

Minutes for March 4, 1960.

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, please initial below. If you were present at the meeting, your initials will indicate approval of the minutes. If you were not present, your initials will indicate only that you have seen the minutes.

Chm. Martin

Gov. Szymczak

Gov. Mills

Gov. Robertson

Gov. Balderston

Gov. Shepardson

Gov. King

The image shows handwritten initials and signatures on horizontal lines next to the names of the Board members. The initials for Chm. Martin and Gov. Szymczak are circled. The signature for Gov. Mills is a large, stylized flourish. The initials for Gov. Robertson are 'R.', for Gov. Balderston are 'CB', for Gov. Shepardson are 'S', and for Gov. King are 'K'.

Minutes of the Board of Governors of the Federal Reserve System
on Friday, March 4, 1960. 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. Robertson
Mr. King

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Molony, Assistant to the Board
Mr. Fauver, Assistant to the Board
Mr. Hackley, General Counsel
Mr. Farrell, Director, Division of Bank Operations
Mr. Solomon, Director, Division of Examinations
Mr. Hexter, Assistant General Counsel
Mr. Furth, Associate Adviser, Division of International Finance
Mr. Conkling, Assistant Director, Division of Bank Operations
Mr. Nelson, Assistant Director, Division of Examinations
Mr. Goodman, Assistant Director, Division of Examinations
Miss Hart, Assistant Counsel

Letter to Mr. Beise (Item No. 1). When President Beise of Bank of America National Trust and Savings Association, San Francisco, California, met with the members of the Board on January 29, 1960, reference was made to a computation on the Form for Analyzing Bank Capital which indicated that as of July 31, 1959, the date of most recent examination, the bank's capital was only 70.3 per cent of the "total capital requirement". Mr. Beise asked to be furnished a copy of this analysis, together with a similar analysis as of December 31, 1956.

3/4/60

-2-

A draft of letter to Mr. Beise, prepared for Chairman Martin's signature, had been circulated to the members of the Board prior to this meeting. The letter would transmit the requested analysis as of July 31, 1959, an analysis as of October 31, 1956, the date of examination closest to December 31, 1956, and the suggestion that Bank of America might be able to prepare a similar analysis as of December 31, 1956, from its internal records and a partial analysis which had been prepared in the Board's offices on the basis of call report data. The letter would also make certain comments regarding the use of the Form for Analyzing Bank Capital and the capital position of the national bank and Bank of America, New York, at the time the latter institution was granted permission to acquire the stock of Banca d'America e d'Italia.

In response to an inquiry by Governor Mills, Mr. Solomon stated that the Form for Analyzing Bank Capital was no longer held on a confidential basis, its existence was a matter of public information, and it had been used substantially in the course of the section 9 proceeding involving The Continental Bank and Trust Company, Salt Lake City, Utah.

Thereupon, the letter to Mr. Beise, a copy of which is attached as Item No. 1, was approved unanimously.

Amendment to Regulation U. At yesterday's meeting of the Board, it was decided to amend section 221.3(b)(1) of Regulation U, Loans by Banks for the Purpose of Purchasing or Carrying Registered Stocks, so as to restore the section to the form in which it stood prior to

3/4/60

-3-

June 15, 1959. In accordance with the understanding at that meeting, there had been distributed to the members of the Board a memorandum from the Legal Division dated March 4, 1960, submitting a draft of notice for publication in the Federal Register.

One paragraph of the proposed notice would state that section 221.3(b)(1) had been amended to read as follows: "No loan, however it may be secured, need be treated as a loan for the purpose of 'carrying' a stock registered on a national securities exchange unless the purpose of the loan is to enable the borrower to reduce or retire indebtedness which was originally incurred to purchase such a stock, or, if he be a broker or dealer, to carry such stocks for customers." The succeeding part of the notice would advise that the purpose of this amendment was to restore the language of paragraph (b)(1) in effect before June 15, 1959, in order to avoid administrative complexities and problems that had developed under the language of such paragraph as it had been in effect since June 15, 1959. The notice would go on to state, however, that this amendment was not intended to imply that the Board was not concerned with the problem of controlling loans by banks for the purpose of carrying registered stock and that the Board would, of course, expect banks and lending officers to continue to cooperate in administration of the Regulation in accordance with its purposes and spirit.

