

Minutes for July 27, 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>MM</u>
Gov. Szymczak	_____	x <u>MS</u>
Gov. Mills	x <u>[Signature]</u>	_____
Gov. Robertson	x <u>R</u>	_____
Gov. Balderston	x <u>CB</u>	_____
Gov. Shepardson	x <u>LS</u>	_____
Gov. King	_____	x <u>[Signature]</u>

Minutes of the Board of Governors of the Federal Reserve System
on Monday, July 27, 1959. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Balderston, Vice Chairman
Mr. Mills
Mr. Robertson
Mr. Shepardson

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary

Messrs. Noyes and Robinson, Miss Burr, Messrs.
Altmann, Eckert, Fisher, Gehman, Keir, Peret,
P. Smith, and Wernick, and Miss Stockwell of
the Division of Research and Statistics

Messrs. Marget, Hersey, Sammons, Gemmill, Irvine,
Katz, Reynolds, and Wood of the Division of
International Finance

Economic review. Members of the Division of International Finance reviewed selected international economic developments, with emphasis on the relationship thereof to the United States balance of payments, following which members of the Division of Research and Statistics presented a summary of domestic business and financial developments.

In response to a question, comments were made on the recent revision of the weekly reporting member bank series, after which the representatives of the International Finance and Research Divisions withdrew. Messrs. Solomon, Assistant General Counsel, Nelson, Assistant Director, Division of Examinations, and Lyon, Federal Reserve Examiner in that Division, entered the room at this point.

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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 Coopersville State Bank, Coopersville, Michigan, approving the establishment of a branch in Comstock Park.	1
Letter to The First State Bank of Petoskey, Petoskey, Michigan, approving the establishment of a branch at 555 West Mitchell Street.	2
Letter to the Arnold Savings Bank, Arnold, Missouri, approving an investment in bank premises.	3
Letter to the State Bank of Hawley, Hawley, Minnesota, waiving the requirement of six months' notice of withdrawal from membership in the Federal Reserve System.	4
Letter to Exchange Investors, Inc., Glendive, Montana, regarding its status as a holding company affiliate.	5
Letter to the First State Bank and Trust Company, Bryan, Texas, approving the establishment of a drive-in branch.	6

The meeting then adjourned.

Secretary's Notes: Governor Shepardson today approved on behalf of the Board the following items affecting the Board's staff:

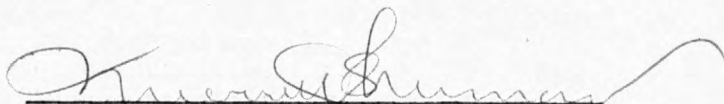
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Memorandum dated July 22, 1959, from Mr. Marget, Director, Division of International Finance, recommending attendance of Robert L. Sammons, Associate Adviser in that Division, at the Merrill Center for Economics, Southampton, Long Island, during the period August 10-21, 1959, on the same basis as the authorization given on July 13, 1959, to Messrs. Noyes and Robinson, Advisers, Division of Research and Statistics.

Memorandum from the Division of Personnel Administration dated July 27, 1959, recommending that James C. Smith, Assistant Director, Division of Examinations, be granted the option of changing from the Bank Plan of the Federal Reserve Retirement System to the Board Plan.

Governor Shepardson also approved today on behalf of the Board a letter to the Federal Reserve Bank of Richmond (attached Item No. 7) approving the appointment of William Parry Slaughter as assistant examiner.


Secretary

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

Item No. 1
7/27/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



July 27, 1959

Board of Directors,
Coopersville State Bank,
Coopersville, Michigan.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Chicago, the Board of Governors of the Federal Reserve System approves the establishment of a branch at 3875 West River Drive, N. E., in the unincorporated community of Comstock Park, Plainfield Township, Kent County, Michigan, by Coopersville State Bank, provided the branch is established within six months from the date of this letter.

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. 2
7/27/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 27, 1959

Board of Directors,
The First State Bank of Petoskey,
Petoskey, Michigan.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Chicago, the Board of Governors of the Federal Reserve System approves the establishment of a branch at 555 West Mitchell Street, Petoskey, Michigan, by The First State Bank of Petoskey, provided the branch is established within six months from the date of this letter.

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
7/27/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 27, 1959

Board of Directors,
Arnold Savings Bank,
Arnold, Missouri.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of St. Louis, the Board of Governors of the Federal Reserve System approves, under the provisions of Section 24A of the Federal Reserve Act, an additional investment in bank premises of \$30,000 for the purpose set forth in your request to the Federal Reserve Bank of St. Louis.

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. 4
7/27/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 27, 1959

Board of Directors,
State Bank of Hawley,
Hawley, Minnesota.

Gentlemen:

The Federal Reserve Bank of Minneapolis has forwarded to the Board of Governors your letter of July 14, 1959, and the accompanying resolution signifying your intention to withdraw from membership in the Federal Reserve System and requesting waiver of the six months' notice of such withdrawal.

In accordance with your request, the Board of Governors waives the requirement of six months' notice of withdrawal. Upon surrender to the Federal Reserve Bank of Minneapolis of the Federal Reserve Bank stock issued to your institution, such stock will be canceled and appropriate refund will be made thereon. Under the provisions of Section 10(c) of the Board's Regulation H, as amended effective September 1, 1952, your institution may accomplish termination of its membership at any time within eight months from the date the notice of intention to withdraw from membership was given.

It is requested that the certificate of membership be sent to the Federal Reserve Bank of Minneapolis for disposition.

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. 5
7/27/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 27, 1959

Mr. Geo. C. Johnson, President,
Exchange Investors, Inc.,
100 South Merrill Street,
Glendive, Montana.

Dear Mr. Johnson:

This refers to the request contained in your letter of February 23, 1959, submitted through the Federal Reserve Bank of Minneapolis, for a determination by the Board of Governors of the Federal Reserve System as to the status of Exchange Investors, Inc., Glendive, Montana, as a holding company affiliate.

From the information supplied, the Board understands that Exchange Investors, Inc. is engaged principally in the business of acting as agent for various insurance companies; that Exchange Investors, Inc. owns 17,800 of the 30,000 outstanding shares of common stock of The El Dorado National Bank, El Dorado, Kansas; and that Exchange Investors, Inc. does not, directly or indirectly, own or control any stock of, or manage or control, any banking institution other than The El Dorado National Bank.

In view of these facts the Board has determined that Exchange Investors, Inc. is 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, Exchange Investors, Inc. is not deemed to be a holding company affiliate except for the purposes of section 23A of the Federal Reserve Act, and does not need a voting permit from the Board of Governors in order to vote the bank stock which it owns.

Mr. Geo. C. Johnson

If, however, the facts should at any time differ from those set out above to an extent which would indicate that Exchange Investors, Inc. 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) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

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

Item No. 6
7/27/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 27, 1959



Board of Directors,
First State Bank and Trust Company,
Bryan, Texas.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Dallas, the Board of Governors of the Federal Reserve System approves the establishment of a branch to be located 235 feet west of your main office at 25th and Parker Streets in Bryan, Texas, provided the branch is established within six months from the date of this letter.

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. 7
7/27/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



July 27, 1959

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 July 22, 1959, the Board approves the appointment
of William Parry Slaughter as an assistant examiner for the
Federal Reserve Bank of Richmond effective today.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.