

Minutes for March 28, 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	<u><i>mm</i></u>
Gov. Szymczak	<u><i>ms</i></u>
Gov. Mills	<u><i>[Signature]</i></u>
Gov. Robertson	<u><i>R</i></u>
Gov. Balderston	<u><i>ccrB</i></u>
Gov. Shepardson	<u><i>Shep</i></u>
Gov. King	<u><i>[Signature]</i></u>

Minutes of the Board of Governors of the Federal Reserve System  
on Monday, March 28, 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. Shepardson  
Mr. King

Mr. Sherman, Secretary  
Miss Carmichael, Assistant Secretary  
Mr. Thomas, Adviser to the Board  
Mr. Young, Adviser to the Board  
Mr. Shay, Legislative Counsel  
Mr. Molony, Assistant to the Board  
Mr. Koch, Adviser, Division of Research  
and Statistics  
Mr. Keir, Chief, Government Finance Section,  
Division of Research and Statistics

Report on money market developments. Mr. Keir reviewed and analyzed recent financial developments, with particular reference to the money supply and rates on Government securities. After additional comments by Mr. Thomas, there was a general discussion of money market developments and related matters.

Messrs. Keir and Molony then withdrew from the meeting and Messrs. Farrell, Director, Division of Bank Operations; Johnson, Director, Division of Personnel Administration; Hexter and O'Connell, Assistant General Counsel; Nelson, Assistant Director, Division of Examinations; Sprecher, Assistant Director, Division of Personnel Administration; and Thompson, Supervisory Review Examiner, Division of Examinations, entered the room.

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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 The Chase Manhattan Bank, New York City, approving the establishment of a branch at 666-676 Forest Avenue, West New Brighton, Staten Island.	1
Letter to the Citizens Bank of Monroe, Monroe, New York, approving the establishment of an in-town branch.	2
Letter to The Ohio Citizens Trust Company, Toledo, Ohio, approving the establishment of a branch in Oregon, Ohio.	3
Letter to The Trust Company of New Jersey, Jersey City, approving an investment in bank premises.	4
Letter to the Federal Deposit Insurance Corporation regarding the application of Security State Bank, Sheldon, Iowa, for continuation of deposit insurance after withdrawal from membership in the Federal Reserve System.	5
Letter to the Federal Deposit Insurance Corporation regarding the application of Maplewood Bank and Trust Company, Maplewood, Missouri, for continuation of deposit insurance after withdrawal from membership in the Federal Reserve System.	6
Letter to the Federal Reserve Bank of Atlanta approving the payment of a fee not in excess of \$5,000 to outside counsel in connection with certain arbitration proceedings.	7
Letter to Holland & Hart, Denver, Colorado, regarding the reserve of readily marketable assets that must be established and maintained by a holding company affiliate.	8
Letter to the Federal Reserve Bank of Atlanta approving the appointment of Hudson Johnson as Alternate Assistant Federal Reserve Agent.	9

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Messrs. O'Connell and Thompson then withdrew from the meeting and Messrs. Noyes, Director, Division of Research and Statistics; Conkling, Assistant Director, Division of Bank Operations; and Farrell, Assistant Counsel, entered the room.

Applications to establish national banks (Items 10 and 11).

Pursuant to discussion at the Board meeting on March 25, 1960, concerning applications to establish national banks in Jacksonville, Florida, and Albany, Georgia, on which the Federal Reserve Bank of Atlanta had recommended unfavorably, Mr. Nelson reported that Mr. Solomon had called Mr. Denmark, Vice President of the Atlanta Reserve Bank, on the telephone and talked with him concerning the two applications. Mr. Denmark had indicated that the Atlanta Bank did not have a strong feeling on either application, although it was felt that an additional bank was not needed at Albany, Georgia, and that the Jacksonville application was premature.

Chairman Martin noted that at the March 25 meeting the general view had been that the Board should recommend favorably to the Comptroller of the Currency on both applications, and he asked whether there was any change in that approach.