Mr. Hackley reported that since the memorandum was distributed there had been staff discussion of a suggestion intended to clarify

3/4/60

-4-

section 221.3(b)(1), as amended, but that there was some hesitancy in recommending a wording different from the exact language in effect prior to June 15, 1959. The possible change would insert the words "or carry" after the word "purchase" toward the end of the paragraph so that the portion of the sentence would read: "...originally incurred to purchase or carry such a stock, or....".

Messrs. Hackley and Hexter then described circumstances in which the insertion of the words "or carry" would tend to preclude a misunderstanding that could permit evasion of the "carrying" provisions of Regulation U. It was noted, however, that an alternative possibility would be to cover the matter by Board interpretation if questions should arise.

After some discussion of this point, consideration was given to the comment in the proposed notice regarding the amendment to Regulation U. From the views expressed, it appeared that the phrasing of the explanatory portion of the notice was along lines that were generally acceptable to the members of the Board.

The suggestion then was made that action on the publication of the notice be deferred in order to permit further staff consideration of the matter, including the question relating to the language of the amendment that had been presented by Messrs. Hackley and Hexter. There was agreement with this suggestion, and it was understood that another draft of Federal Register notice reflecting such revisions as the Legal

3/4/60

-5-

Division might deem appropriate would be distributed to the Board with a view to discussion at the meeting on Monday, March 7.

Miss Hart then withdrew from the meeting.

Items circulated to the Board. The following items, which had been circulated to the members of the Board and copies of which are attached hereto under the respective item numbers indicated, were approved unanimously:

	<u>Item No.</u>
Letter to the Federal Reserve Bank of New York interposing no objection to an extension of the leave without pay granted to Lawrence S. Ritter to enable him to continue his service with the Committee on Economic Development's Commission on Money and Credit.	2
Letter to the Federal Deposit Insurance Corporation regarding the application of the Kentucky-Farmers Bank of Catlettsburg, Catlettsburg, Kentucky, for continuation of deposit insurance after withdrawal from membership in the Federal Reserve System.	3
Letter to the Denmark State Bank, Denmark, Wisconsin, waiving the requirement of six months' notice of withdrawal from membership in the Federal Reserve System.	4
Letter to the Federal Deposit Insurance Corporation regarding the application of the Commercial State Bank of El Campo, El Campo, Texas, for continuation of deposit insurance after withdrawal from membership in the Federal Reserve System.	5
Letter to the City National Bank of Beverly Hills, Beverly Hills, California, continuing the permission previously granted to maintain reduced reserves.	6

3/4/60

-6-

	<u>Item No.</u>
Letter to the Farmers and Merchants Bank, Hannibal, Missouri, approving the establishment of a branch at 218 Broadway and an investment in bank premises.	7
Letter to the Bar Harbor Banking and Trust Company, Bar Harbor, Maine, approving the establishment of a branch in Blue Hill.	8
Letter to The First National City Bank of New York, New York City, approving a change in the location of its branch in the Santurce area of San Juan, Puerto Rico.	9
Letter to The Central Bank Company, Lorain, Ohio, granting its request for permission to exercise fiduciary powers.	10
Letter to the Peoples Bank & Trust Co., Montgomery, Alabama, approving its application for membership in the Federal Reserve System.	11

Applications to carry reduced reserves (Items 12-16). There had been circulated to the Board applications from McLachlen Banking Corporation, Washington, D. C., Michigan Avenue National Bank of Chicago, Mid-America National Bank of Chicago, and Lincoln National Bank, all of Chicago, Illinois, and Penn Square National Bank of Oklahoma City, Oklahoma, for permission to carry reserves required to be maintained by banks located outside of central reserve and reserve cities. In each case the recommendation of the Federal Reserve Bank concerned and the Division of Bank Operations was favorable.

