

Minutes for March 9, 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

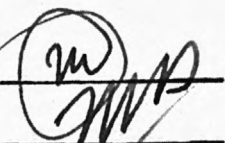
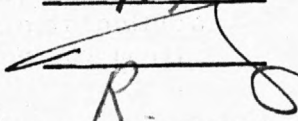
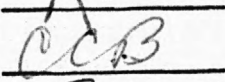
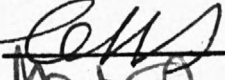
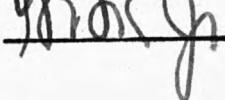
Gov. Mills

Gov. Robertson

Gov. Balderston

Gov. Shepardson

Gov. King

Minutes of the Board of Governors of the Federal Reserve System
on Wednesday, March 9, 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
Miss Carmichael, Assistant Secretary
Mr. Molony, Assistant to the Board
Mr. Hackley, General Counsel
Mr. Farrell, Director, Division of Bank
Operations
Mr. Solomon, Director, Division of
Examinations
Mr. O'Connell, Assistant General Counsel
Mr. Daniels, Assistant Director, Division
of Bank Operations
Mr. Nelson, Assistant Director, Division
of Examinations

Items circulated to the Board. The following items, which had
been circulated 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 Mr. James F. Gallagher, New York City, answering his request for certain information concerning bank holding companies and their subsidiary banks.	1
Letter to the Second Bank-State Street Trust Company, Boston, Massachusetts, approving the establishment of a branch at 125 High Street.	2
Letter to Manufacturers Trust Company, New York City, approving an extension of time to establish a branch at 3825 East Tremont Avenue, Bronx.	3

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Item No.

Letter to the Union Trust Company of Wildwood, N. J., Wildwood, New Jersey, approving an extension of time to establish a branch at Park Boulevard and Hildreth Avenue.

4

Letter to the Federal Reserve Bank of Atlanta authorizing the preparation of detailed plans for an addition to the parking garage adjoining the head office building.

5

Letter to the Boonville National Bank, Boonville, Indiana, approving its application for fiduciary powers.

6

Letter to the Stockmans National Bank of Lusk, Lusk, Wyoming, regarding its surrender of the authority to exercise a fiduciary power.

7

Messrs. Farrell, Daniels, and Nelson then withdrew from the meeting.

Letter to Federal Reserve Banks concerning Industrial Production

Book (Item No. 8). There had been distributed to the Board a draft of letter to the Presidents of all Federal Reserve Banks concerning the special publication, Industrial Production--1959 Revision. The letter outlined the approved distribution policy for the book and inquired as to the number of copies needed for distribution within the Reserve Banks and branches.

The letter also requested information as to (1) whether the Reserve Banks had mailing lists of teachers used to advise them of the availability of System publications and (2) whether the Reserve Banks would wish to advise teachers of the Industrial Production Book. If

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the answer to the second question was in the affirmative, the Banks were asked to furnish information regarding the number of teachers on the mailing list and the estimated number who might request this special publication. The letter indicated that this information would be used not only in giving consideration to authorization of Reserve Banks to circularize teachers concerning the availability of the book, but also in connection with publications distribution problems discussed at the September 23, 1959, meeting of the System Research Committee on Education and Publications.

Mr. Sherman explained that the letter had been brought to the Board's attention because any authorization the Board might give Reserve Banks for circularization of teachers concerning the availability of a publication would result in an increase in the number of copies distributed. Mr. Molony was of the opinion that only a relatively small number of teachers in the field of money and banking would have an interest in publications on such subjects as industrial production. It was brought out, however, that a number of the Reserve Banks have rather large mailing lists of teachers, and circularization of these teachers could be expected to result in a substantial increase in the number of copies requested. Mr. Molony indicated that the proposed letter requested information concerning mailing lists of teachers, but no actual authorization to advise teachers of the new publication was involved at this time.

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The letter to the Reserve Banks was then approved unanimously and is attached as Item No. 8.