Governor Robertson indicated that he would recommend favorably with respect to the proposed bank in Albany, but that he agreed with the Atlanta Reserve Bank that the Jacksonville application was premature.

After a brief discussion, approval was given to letters to the Comptroller of the Currency recommending favorably on the applications to establish national banks in Albany, Georgia, and Jacksonville, Florida,

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Governor Robertson dissenting with respect to the application for a bank in Jacksonville. The letters are attached as Items 10 and 11.

Federal Deposit Insurance Corporation assessment base bill.

Pursuant to the discussion at several Board meetings in January 1960, a letter was sent on January 21 to Senator Robertson, Chairman of the Committee on Banking and Currency, recommending enactment of S. 2609, a bill to amend the Federal Deposit Insurance Act.

In line with the discussion at those meetings, Chairman Martin and Governor Robertson subsequently met with Chairman Wolcott of the Federal Deposit Insurance Corporation and suggested four changes in the bill. Mr. Gidney, Comptroller of the Currency, was unable to attend the meeting but later expressed agreement with two of the changes. With respect to a third suggestion, namely, that the bill be changed to provide for selection of call dates by the Board of Directors of the Federal Deposit Insurance Corporation after consultation with the Comptroller of the Currency and the Board of Governors of the Federal Reserve System, the Comptroller thought it would be desirable for the bill to be changed so that call dates would be selected by the Chairman of the Board of Directors of the Federal Deposit Insurance Corporation, the Comptroller of the Currency, and the Chairman of the Board of Governors of the Federal Reserve System, or by a majority thereof. The other suggestion, in which the Comptroller did not concur, involved a requirement that the Federal Deposit Insurance Corporation furnish to

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the Comptroller and to any Federal Reserve Bank reports of examination and reports of condition of insured banks. It was the Comptroller's view that since his office had no jurisdiction over insured nonmember State banks, the Federal Deposit Insurance Corporation should not be required to furnish the Comptroller's Office copies of reports of examination or reports of condition with respect to such banks.

Mr. Conkling reported that a list of changes in the bill that the Federal Deposit Insurance Corporation planned to propose had recently been received by the Board. The two changes with which the Comptroller was in agreement and the one on which he suggested an alternative were included in this list.

A brief discussion followed during which it was indicated that the Board had no objection to certain minor and technical amendments that the Federal Deposit Insurance Corporation planned to offer.

Mr. Shay reported that informal advice had been received from the House Banking and Currency Committee that hearings on H.R. 8916, a bill identical to S. 2609, would be held on April 5 and 6, 1960. The Committee had inquired whether the Board would wish to testify on the bill. Mr. Shay noted that Mr. Gidney expected to file a statement and that Mr. Wolcott planned to appear and testify.

Chairman Martin asked whether there appeared to be any reason for a member of the Board to appear at the hearings, and Mr. Shay replied in the negative. He suggested, however, that the Board might

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wish to file a statement regarding the bill after checking with the Federal Deposit Insurance Corporation and the Comptroller of the Currency.

Governor Robertson expressed agreement with this procedure, following which Governor Mills inquired whether the Board's failure to testify on the bill might suggest a lack of interest.

Mr. Shay noted that the Board's letter of January 21 recommended enactment of S. 2609, and that H.R. 8916 was identical with the Senate bill.

In view of this, Governor Robertson suggested that it would seem in order for the Board to send a similar letter concerning the House bill, and Chairman Martin expressed agreement.

Governor Shepardson inquired whether it would be appropriate to include in the Board's letter on H.R. 8916 a statement to the effect that certain changes reportedly were going to be suggested by Chairman Wolcott and that the Board concurred in them.

After some discussion of this point, it was agreed that a draft letter to Subcommittee No. 2 of the House Banking and Currency Committee recommending enactment of H.R. 8916 would be prepared for the Board's consideration. Mr. Shay was authorized to advise the House Committee on Banking and Currency that the Board did not plan to testify at the hearings on H.R. 8916, but that the Board would file a statement regarding the bill.

