

Minutes for April 15, 1960.

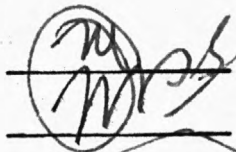
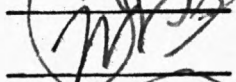
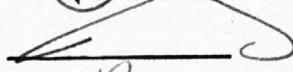
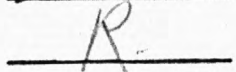
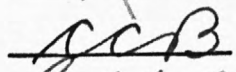
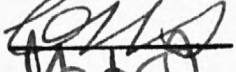
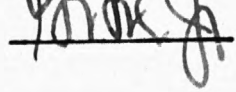
To: Members of the Board

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></u>
Gov. Szymczak	<u></u>
Gov. Mills	<u></u>
Gov. Robertson	<u></u>
Gov. Balderston	<u></u>
Gov. Shepardson	<u></u>
Gov. King	<u></u>

Minutes of the Board of Governors of the Federal Reserve System  
on Friday, April 15, 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. Sherman, Secretary  
Mr. Molony, Assistant to the Board  
Mr. Fauver, Assistant to the Board  
Mr. Noyes, Director, Division of Research and  
Statistics  
Mr. Farrell, Director, Division of Bank Operations  
Mr. Garfield, Adviser, Division of Research and  
Statistics  
Mr. Koch, Adviser, Division of Research and  
Statistics  
Mr. Robinson, Adviser, Division of Research and  
Statistics  
Mr. Landry, Assistant to the Secretary  
Mr. Knipe, Consultant to the Chairman  
Mr. Schwartz, Chief Analyst, Division of Research  
and Statistics  
Mr. Langham, Chief, Call Report Section, Division  
of Bank Operations  
Mr. Wilson, Chief, Automatic Data Processing and  
Telegraph Services, Division of Administrative  
Services  
Mr. de Leeuw, Economist, Division of Research and  
Statistics  
Mrs. Stansbury, Research Assistant, Division of  
Research and Statistics

Discussion of computer operations. Messrs. Garfield, Schwartz,  
Langham, Wilson, and de Leeuw, and Mrs. Stansbury described the steps  
leading toward the acquisition, the installation, the uses and possible  
future developments of the Board's computer. During a discussion at the  
conclusion of this presentation, Chairman Martin stated it would be

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desirable for the Board to have similar reports on the computer from time to time.

All members of the staff then withdrew with the exception of Messrs. Sherman, Molony, and Landry; and Messrs. Hackley, General Counsel, O'Connell, Assistant General Counsel, Nelson and Goodman, Assistant Directors, Division of Examinations, and Miss Hart, Assistant Counsel, entered the room.

Discount rates. The establishment without change by the Federal Reserve Banks of New York, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Kansas City, Dallas, and San Francisco on April 14, 1960, of the rates on discounts and advances in their existing schedules was approved unanimously, with the understanding that appropriate advice would be sent to those Banks.

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 Bank of New York, New York City, approving the establishment of a branch at 360 Park Avenue.	1
Letter to Bank of America, New York City, granting it permission to purchase stock of the Industrial Finance Corporation of Thailand, Bangkok, Thailand.	2

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Item No.

3

Letter to the Federal Reserve Bank of Boston expressing the view that section 32 of the Banking Act of 1933 would not prevent an employee of the New Haven office of Fahnestock & Company from serving as a member of the Advisory Board of the Cheshire Branch of the Home National Bank and Trust Company of Meriden, Meriden, Connecticut.

Amended Order on request for a hearing by BancOhio Corporation

(Item No. 4). There had been distributed under date of April 14, 1960, a memorandum from the Legal Division relative to a written request from BancOhio Corporation concerning the hearing on its application re The Hilliard Bank ordered by the Board to be held at the Federal Reserve Bank of Cleveland on May 31, 1960. Mr. O'Connell noted that the applicant had submitted a written request under date of April 12, 1960, that the hearing be held in Columbus, Ohio, the reason being given that "counsel for the applicant has ascertained that all the witnesses to be called in this hearing to testify on behalf of the applicant are in Columbus or in the nearby Village of Hilliards. It will be more convenient for these witnesses, particularly those in the Hilliards area, to come to Columbus for the hearing." Applicant had further stated that a suitable room for the hearing was available in its offices in Columbus. In view of the reason given by the applicant for its request, the Legal Division recommended that the Board order the hearing held in Columbus; and considering the non-adversary nature of the hearing there appeared to be no objection to its being conducted at the applicant's offices.

