

Minutes for September 8, 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><i>M</i></u> | _____ |
| Gov. Szymczak | x <u><i>MS</i></u> | _____ |
| Gov. Mills | <u><i>[Signature]</i></u> | _____ |
| Gov. Robertson | x <u><i>R</i></u> | _____ |
| Gov. Balderston | x <u><i>CCB</i></u> | _____ |
| Gov. Shepardson | x <u><i>[Signature]</i></u> | _____ |
| Gov. King | x <u><i>[Signature]</i></u> | _____ |

Minutes of the Board of Governors of the Federal Reserve System on
 Tuesday, September 8, 1959. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman 1/
 Mr. Balderston, Vice Chairman
 Mr. Szymczak
 Mr. Mills
 Mr. Robertson
 Mr. Shepardson
 Mr. King

Mr. Sherman, Secretary
 Mr. Kenyon, Assistant Secretary
 Mr. Riefler, Assistant to the Chairman
 Mr. Thomas, Economic Adviser to the Board
 Mr. Shay, Legislative Counsel
 Mr. Molony, Assistant to the Board
 Mr. Fauver, Assistant to the Board
 Mr. Young, Director, Division of Research and
 Statistics
 Mr. Hackley, General Counsel
 Mr. Solomon, Director, Division of Examinations
 Mr. O'Connell, Assistant General Counsel
 Mr. Conkling, Assistant Director, Division of
 Bank Operations
 Mr. Nelson, Assistant Director, Division of
 Examinations
 Mr. Landry, Assistant to the Secretary
 Mr. Hooff, Assistant Counsel
 Mr. Farrell, Legal Assistant

Discount rates. The establishment without change by the Federal Reserve Bank of Boston on September 4, 1959, and the Federal Reserve Banks of New York, Philadelphia, Chicago, St. Louis, Minneapolis, and Kansas City on September 3, 1959, of the rates on discounts and advances in their existing schedules was approved unanimously, with the understanding that appropriate advice would be sent to those Banks.

At this point Chairman Martin entered the room.

1/ Entered at point indicated in minutes.

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Items circulated or distributed to the Board. The following items, which had been circulated or distributed to 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 Chemical Corn Exchange Bank, New York City, approving an extension of time within which to establish a branch at 125 West End Avenue. | 1 |
| Letter to Mr. Robert Holmes, Jenkintown, Pennsylvania, concerning the applicability of Regulation T to certain transactions. | 2 |
| Letter to the Northwest Des Moines National Bank, Des Moines, Iowa, granting permission to maintain reduced reserves. | 3 |
| Letter to The First National Bank of Pittsfield, Pittsfield, Illinois, approving its application for fiduciary powers. | 4 |
| Letter to the Federal Reserve Bank of St. Louis regarding the applicability of Regulations R and U to relationships between a member bank and the Participating Annuity Life Insurance Company. | 5 |
| Letter to Keystone Corporation, Kansas City, Missouri, transmitting a final tax certification. <u>1/</u> | 6 |
| Letter to the Presidents of all Federal Reserve Banks advising of the discontinuation of certain special tabulations of condition report data because of progress in the development of computer processing. | 7 |
| Letter to the Federal Reserve Bank of New York approving the appointment of Joseph E. Heid and Frank A. Paladino as Alternate Assistant Federal Reserve Agents. | 8 |
| Letter to the Federal Reserve Bank of Richmond approving adjustments in the salary structures applicable to employees at the head office and branches. | 9 |
| Letter to the Assistant Federal Reserve Agent at New York regarding the storage of an emergency stock of Federal Reserve notes. | 10 |

1/ Final tax certification is attached as Item No. 6.

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Letter to Senator Hennings concerning instructions to Board employees about the handling of inquiries from members of Congress (Item No. 11). Before this meeting there had been circulated a draft of letter to Senator Thomas C. Hennings, Jr., Chairman, Subcommittee on Constitutional Rights, prepared in response to his inquiry of August 21, 1959, as to procedures followed by the Board in responding to inquiries from members of Congress.

Governor Balderston stated that he was concerned that the reply make clear that there was no implication of censorship on members of the Board's organization in responding to inquiries from members of the Congress, and he felt that the information given in the proposed reply served this purpose.

On request from Governor Robertson, the Secretary read the proposed reply to Senator Hennings, and in the discussion that followed the suggestion was made that, in addition to the information proposed to be transmitted, Senator Hennings also be furnished with a copy of the statement that Board employees are furnished annually regarding the need for treating as confidential information regarding the Board's business. The letter was then approved unanimously in the form attached to these minutes as Item No. 11, it being understood that with the letter there would be transmitted a copy of the form required to be signed by all Board employees regarding keeping confidential certain types of information acquired about System operations.

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Governor Shepardson commented that the Board's Rules of Organization, prepared pursuant to the Administrative Procedure Act, were in need of revision to bring them to date, adding that unless there was objection he would request the Secretary to undertake the necessary revision. No objection being indicated, it was understood that this procedure would be followed.

Messrs. Shay and Conkling then withdrew from the meeting and Mr. Furth, Associate Adviser, Division of International Finance, entered the room.

Gold loan to Banco Central de Reserva de El Salvador (Item No. 12). In a memorandum dated September 4, 1959, Mr. Furth reviewed a request that the Federal Reserve Bank of New York had received from Banco Central de Reserva de El Salvador for a loan on gold up to a total of \$5 million, to be available between September 15 and November 15, 1959, for a period of 180 days in order to meet seasonal demands for foreign exchange. The memorandum pointed out that the Federal Reserve Bank of New York believed a three-month loan would suffice and that the officers of the New York Bank had recommended and its board of directors had authorized the requested loan for this term, subject to approval by the Board of Governors.

Governor Mills inquired whether this was a request for a revolving credit, with the possibility thereunder of a longer maturity for the loan than the three months recommended by the New York Bank.

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Mr. Furth replied that in his understanding no revolving fund was being sought by El Salvador.