In reply to a question by the Chairman as to progress on the part of the staff toward presenting recommendations for the Board's

3/4/60

-7-

consideration in regard to standards for the classification of cities and banks for reserve purposes, Mr. Farrell stated that two drafts had been cleared at staff level by Mr. Thomas and a memorandum should be available to the Board shortly.

Mr. Farrell also reported a telephone call from the president of a member bank in Chicago who noted that certain competing institutions had been granted permission to carry reduced reserves and urged that standards of general application be adopted by the Board as promptly as possible. The bank whose president called on the telephone had not been granted permission to carry reduced reserves because its deposit structure was such as to raise a question with regard to its classification under standards hereafter adopted by the Board.

Governor Robertson noted that this bank (Chicago City Bank and Trust Company) applied in November 1959 for waiver of the requirement of six months' notice of withdrawal from System membership, but that action on the request was deferred pending consultation with the Federal Deposit Insurance Corporation. It developed subsequently that the Corporation was unwilling to continue insurance for the bank as a nonmember bank until additional capital was provided to the same extent as previously requested by the Federal Reserve System. The president of the bank reportedly had now indicated that the bank would not leave the System if its reserve requirements were reduced.

3/4/60

-8-

Governor Robertson went on to say that he did not see how the Board could refrain from acting favorably on the five applications now before it for permission to maintain reduced reserves in view of action previously taken in similar cases. However, by these individual actions the Board was reducing required reserves in the aggregate in substantial amount. When standards were adopted, the result presumably would be a raising of reserve requirements for some banks, assuming the Board felt that aggregate required reserves were at about the appropriate level at the present time. Thus, if a large number of applications to carry reduced reserves were granted in the meantime on an individual basis, the effect of adoption of the standards might be predominantly in the direction of moving banks upward in classification.

Thereupon, the five applications to maintain reduced reserves that had been circulated to the Board were approved unanimously. Copies of the letters sent to the respective banks pursuant to this action are attached as Items 12 through 16.

Messrs. Farrell and Conkling then withdrew from the meeting.

Discount rates. Unanimous approval was given to telegrams to the Federal Reserve Banks of New York, Philadelphia, Chicago and San Francisco approving the establishment without change by those Banks on March 3, 1960, of the rates on discounts and advances in their existing schedules.

3/4/60

-9-

Withdrawal from membership (Item No. 17). Unanimous approval was given to a letter to the Security State Bank, Sheldon, Iowa, waiving the requirement of six months' notice of withdrawal from membership in the Federal Reserve System. A copy of the letter, which had been circulated to the Board, is attached as Item No. 17.

Establishment of foreign bank branches in New York (Item No. 18).

In a telegram dated February 29, 1960, Mr. Walter J. Mahoney, Temporary President of the New York State Senate, requested the opinion of Chairman Martin on the desirability of permitting foreign banks to establish branches in the State of New York. A bill for that purpose was before the State Legislature.

A memorandum from Mr. Walter Young of the Legal Division which had been distributed to the Board under date of March 2, 1960, pointed out that the laws of the various States operating to prohibit or restrict foreign banking had been the subject of recent inquiries by a number of foreign parties. The memorandum noted that restrictions of this type could hardly be justified while branches of United States banks are allowed to operate in foreign countries, and also that a movement now under way in Brazil might culminate in legislation against operations of foreign-owned banks in that country. Attached to the memorandum was a copy of a telegram sent by the President of the New York Reserve Bank on February 29, 1960, in reply to a wire from Mr. Mahoney, which indicated that the Reserve Bank had long favored

3/4/60

-10-

permitting foreign banking corporations organized in foreign countries (other than those performing central banking functions) to conduct a general commercial banking business in New York State on substantially the same terms as those on which domestic banks are permitted to conduct business within the State. Mr. Hayes' wire stated that the Reserve Bank, therefore, would generally favor legislation permitting well-regarded foreign commercial banks to establish and operate branches in New York State, subject to the control and supervision of the State Banking Department.

