

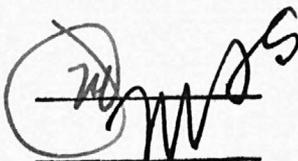
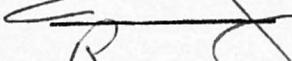
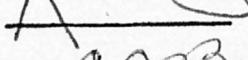
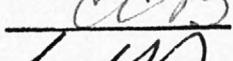
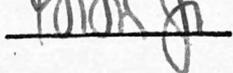
Minutes for June 30, 1960

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 Thursday, June 30, 1960. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman 1/
Mr. Szymczak
Mr. Mills
Mr. Robertson

Mr. Sherman, Secretary
Miss Carmichael, Assistant Secretary
Mr. Thomas, Adviser to the Board
Mr. Hackley, General Counsel
Mr. Noyes, Director, Division of
Research and Statistics
Mr. Johnson, Director, Division of
Personnel Administration
Mr. Koch, Adviser, Division of Research
and Statistics
Mr. Nelson, Assistant Director, Division
of Examinations

Discount rates. The establishment without change by the Federal Reserve Bank of Minneapolis on June 29, 1960, of the rates on discounts and advances in its existing schedule was approved unanimously, with the understanding that appropriate advice would be sent to that Bank.

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

Letter to the Presidents of all Federal Reserve Banks authorizing the Banks to circularize educational groups on their mailing lists as to the availability of the special publication, Industrial Production--1959 Revision. (The letter was sent on July 8, 1960.)

Item No.

1

1/ Withdrew from meeting at point indicated in minutes.

6/30/60

-2-

	<u>Item No.</u>
Letter to the Federal Reserve Bank of Chicago regarding the change by the Detroit Branch of its basic surgical-medical insurance coverage from its previous carrier, the Michigan Medical Service, to the Michigan Life Insurance Company.	2
Letter to the First National Bank of San Antonio, San Antonio, Texas, granting permission to maintain reduced reserves.	3
Letter to the Exchange National Bank of Ardmore, Ardmore, Oklahoma, approving its application for fiduciary powers.	4
Letter to the Long Island Trust Company, Garden City, New York, approving the establishment of a branch at 681 Newbridge Road, Town of Hempstead, Nassau County.	5
Letter to the Manufacturers Trust Company, New York City, approving the establishment of a branch at 201-203 Avenue U, Brooklyn, New York.	6
Letter to The First State Bank of Petoskey, Petoskey, Michigan, approving an extension of time to establish a branch at 500 Madison Avenue.	7
Letter to the Central Savings Bank and Trust Company, Monroe, Louisiana, approving the establishment of a branch at 1101 North Eighteenth Street.	8
Letter to the Comptroller of the Currency recommending unfavorably with respect to an application to organize a national bank in Edison Township, New Jersey.	9
Letter to the Comptroller of the Currency recommending favorably with respect to an application to organize a national bank at Largo, Florida.	10
Letter to the Comptroller of the Currency recommending unfavorably with respect to an application to organize a national bank at Macon, Missouri.	11

6/30/60

-3-

In connection with Item No. 11, following a suggestion by Governor Mills, a change with reference to the management of a proposed national bank at Macon, Missouri, was made in the wording of the letter to the Comptroller of the Currency.

Mr. Johnson withdrew from the meeting after action was taken on Item No. 2.

Report to Bureau of the Budget on bill extending direct purchase authority (Item No. 12). Reference was made by Mr. Sherman to a request from the Bureau of the Budget for the Board's views and recommendations on the enrolled bill H. R. 12346, to amend section 14(b) of the Federal Reserve Act, as amended, to extend for two years the authority of the Federal Reserve Banks to purchase United States obligations directly from the Treasury. The Budget Bureau request was received late yesterday afternoon, and it wished to receive the Board's comments this morning. Accordingly, a draft letter to the Bureau of the Budget identical with the substance of the Board's reports on May 27 and June 22, 1960, to the House and Senate Banking and Currency Committees had been prepared. This letter was approved unanimously and is attached as Item No. 12.

Application to establish a national bank at Bothell, Washington (Item No. 13). A memorandum dated June 21, 1960, from the Division of Examinations regarding an application to organize a national bank at Bothell, Washington, had been circulated with a draft letter to the Comptroller of the Currency that would recommend favorably on the application, provided management satisfactory to the Comptroller was obtained.

