

1009
10/57

The attached minutes of the meeting of the Board of Governors of the Federal Reserve System on May 10, 1960, which you have previously initialed, have been amended at the suggestion of Governor King to provide a fuller report of the action taken in executive session which appears on page 6.

If you approve these minutes as amended, please initial below.

Chairman Martin

W
WMS

Governor Szymczak

Governor Robertson

R

Governor Shepardson

CS

Minutes for May 10, 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.

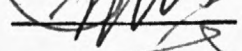
It is not proposed to include a statement with respect to any of the entries in this set of minutes in the record of policy actions required to be maintained pursuant to section 10 of the Federal Reserve Act.

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.

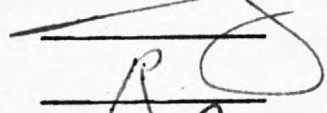
Chm. Martin



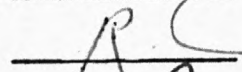
Gov. Szymczak



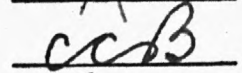
Gov. Mills



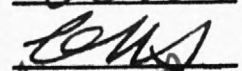
Gov. Robertson



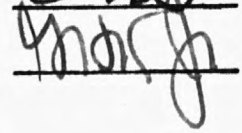
Gov. Balderston



Gov. Shepardson



Gov. King



Minutes of the Board of Governors of the Federal Reserve System
on Tuesday, May 10, 1960. The Board met in the Board Room at 10:00 a.m.

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

Mr. Sherman, Secretary
Mr. Molony, Assistant to the Board
Mr. Farrell, Director, Division of Bank Operations
Mr. Solomon, Director, Division of Examinations
Mr. Hexter, Assistant General Counsel
Mr. Conkling, Assistant Director, Division
of Bank Operations
Mr. Nelson, Assistant Director, Division of
Examinations
Mr. Landry, Assistant to the Secretary
Mr. Collier, Chief, Current Series Section,
Division of Bank Operations
Mr. Langham, Chief, Call Report Section, Division
of Bank Operations

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 Comptroller of the Currency recommending unfavorably with respect to an application to organize a national bank in Delaware Township, New Jersey.	1
Letter to the County Trust Company of Maryland, Glen Burnie, Maryland, waiving the requirement of six months' notice of withdrawal from member- ship in the Federal Reserve System.	2

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Item No.

Letter to California Bank, Los Angeles, California, approving the establishment of a branch in Montebello.

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With respect to Item No. 1, an application to organize a national bank in Delaware Township, New Jersey, Governor Balderston recalled that sometime ago a similar proposal had been denied by the Comptroller of the Currency, following adverse recommendations from the Philadelphia Reserve Bank and the Board on the ground that the application was premature. He was concerned that men of substance who were sponsoring the application for a national bank in Delaware Township and who were willing to take the risk of failure should be estopped on the ground that their application was premature.

Mr. Nelson replied that the Division of Examinations had just received report on an application for the establishment of a national bank in the Cherry Hill area of the Philadelphia suburbs, which was a much better location than the site selected by the sponsors of the current application. He added that the Philadelphia Reserve Bank had recommended approval of the bank to be located in the Cherry Hill section; and he said, in response to a question from Governor Robertson, that there did not appear to be room for two new banks in this general area.

Governor Balderston observed that this answered the questions that he had on the current application.

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Request for a list of reserve city banks (Item No. 4).

There had been circulated memoranda from the Division of Bank Operations and from Mr. Hackley dated April 27 and May 2, 1960, respectively, regarding a request from a financial analyst for a list of member banks classified as reserve city banks. The earlier memorandum indicated that while on occasion Congressmen had been provided on request with a list of the banks located in central reserve and reserve cities that had been authorized to carry reduced reserves, the Board's records did not indicate that such a list had been provided otherwise outside the Board, the Reserve Banks, and some Government agencies. It also referred to discussion among members of the Board's staff concerning the request from the financial analyst and to the fact that no strong feelings were expressed that such information should remain unpublished, though some reservation was expressed whether this service should be made available to an individual not indicating the anticipated use. The consensus of the staff was that publication of the list in the Bulletin or in the Par List would have some advertising value for the banks included and might possibly be detrimental to banks excluded.

Mr. Hackley's memorandum noted that public disclosure of such information would be within the Board's power and would not seem to conflict with the principles set forth in section 8(d) of the Board's Rules of Organization, with respect to certain types of unpublished information that should be kept confidential. However, attention was

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drawn to the fact that the person requesting the information had not stated his interest in the matter and the reason for the request as required by section 7(c) of the Rules. It was noted that this requirement of the Rules could be waived by the Board, although this would mean that the same information would presumably be furnished upon request to any member of the public. Mr. Hackley concluded his memorandum with the suggestion that, should the Board elect to grant the request, further consideration be given to the proposal made at the Board meeting on February 25, 1960, that a current list of names of reserve city and central reserve city banks be published periodically in the Federal Reserve Bulletin.

Mr. Molony said that he favored this suggestion, especially in view of developments since the time Mr. Hackley's memorandum was written, and that he felt it would be desirable to include the information in the forthcoming issue of the Bulletin.

Unanimous approval was then given to a letter to Mr. S. R. York, a financial analyst, transmitting a list of member banks classified as central reserve city and reserve city banks. A copy of this letter is attached as Item No. 4. In taking this action, it was understood that a current list of names of reserve city and central reserve city banks would be published periodically in the Federal Reserve Bulletin starting with the issue of May 1960. It was also understood that the list would include the names of banks granted permission to carry reduced reserves.