Submitted with Mr. Young's memorandum was a draft of telegram that might be sent to Mr. Mahoney by Chairman Martin. The telegram would state that Chairman Martin favored in principle permitting foreign commercial banks to establish branches in New York State under appropriate regulation and supervision.

In discussion, Governor Mills suggested that use of the language "favor in principle" was indicative of some degree of doubt or indecision and that it might be desirable to omit the words "in principle."

There was agreement with Governor Mills' suggestion, it being noted in this connection that the telegram would refer to the establishment of branches by foreign commercial banks "under appropriate regulation and supervision."

Governor Robertson indicated that he favored permitting foreign banks to establish branches in this country. He suggested, however, that

3/4/60

-11-

any expression of opinion might be in terms of branches in the United States, rather than New York State specifically, and in terms of favoring legislation on a reciprocal basis which would permit banks in foreign countries to operate branches in the United States if the statutes of those countries accorded equal privileges to American banks wishing to operate branches abroad.

Comments by members of the staff on the points raised by Governor Robertson were to the effect that the encouraging of foreign countries to adopt legislation on a reciprocal basis might raise serious questions and that there was something to be said for confining a reply to an officer of the New York State Legislature to the particular situation on which an opinion had been asked. It was pointed out also that foreign banks principally desire to establish branches in New York City.

Governor Szymczak added that an expression favoring permission for foreign banks to operate branches in the United States might cause the New York State legislators to think in terms of delaying action pending the passage of comparable legislation by other States.

Chairman Martin, who had earlier raised the question whether the reply to Mr. Mahoney should be phrased as a telegram reflecting the point of view of the Board as a whole, then stated that he wished to withdraw the question. Although the reply to Mr. Mahoney might be interpreted as an expression of the Board's position in any event, it was his

3/4/60

-12-

thought that use of a personal reply would leave the Board, as such, in a more flexible position if it should be necessary to give further consideration at a later time to the problem of foreign bank branches in this country.

In reply to an inquiry by Governor King as to the advisability of offering comments on State legislation, Mr. Solomon pointed out that the establishment by American banks of foreign branches is a matter within the scope of the Board's responsibilities and that American banks seeking to establish such branches might be asked by foreign authorities why permission should be granted if restrictions existed on the operation of branches of foreign banks in the United States. Accordingly, from the standpoint of its own responsibilities, the Board had at least an indirect interest in the proposed legislation in New York State.

In reply to a further question by Governor King regarding the likelihood of Congressional consideration of the subject, Mr. Solomon stated that in essence the Federal Government had taken the position in the past that it did not want to override State laws.

Governor Robertson asked if it was known whether Mr. Mahoney had sent a similar wire to the Department of State, to which Mr. Goodman replied that from copies of State Department dispatches received in the Board's offices it was known that the Department had importuned the New York State authorities to take action in this area, particularly in view of the Brazilian developments referred to in Mr. Young's memorandum.

3/4/60

-13-

It was then agreed that the reply to Mr. Mahoney should be sent in the form of the draft submitted by the staff, that is, a personal acknowledgement by Chairman Martin, with the words "in principle" omitted, as suggested by Governor Mills.

A copy of the telegram sent by Chairman Martin to Mr. Mahoney later in the day, with a copy to the Federal Reserve Bank of New York, is attached as Item No. 18.

All of the members of the staff except Messrs. Sherman and Kenyon then withdrew from the meeting and Messrs. Thomas and Young, Advisers to the Board, and Noyes, Director, Division of Research and Statistics, entered the room.