After brief discussion, the recommendation of the New York Bank was approved unanimously, with the understanding that Mr. Furth would clarify with that Bank the point concerning the possibility of a revolving fund to make certain that this feature was not present. A copy of the wire sent to the New York Bank pursuant to this action is attached as Item No. 12.

Mr. Furth then withdrew from the meeting.

Establishment of branches by Chemical Bank New York Trust Company (Item No. 13). Before this meeting there had been distributed a memorandum from the Division of Examinations dated August 19, 1959, with respect to a request by Chemical Corn Exchange Bank, New York, for permission to establish seven branches in New York City incident to merger of The New York Trust Company, New York, with and into Chemical Corn Exchange Bank, under the charter of the latter and new name of "Chemical Bank New York Trust Company." The memorandum recommended approval of the request for establishment of the seven branches, noting that the Federal Reserve Bank of New York also recommended approval. It pointed out that the Board's consent to the merger was not required since the capital and surplus of the continuing bank would not be less than the aggregate capital stock and aggregate surplus of the two banks

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involved. The question to be resolved by the Board, the memorandum stated, was whether establishment of the seven additional branches by Chemical at locations presently occupied by New York Trust Company offices would unduly distort the competitive picture, thereby giving the continuing bank either an undesirable competitive advantage or tending to give it a monopoly of banking outlets. The memorandum also stated that establishment of the seven branches would increase the percentage of Chemical's branches by only 1.1 per cent and, in view of the competition of other large commercial banks, savings banks, and savings and loan associations for deposits and loans as well as the competition of other lenders for desirable loans, it did not seem that establishment of these seven branches would be against the public interest. In all seven locations at which branches were to be established ample, keen, and aggressive competition would continue to be provided by many banking outlets, and the continuing Chemical New York Trust would obtain neither an undesirable competitive advantage nor a monopoly of banking outlets in either New York City or the borough of Manhattan where the seven offices involved were located.

There had also been distributed a copy of a release from the New York State Banking Department dated September 2, 1959, in which the New York State Superintendent of Banks announced his intention to approve the merger of the two banks, such announcement having been made after discussion with the members of the New York State Banking Board, which

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Board had approved continuance of the branches conditional upon the technical action required to consummate the merger.

In a memorandum dated September 3, 1959, copies of which also had been distributed, the Legal Division expressed the opinion that there existed ample legal basis for a conclusion by the Board that approval of the establishment and operation of the seven branch offices by Chemical Bank New York Trust Company would not adversely affect competition in the area concerned to a degree that would justify denial of the applications.

Governor Mills stated that he agreed with the conclusions reached by the Division of Examinations and at least in part with the conclusions stated by the Legal Division in its memorandum. Noting that the question before the Board was whether the resulting Chemical Bank New York Trust Company could operate the branches that would stem out of the merger of the two banks, Governor Mills stated that, although the Board's approval was asked only for the branches, it had been the Board's practice in other cases to take into consideration the competitive aspects of the situation and whether an authorization to establish and operate branches would lessen competition and thus tend toward monopoly. It was his view that, even if the reasoning was not included in a public statement or in a formal advice of the Board's action, the Board's records should show clearly that the competitive effects of the

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additional branches had been considered. Otherwise, the record might indicate that the Board had receded from the position that was taken in the Old Kent and Wachovia cases.

Mr. Hackley said that the Board had taken the position that its authority covered the establishment of branches but that it had no authority over a merger such as that proposed for Chemical Corn Exchange Bank and The New York Trust Company. In this case, consideration had been given by the staff to the fact that the seven branches to be established (presently offices of The New York Trust Company) would be branches of a continuing bank after a merger. If the merger were to be permitted, the assets and deposits of the bank would be increased even if the seven offices were closed, and in that sense competition in the area would have been affected. It was the Legal Division's view that, to the extent the branches may affect the competitive situation, the Board was obliged to examine each branch application with a view to determining whether the continuing institution would have a competitive advantage that would be adverse to competition in the future. The memorandum from the Legal Division in this case presented the opinion that there were adequate grounds for the Board's reaching the decision that the effect on competition of continuing the seven offices of The New York Trust Company as branches of the merged institution would not be sufficiently adverse to justify the Board's declining to approve establishment of these branches.

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In response to a question by the Chairman, Mr. O'Connell stated that he had no comments to add to those contained in the Legal Division's memorandum or those made by Mr. Hackley other than to indicate that he concurred with the views thus expressed.

Governor Robertson said that if the Board had the authority to pass on the merger of these two institutions, he would vote against approval because he believed there would be sufficient diminution of competition so that the merger would not be in the public interest. However, the Board does not have that power, he said, and looking at the question of establishment of the seven branches after the merger, he could not see how the competitive positions of banks in the area would be adversely affected by permitting the seven offices in question to continue in operation. For these reasons, he would vote to approve the establishment of the seven branches.

Governor Szymczak said that in his opinion establishment of the branches would not affect competition adversely to an extent that would justify the Board's denying the requested permission and that, therefore, he would vote to approve.

Governors Shepardson, King, and Balderston indicated that they, too, would vote to approve the establishment of the branches, and Chairman Martin stated that this was his view.

Mr. Molony noted that in the recent case of the Morgan Guaranty merger and establishment of an additional branch, there had been a great

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deal of public interest regarding the Board's decision and that the Board had made an exception to its general practice by announcing to the press its action with respect to authorizing establishment of a branch. Mr. Molony felt that the present case was similar, adding that he had received a number of telephone inquiries from the press as to when the Board would act and whether its decision would be announced publicly.

Chairman Martin suggested that the handling of this case be on the same basis as that of the Morgan Guaranty merger. This would mean that advice of the Board's action would be given by telephone to the Federal Reserve Bank of New York, which in turn would immediately notify the New York State Banking Department and the applicant. A simultaneous announcement of the Board's action would be made by Mr. Molony to interested members of the press.