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There being no objection, a Notice of Order changing the place of hearing with respect to the application of BancOhio Corporation, Columbus, Ohio, filed pursuant to section 3(a) of the Bank Holding Company Act of 1956 for prior approval of the acquisition of voting shares of The Hilliard Bank, Hilliards, Ohio, was unanimously approved. A copy of this Notice is attached as Item No. 4.

Dissolution of computer committee. Referring to the discussion of computer operations earlier in the meeting, which indicated that this program was well established and on a continuing basis, Governor Shepardson suggested that the committee consisting of Governors Balderston, Mills, and himself that had been appointed on May 20, 1955, be discharged. The sole outstanding item of the committee's work was the suit against the Alwac Corporation for failure to fulfill its contract with the Board, and that suit was in the hands of the Justice Department.

There being no objection, Governor Shepardson's suggestion for discontinuance of the committee assignment regarding matters connected with acquisition and installation of the computer was approved.

In reply to a question from Governor Balderston, Governor Shepardson said that he would confer with staff regarding the possible need for a second charting machine in as much as scheduling the use of the Board's single charting machine was made difficult by breakdowns that could not easily be remedied due to the experimental nature of this equipment.

The meeting then adjourned.



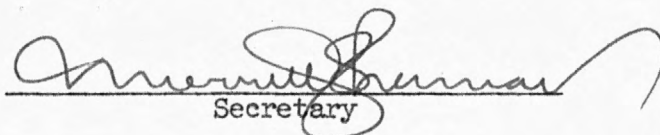
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Secretary's Note: Governor Shepardson today  
approved on behalf of the Board the following  
items:

Memorandum from Mr. Koch, Adviser, Division of Research and  
Statistics, recommending an increase in the basic annual salary of  
David R. Hull, Jr., Economist in that Division, from \$5,430 to \$5,985,  
effective April 17, 1960.

Letter to the Federal Reserve Bank of Boston (attached Item No. 5)  
approving the designation of 20 persons as special assistant examiners.

  
Secretary

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

Item No. 1  
4/15/60

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

April 15, 1960

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

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors approves the establishment of a branch at 360 Park Avenue, New York, New York, by The Bank of New York, New York, New York. This approval is given provided the branch is established within one year from the date of this letter.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,  
Assistant Secretary.



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

Item No. 2  
4/15/60

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



April 15, 1960

Mr. Tom B. Coughran,  
Executive Vice President,  
Bank of America,  
41 Broad Street,  
New York 15, New York.

Dear Mr. Coughran:

In accordance with the request contained in your letter of March 9, 1960, transmitted through the Federal Reserve Bank of New York, and on the basis of the information furnished, the Board of Governors grants consent for Bank of America to purchase and hold 300 ordinary shares, par value Baht 1,000 each, of the capital stock of Industrial Finance Corporation of Thailand, Bangkok, Thailand, at a cost of approximately US\$14,285, provided such stock is acquired within one year from the date of this letter.

The Board's consent is granted upon condition that Bank of America shall dispose of its holdings of stock in the Thai corporation, as promptly as practicable, in the event that the Thai corporation should at any time (1) engage in issuing, underwriting, selling or distributing securities in the United States; (2) engage in the general business of buying or selling goods, wares, merchandise, or commodities in the United States or transact any business in the United States except such as is incidental to its international or foreign business; or (3) conduct its operations in a manner inconsistent with Section 25(a) of the Federal Reserve Act or regulations thereunder.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,  
Assistant Secretary.



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

Item No. 3  
4/15/60

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

April 15, 1960

Mr. Benjamin F. Groot, Vice President,  
Federal Reserve Bank of Boston,  
Boston 6, Massachusetts.

Dear Mr. Groot:

This refers to your letter of March 24, 1960, in respect to the question whether section 32 of the Banking Act of 1933 forbids Mr. Guy R. Hogarth, an employee of Fahnestock & Company, which is a member of the New York Stock Exchange, to serve as a member of the Advisory Board of the Cheshire branch of the Home National Bank and Trust Company of Meriden, Meriden, Connecticut.