Money market developments. Chairman Martin referred to a memorandum dated March 4, 1960, that had been handed to him by Governor Mills, in which the latter discussed alternative methods for the implementation of Federal Reserve credit policy at this juncture, with particular reference to the possible utilization of the reserve requirement instrument in combination with open market operations.

At the Chairman's request, Governor Mills reviewed the points covered in his memorandum and made additional explanatory comments, following which there was a brief discussion of the Government securities market.

Chairman Martin then made the suggestion that time be set aside one day each week for the Board to receive comments by members of the

3/4/60

-14-

staff, including Messrs. Thomas and Keir, on developments in the Government securities market and related matters.

There was unanimous agreement that the procedure suggested by the Chairman should be followed. Upon inquiry, Mr. Thomas stated that Monday would be a desirable day of the week for such a review, and it was understood that the first of the weekly staff reviews would be held next Monday, March 7. It was understood, also, that Governor Mills' memorandum of March 4, 1960, would be circulated to the other members of the Board.

During the foregoing discussion Messrs. Molony and Fauver returned to the room, and at its conclusion Mr. Thomas withdrew.

Department store statistics. At Chairman Martin's request, Mr. Noyes outlined the setting in which representatives of the National Retail Merchants Association (formerly the National Retail Dry Goods Association) were to meet with the members of the Board on Monday afternoon, March 7. He first described how the requested \$400,000 appropriation for fiscal 1961 to enable the Census Bureau to assume responsibility for the collection and publication of department store statistics, as a part of its retail sales statistical program, had been reduced somewhat by the House Appropriations Committee; the Bureau of the Budget and the Department of Commerce sought restoration of the entire \$400,000 by the Senate Finance Committee; in the meantime parties within the National Retail Merchants Association initiated a

3/4/60

-15-

campaign of protest against transfer of the department store program from the Federal Reserve; and the Senate Committee deleted the requested appropriation in entirety, with the suggestion that the program be given further consideration and that funds might be sought in a supplemental budget or in the budget for a later fiscal year.

Mr. Noyes said that two principal issues had been raised by the department stores. First, it was alleged that the close and confidential relationships between the Federal Reserve and the department stores could not be duplicated if the statistical program were taken over by the Census Bureau. Second, and more fundamental, the program of the Census Bureau did not contemplate continuation of the so-called "city departmental" breakdown, which furnishes a detailed breakdown of sales by departments for over 100 cities and metropolitan areas. For reasons which Mr. Noyes explained, this series was suspect from the standpoint of statistical validity, and its discontinuation had been recommended earlier by the System Research Advisory Committee.

In reply to questions, Messrs. Young and Noyes said that the city departmental breakdown was of little or no significant value to the Federal Reserve System from the standpoint of formulation of monetary policy, although it was valuable to the department stores as a check on their operations from a competitive standpoint. If the Federal Reserve were to continue the department store series and endeavor to improve its statistical validity, the expense involved

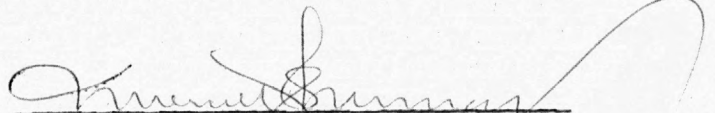
3/4/60

-16-

would be considerable. Moreover, any substantial improvement of the departmental series would require the participation of certain large chains not now participating, and it was not clear that their cooperation could be obtained.

It was the suggestion of Messrs. Young and Noyes that the Board, in meeting with the representatives of the National Retail Merchants Association, make clear that the view of the Federal Reserve System favoring transfer of the department store series to the Census Bureau had not been changed simply because of the failure of the Bureau to obtain the necessary appropriation for fiscal 1961.

The meeting then adjourned.



Secretary

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 1
3/4/60

OFFICE OF THE CHAIRMAN

March 4, 1960.



Mr. S. Clark Beise, President,
Bank of America National Trust and
Savings Association,
300 Montgomery Street,
San Francisco, California.