6/30/60

-4-

According to the memorandum, it was proposed to establish the bank at Bothell, Washington, which had a population of 1,900 and was located approximately 14-1/2 miles northeast of downtown Seattle. The community was served presently by one bank, Bothell State Bank, with deposits of \$4,320,000. There was only one other banking office within the proposed trade area, a branch of Bothell State Bank, located in Kenmore, 2-1/2 miles west of the proposed bank site. There were two banking offices in Kirkland, 5 miles south, but they were not considered to be in the Bothell trade area. A field investigation had revealed that there was more than usual dissatisfaction with local banking services and that according to local merchants up to 40 per cent of local banking business was being held elsewhere. The proposed capital structure of the new bank appeared to be adequate and its earnings prospects were good.

Reference was made in the memorandum to the unsatisfactory past record of the proposed chief executive officer* of the bank. Also, it was noted that there was some conjecture whether the instant application was a means by which the Seattle-First National Bank could establish a branch office in Bothell, as State statutes prohibited the establishment of a branch in a town where there was an existing bank. Only by taking over an existing institution could a branch or an outside bank be established. While the proponents stated that there was no agreement or understanding with any other financial institution, the San Francisco Reserve Bank and

* This reference is to the chief proponent who was to serve as a director.

6/30/60

-5-

the investigating examiner had certain reservations regarding the ultimate purpose of the application.

The Federal Reserve Bank of San Francisco had recommended that the Board report unfavorably on the application to establish the national bank at Bothell, Washington. In its June 21 memorandum the Board's Division of Examinations indicated that a favorable recommendation seemed to be warranted, provided management satisfactory to the Comptroller was secured.

While the file was in circulation, Governor Mills had attached a note questioning the favorable recommendation, and Governors Balderston and King had indicated a similar view.

Governor Mills stated that he favored accepting the recommendation of the Federal Reserve Bank of San Francisco that the Board report unfavorably on the application, and Governor Robertson indicated that he agreed with this position for the reasons stated by Mr. Millard, Vice President of the San Francisco Reserve Bank, in his letter of June 14, 1960.

Following a brief discussion, during which it was indicated that this was a borderline case and there was no dire need for the proposed bank, it was agreed that a letter be sent to the Comptroller of the Currency recommending unfavorably on the establishment of the proposed bank. A copy of this letter is attached as Item No. 13.

Chairman Martin withdrew from the meeting after the foregoing discussion.

6/30/60

-6-

Replies to questions submitted by Commission on Money and Credit.

A memorandum dated June 29, 1960, from Mr. Noyes regarding seminars to discuss preliminary replies to questions submitted January 12, 1960, by the Commission on Money and Credit had been distributed. In the memorandum Mr. Noyes indicated that it would be useful to expose the draft replies to the critical review of other economists within and outside the System, and it was recommended that the Board invite approximately 15 outstanding scholars to attend a seminar at the Board early next fall, for which the preliminary replies to the Commission would serve as the focus for several days of informal discussion. Those taking part in the seminar would be asked to submit in advance brief written appraisals of the drafts as in the case of earlier seminars conducted by the Board; honorariums of \$100 each would be paid. It was estimated that the consultant fees, travel costs, and subsistence allowances would amount to \$3,000, if all the invitees participated.

The memorandum pointed out that staffs of the Board and the Reserve Banks had participated in drafting replies to the Commission's questions and, accordingly, consideration was being given to subjecting the present drafts to System-wide critical appraisal through the seminar technique.

Governor Mills suggested that discussion of the recommended seminar be postponed until after there had been time to read the recently distributed group of proposed replies to questions submitted by the Commission on Money

6/30/60

-7-

and Credit. He felt that these replies might answer some of the questions that he had about the advisability of holding the seminar suggested in the memorandum. He wondered whether such a seminar might conceivably be regarded as an attempt by the Federal Reserve System to promote its own thinking in advance of a report by the Commission.

Mr. Noyes said that Mr. Young felt the seminar would be desirable, and before the memorandum was submitted the matter had been discussed with Mr. Fox, Director of Research for the Commission, who also favored the proposal. It was planned to invite Mr. Fox to attend the seminar.

Mr. Thomas noted that one of the purposes of the seminar would be to secure a reaction to the Board's proposed replies before putting them in final form. If it appeared desirable, they could be revised after the seminar.

