

Minutes for June 15, 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>W</u> | _____ |
| Gov. Szymczak | x <u>MS</u> | _____ |
| Gov. Mills | _____ | x <u>J</u> |
| Gov. Robertson | x <u>R</u> | _____ |
| Gov. Balderston | _____ | x <u>CCB</u> |
| Gov. Shepardson | x <u>CS</u> | _____ |
| Gov. King | x <u>JK</u> | _____ |

Minutes of the Board of Governors of the Federal Reserve System
on Monday, June 15, 1959. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman 1/
Mr. Szymczak 2/
Mr. Robertson
Mr. Shepardson
Mr. King

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Fauver, Assistant Secretary
Mr. Thomas, Economic Adviser to the Board

Messrs. Garfield, Robinson, Williams, Dembitz,
Altmann, Brill, Eckert, Fisher, Keir, Manookian,
Peret, and Wernick, and Miss Dingle of the
Division of Research and Statistics

Messrs. Marget, Furth, Hersey, Sammons, Irvine,
Reynolds, and Wood of the Division of Inter-
national Finance

Economic review. The Divisions of International Finance and
Research and Statistics presented a review of recent international and
domestic economic and financial developments during the course of which
Governor Szymczak joined the meeting.

Following the presentation and discussion of questions related
thereto, all of the members of the staff except Messrs. Sherman and
Kenyon withdrew from the meeting.

Application to establish a national bank in Cheyenne, Wyoming
(Item No. 1). At the meeting on Friday, June 12, consideration was
given to a draft of proposed letter to the Comptroller of the Currency,
with regard to an application to establish a national bank in Cheyenne,

1/ Attended afternoon session only.
2/ Entered meeting at point indicated in minutes.

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Wyoming, which recommended that the application be held in abeyance pending the availability of permanent banking quarters. Other factors were favorable, and doubt was expressed that sufficient reason existed for suggesting that the application not be acted upon favorably at this time. Accordingly, it was understood that, in accordance with the usual practice, a check would be made with the Federal Reserve Bank of Kansas City to ascertain whether the Bank wished to present any further views.

Mr. Sherman stated that he and Mr. Benner, Assistant Director of the Division of Examinations, had talked with Chief Examiner Mills of the Kansas City Reserve Bank, and later with Vice President Woolley. Mr. Woolley agreed that the application was generally satisfactory and that there was a place for an additional bank in Cheyenne. He would have no particular objection, therefore, if the Board wished to recommend approval of the application, and he did not think that others within the Reserve Bank would object. However, he did not care to change his own position, which was that it would be undesirable for the new bank to open in temporary quarters. It was his feeling that the organizers of the new bank preferably should wait until one of the existing banks in Cheyenne, which was erecting a new building, had vacated its present quarters and then, in accordance with the original plan, take over the vacated premises.

Mr. Sherman then read a draft of letter to the Comptroller of the Currency recommending favorable consideration of the application

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provided the proposed bank was able to arrange for appropriate temporary quarters, and it was agreed unanimously that the revised letter should be sent. A copy is attached as Item No. 1.

Old Kent Bank and Trust Company. Mr. Sherman referred to a letter dated June 10, 1959, from Mr. Carl H. Morgenstern, President of Old Kent Bank and Trust Company, Grand Rapids, Michigan, who stated that he and Mr. Siegel W. Judd, Counsel for the Bank, would like to meet with members of the Board, preferably this week but at the Board's convenience if a meeting this week could not be arranged, for discussion of the bank's situation. Mr. Sherman said that after discussion with the available members of the Board a reply was prepared and sent over Chairman Martin's signature on June 12, 1959, stating that the Board would be glad to meet with the Old Kent representatives on one of the first three days of next week, preferably Tuesday, June 23. The letter contained a suggestion that Old Kent submit a memorandum in the meantime to aid the Board in preparing for the meeting.

Secretary's Note: Counsel for Old Kent later advised the Board's Secretary that he and Mr. Morgenstern could not come to Washington until after July 4 because of other engagements and indicated that they would be in touch with the Board's offices again with a view to arranging a meeting on a mutually convenient date. It appeared that informal discussion was desired and that no memorandum would be submitted in advance of the meeting.

The meeting then recessed and reconvened at 3:00 p.m. with Chairman Martin present in addition to the other members of the Board

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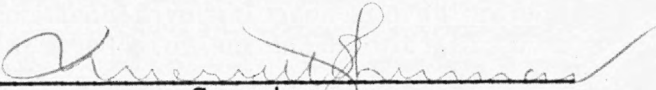
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who attended the morning session. The Presidents of the Federal Reserve Banks also were present, along with invited members of the Board's staff.

The afternoon session was called at Chairman Martin's suggestion in order that he might review informally for the other Board members and the Presidents certain aspects of the hearings being held currently by the Ways and Means Committee of the House of Representatives with regard to the Administration proposals to increase the national debt limit, eliminate the maximum rate limitation on Government bonds, and increase the rates payable on United States savings bonds.

Following Chairman Martin's comments and discussion relevant thereto, the meeting adjourned.

Secretary's Note: Governor Shepardson today approved on behalf of the Board a letter to the Federal Reserve Bank of Kansas City (attached Item No. 2) approving the appointment of Richard Lee Nichols as assistant examiner.


Secretary

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

Item No. 1
6/15/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 15, 1959



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

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

Dear Mr. Comptroller:

Reference is made to a letter from your office dated December 9, 1958, enclosing copies of an application to organize a national bank at Cheyenne, Wyoming, and requesting a recommendation as to whether or not the application should be approved.

Information contained in a report of the investigation of the application made by an examiner for the Federal Reserve Bank of Kansas City indicates that the organizers have agreed to provide a capital structure of \$600,000 for the bank instead of \$500,000 shown in the application. This amount of capital appears to be adequate. The prospects for earnings are favorable and it is reported that executive management satisfactory to your office will be selected. According to the information available, the proposed bank could develop a satisfactory volume of business and provide a useful public service to the community. It is reported that the permanent quarters to be occupied by the bank may not be available until January 1962. Accordingly, the Board of Governors recommends favorable consideration of the application, provided arrangements are made for an appropriate temporary location.

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

Very truly yours,

Kenneth A. Kenyon,
Assistant Secretary.

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

Item No. 2
6/15/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 15, 1959.

CONFIDENTIAL (FR)

Mr. D. W. Woolley, Vice President,
Federal Reserve Bank of Kansas City,
Kansas City 6, Missouri.

Dear Mr. Woolley:

In accordance with the request contained
in your letter of June 10, 1959, the Board approves
the appointment of Richard Lee Nichols as an assist-
ant examiner for the Federal Reserve Bank of Kansas
City. Please advise as to the date upon which the
appointment is made effective and as to salary rate.

It is noted that Mr. Nichols is indebted
to The Columbia National Bank of Kansas City, Kansas
City, Missouri, in the amount of \$942. Accordingly,
the Board's approval of the appointment of
Mr. Nichols is given with the understanding that he
will not participate in any examination of that bank
until his indebtedness has been liquidated.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.