Dear Clark:

When you met with the Board Members on January 29 you asked for a copy of the "Form for Analyzing Bank Capital" mentioned during the discussion. You will recall that this analysis, which was prepared for us by the Federal Reserve Bank of San Francisco, showed that at the last examination by a National Bank Examiner as of July 31, 1959, your Bank had "Total Capital Requirement" of \$1,033,507,000, whereas "Actual Cap., etc." was \$726,507,000, or 70.3 per cent of the "Requirement." A copy of the analysis is enclosed.

You also asked if you could be furnished a similar analysis as of December 31, 1956. Although the information required to complete this form is not available from the regular call report, an attempt has been made to prepare an analysis using information where pertinent from the last previous examination as of October 31, 1956. Accordingly, such analysis, and an analysis as of the October 31, 1956 examination date, are also enclosed for such value as they may have. Perhaps from your internal records, you can fill out any "gaps" in the December 1956 figures.

It is realized, of course, that neither this Form nor any other method of analysis can give a simple answer to the question of the adequacy of a bank's capital, since many factors are involved. However, the Form does take account of certain differences in the circumstances surrounding different banks, and also makes provision for further adjustments when appropriate. The Board's approval of the acquisition by Bank of America, New York, of the stock of Banca d'America e d'Italia (BAI) was granted in principle in September 1956 and finally in September 1957. It may be recalled that the approval was conditioned upon an increase in capital by Bank of America, New York, equal to the cost of BAI. The fact that the Edge Corporation was adequately capitalized to enable it to acquire BAI does not, of course, necessarily mean that the national bank was then, or is now, adequately capitalized to justify the establishment of additional foreign branches.

With all good wishes, I am

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.

Enclosures.

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

Item No. 2
3/4/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 4, 1960.

Mr. William H. Braun, Jr.,
Secretary,
Federal Reserve Bank of New York,
New York 45, New York.

Dear Mr. Braun:

Thank you for your letter of February 19, 1960, concerning the extension of leave of absence without pay granted to Mr. Lawrence S. Ritter, enabling him to continue his service with the Committee on Economic Development's Commission on Money and Credit.

It is understood that Mr. Ritter's leave has been extended at the request of the Staff Director of the Commission and that the extended leave will terminate on or about September 2, 1960.

The Board of Governors interposes no objection to the extension of the leave without pay arrangement with respect to Mr. Ritter for the period specified in your letter.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 3
3/4/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 4, 1960.



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

Dear Mr. Wolcott:

Reference is made to your letter of February 19, 1960, concerning the desire of Kentucky-Farmers Bank of Catlettsburg, Catlettsburg, Kentucky, to continue as an insured bank following its withdrawal from membership in the Federal Reserve System.

No corrective programs have been urged upon the bank or agreed to by it which the Board of Governors believes should be incorporated as conditions to the continuance of deposit insurance.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

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

Item No. 4
3/4/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 4, 1960.

Board of Directors,
Denmark State Bank,
Denmark, Wisconsin.

Gentlemen:

The Federal Reserve Bank of Chicago has forwarded to the Board of Governors your letter dated February 10, 1960, together with the accompanying resolutions 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 Chicago 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, 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 returned to the Federal Reserve Bank of Chicago.

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
3/4/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 4, 1960.

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

Dear Mr. Wolcott:

Reference is made to your letter of February 19, 1960, concerning the application of Commercial State Bank of El Campo, El Campo, Texas, for continuance of deposit insurance after withdrawal from membership in the Federal Reserve System.

No corrective programs that the Board of Governors believes should be incorporated as conditions to the continuance of deposit insurance have been urged upon or agreed to by the 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. 6
3/4/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 4, 1960.