Governor Robertson noted that, according to the memorandum, it was proposed to pay \$100 to each of those attending the seminar for work done in advance of the meeting. He questioned whether any busy person would be willing to render this service for \$100, and Mr. Noyes noted that this amount did not purport to be payment for services rendered but rather it was in the nature of an honorarium. Those taking part in the seminar would have an interest in the subject and accordingly would want to read the replies. It was observed that in 1951 the seminar procedure had been followed in connection with replies to the Questionnaire of the Subcommittee

6/30/60

-8-

on General Credit Control and Debt Management of the Joint Committee on the Economic Report (Patman Questionnaire). Also, in 1955 several university, commercial bank, and insurance company economists were invited to the Board to participate in discussions of papers regarding credit and monetary policy.

Mr. Koch said that Mr. Young thought it would be desirable for those attending the proposed seminar to read the replies and prepare a brief written comment regarding them in advance of the meeting.

After further brief discussion, it was agreed that the recommendation for the seminar would be discussed at a later meeting.

Letter from Bureau of the Budget regarding retail trade statistics.

There had been distributed a memorandum from Mr. Sherman dated June 29, 1960, regarding an attached letter from Mr. Bowman, Assistant Director for Statistical Standards, Bureau of the Budget, which in effect asked that the Federal Reserve indicate its willingness to make a financial contribution (estimated at \$125,000 a year) to a program involving improved retail trade data that the Bureau of the Budget was now contemplating for inclusion in the 1962 budget. The proposal was not directly a part of the discussions of the recently established Joint Committee of Five, which is concerned with the Federal Reserve department store program. However, the program referred to in Mr. Bowman's letter could hardly be considered without having in mind its relation to department store data.

6/30/60

-9-

Mr. Sherman stated that, if the Board should be inclined to secure the views of the Presidents of the Reserve Banks on this matter, a draft letter could be prepared for consideration some time next week. Mr. Noyes noted that Mr. Bowman hoped to be able to firm up this program within the next two or three weeks. It was then agreed that a draft letter to the Presidents of all Federal Reserve Banks, asking for their views on the proposal, would be prepared for consideration at a later meeting.

The meeting then adjourned.

Secretary's Note: Acting in the absence of Governor Shepardson, Governor Robertson today approved on behalf of the Board the following items:

Memoranda from appropriate individuals concerned recommending the following actions affecting the Board's staff:

Salary increase

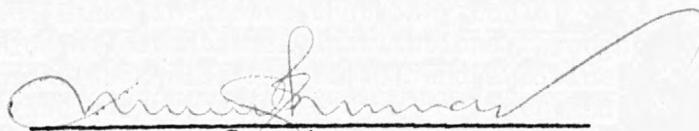
Shirley Owen, from \$4,230 to \$4,340 per annum, with change in title from Clerk-Stenographer to Secretary in the Division of Research and Statistics, effective the date of entrance upon her new duties.

Advance of sick leave

Edward L. Hargett, Operator (Mimeograph), Division of Administrative Services, to be advanced additional sick leave through July 31, 1960.

Letter to the Federal Reserve Bank of Boston (attached Item No. 14) approving the appointment of Richard Howatt Holt as assistant examiner.

Letter to the Federal Reserve Bank of New York (attached Item No. 15) approving the appointment of six persons as assistant examiners.


Secretary

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

Item No. 1
6/30/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 8, 1960.



Dear Sir:

Replies have been received from all Federal Reserve Banks to the Board's letter of March 9, 1960, with reference to the special publication, *Industrial Production--1959 Revision*, and the policy followed by Federal Reserve Banks in notifying teachers of new System publications.

The book is now available and a copy is enclosed; copies have also been sent to the Head of Research and the Research Library of your Bank. The supply requested by your Bank is being mailed under separate cover. As outlined in the March 9 letter, the publication 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. It will be appreciated if members of your staff may be informed of this distribution policy.

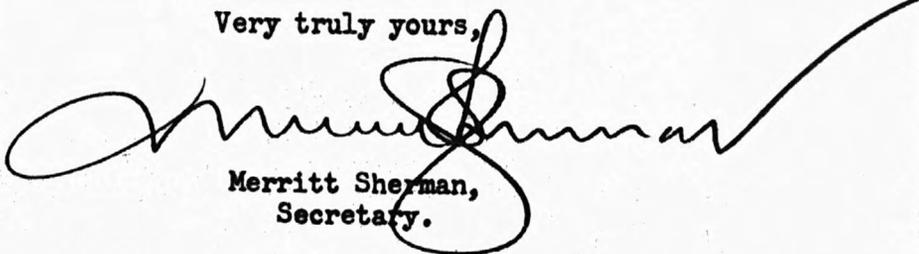
You may be interested to know that all of the Reserve Banks reported that they have mailing lists used to notify teachers of the availability of System publications. Nine Banks indicated that it would be in line with their programs to communicate with teachers regarding the *Industrial Production Book*, and one of these nine also expressed an interest in notifying educational libraries. Another Bank reported that under its present program it would not be interested in advising teachers of this publication, and the other two Banks were of the opinion that teachers on their mailing lists would not be interested generally in this specialized publication. However, the latter two Banks indicated that they would like to announce the book to libraries of educational institutions through their regular mailing lists, and one of them also wished to send a notice to heads of departments of business and economics in leading colleges and universities in the district.