Thereupon, the Board approved by unanimous vote a letter to the Chemical Corn Exchange Bank in the form attached to these minutes as Item No. 13, with the understanding that because of the public interest in the case, announcement would be made in the manner suggested by the Chairman.

Governor Balderston and Messrs. Molony, Nelson, and Hooff withdrew at the close of this discussion, and Mr. Brill, Chief, Capital Markets Section, Division of Research and Statistics, entered the room.

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First Bank Stock Corporation's questions regarding First Bancredit Corporation. A memorandum from Mr. Hackley dated September 3, 1959, reviewed a meeting that Mr. Solomon, Mr. O'Connell, and he had had with Mr. Joseph H. Colman, President of First Bank Stock Corporation, Minneapolis, Minnesota, and Mr. George Robbins, President of First Bancredit Corporation, on September 2, 1959. The purpose of the meeting was to clarify certain questions that had been raised by Mr. Colman's memorandum that he sent to the Board under date of August 14, 1959, as to the future status of Bancredit in view of the Board's recent decision as to Bancredit under Section 4(c)(6) of the Bank Holding Company Act. Mr. O'Connell's memorandum of August 24, 1959, had described these questions.

Mr. Hackley stated that Mr. Colman's problem involved two time features, namely, the fact that the period for appeal from the Board's decision requiring divestment by First Bank Stock of stock of Bancredit would expire September 19, 1959, and the fact that the time allowed by the Board for divestment of such stock would expire on May 9, 1960. Mr. Colman had frankly stated that he was reluctant to file an appeal because of the likelihood that a court would affirm the Board's decision, but, if an appeal were not filed, the continued sale of paper by Bancredit to the subsidiary banks might be considered a "willful" violation of the criminal provisions of the Bank Holding Company Act. Mr. Colman, therefore, was anxious to know as soon as possible what attitude the Board would take with respect to certain alternative courses of action now being considered by him.

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The questions on which Mr. Colman sought the Board's views fell into two categories, Mr. Hackley said: (1) questions relating to possible conversion of Bancredit's operation to an "agency" basis, and (2) questions relating to the "spin off" of stock of Bancredit. Mr. Hackley expressed the opinion that the questions relating to spin-off were ones that might rather readily be answered along the lines indicated in his memorandum of September 3, 1959, adding that the Legal Division had had little difficulty in reaching the conclusions indicated in the memorandum with respect to this matter. The questions relating to possible conversion of Bancredit's operation to an agency basis were more difficult, however, partly because they were matters of policy.

Under the questions relating to agency operation of Bancredit, Mr. Hackley said that, if the agency arrangement were adopted, it would appear that it would result in a "servicing" arrangement that would exempt Bancredit under Section 4(c)(1) of the Act. As a legal matter, he believed that if Bancredit's method of operation were changed to conform to that followed by Devonshire Financial Service Corporation (a subsidiary of National Shawmut Bank of Boston) referred to as "Corporation Y" in the Board's interpretation published at page 431 of the April 1958 Federal Reserve Bulletin and in Mr. Hackley's September 3, 1959, memorandum, the continued ownership by First Bank Stock would be exempt under Section 4(c)(1) from the divestment provisions of the Act. This would be true even though the Board might feel that the arrangement was undesirable as a matter of policy.

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This presented another of Mr. Colman's questions, Mr. Hackley said, since he (Mr. Colman) had made it clear that he would be reluctant to adopt the agency arrangement if the Board should have a policy objection. However, in the event the Board would be unwilling to approve an agency arrangement on a permanent basis, Mr. Colman wondered whether the Board would approve such an arrangement on a temporary basis for a period of, say, one-year, with the understanding that bona fide efforts would be made to work out a divestment program within that time.

Governor Mills stated that, as he understood the sense of the Legal Division's memorandum, he would concur in indicating to First Bank Stock Corporation that as a matter of policy the Board felt that the Corporation should divest its interest in First Bancredit Corporation and that a reasonable period of time would be permitted by the Board for accomplishing that purpose. Governor Mills said that at the time of the Devonshire decision he believed, as he still did, that the decision was improper, and he felt that it should not be given any further application. As to the fears of Mr. Colman that he might be confronted with a criminal action by the Department of Justice or subject to criticism by other banking organizations if Bancredit continued to acquire paper as principal and sell it to subsidiary banks, he was inclined to discount such fears for reasons that he indicated.

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Governor Robertson stated that his view would be to advise Mr. Colman that use of an agency arrangement on a temporary basis would be acceptable as a legal matter even though he was not prepared today to take a position that he would not have policy objections to such an arrangement. Since the Company appeared willing to use the agency arrangement on only a temporary basis, Governor Robertson felt that such a response could be made to Mr. Colman with the understanding that bona fide efforts would be made to work out a divestment program within not more than a year.

Chairman Martin inquired whether the Board should reconsider the decision made in the Devonshire case, noting that the Board could be charged with discrimination against First Bank Stock Corporation if it took the position that that corporation should not do what had been permitted in the Devonshire case.

Governor Robertson responded that he would not look upon a response such as he suggested as discriminatory since the agency basis for First Bank Stock Corporation would be permissible for a temporary period within which the Board could review the Devonshire decision.

Chairman Martin commented that if this procedure were followed, it would be his view that the Board should review the matter within the next few months in order to eliminate any basis for a charge of discrimination.

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Governor Shepardson noted that the operations of Bancredit Corporation covered a much larger geographical area than did those of Devonshire Corporation so that he would make some distinction between approval in the Devonshire case and a possible view in Bancredit's case that the agency arrangement would not be desirable on a continuing basis. In any event, he would feel that a review of the case might be made and that in the meantime the Board might indicate to Mr. Colman that the temporary arrangement whereby Bancredit would acquire paper on an agency basis would not be objectionable. He wondered, however, whether this might create difficulties for the Board at a later date.

Mr. Hackley responded that this was one of the difficulties of taking a position on a hypothetical case. The Board would have to make it plain that it understood the agency arrangement for Bancredit was temporary and, in the meantime, it would review the reasoning in the Devonshire case as well as the policy view expressed in the Bancredit case.