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During the foregoing discussion Mr. Thomas withdrew from the meeting, and at its conclusion Messrs. Farrell and Conkling also withdrew.

Department store statistics program. Reference was made to the discussion of the department store statistics program at the joint meeting of the Board and the Conference of Presidents on March 22, 1960. At that time, President Irons reported that it was the general thinking of the Conference that some action should be taken to get the matter off dead center. He outlined a possible procedure, the first step in which would be to reaffirm the position of the Federal Reserve System that it proposed ultimately to terminate the collection and distribution of department store data. In connection with this step, he suggested the issuance of a statement by the Chairman of the Board on behalf of the System as a whole. Mr. Irons suggested that a next step might be to determine whether the interested parties could come to a mutually satisfactory agreement, and for this purpose he suggested that a small working committee might be established, consisting of representatives of the Board, the Reserve Banks, the Census Bureau, and the trade. It was his view that the issuance of a statement by the Chairman of the Board and subsequent study of the problem by such a committee might make it possible to present a united front in requesting an appropriation for the Census Bureau.



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A general discussion of Mr. Irons' suggestion followed, during which Mr. Noyes reviewed various factors that had resulted in the current problem with respect to the program of department store statistics.

Chairman Martin suggested that it would be desirable to obtain from Mr. Irons a clear statement as to his plan of procedure, and Governor Robertson added that it might be helpful to ask Mr. Irons to prepare a draft of the type of statement he had in mind for the Chairman of the Board to issue.

Governor Balderston expressed some doubt about the advisability of asking Mr. Irons to prepare such a statement, but he favored asking Mr. Irons for a specific recommendation on the procedure the latter had in mind.

In response to a question from Governor Shepardson, Mr. Noyes said that the department store trade was not represented by a closely-knit association, which might make it difficult to work out representation and an arrangement to pay for any part of the department store statistics. He felt the department stores might contend that the statistics were also used widely by other parties and should, accordingly, be furnished by the Government.

After further discussion, during which Chairman Martin emphasized the importance of maintaining the department store series on a statistically reliable basis, it was understood that the Secretary would ask Mr. Irons to furnish further information concerning his suggested

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procedure for attempting to resolve the problems involved in connection with the department store series.

During the above discussion Mr. Hart, Personnel Assistant, Division of Personnel Administration, entered the room, and at the end of the discussion Mr. Shay withdrew.

Trends in Reserve Bank salaries since 1951. Pursuant to a request at the Board meeting on December 9, 1959, the Divisions of Personnel Administration and Bank Operations had prepared a memorandum dated March 7, 1960, discussing trends in Reserve Bank salaries since 1951. This statement was distributed with a covering memorandum dated March 16, 1960, from Mr. Johnson and Mr. Farrell.

The study stressed the fact that during the past decade there had been a general upward trend in salaries of all classes and categories of employees. During that period, factory workers' salaries (entire United States) rose about 50 per cent, salaries of classified Civil Service workers were up about 52 per cent, and the average salaries of Reserve Bank employees increased about 46 per cent. In general, percentage increases in average salaries were larger than the percentage increase in the cost of living index, which rose only 12 per cent. Reserve Bank salary structure increases, responsive to changes in community wage levels, totaled approximately 37 per cent for all grades-- with increases totaling about 40 per cent in grades 2 through 11, which include about 94 per cent of the employee population at head offices.

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According to the study, the Reserve Banks had adhered to the plan of salary administration that was jointly agreed upon in 1947 by the Presidents' Conference, the Boards of Directors of the Federal Reserve Banks, and the Board of Governors, which contemplated maintaining Reserve Bank employees' salaries on a level comparable to salaries paid by progressive institutions with which the Banks compete for personnel. The procedures used by the Reserve Banks in establishing salary levels were judged to compare favorably with the techniques followed by other groups and to be in line with the basic procedural steps outlined in recognized texts on this subject. Reserve Bank salary structures, it was noted, now tended to be closer to the community level than when the original structures were established. For example, recent adjustments placed structure midpoints, on the average, 1 or 2 per cent above local market rates, with some Banks being at the market, whereas the original (1947) structures averaged about 7 per cent above the market. It was also pointed out that the use of the prevailing rate concept, as determined through area wage surveys based on procedures similar to those used by the Reserve Banks, was increasing considerably in both Government and industry.