Board of Directors,
City National Bank of Beverly Hills,
Beverly Hills, California.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of San Francisco, the Board of Governors, acting under the provisions of Section 19 of the Federal Reserve Act, grants permission to the City National Bank of Beverly Hills to continue to maintain the same reserves against deposits as are required to be maintained by banks located outside of central reserve and reserve cities, upon the opening of its additional branch in the city of Los Angeles.

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

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
3/4/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 4, 1960.

Board of Directors,
Farmers and Merchants Bank,
Hannibal, 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 the establishment by the Farmers and Merchants Bank, Hannibal, Missouri, of a drive-in branch at 218 Broadway in Hannibal, Missouri, provided the branch is established within nine months from the date of this letter. The Board of Governors of the Federal Reserve System also approves, under the provisions of Section 24A of the Federal Reserve Act, an additional investment in bank premises of \$35,000 for the purpose of construction of quarters to house the branch.

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. 8
3/4/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 4, 1960.

Board of Directors,
Bar Harbor Banking and
Trust Company,
Bar Harbor, Maine.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Boston, the Board of Governors of the Federal Reserve System approves the establishment of a branch in Blue Hill, Hancock County, Maine, by Bar Harbor Banking and Trust Company, 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. 9
3/4/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 4, 1960.

The First National City Bank of New York,
55 Wall Street,
New York 15, New York.

Gentlemen:

In accordance with the request contained in your letter of January 26, 1960, transmitted through the Federal Reserve Bank of New York and on the basis of information furnished, the Board of Governors approves a change in location of your branch in the Santurce area of the City of San Juan, Puerto Rico, from its present location at 306 Avenida Condado to a new building to be constructed at the corner of Avenida Roberto H. Todd and del Carmen Street.

Please advise the Board of Governors in writing, through the Federal Reserve Bank of New York, when the branch is removed to the new location and opened for business. It is understood that the new location approved will not be changed without the prior approval of the Board of Governors.

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
3/4/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



March 4, 1960.

Board of Directors,
The Central Bank Company,
Lorain, Ohio.

Gentlemen:

This refers to your request for permission, under applicable provisions of your condition of membership numbered 1, to exercise fiduciary powers.

Following consideration of the information submitted, the Board of Governors of the Federal Reserve System grants permission to The Central Bank Company to exercise the fiduciary powers now or hereafter authorized by its articles of incorporation, and the laws of the State of Ohio.

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. 11
3/4/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 4, 1960.



Board of Directors,
Peoples Bank & Trust Co.,
Montgomery, Alabama.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the application of Peoples Bank & Trust Co., Montgomery, Alabama, for stock in the Federal Reserve Bank of Atlanta, subject to the numbered conditions hereinafter set forth:

1. Such bank at all times shall conduct its business and exercise its powers with due regard to the safety of its depositors, and, except with the permission of the Board of Governors of the Federal Reserve System, such bank shall not cause or permit any change to be made in the general character of its business or in the scope of the corporate powers exercised by it at the time of admission to membership.
2. The net capital and surplus funds of such bank shall be adequate in relation to the character and condition of its assets and to its deposit liabilities and other corporate responsibilities.

In connection with the foregoing conditions of membership, particular attention is called to the provisions of the Board's Regulation H regarding membership of State banking institutions in the Federal Reserve System, with especial reference to Section 7 thereof. A copy of the regulation is enclosed.

The Board of Governors also approves the retention and operation of the present branch of Peoples Bank & Trust Co., now being operated at 82-84 Commerce Street, Montgomery, Alabama.

It is noted that under its articles of incorporation the bank may exercise fiduciary powers but that at the present time is not exercising such powers. Should the bank at any future time desire to broaden the scope of its corporate activities or exercise any powers not exercised at the time of admission to membership it

Peoples Bank & Trust Co.

-2-

will be necessary, under condition of membership numbered 1, to obtain permission of the Board of Governors.

If at any time a change in or amendment to the bank's charter is made, the bank should advise the Federal Reserve Bank, furnishing copies of any documents involved, in order that it may be determined whether such change affects in any way the bank's status as a member of the Federal Reserve System.