Governor Shepardson then said that he would favor giving a response to Mr. Colman along the lines that the Board would not object to a temporary agency arrangement.

There was some further discussion of the manner in which such a view might be expressed to Mr. Colman, during which Governor Mills stated that he would like to record his qualifications. He strongly believed that First Bank Stock Corporation was entitled to latitude in

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complying with the Board's decision requiring divestment of Bancredit, but to indicate that an agency arrangement was acceptable would, in his opinion, compound one error by making another. The ultimate that the Board wished to arrive at was divestment of Bancredit from First Bank Stock Corporation. In his opinion, the appropriate action would be to allow First Bank Stock Corporation adequate time for such divestment and to give no encouragement to any agency arrangement.

Chairman Martin stated that these views would be recorded, and that unless there were objection, the next step would be for Mr. Hackley to prepare a draft of letter to Mr. Colman along the lines of the discussion and to present it for the Board's further consideration. There being no indication of objection, it was understood that this procedure would be followed.

Applicability of Regulation U to activities of the Trust Company of Georgia. A memorandum from Miss Hart dated September 2, 1959, commented on a question raised by the Federal Reserve Bank of Atlanta at the request of Trust Company of Georgia on whether that bank's activities in connection with the administration of an employees' savings plan are subject to Regulation U. With the memorandum was transmitted a draft of letter that would reaffirm an interpretation issued in 1946 that Regulation U applied to the activities of a bank when it is acting in its capacity as trustee, even though the bank had no discretion with respect to loans made in that capacity.

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Governor Mills noted that, as presented in Miss Hart's memorandum, a majority of the Reserve Banks expressed the view in 1956 that the Board's interpretation that had been issued in 1946 should be reversed, while several other Reserve Banks favored a modification of the 1946 interpretation and only one would reaffirm it. Governor Mills stated that he felt the question deserved further consideration, especially since the view expressed by the Federal Reserve Banks was one that he had expressed in the past. The problem, he said, was whether a pension fund operated by a bank should be permitted to invest for its principal, at the direction of the principal, without having to comply with Regulation U where credit was involved. Governor Mills said he thought there were good grounds for looking at a transaction of this type as though it were an agency transaction in which the trust company was accepting instructions from a principal. In his view, the trust company should be permitted to comply without being in violation of Regulation U.

Mr. Hackley stated that he shared the feelings expressed by Governor Mills. A similar question had been raised with the Federal Reserve Banks in 1956 as noted in Miss Hart's memorandum and all but one of the Reserve Banks favored a complete reversal of the position that the Board had taken in 1946 or at least a modification of the position it had taken in another similar case in 1955.

Mr. Thomas withdrew from the meeting at this point.

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At Chairman Martin's request, Mr. Solomon commented on this matter, stating that there was a good deal of sentiment for a change in the earlier rulings of the Board. One of the difficulties in applying a reversal of the earlier ruling was that it would then become necessary to distinguish between actions taken on the initiative of the trustee and those taken under instructions from the principal. An additional reason arguing against a change in the present ruling was that, although a bank would not be investing its own funds, it might be in a position where it could control the flow of funds of others. If banks were to be excused from compliance with Regulation U in those cases where they do not act as principal, they might construe this as an invitation to begin to handle a good deal of business as agent. Such a development might cause difficulty in administering Regulation U. At the same time, Mr. Solomon said, there does appear to be an element of discrimination in the outstanding rulings of the Board.

Governor Robertson recalled that a similar question was raised about a year ago and that after careful consideration the Board responded to an inquiry regarding a pension fund that was in line with the 1955 and 1946 rulings.

Governor Szymczak said that the Board's position had been consistent on this point and that unless the Board changed this position, he did not see how a different answer could be given to the Trust Company of Georgia. However, there was no question but that the Board had full

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authority to modify or to reverse the position that had been taken earlier if, after consideration, it wished to do so.

Mr. Solomon concurred in the views expressed by Governor Szymczak, stating that from the standpoint of the law or the Board's Regulation the existing ruling could be modified.

In response to a question from Chairman Martin, Governor Mills stated that he would favor a change in the present ruling. He recalled the case to which Governor Robertson referred, adding that as he saw the problem it was related to the one that came up in connection with the exercise of stock options and application of Regulation U in such cases. No violation of Regulation U existed when an employer used its funds to enable an employee to purchase stock, but use of bank funds for the same purpose was subject to Regulation U.

Governor Robertson said that whenever a Board member felt that a matter of this sort should be reconsidered or reviewed again, it seemed to him appropriate for such a review to be made. He had not studied the matter at length recently but after reading Miss Hart's memorandum and the draft letter to Trust Company of Georgia, he was inclined to approve the letter on the grounds that the matter had been considered and the Board's earlier ruling reaffirmed on a fairly recent occasion. He, however, would feel that in view of the discussion at this meeting it would be desirable to undertake another review of the entire matter.

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The other members of the Board concurred in this suggestion and it was understood that the matter would be reviewed by the staff and brought back to the Board for further consideration at a later meeting.

Suggested initial reporting form for "unregulated" lenders under Regulation U. Reference was made to a memorandum from Mr. Young distributed under date of September 1, 1959, entitled "Reporting requirements under Regulation U." The memorandum outlined steps that might be taken under the recent amendments to Regulation U toward receiving data on lending activities of financial organizations, formerly "unregulated," on stock market collateral for purchasing or carrying registered stocks. To obtain information on the size, lending activities, and identity of these organizations, the Research Division, in consultation with the Legal and Examinations Divisions, had drafted a reporting program involving an initial reporting statement from all lenders who in the ordinary course of business make purpose loans. The initial report would be used to identify those lenders on stock market collateral whose activities might be sufficiently important to cause the loans they obtain from banks to be treated as regulated loans. For lenders whose initial reports indicated that purpose lending was a principal or important activity, recurrent reports might be required in the future on, say, a quarterly basis providing information on the amounts and types of bank loans obtained. A draft of the proposed initial reporting form was attached to Mr. Young's memorandum as Appendix "A".