At Chairman Martin's request, Mr. Johnson summarized the findings of the study, after which he indicated that the question of salary structures would be reviewed at the forthcoming System Personnel Conference to be held in St. Louis.

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Governor Balderston inquired whether there would be a discussion of fringe benefits at the Conference, and Mr. Johnson replied that he did not know whether that item would be on the agenda. He indicated, however, the matter of fringe benefits for Reserve Bank employees is given consideration periodically. In response to a question from Governor Shepardson, Mr. Johnson said that it had been found that fringe benefits at the Reserve Banks tended to be comparable to those at progressive institutions in the same cities.

In discussion that followed, it was pointed out that the salary administration plan for Federal Reserve Banks provided that community wage surveys should be made at least annually. In making these surveys, local progressive firms with which the Reserve Banks compete for personnel were to be considered. The Board's letter of June 17, 1947, which was sent prior to establishment of minimum and maximum salaries for various grades, stated that it was understood that the Presidents of the Reserve Banks were in agreement that "the Federal Reserve Banks should be in line with the leaders in salary administration in their respective areas and that, in general, the midpoint of the salary range of the respective Reserve Banks should be in the next to the highest quarter bracket of the quality community rate structure."

After noting that in 1947 the Reserve Bank salary structures averaged about 7 per cent above local market rates, Governor Shepardson inquired whether the present average of 1 or 2 per cent above the local market rate was a desirable relationship.

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On this point Governor Balderston noted that it is necessary to distinguish between salary schedules and the rates paid to individual employees. The fact that a salary structure was slightly above the market would not necessarily mean that individual employees were getting more than the market average, but such a situation would make it possible to pay more than the market rate to employees who merited the differential. It was his feeling that the salary structure should be centered around an axis above the market rate, but not so much above as to create a pattern in the market that would be inflationary or lead commercial banks and other concerns to think that Reserve Banks were competing unfairly for personnel.

Governor Shepardson then inquired whether, by making surveys of progressive firms, the Reserve Banks might not be getting a distorted picture of the employment market, to which Governor Balderston replied that the Reserve Banks should be good employers and should consider good employers when making their surveys. Governor Balderston also spoke of the progress that had been made in reducing costs through mechanization and noted that there appeared to have been little antipathy on the part of employees. He observed that the situation might have been quite different if the Reserve Banks had been considered poor employers.

After further discussion of the survey report, the meeting adjourned.

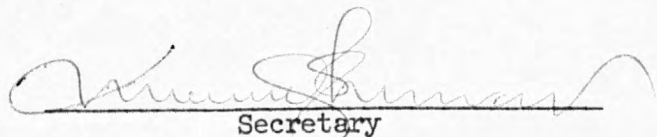
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Secretary's Notes: Governor Shepardson today approved on behalf of the Board the request of Robert L. Sammons, Associate Adviser in the Division of International Finance, for permission to teach a course on Economic Problems of Latin America at George Washington University from September 1960 to June 1961.

Pursuant to recommendations contained in memoranda from appropriate individuals concerned, Governor Shepardson also approved today on behalf of the Board increases in the basic annual salaries of the following persons on the Board's staff, effective April 3, 1960:

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
<u>Research and Statistics</u>			
Lyndall C. McCloud, Economist		\$9,290	\$9,530
<u>Bank Operations</u>			
Alma Davita Clift, Secretary		4,190	4,340
Edna K. Noyes, Statistical Clerk		4,135	4,230
<u>Examinations</u>			
Cyril J. Bowman, Assistant Federal Reserve Examiner		6,285	6,435
Daisy L. Polk, Stenographer		4,040	4,135
Arthur J. Ruhle, Assistant Federal Reserve Examiner		7,270	7,510
<u>Administrative Services</u>			
Charles P. Brown, Messenger		3,055	3,150

  
Secretary

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

Item No. 1  
3/28/60

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

March 28, 1960.

