provide for furnishing the pamphlet on a complimentary basis to Federal Reserve Banks; Government departments, agencies and establishments (foreign and domestic) including central banks; librarians and teachers at educational institutions; public libraries; the press; and a limited number of addressees specified by the Division of Research and Statistics to receive copies in the initial distribution.

(3) That the new pamphlet be sold for \$1.00 per copy and \$.85 each for 10 or more copies sent in one shipment.

This System technical study, by George Garvy, Adviser of the Federal Reserve Bank of New York, was first published in June 1952.

Since the initial printing in 1952 of 2,000 copies there have been two reprints of 1,000 copies each. The pamphlet is now out of stock. Because important changes in data have occurred since publication, and because of the continued interest in this study, issuance of a revised edition is now considered appropriate. Mr. Garvy has submitted to us the changes which he believes to be necessary. The revised version was reviewed and approved, on behalf of the System Research Advisory Committee, by Mr. Robert Holland, Vice President of the Federal Reserve Bank of Chicago. It is now ready to go to the printer.

* Provided for in the 1959 Budget of Division of Administrative Services