Proposed amendment to Regulation Y (Items 9 and 10). Simultaneous with publication in the Federal Register of a notice of the proposed amendment to Regulation Y, Bank Holding Companies, approved at the meeting on March 2, 1960, Mr. Hackley expressed the thought that it would be desirable to send a copy of the proposed amendment to all registered bank holding companies. He indicated that it was important for all of these companies to have information concerning the proposed amendment and noted that some of them might not see it in the Federal Register.

Mr. Hackley then read a draft of letter to all Reserve Banks enclosing a copy of the proposed amendment to Regulation Y and asking for comments concerning it. He proposed that a similar letter be sent to all registered bank holding companies.

After a brief discussion, unanimous approval was given to letters to the Reserve Banks and registered bank holding companies, and copies are attached as Items 9 and 10. It was understood that copies of the letters would be sent to the Association of Registered Bank Holding Companies and other interested persons.

Mr. Noyes, Director, Division of Research and Statistics, entered the room during the foregoing discussion.

Definition of "a reasonable time" for special arbitrage accounts under Regulation U. Governor Mills raised a question as to the status

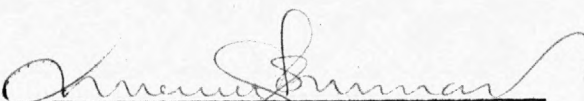
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of the study which the staff was making to determine what period of time would be considered "reasonable" for arbitrage transactions. This study was being made pursuant to discussion at the Board meeting on February 17, 1960, concerning a clarifying amendment to Regulation U that would incorporate the "reasonable time" concept as applied to arbitrage transactions. Mr. Hackley replied that the results of the study would be available shortly for Board consideration. He said that the New York Federal Reserve Bank had been requested to furnish information to assist in determining what a "reasonable" time would be.

The meeting then adjourned.

Secretary's Note: Pursuant to the recommendation contained in a memorandum from Mr. Kelleher, Director, Division of Administrative Services, Governor Robertson, acting in the absence of Governor Shepardson, today approved on behalf of the Board the acceptance of the resignation of Sam M. VanHook, Guard in that Division, effective March 18, 1960.


Secretary



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

957

Item No. 1
3/9/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 9, 1960.

Mr. James F. Gallagher,
313 East 183rd Street,
New York 58, New York.

Dear Mr. Gallagher:

This refers to your letter of February 4, 1960, in which you requested certain information concerning bank holding companies and their subsidiary banks.

The names of principal officers of the holding companies are not furnished, because the information the Board has is not current.

Since December 31, 1958, Amalgamated Clothing Workers of America, New York, New York, has registered pursuant to the Bank Holding Company Act of 1956.

The other information requested is available from public or published sources and is set forth below.

(1) The names of registered bank holding companies which have their principal offices outside of New York State, but which have subsidiary banks in New York State, together with the names of such banks are as follows:

Bank of Montreal, Montreal, Canada
Bank of Montreal Trust Company, New York, New York
The Canadian Bank of Commerce, Toronto, Canada
Canadian Bank of Commerce Trust Company, New York,
New York
The Bank of Tokyo, Ltd., Tokyo, Japan
Bank of Tokyo Trust Company, New York, New York
Dominion Securities, Incorporated,
201-204 American Building, 1001 E. Main Street,
Richmond, Virginia
Industrial Bank of Commerce of Albany, Albany, New York

Mr. James F. Gallagher

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Tennessee Shares Corporation,
414 W. Clinch Ave., S. W., Knoxville, Tennessee
Industrial Bank of Commerce of Albany, Albany, New York

(2) The addresses and the names of the subsidiary banks of the following registered bank holding companies are:

Empire Shares Corporation,
103 Park Avenue, New York, New York
Buffalo Industrial Bank, Buffalo, New York
Industrial Bank of Commerce, New York, New York
Industrial Bank of Schenectady, Schenectady, New York
Illinois Shares Corporation,
103 Park Avenue, New York, New York
Pullman Trust & Savings Bank, Chicago, Illinois
Standard State Bank, Chicago, Illinois
Southeastern Shares Corporation,
103 Park Avenue, New York, New York
Industrial Bank of Commerce of Albany, Albany, New York
The Bank of Georgia, Atlanta, Georgia
Financial Institutions, Inc.,
Warsaw, New York
Pavilion State Bank, Pavilion, New York
Wyoming County Bank and Trust Company, Warsaw, New York
National Bank of Geneva, Geneva, New York
Amalgamated Clothing Workers of America
Amalgamated Bank of New York, New York, New York
Amalgamated Trust and Savings Bank, Chicago, Illinois

The foregoing information is as at December 31, 1958, and at that date the banks identified met the statutory definition of "subsidiary" as contained in section 2(d) of the Bank Holding Company Act of 1956.

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
3/9/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 9, 1960.

Board of Directors,
Second Bank-State Street
Trust Company,
Boston, Massachusetts.

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 an in-town branch at 125 High Street by Second Bank-State Street 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. 3
3/9/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 9, 1960.

Board of Directors,
Manufacturers Trust Company,
New York, New York.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors extends to September 19, 1960, the time within which Manufacturers Trust Company, New York, New York, may establish a branch at 3825 East Tremont Avenue, Throggs Neck, Bronx, New York.

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
3/9/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 9, 1960.

Board of Directors,
Union Trust Company of
Wildwood, N. J.,
Wildwood, New Jersey.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Philadelphia, the Board of Governors has approved an extension of time until September 6, 1960, in which Union Trust Company of Wildwood, N. J. may establish a branch at Park Boulevard and Hildreth Avenue. The establishment of this branch was authorized in a letter dated March 6, 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. 5
3/9/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 9, 1960.

Mr. Walter M. Mitchell, Chairman,
Federal Reserve Bank of Atlanta,
Atlanta 3, Georgia.

Dear Mr. Mitchell:

This refers to your letter of January 25, 1960 requesting authorization to proceed with working drawings for the proposed two-floor addition to the parking garage adjoining the Atlanta building.

The Board authorizes the preparation of detailed plans and specifications for the garage enlargement in accordance with the preliminary plans and cost estimates transmitted with 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. 6
3/9/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 9, 1960.



Board of Directors,
Boonville National Bank,
Boonville, Indiana.

Gentlemen:

The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers and grants Boonville National Bank 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 Indiana. 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. 7
3/9/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 9, 1960.

Stockmans National Bank of Lusk,
Lusk, Wyoming.

Gentlemen:

This refers to the resolution adopted on November 21, 1959, by the board of directors of your bank, signifying its desire to surrender the authority to exercise a fiduciary power heretofore granted by the Board of Governors of the Federal Reserve System.

The Board, understanding that your bank has been discharged or otherwise properly relieved in accordance with the law of all of its duties as fiduciary, has issued a formal certificate to the effect that Stockmans National Bank of Lusk is no longer authorized to exercise any of the fiduciary powers covered by the provisions of Section 11(k) of the Federal Reserve Act, as amended. This certificate is enclosed.

In this connection, your attention is called to the fact that, under the provisions of Section 11(k) of the Federal Reserve Act, as amended, when such a certificate has been issued by the Board of Governors of the Federal Reserve System to a national bank, such bank (1) shall no longer be subject to the provisions of Section 11(k) or Regulation F of the Board of Governors of the Federal Reserve System made pursuant thereto, (2) shall be entitled to have returned to it any securities which it may have deposited with the State authorities for the protection of private or court trusts, and (3) shall not exercise thereafter any of the powers granted by the Board pursuant to the provisions of Section 11(k) without first applying for and obtaining a new permit to exercise such powers.

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. 8
3/9/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 9, 1960.