Board of Directors,  
The Chase Manhattan Bank,  
New York, New York.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors of the Federal Reserve System approves the establishment of a branch at 666-676 Forest Avenue, West New Brighton, Staten Island, New York, by The Chase Manhattan Bank, provided the branch is established within six months from the date of this letter and the branch now operated at 288 Broadway is discontinued simultaneously with the opening of the branch at 666-676 Forest Avenue.

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  
3/28/60

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

March 28, 1960.

Board of Directors,  
Citizens Bank of Monroe,  
Monroe, New York.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors of the Federal Reserve System approves the establishment of a branch in the A & P Shopping Center, on the west side of Route 17M, opposite the intersection of Routes 17M and 208, Village of Monroe, Orange County, New York, by Citizens Bank of Monroe, 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  
3/28/60

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

March 28, 1960.

Board of Directors,  
The Ohio Citizens Trust Company,  
Toledo, Ohio.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Cleveland, the Board of Governors approves the establishment of a branch at the intersection of Navarre Avenue and Wheeling Street, Oregon, Lucas County, Ohio, by The Ohio Citizens Trust Company, Toledo, Ohio. This approval is given provided the branch is established within nine 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. 4  
3/28/60

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

March 28, 1960.

Board of Directors,  
The Trust Company of New Jersey,  
Jersey City, New Jersey.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors approves, under the provisions of Section 21A of the Federal Reserve Act, an additional investment of \$235,000 in bank premises.

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  
3/28/60

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

March 28, 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 March 15, 1960, concerning the application of Security State Bank, Sheldon, Iowa, for continuance of deposit insurance after withdrawal from membership in the Federal Reserve System.

No corrective programs which 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  
3/28/60

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

March 28, 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 Maplewood Bank and Trust Company, Maplewood, Missouri, for continuance of deposit insurance after withdrawal from membership in the Federal Reserve System.

On November 2, 1959, the Board of Governors approved the establishment of a drive-in facility for subject bank with the understanding that on completion of improvements and new construction the aggregate investment in bank premises would not exceed \$275,000 and that proceeds from the sale of one lot owned by the bank, which was not to be used in expansion of bank premises, would be applied to reduce the book value of bank premises. No other 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. 7  
3/28/60

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

March 28, 1960.



Mr. Harold T. Patterson,  
First Vice President and General Counsel,  
Federal Reserve Bank of Atlanta,  
Atlanta 3, Georgia.

Dear Mr. Patterson:

Reference is made to your letter of March 17, 1960, relating to the authority given by the Board on March 16, 1960, for the employment of outside counsel to represent the Federal Reserve Bank of Atlanta in arbitration proceedings. You have enclosed a letter received from the law firm that has been engaged by you and request the Board's approval of the fee set forth in that letter.

The Board approves the payment to the law firm of Troutman, Sams, Schroder & Lockerman of a sum not to exceed \$5,000 for that firm's representation of the Bank in the arbitration proceedings.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.

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

Item No. 8  
3/28/60

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

March 28, 1960.

Mr. John A. Moore,  
Holland & Hart,  
Equitable Building,  
Denver 2, Colorado.

Dear Mr. Moore:

This refers to your letter of March 16, 1960, requesting an interpretation of subsection (c) of Title 12, United States Code, section 61, relating to the reserve of readily marketable assets which must be established and maintained by a holding company affiliate.