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The memorandum went on to say that this program had been discussed informally with representatives of the Securities and Exchange Commission, who would like for their purposes to have much more detailed reports giving monthly information on specific loans of lenders on stock market collateral, regardless of whether they engage in the practice to an important extent. An indication of the detailed information the staff of Securities and Exchange Commission felt would be desirable was given in an Appendix "B" to Mr. Young's memorandum. Partly because of doubts as to whether the Board was empowered to collect data in the detail and for the purpose desired by Securities and Exchange Commission, and partly because of the problem of mechanics of such an extensive reporting system, the Board's staff favored the proposed initial report, without detail on individual loans, as a basis for determining the aggregate amount of bank loans obtained by unregulated lenders and the amount of credit they supply to securities markets. Such a report would give a better basis for determining the nature and extent of any recurrent report.

Messrs. Young and Brill commented on the proposed reporting program, noting that the problem of whom to circularize had not been resolved. However, it was hoped that publication of a suitable notice in the Federal Register and in the daily press would induce the covered financial organizations to get in touch with the Board concerning this matter.

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At the conclusion of a discussion of the proposal, the Board unanimously authorized the submission to the Bureau of the Budget of the proposed reporting form attached as Appendix "A" to Mr. Young's memorandum.

At this point Messrs. Young, Hackley, Solomon, Brill, and Farrell withdrew from the meeting.

Letter from Mr. Stephenson. The Chairman referred to a letter he had received from Mr. C. B. Stephenson, President of The First National Bank of Portland, Oregon, inviting the Board to send a representative to Portland in April 1960 to participate in a forum on the role of gold in the present monetary system, to be held in connection with the annual regional conference of the Mining, Metallurgical, and Petroleum Engineers. He said that his first inclination was to decline the invitation but that this was the type of problem on which a Board staff member might make a contribution. For that reason, he had brought it up for any suggestions the other Board members might care to make.

In the course of the ensuing discussion, Governor Szymczak suggested that it might be more appropriate for such a request to be addressed to the Treasury. It was then agreed that the Chairman would handle the request in the light of the discussion at this meeting.

Mr. Riefler then withdrew from the meeting.

Appointment of a special consultant to the Chairman. The Chairman told the Board that in accordance with earlier informal discussions, he had completed arrangements to have Mr. James L. Knipe

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of Princeton, New Jersey, serve as a special consultant to the Chairman. Among other things, he would work on a survey of the organizational nature of the Federal Reserve System. The Chairman added that Mr. Knipe was reporting to the Board's offices today.

Governor Shepardson said that it would now be in order to act formally on Mr. Knipe's appointment as Consultant to the Chairman, effective September 8, 1959, with compensation at the rate of \$65 per day worked and with the understanding that when absent from Washington, D. C., on official business, payment of his traveling expenses would be governed by provisions of the Board's travel regulations applicable to the Board's official staff.

Mr. Knipe's appointment on this basis was approved unanimously, with the understanding that an appropriate announcement would be made to the staff and to the Federal Reserve Banks.

Forthcoming conference of Chairmen of Federal Reserve Banks.

In view of the fact that one Reserve Bank Chairman reported a conflict with the dates originally proposed for this meeting, namely, December 3 and 4, 1959, it was suggested that Mr. Fauver communicate with the Chairmen at the Banks to determine whether alternative dates, such as December 7 and 8, December 8 and 9, or November 19 and 20, might permit full attendance.

The meeting then adjourned.

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Secretary's Note: Pursuant to recommendations contained in memoranda from appropriate individuals concerned, Governor Shepardson today approved on behalf of the Board the following items affecting the Board's staff:

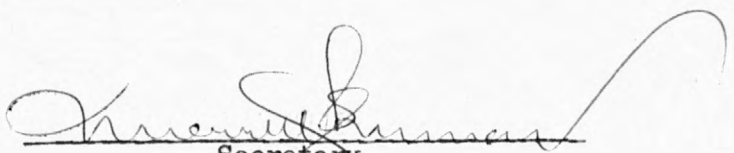
Memorandum dated September 4, 1959, from Mr. Furth, Associate Adviser, Division of International Finance, recommending the appointment of Warrick Elgin Elrod, Jr. as Economist in that Division, with basic annual salary at the rate of \$10,370, effective the date he assumes his duties.

Letter to the Federal Reserve Bank of New York (attached Item No. 14) approving the appointment of Edward F. Odell, Benedict Rafanello, and William R. Skinner as examiners.

Letter to the Federal Reserve Bank of Richmond (attached Item No. 15) approving the designation of eleven persons as special assistant examiners.

Letter to the Federal Reserve Bank of Kansas City (attached Item No. 16) terminating the authorizations heretofore given to the Bank to designate certain employees as special assistant examiners.

Telegram to the Federal Reserve Bank of San Francisco (attached Item No. 17) approving the appointment of Norman F. Opp as assistant examiner.


Secretary

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

Item No. 1
9/8/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 8, 1959.



Board of Directors,
Chemical Corn Exchange Bank,
New York, New York.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors has approved an extension of time until March 11, 1960, in which Chemical Corn Exchange Bank may establish a branch at 125 West End Avenue, Borough of Manhattan, New York, New York. The establishment of this branch was authorized in a letter dated March 25, 1959.

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
9/8/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 8, 1959.



Mr. Robert C. Holmes,
6202 Shoemaker Avenue,
Jenkintown, Pennsylvania.

Dear Mr. Holmes:

This is in reply to your letter of August 24, 1959, relative to section 220.3(g) of Regulation T as amended June 15, 1959, a copy of which is enclosed for your information.

Certain securities have been held "long" in a margin account, at least since early 1958. Subsequently, at various times in 1958 and on January 13, 1959, short sales of this same stock were executed in the account. The total shares involved in the short sales did not exceed the shares held in the "long" position. It is now desired to close out the short position by covering purchases.