At this point Mr. Thomas, Adviser to the Board, entered the room.

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Standards of reserve classification of banks. Governor

Shepardson asked what progress the staff had made on accumulation of additional information relating to standards for classification of cities and banks for reserve purposes, as discussed at the meeting of the Board on March 14, 1960.

Mr. Farrell replied that the Division of Bank Operations had completed its study on this subject and had submitted it to Mr. Thomas. The latter thought it preferable to hold this portion of the study and present it together with the report on velocity of demand deposits in order to give a balanced picture. The reports on velocity had now been received from the Reserve Banks, and it was expected that the machine-processing task could be completed within the next two or three weeks at which time the Board could expect to receive for its consideration the studies pertaining to standards for classification.

Interlocking directorates in small business investment companies.

Chairman Martin stated that a letter dated May 6, 1960, had now been received from the Small Business Administration concerning the service by directors of member banks as directors of small business investment companies set up under the Small Business Investment Act of 1958.

Mr. Hexter said that, in accordance with the discussion at the May 6 meeting, the Legal Division was preparing a memorandum regarding the status of such interlocking directorates under section 32 of the

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Banking Act of 1933 and the Board's Regulation R and that it hoped to be able to present the matter for the Board's consideration at tomorrow's meeting.

All members of the staff then withdrew and the Board went into executive session.

Leave of absence for staff member. Governor Shepardson later informed the Secretary that during the executive session the Board authorized a leave of absence with pay for Milton Moss, Economist, Division of Research and Statistics, beginning approximately September 1, 1960, for the purpose of completing a doctoral dissertation, with the understanding that the details of the authorization were to be worked out by the division concerned and the Board member having the assignment for affairs of an internal management nature. While it was agreed that, as a general rule, leaves with pay for the purpose of completing dissertations should not exceed six months, the circumstances in this case, including the recommendation of the university concerned, seemed to justify a longer period, and it was understood that Governor Shepardson was authorized to approve an arrangement for leave with pay for Mr. Moss of not to exceed nine months, with the balance of the required time to be taken by Mr. Moss on annual leave.

The meeting then adjourned.

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

Appointment

James C. Wallace as Economist in the Division of International Finance, with basic annual salary at the rate of \$5,985, effective the date he assumes his duties.

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Salary increases, effective May 15, 1960

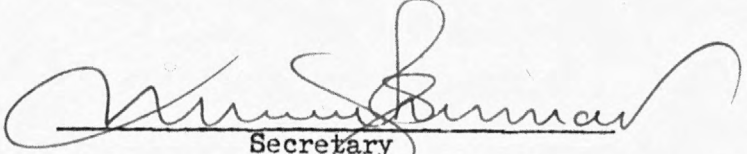
<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
<u>Office of the Secretary</u>			
Pearl S. Thompson, Records Clerk		\$4,230	\$4,325
<u>International Finance</u>			
Marcia G. Patz, Secretary		\$4,640	\$4,790
Jane S. Wilson, Clerk		3,755	3,850
<u>Examinations</u>			
Carl A. Zimmerman, Assistant Federal Reserve Examiner		\$5,430	5,580
<u>Administrative Services</u>			
Nina L. Marcey, Cafeteria Helper		\$3,150	\$3,245
Quincy W. Barnes, Messenger		3,055	3,150
<u>Defense Planning</u>			
Gordon B. Grimwood, Economist		\$11,595	\$11,835

Permission to work additional period prior to maternity leave

Mary K. Stephanos, Secretary, Division of Research and Statistics, to work through July 8, 1960, before beginning maternity leave.

Acceptance of resignation

Harold H. Holland, Analyst, Division of Bank Operations, effective May 31, 1960.


 Secretary

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

Item No. 1
5/10/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 10, 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 February 26, 1960, submitting copies of an application to organize a national bank in Delaware Township, New Jersey, signed by Mr. Horace G. Moeller and associates, 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 Philadelphia indicates favorable findings with respect to the proposed capital structure and management of the bank. However, the prospects for profitable operations are only fair and there does not appear to be sufficient need for the bank at this time. Accordingly, the Board of Governors does not feel justified in recommending approval of the application.

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. 2
5/10/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 10, 1960

Board of Directors,
County Trust Company of Maryland,
Glen Burnie, Maryland.

Gentlemen:

The Federal Reserve Bank of Richmond has forwarded to the Board of Governors your letter, together with the accompanying resolution dated April 21, 1960, 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 Richmond 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 Richmond.

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
5/10/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 10, 1960



Board of Directors,
California Bank,
Los Angeles 54, California.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of San Francisco, the Board of Governors of the Federal Reserve System approves the establishment of a branch in the vicinity of Beverly and Montebello Boulevards, Montebello, California, by California Bank provided the branch is established within one year from the date of this letter.

In view of the continuing expansion in the volume of operations, through both normal deposit growth and establishment of new banking offices, the present capital structure of the bank is believed to be below the desired level. The Board wishes to emphasize the need for early consideration of a definite program for providing additional capital funds.

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
5/10/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 10, 1960



Mr. S. R. York, Financial Analyst,
The Chesapeake and Ohio Railway Company,
Treasury Department,
2809 Terminal Tower,
Cleveland 1, Ohio.

Dear Mr. York:

In response to your letter of April 6, 1960,
we are enclosing a list of member banks classified as
central reserve city and reserve city banks as of
March 15, 1960.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

Enclosures