The Board does not construe subsection (c) as requiring a holding company affiliate to possess any readily marketable assets at the time it is granted a voting permit. The requirement of this subsection is that a holding company affiliate must establish and maintain out of net earnings over and above 6 per cent per annum on the book value of its own shares outstanding a reserve of readily marketable assets in an amount of not less than 12 per centum of the aggregate par value of the bank stocks controlled by it. Since this requirement becomes applicable to a holding company only as a condition to receiving a voting permit, it is the Board's view that this provision of law requires a holding company affiliate to establish a reserve of readily marketable assets only to the extent that the company has "excess" earnings subsequent to the date on which it is granted a voting permit.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.

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

Item No. 9  
3/28/60

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



March 28, 1960.

Mr. Walter M. Mitchell,  
Chairman of the Board and  
Federal Reserve Agent,  
Federal Reserve Bank of Atlanta,  
Atlanta 3, Georgia.

Dear Mr. Mitchell:

In accordance with the request contained in your letter of March 14, 1960, the Board of Governors approves the appointment of Mr. Hudson Johnson as Alternate Assistant Federal Reserve Agent at the Federal Reserve Bank of Atlanta to succeed Mr. R. R. Andrews. It is understood that Mr. Andrews' appointment is being terminated because of increased activities in the department to which he is regularly assigned.

This approval is given with the understanding that Mr. Johnson will be solely responsible to the Federal Reserve Agent and the Board of Governors for the proper performance of his duties, except that, during the absence or disability of the Federal Reserve Agent or a vacancy in that office, his responsibility will be to the Assistant Federal Reserve Agent and the Board of Governors.

When not engaged in the performance of his duties as Alternate Assistant Federal Reserve Agent Mr. Johnson may, with the approval of the Federal Reserve Agent and the President, perform such work for the Bank as will not be inconsistent with his duties as Alternate Assistant Federal Reserve Agent.

It will be appreciated if Mr. Johnson is fully informed of the importance of his responsibilities as a member 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.

It is assumed that Mr. Johnson will execute the usual Oath of Office, which will be forwarded to the Board of Governors along with the notification of the effective date of his appointment.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.

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

Item No. 10  
3/28/60

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



March 28, 1960.

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

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

Dear Mr. Comptroller:

Reference is made to a letter from your office dated September 22, 1959, enclosing copies of an application to organize a national bank at Albany, Georgia, and requesting a recommendation as to whether or not the application should be approved.

A report of investigation of the application made by an examiner for the Federal Reserve Bank of Atlanta indicates generally favorable findings with respect to the proposed capital structure of the bank, future earnings prospects, and proposed management, although the chief executive officer has not been chosen. While the need for another bank may not be urgent, there does seem to be sufficient potential growth in the area to support the bank without adversely affecting existing financial institutions. Accordingly, the Board of Governors recommends favorable consideration of the application provided arrangements for executive management are made satisfactory to your office.

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

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,  
Assistant Secretary.



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

Item No. 11  
3/28/60

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

March 28, 1960.

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

Attention Mr. Hollis S. Haggard,  
Chief National Bank Examiner.

Dear Mr. Comptroller:

Reference is made to a letter from your office dated August 21, 1959, enclosing copies of an application to organize a national bank at Jacksonville, Florida, and requesting a recommendation as to whether or not the application should be approved.

A report of investigation of the application made by an examiner for the Federal Reserve Bank of Atlanta indicates that the proposed capital structure would be adequate and that management would be satisfactory although the chief executive officer has not been appointed. In this connection, it appears that Mr. Ivan H. Smith would be ineligible to serve as a director of the proposed bank under the provisions of Section 8 of the Clayton Act and the Board's Regulation L. While future earnings prospects are not entirely satisfactory, it appears that a reasonable volume of business could be acquired and that profitable operations could be attained within three years. While there is no urgent need for a bank in this area at this time, it is reported that the proposed bank would provide added convenience to residents of the community and that residential and industrial expansion in the area is expected. Accordingly, the Board of Governors recommends approval of the application provided arrangements for executive management are made which would be satisfactory to your office.

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

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,  
Assistant Secretary.