According to information obtained from the bank and submitted with your letter, it appears that members of the Advisory Board are appointed by the directors of the bank, that the duties and responsibilities of the Advisory Board are on a consulting and advisory basis, that a real estate committee and a credit and loan committee of the Advisory Board are now functioning, and that members of the Advisory Board are paid \$10 a month for attending any regular or special meetings, and members of the real estate committee are paid \$5 each for appraisals made in connection with mortgage loan requests, but payments are made only if the loan is consummated. The function of the real estate committee is to inspect property and make recommendations to the branch, which are in turn presented to the board of directors of the bank "for such action as it may deem proper and desirable." The credit and loan committee "works closely with the bank's lending officers" but responsibility for granting loans apparently remains with the officers' board of directors of the bank if the amount exceeds the officers' lending limits. While the board of directors of the bank may delegate to the Advisory Board such responsibilities, duties and authorities as may be determined to be desirable and appropriate in relation to the operation of the branch, no such broad delegation has, in fact, been

made. Mr. Hogarth does not attend meetings of the board of directors of the bank, and neither the bank nor the branch provide him with office space, secretarial services, or other facilities.

In view of the circumstances outlined above, the Board of Governors agrees with your conclusion that the statute does not forbid Mr. Hogarth to serve as a member of the Advisory Board of the Cheshire branch of the bank. It should be understood, of course, that if any material change took place in these circumstances, it might be necessary to give the question further consideration.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

Item No. 4  
4/15/60

Notice of Order Changing Place of Hearing

On April 1, 1960, the Board of Governors of the Federal Reserve System issued a Notice of Order on Request for Hearing ordering that a public hearing be conducted with respect to the application of BancOhio Corporation, Columbus, Ohio, filed pursuant to section 3(a) of the Bank Holding Company Act of 1956, for prior approval of the acquisition of a minimum of 80 per cent of the 1,000 voting shares of The Hilliard Bank, Hilliards, Ohio. The hearing was ordered to be held commencing May 31, 1960, at 10 a.m. at the offices of the Federal Reserve Bank of Cleveland, Cleveland, Ohio.

Subsequent to the publication of this Order, Applicant requested that the place of hearing be changed to Columbus, Ohio. It appearing to the Board of Governors that, if this request is granted, the convenience of the Applicant and others would be served and the public interest would not be adversely affected,

IT IS HEREBY ORDERED, That the hearing on this application be held at the offices of the Applicant, 51 North High Street, Columbus 15, Ohio, commencing at 10 a.m. on May 31, 1960.

IT IS FURTHER ORDERED, That, in all other respects, the Board's Order of April 1, 1960, be, and the same hereby is, affirmed.

(signed) Merritt Sherman  
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Merritt Sherman,  
Secretary.

(SEAL)  
Dated April 15, 1960

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

Item No. 5  
4/15/60

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

April 15, 1960

Mr. Benjamin F. Groot, Vice President,  
Federal Reserve Bank of Boston,  
Boston 6, Massachusetts.

Dear Mr. Groot:

In accordance with the request contained in your letter of April 8, 1960, the Board approves the designation of the following named employees of your Bank as special assistant examiners for the Federal Reserve Bank of Boston for the purpose of participating in the examinations of Rhode Island Hospital Trust Company, Providence, Rhode Island; Depositors Trust Company, Augusta, Maine; The Merrill Trust Company, Bangor, Maine; and The Connecticut Bank and Trust Company, Hartford, Connecticut:

Francis A. Baker  
Mary E. Callinan  
Mary A. Chillemi  
A. Frances Croy  
Geraldine DeBenedictis  
George A. DiNapoli  
Roderick W. Downie  
E. Lloyd Evans  
Josephine C. Freddura  
Mary M. Grant

Robert W. Lacey  
Josephine L. Lento  
Duncan A. MacQueen, Jr.  
Helen Marchocki  
N. Grant Nicholson  
Arlene M. Rafferty  
Jennie M. Rizzo  
Margaret T. Sullivan  
Douglass H. Titus  
Concetta E. Zodiaco

Appropriate notations have been made in our records of the names to be deleted from the list of special assistant examiners.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,  
Assistant Secretary.