The applicable provision of section 220.3(g) of Regulation T reads as follows:

"For the purposes of this part (Regulation T), if a security has maximum loan value in the account under subparagraph (c)(1) of this section, a sale of the same security (even though not the same certificate) in the account shall be deemed to be a long sale and shall not be deemed to be or treated as a short sale."

Under this provision, a short sale at the present time against a "long" position in the same security must be treated as a "long" sale. The subsequent covering transaction would therefore be treated as any other regular purchase and could not be executed as a covering purchase requiring no further margin. However, where the short sale against the "long" position was executed prior to June 15, 1959, the effective date of the above noted amendment to section 220.3(g), the sale would not lose its character as a "short" sale. The covering transaction, even if effected after June 15, 1959, could be treated as such, and under the provisions of Regulation T, could be completed without obtaining further margin.

Mr. Robert C. Holmes

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This interpretation is expressly limited to the facts presented in this letter. Any variation or addition to the circumstances might well alter the result expressed herein.

Your attention is further directed to section 220.7(e) which provides that nothing in the regulation shall prevent an exchange or a creditor from "further restricting" or requiring "additional security" in the extension or maintenance of any credit.

Should you have any further questions on this matter, you might find it more convenient to direct your inquiries to the Federal Reserve Bank of Philadelphia.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

Enclosure

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

Item No. 3
9/8/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 8, 1959.



Mr. Lindley Finch, President,
Northwest Des Moines National Bank,
2721 Beaver Avenue,
Des Moines, Iowa.

Dear Mr. Finch:

Pursuant to your request submitted through the Federal Reserve Bank of Chicago, the Board of Governors, acting under the provisions of Section 19 of the Federal Reserve Act, grants permission to your bank to maintain the same reserves against deposits as are required to be maintained by banks located outside of central reserve and reserve cities, effective as of the date your bank became a member bank.

Your attention is called to the fact that such permission is subject to revocation by the Board of Governors of the Federal Reserve System.

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
9/8/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 8, 1959.

Board of Directors,
The First National Bank
of Pittsfield,
Pittsfield, Illinois.

Gentlemen:

The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers and grants The First National Bank of Pittsfield authority to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies, or other corporations which come into competition with national banks are permitted to act under the laws of the State of Illinois. The exercise of such rights shall be subject to the provisions of Section 11(k) of the Federal Reserve Act and Regulation F of the Board of Governors of the Federal Reserve System.

A formal certificate indicating the fiduciary powers that your bank is now authorized to exercise will be forwarded in due course.

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
9/8/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 8, 1959.

Mr. Geo. E. Kroner, Vice President,
Federal Reserve Bank of St. Louis,
St. Louis 66, Missouri.

Dear Mr. Kroner:

This is with further reference to your letter of June 10, 1959, asking about the possible applications of Regulation R to the president of The Exchange Bank and Trust Company of El Dorado, Arkansas, who is a director of Participating Annuity Life Insurance Company, Fayetteville, Arkansas, and the president of Simmons National Bank, Pine Bluff, Arkansas, who is also a director of that company; and, in addition, the question whether loans held by the first-named bank on "units" of the company are subject to Regulation U.

With respect to the applicability of Regulation R, your counsel points out that the variable annuities issued by the company are essentially the same as those considered in the recent case of S.E.C. v. Variable Annuity Life Insurance Company of America, 359 U.S. 65; 79 S. Ct. 618 (1959) and that the company should therefore be treated as an "investment company". Your counsel further points out that section 8 of the annuity contract gives the annuitant the right to surrender his annuity at any time for cash, and that this makes the annuity a "redeemable security" under 15 U.S.C. 80a-2(a)(31). In the circumstances there seems to be no reason to differ with the conclusion of your counsel that Regulation R and section 32 of the Banking Act of 1933 prohibit interlocking relationships between the member banks and the insurance company in view of the position the Board has taken with respect to open-end companies issuing their redeemable shares (FRLS #7610).

With respect to the Regulation U question, likewise, there appears to be no reason to differ with the conclusion of your counsel. He remarks that the open-end status of the insurance company as determined above, taken in conjunction with the stock portfolio



Mr. Geo. E. Kroner

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revealed in its annual report, seems to resolve the Regulation U question presented and to require the conclusion that a bank loan secured by so-called "accumulation units" used to measure rights of holders of the variable annuity contracts issued by the company is "indirectly" secured by stock within the meaning of section 221.1 of the regulation. As he further states, the fact that the stocks in the company's portfolio include registered ones would appear to settle two other points under Regulation U and to require the conclusion (1) that loans to individuals to acquire or preserve policy rights are "purpose" loans under section 221.3(b)(2) of the regulation and (2) that loans to the company itself are "purpose" loans under the regulation in view of the interpretation issued by the Board in November 1958, 44 Federal Reserve Bulletin 1279. Accordingly, the bank should treat such loans as regulated loans and should make certain that appropriate amounts of collateral are obtained in conformity with the requirements of the regulation in the event of any increase in the amount of the loan, or withdrawal or substitution of collateral against the loan.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 6
9/8/59

F I N A L C E R T I F I C A T I O N

Pursuant to section 1101(e)(2) of the Internal Revenue Code of 1954, the Board of Governors of the Federal Reserve System hereby certifies, to the best of its knowledge and belief, that Keystone Corporation, Kansas City, Missouri, which formerly was a bank holding company as defined in section 2(a) of the Bank Holding Company Act of 1956, has ceased to be a bank holding company before the expiration of the period specified in subparagraph (B) of section 1101(e)(2) of the Internal Revenue Code of 1954.

Executed in Washington, D. C., pursuant to direction of the Board of Governors of the Federal Reserve System.

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

Date: September 8, 1959

(SEAL)

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

Item No. 7
9/8/59
S-1710



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 8, 1959.