After considering the replies received, the Board has authorized the Reserve Banks to circularize educational groups on their mailing lists

-2-

as to the availability of the Industrial Production book. This would include both teachers and libraries at educational institutions. It is thought that the supply will be adequate to meet the requests expected to result from advices of this type.

Very truly yours,

A large, cursive handwritten signature in black ink, which appears to read "Merritt Sherman". The signature is written over the typed name and title.

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. 2
6/30/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 30, 1960



Mr. H. J. Newman,
Vice President,
Federal Reserve Bank of Chicago,
Chicago 90, Illinois.

Dear Mr. Newman:

Reference is made to your letter of May 24, 1960, informing the Board that, effective May 1, the Detroit Branch had changed basic surgical-medical insurance coverage from its previous carrier, the Michigan Medical Service, to the Michigan Life Insurance Company.

The Board approves the additional expense involved in providing increased benefits under the new contract.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 3
6/30/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 30, 1960



Board of Directors,
First National Bank of San Antonio,
San Antonio, Texas.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Dallas, the Board of Governors, acting under the provisions of Section 19 of the Federal Reserve Act, grants permission to the First National Bank of San Antonio 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) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 4
6/30/60



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 30, 1960

Board of Directors,
Exchange National Bank of Ardmore,
Ardmore, Oklahoma.

Gentlemen:

The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers and grants Exchange National Bank of Ardmore 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 Oklahoma. 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) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

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

Item No. 5
6/30/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 30, 1960



Board of Directors,
Long Island Trust Company,
Garden City, 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 by the Long Island Trust Company, Garden City, New York, at 681 Newbridge Road, in the Newbridge Shopping Center, Unincorporated Village of Levittown, Town of Hempstead, Nassau County, New York. This approval is given provided the branch is established within six months from the date of this 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
6/30/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 30, 1960



Board of Directors,
Manufacturers Trust Company,
New York 15, 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 by the Manufacturers Trust Company, New York, New York, of a branch at 201-203 Avenue U, Brooklyn, New York. This approval is given provided the branch is established within one year from the date of this letter.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 7
6/30/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 30, 1960



Board of Directors,
The First State Bank of Petoskey,
Petoskey, Michigan.

Gentlemen:

Pursuant to your request, the Board of Governors of the Federal Reserve System extends the time within which The First State Bank of Petoskey may establish a branch at 500 Madison Avenue, Petoskey, Michigan, to August 26, 1960, under the authorization contained in the Board's letter dated December 22, 1959.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 8
6/30/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 30, 1960



Board of Directors,
Central Savings Bank and Trust Company,
Monroe, Louisiana.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Dallas, the Board of Governors of the Federal Reserve System approves the establishment of a branch at 1101 North Eighteenth Street, Monroe, Louisiana, by Central Savings Bank and Trust Company, Monroe, Louisiana, provided the branch is established within six months from the date of this letter.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 9
6/30/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 30, 1960



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

Attention Mr. H. S. Haggard,
Deputy Comptroller of the Currency.

Dear Mr. Comptroller:

Reference is made to a letter from Mr. Jennings dated February 15, 1960, enclosing copies of an application to organize a national bank in Edison Township, Middlesex County, New Jersey, 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 New York indicates that a beginning capital structure of \$560,000 will be provided for the bank rather than \$360,000 as shown in the application. This revised capital structure appears adequate. However, the imminent establishment of a branch in the immediate area by another bank, together with other nearby banking facilities, would appear to limit the need for the proposed bank as well as its prospects for profitable operation. Moreover, the proposed management does not appear to be entirely satisfactory. 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) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 10
6/30/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 30, 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 March 7, 1960, enclosing copies of an application to organize a national bank at Largo, 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 a beginning capital structure of \$750,000 will be provided instead of \$787,500 as shown in the application. This revised capital structure appears to be adequate. Prospects for future earnings are favorable and although there is no immediate need for additional banking facilities, the proposed bank would provide added convenience and service for residents in an expanding area. While the proposed chief executive officer has had no previous banking experience and detailed information regarding the qualifications of the chief operating officer are not available, the Board of Governors would recommend favorable consideration of the application if arrangements for 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) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 11
6/30/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 30, 1960



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

Attention Mr. G. W. Garwood,
Deputy Comptroller of the Currency.