Acceptance of the conditions of membership contained in this letter should be evidenced by a resolution adopted by the Board of Directors and spread upon its minutes, and a certified copy of such resolution should be filed with the Federal Reserve Bank. Arrangements will thereupon be made to accept payment for an appropriate amount of Federal Reserve Bank stock, to accept the deposit of the required reserve balance, and to issue the appropriate amount of Federal Reserve Bank stock to the bank.

The time within which admission to membership in the Federal Reserve System in the manner described may be accomplished is limited to 30 days from the date of this letter, unless the bank applies to the Board and obtains an extension of time. When the Board is advised that all of the requirements have been complied with and that the appropriate amount of Federal Reserve Bank stock has been issued to the bank, the Board will forward to the bank a formal certificate of membership in the Federal Reserve System.

The Board of Governors sincerely hopes that you will find membership in the System beneficial and your relations with the Reserve Bank pleasant. The officers of the Federal Reserve Bank will be glad to assist you in establishing your relationships with the Federal Reserve System and at any time to discuss with representatives of your bank means for making the services of the System most useful to you.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

Enclosure

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

Item No. 12
3/4/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 4, 1960.



Board of Directors,
McLachlen Banking Corporation,
Tenth & G Streets, N. W.,
Washington 1, D. C.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Richmond, the Board of Governors, acting under the provisions of Section 19 of the Federal Reserve Act, grants permission to the McLachlen Banking Corporation to maintain the same reserves against deposits as are required to be maintained by banks located outside of central reserve and reserve cities, effective with the first biweekly reserve computation period beginning after the date of this letter.

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

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. 13

3/4/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 4, 1960.



Board of Directors,
Michigan Avenue National Bank of Chicago,
Chicago, Illinois.

Gentlemen:

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 the Michigan Avenue National Bank of Chicago to maintain the same reserves against deposits as are required to be maintained by banks located outside of central reserve and reserve cities, effective with the first biweekly reserve computation period beginning after the date of this letter.

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

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
3/4/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



March 4, 1960.

Board of Directors,
Mid-America National Bank of Chicago,
Chicago, Illinois.

Gentlemen:

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 the Mid-America National Bank of Chicago to maintain the same reserves against deposits as are required to be maintained by banks located outside of central reserve and reserve cities, effective with the first biweekly reserve computation period beginning after the date of this letter.

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

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
3/4/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 4, 1960.

Board of Directors,
Lincoln National Bank,
Chicago, Illinois.

Gentlemen:

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 the Lincoln National 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 with the first biweekly reserve computation period beginning after the date of this letter.

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

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. 16
3/4/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 4, 1960.

Board of Directors,
Penn Square National Bank of Oklahoma City,
Oklahoma City, Oklahoma.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Kansas City, the Board of Governors, acting under the provisions of Section 19 of the Federal Reserve Act, grants permission to the Penn Square National Bank of Oklahoma City 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 it opened for business.

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

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. 17
3/4/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 4, 1960.

Board of Directors,
Security State Bank,
Sheldon, Iowa.

Gentlemen:

The Federal Reserve Bank of Chicago has forwarded to the Board of Governors your letter dated December 12, 1959, and copies of resolutions signifying your intention to withdraw from membership in the Federal Reserve System and to request 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 Chicago 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, 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 returned to the Federal Reserve Bank of Chicago.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.



TELEGRAM
BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 18
3/4/60

March 4, 1960.

Walter J. Mahoney,
Temporary President of the Senate,
Albany, New York.

In reply to your wire of February 29 requesting my opinion on the desirability or undesirability of permitting foreign banks to establish branches in New York State, I favor permitting foreign commercial banks to establish such branches under appropriate regulation and supervision.

Wm. McC. Martin, Jr.,
Chairman,
Board of Governors of the
Federal Reserve System.

(Signed) Wm. McC. Martin, Jr.