Dear Sir:

The Board's letters of March 7, 1951 and April 28, 1953 (S-1278 and S-1494, F.R.L.S. #3645.2) requested preliminary tabulations of Schedule A of the reports of condition of all member banks; and the Board's letter of October 11, 1957 (S-1640, F.R.L.S. #3659) requested tabulations of reports of condition of the weekly reporting member banks. These letters are hereby canceled, and these special tabulations may be discontinued.

Progress in the development of computer processing of condition data has been faster than anticipated in the Board's letter of June 18, 1959. Some of the Reserve Banks initiated decentralized key punching of reports of condition of State member banks at the time of the June call; and the reports of national banks were key punched by a service bureau. This resulted in much earlier availability of condition data for all member banks.

The preliminary tabulations of earnings reports should be continued (F.R.L.S. #3649) but progress is being made that may lead eventually to the discontinuance of these preliminary tabulations.

Very truly yours,

Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS

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

Item No. 8
9/8/59



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 8, 1959.

Mr. John E. Bierwirth,
Chairman of the Board and
Federal Reserve Agent,
Federal Reserve Bank of New York,
New York 45, New York.

Dear Mr. Bierwirth:

In accordance with the request contained in your letter of August 20, 1959, the Board of Governors approves the appointments of Mr. Joseph E. Heid and Mr. Frank A. Paladino as Alternate Assistant Federal Reserve Agents at the Federal Reserve Bank of New York.

This approval is given with the understanding that Messrs. Heid and Paladino will be solely responsible to the Federal Reserve Agent and the Board of Governors for the proper performance of their duties, except that, during the absence or disability of the Federal Reserve Agent or a vacancy in that office, their responsibility will be to the Assistant Federal Reserve Agent and the Board of Governors. When not engaged in the performance of their duties as Alternate Assistant Federal Reserve Agents Messrs. Heid and Paladino may, with the approval of the Federal Reserve Agent and the President, perform such work for the Bank as will not be inconsistent with their duties as Alternate Assistant Federal Reserve Agents.

It will be appreciated if Messrs. Heid and Paladino are fully informed of the importance of their responsibilities as members of the staff of the Federal Reserve Agent and the need for maintenance of independence from the operations of the Bank in the discharge of these responsibilities. Messrs. Heid and Paladino should execute the usual Oath of Office which is to be forwarded to the Board of Governors. Your advice with respect to the effective date of their appointments also will be appreciated.

It is understood that two present Alternate Assistant Agents, Messrs. Lister and Reitze, will relinquish their appointments some time later this year to devote full time to regular Bank duties. The Board will appreciate being advised when their appointments are terminated.

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. 9
9/8/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 8, 1959

CONFIDENTIAL (FR)

Mr. Hugh Leach, President,
Federal Reserve Bank of Richmond,
Richmond 13, Virginia.

Dear Mr. Leach:

Reference is made to your letter of August 14, 1959, in which your Bank requests the approval of upward adjustments in the salary structures applicable to the employees of your Bank and its branches.

The Board approves the following minimum and maximum salaries for the respective grades of the Richmond-Charlotte Branch structure effective January 1, 1960, and the Baltimore Branch structure effective December 28, 1959.

| Grade | Richmond-Charlotte | | Baltimore | |
|-------|--------------------|---------|-----------|---------|
| | Minimum | Maximum | Minimum | Maximum |
| 1 | \$2,280 | \$2,880 | \$2,366 | \$3,198 |
| 2 | 2,400 | 3,240 | 2,613 | 3,562 |
| 3 | 2,580 | 3,540 | 2,860 | 3,887 |
| 4 | 2,820 | 3,840 | 3,146 | 4,251 |
| 5 | 3,180 | 4,260 | 3,536 | 4,771 |
| 6 | 3,540 | 4,740 | 3,887 | 5,239 |
| 7 | 3,960 | 5,400 | 4,225 | 5,746 |
| 8 | 4,380 | 5,900 | 4,680 | 6,318 |
| 9 | 4,740 | 6,400 | 5,200 | 7,007 |
| 10 | 5,100 | 6,900 | 5,629 | 7,605 |
| 11 | 5,700 | 7,700 | 6,097 | 8,255 |
| 12 | 6,300 | 8,500 | 6,708 | 9,048 |
| 13 | 6,900 | 9,300 | 7,241 | 9,776 |
| 14 | 7,600 | 10,300 | 7,865 | 10,621 |
| 15 | 8,400 | 11,300 | 8,489 | 11,466 |
| 16 | 9,100 | 12,300 | 9,087 | 12,259 |

The Board approves the payment of salaries to the employees, other than officers, within the limits specified for the grades in which the positions of the respective employees are classified. It is

Mr. Hugh Leach

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understood that all employees whose salaries are below the minimum of their grades as a result of the structure increase will be brought within the appropriate ranges by April 1, 1960.

The Board understands that provision has been made in the 1960 budget to cover the cost of increases arising from these changes in salary structures.

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. 10
9/8/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 8, 1959.

Mr. John G. Kauderer,
Assistant Federal Reserve Agent,
Federal Reserve Bank of New York,
New York 45, New York.

Dear Mr. Kauderer:

This refers to the recent conversations between you and Mr. Daniels, of the Division of Bank Operations, concerning the proposal to begin paying out that portion of unissued Federal Reserve notes held by the Federal Reserve Agent, usually referred to as the emergency stock, which is stored in the observation corridors surrounding three sides of your Bank's vaults on "D" and "E" levels.

The Board believes that, generally speaking, it is undesirable to let any currency remain in dead storage indefinitely, and thus would consider it advisable to issue these notes to the Bank. At the same time, the Board would not like to see a lasting reduction in the aggregate stock of unissued notes held by your Bank and branch.

As stated in the Board's letter of September 3, 1952, the preparedness program contemplates that the storage of currency in Washington will be held to a minimum. The letter also stated that it was realized this would create a serious storage problem for the Reserve Banks and branches.