Dear Mr. Comptroller:

Reference is made to a letter from your office dated January 20, 1960, enclosing copies of an application to organize a national bank at Macon, Missouri, 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 St. Louis discloses favorable findings with respect to the proposed capital structure and earnings prospects of the bank. From the information submitted, it is apparent that Macon could support another commercial bank provided it was under proper management. However, the management as proposed in this application does not appear satisfactory and under the circumstances the Board does not feel justified in recommending favorable consideration 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) Merritt Sherman

Merritt Sherman,
Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 12
6/30/60

OFFICE OF THE CHAIRMAN

June 30, 1960

Mr. Phillip S. Hughes,
Assistant Director for Legislative
Reference,
Bureau of the Budget,
Washington 25, D. C.

Dear Mr. Hughes:

This is in response to your communication of June 29, 1960, requesting the Board's views on the enrolled bill H. R. 12346, to amend section 14(b) of the Federal Reserve Act, as amended, to extend for two years the authority of the Federal Reserve Banks to purchase United States obligations directly from the Treasury. Under existing law, the authority will terminate on June 30, 1960.

The use of this authority by the Federal Reserve enables the Treasury to avoid creating unnecessary financial strains that would otherwise occur if it had to draw heavily on its accounts especially during periods immediately preceding tax payment dates. Temporary Treasury borrowing at such times, followed by prompt repayment from the proceeds of tax payments, provides a smooth operating mechanism, without the abrupt money market fluctuations that would otherwise occur. The authority could also be useful in dealing with situations resulting from a national emergency. Since 1942 when the authority was granted it has been sparingly used, and its use is reported, as required by law, each year in detail in the Board's Annual Report. The results of its use also appear currently in weekly statements issued by the Federal Reserve and in daily statements issued by the Treasury. The Board, therefore, recommends that the bill be approved by the President.

Sincerely yours,

Wm. McC. Martin, Jr.

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

Item No. 13
6/30/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 30, 1960



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

Attention Mr. H. S. Haggard,
Deputy Comptroller of the Currency.

Dear Mr. Comptroller:

Reference is made to a letter from Mr. Jennings dated April 13, 1960, enclosing copies of an amended application to organize a national bank at Bothell, Washington, and requesting a recommendation as to whether or not the application should be approved.

Information contained in a report of investigation of the application furnished by the Federal Reserve Bank of San Francisco indicates that the proposed capital structure of the bank would be adequate and its future earnings prospects fairly satisfactory. However, the need for the bank does not appear pressing and some question arises as to whether the proposal represents a bonafide effort to offer independent local banking services in view of the association of the proposed management and organizers with a Seattle bank. With respect to the management of the bank, it appears that there are certain reservations concerning the chief proponent and proposed director although reports with respect to other members of the board of directors and the proposed executive officer are favorable. The Board of Governors does not feel justified in recommending favorable consideration 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) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 14
6/30/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 30, 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 June 23, 1960, the Board approves the appointment of Richard Howatt Holt as an assistant examiner for the Federal Reserve Bank of Boston. Please advise as to the effective date of the appointment.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 15
6/30/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 30, 1960



CONFIDENTIAL (1-1-60)

Mr. Howard D. Crosse, Vice President,
Federal Reserve Bank of New York,
New York 45, New York.

Dear Mr. Crosse:

In accordance with the request contained in your letter of June 23, 1960, the Board approves the appointment of the following men as assistant examiners for the Federal Reserve Bank of New York:

John F. Allen
James W. Butler
Roger F. Dumas

Jay P. Harrington
William L. Kneissl
Albert J. Sekelsky, Jr.

It is noted that Mr. Kneissl is indebted to Bank of Passaic and Clifton, Clifton, New Jersey, a nonmember bank, in the present amount of \$170, and to Fair Lawn-Radburn Trust Company, Fair Lawn, New Jersey, a State member bank, in the present amount of \$1,650. Accordingly, the Board's approval of the appointment of Mr. Kneissl is given with the understanding that he will not participate in any examination of Bank of Passaic and Clifton or Fair Lawn-Radburn Trust Company until his indebtedness has been liquidated.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.