Dear Sir:

Later this year a special publication, Industrial Production--1959 Revision, will be available for distribution. As indicated on page 1466 of the December 1959 Federal Reserve Bulletin, the publication will include descriptive material and detailed statistical tables. Please let the Board know the number of copies needed for distribution within your Bank and branches.

Upon request at the Board, the book will be furnished on a complimentary basis to Federal Reserve Banks and branches; Government departments, agencies, and establishments (domestic and foreign), including central banks; public and school libraries; the press; teachers at educational institutions; and persons who cooperated by supplying information for use in the study. To all others there will be a charge of \$1 up to 10 copies and 85 cents each for 10 or more copies in a single shipment. In accordance with the usual practice, the book will be announced in the Bulletin without reference to the groups eligible for free copies.

In the past several Federal Reserve Banks have asked for authorization to advise teachers on their mailing lists of new Board publications. In order that consideration may be given to this question in connection with the Industrial Production book, it would be helpful if your Bank would furnish the following information:

- (1) Does your Bank have a regular mailing list of teachers which you use to advise them of the availability of System publications? Yes ()
No ()
- (2) Would it be in line with your program for distributing System publications to teachers to advise them of this publication? Yes ()
No ()

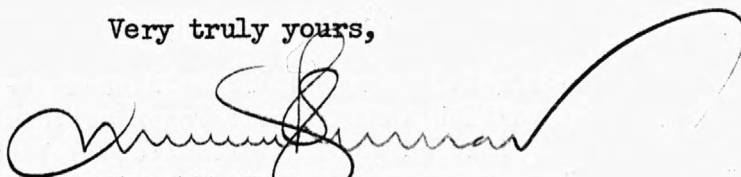
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(3) If yes to (2), please provide the following information:

- (a) Number of teachers on mailing list at present time.
- (b) Estimated number who might request this special publication.

The information requested in this letter will be useful also in considering some of the distribution problems discussed at the September 23, 1959, meeting of the System Research Committee on Education and Publications.

Very truly yours,

A large, stylized handwritten signature in dark ink, appearing to read 'Merritt Sherman', with a long, sweeping flourish extending to the right.

Merritt Sherman,
Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS.

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

Item No. 9
3/9/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 9, 1960.



Dear Sir:

The Board has today transmitted to the Federal Register a notice of a proposed amendment to Regulation Y, Bank Holding Companies, that would provide for publication in the Federal Register of notice of receipt of applications under section 4 of the Regulation. A copy of the proposed amendment is enclosed.

The Board's experience has suggested that the proposed procedure, if adopted, will expedite disposition of applications under section 4 and will elicit facts, views, and comments to a greater extent than under the present procedure whereby the first public notice of a proposed acquisition is given through published notice of a tentative decision by the Board. Pending adoption of the proposed amendment, the tentative decision procedure will be continued.

The Board will, of course, appreciate any comments that your Bank may wish to submit relative to the proposed amendment.

Very truly yours,

Merritt Sherman,
Secretary.

Enclosure

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS

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

Item No. 10
3/9/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

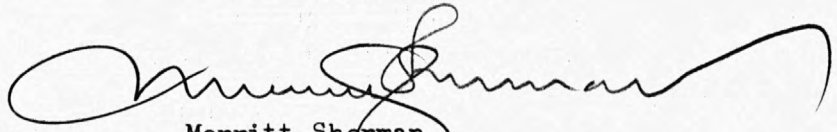
March 9, 1960.

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The Board's experience has suggested that the proposed procedure, if adopted, will expedite disposition of applications under section 4 and will elicit facts, views, and comments to a greater extent than under the present procedure whereby the first public notice of a proposed acquisition is given through published notice of a tentative decision by the Board. Pending adoption of the proposed amendment, the tentative decision procedure will be continued.

The Board will, of course, appreciate any comments that you may wish to submit with respect to the proposed amendment.

Very truly yours,


Merritt Sherman,
Secretary.

Enclosure

TO ALL REGISTERED BANK HOLDING COMPANIES