Accordingly, while the Board realizes the continuing vault storage problem with which your Bank will be faced, it suggests that the currency released from the emergency stock be replaced, at least substantially so, as soon as possible.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 11
9/8/59

OFFICE OF THE CHAIRMAN

September 9, 1959.

The Honorable Thomas C. Hennings, Jr.,
Chairman, Subcommittee on Constitutional
Rights,
Committee on the Judiciary,
United States Senate,
Washington 25, D. C.

Dear Mr. Chairman:

This is in reply to your letter of August 21 inquiring about instructions to the Board's employees concerning the handling of inquiries from members of Congress.

The principal material issued by the Board which would seem to fall within the scope of your inquiry is contained in the Board's Rules of Organization and Rules of Procedure. A copy of these rules is enclosed; please refer to section 7(a) (page 9) through section 8(d) (page 13), which concern obtaining information, making submittals or requests, and disclosing unpublished information.

We are also enclosing two copies of memorandums containing instructions to the effect that all replies to written requests received from members of Congress shall be signed by the Chairman of the Board of Governors, or in his absence by the Vice Chairman, and that the Board's Legislative Counsel be informed of all inquiries, written or oral, received by individual members of the Board's staff. There are likewise transmitted herewith two copies of the Board's rules relating to the maintenance of the confidential character of System affairs, and to personal financial transactions and other outside business activities of members of the staff. As indicated, members of the staff are required to submit annually a statement acknowledging that they are aware of these rules.

We are not certain whether or not your Committee is interested in this additional administrative detail, but the material is enclosed in order to make every effort to provide your Committee with all regulations, directives, memorandums, and instructions to staff that might be considered relevant to your inquiry.

Sincerely yours,

Wm. McC. Martin, Jr.

Enclosures

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

Item No. 12
9/8/59

September 8, 1959.

SANFORD - NEW YORK

Your wire September 3. Board approves granting of loan or loans on gold up to a total amount of \$5 million by your Bank to Banco Central de Reserva de El Salvador on the following terms and conditions:

- A. To be made up to 98 per cent of the value of gold bars set aside in your vaults under pledge to you;
- B. To mature in three months with option to repay at any time before maturity, both in multiples of \$1 million;
- C. To bear interest at the discount rate of your Bank in effect on the date on which such loan or loans are made;
- D. To be requested and made at any time between September 15 and November 15 inclusive, a commitment fee to be charged at the rate of 1/4 per cent per annum for the time that the facility or any part thereof remains unused.

It is understood that the usual participation will be offered to the other Federal Reserve Banks.

(Signed) Kenneth A. Kenyon
KENYON

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

Item No. 13
9/8/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 8, 1959.



Board of Directors,
Chemical Corn Exchange Bank,
New York, New York.

Gentlemen:

Fursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors approves the establishment of branches in the city of New York at 100 Broadway, 10 Rockefeller Plaza, 22 East 40th Street, 488 Madison Avenue, 1407 Broadway, 205 East 42nd Street, and 650 Madison Avenue by Chemical Bank New York Trust Company, New York, New York. This permission is given provided the branches are 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. 14
9/8/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 8, 1959



Mr. John F. Pierce, Chief Examiner,
Federal Reserve Bank of New York,
New York 45, New York.

Dear Mr. Pierce:

In accordance with the request contained in your letter of September 2, 1959, the Board approves the reappointments of Edward F. Odell, Benedict Rafanello, and William R. Skinner as examiners for the Federal Reserve Bank of New York, effective today.

It is noted that Examiners Joseph P. Abromitis, Stephen T. Lederleitner, and Joseph M. O'Connell are being transferred to the Technical Assistance Division of the Bank Relations Department of your Bank and that you desire to have the Board approve their designations as special examiners. As it is understood that they will resume their regular duties in the Bank Examinations Department after a period of 12 to 18 months, it is suggested that they be permitted to retain their regular commissions as examiners and that they not be designated as special examiners. It is understood from Mr. Goodman's telephone conversation with you on September 3, 1959, that this procedure is entirely satisfactory to your Bank.

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. 15
9/8/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 8, 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 September 2, 1959, the Board approves the designation of the following named employees of your Bank as special assistant examiners for the Federal Reserve Bank of Richmond for the purpose of participating in the examination of banks, except the institution indicated immediately above their names:

Southern Bank and Trust Company
Richmond, Virginia

Edward D. Andre
O. Louis Martin

The Central National Bank of Richmond
Richmond, Virginia

Thomas E. Hutt
Wilbert C. Parrish

The Bank of Virginia
Richmond, Virginia

Arthur N. O'Brien

The Tri-County Bank
Mechanicsville, Virginia

J. Weldon Mitchell

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Mr. N. L. Armistead

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The Bank of Henrico
Sandston, Virginia

W. C. Glover

The Peoples National Bank of Victoria
Victoria, Virginia

Thomas W. Gaulding

Equitable Trust Company
Baltimore, Maryland

Robin E. Snyder

Bank of Charlotte
Charlotte, North Carolina

Jack C. Starnes
Herman C. Yaeger

The authorizations heretofore given your Bank to designate the above named individuals as special assistant examiners are hereby cancelled.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 16
9/8/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 8, 1959



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 August 27, 1959, the authorizations heretofore given your Bank to designate employees of the Federal Reserve Bank of Kansas City as special assistant examiners are hereby terminated, effective today. It is noted that some time prior to the time of the next examination of Commerce Trust Company, Kansas City, Missouri, you will submit a list of employees for approval as special assistant examiners, pursuant to the instructions contained in the Board's letter X-9858 of April 3, 1937 (F.R.L.S. #9183).

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

TELEGRAM
LEASED WIRE SERVICEItem No. 17
9/8/59BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

September 8, 1959.

SWAN - SAN FRANCISCO

Reurlet September 2, 1959. Board approves appointment
Norman F. Opp as assistant examiner for Federal Reserve
Bank of San Francisco. Please advise effective date.

(Signed) Merritt Sherman

SHERMAN