

Minutes of the Board of Governors of the Federal Reserve System
on Friday, October 14, 1960. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Szymczak
Mr. Mills
Mr. Robertson
Mr. Shepardson

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

Report on money market conditions. Messrs. Thomas and Keir presented a report on current conditions in the money market and the situation with respect to member bank reserves, the money supply, and related matters.

Following this report all members of the staff with the exception of Messrs. Sherman, Fauver, and Landry withdrew and the following entered the room:

Mr. Solomon, Director, Division of Examinations
Mr. Hexter, Assistant General Counsel
Mr. Hooff, Assistant General Counsel
Mr. Nelson, Assistant Director, Division of
Examinations
Mr. Leavitt, Supervisory Review Examiner, Division
of Examinations
Miss Hart, Assistant Counsel

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Discount rates. The establishment without change by the Federal Reserve Banks of New York, Cleveland, Richmond, Atlanta, Chicago, St. Louis, and Dallas on October 13, 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 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:

	<u>Item No.</u>
Letter to Security Trust Company of Rochester, Rochester, New York, approving the establishment of a branch at 139 Main Street, Penn Yan, New York, for a period of six months.	1
Letter to The New England Trust Company, Boston, Massachusetts, approving the application for fiduciary powers submitted by it on behalf of the national bank into which it is to be converted.	2
Letter to the Federal Reserve Bank of Chicago regarding the eligibility of certain types of deposits to be classified as savings accounts in member banks.	3

With reference to Item No. 3, a letter to the Federal Reserve Bank of Chicago regarding the classification of certain types of deposits, it was understood that copies would be sent to all Federal Reserve Banks.

Branch application by Old Kent Bank and Trust Company (Item No. 4).
In a letter dated June 1, 1960, the Board had denied an application by

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Old Kent Bank and Trust Company, Grand Rapids, Michigan, to establish an in-town branch at 1500 Kalamazoo Avenue, S. E., "in view of the adverse effect which its establishment would seem likely to have on competition in the area." In a letter dated September 14, 1960, the applicant advised that since the time of filing the original application in March 1960, it had made a further study of its banking business in the area concerned and, as an outgrowth of this study, was submitting additional information bearing on the question in support of a request that its application be reconsidered. Following study of this additional information, the Division of Examinations had prepared under date of September 23, 1960, a memorandum recommending approval of the request by Old Kent for reconsideration of its application. A file on this matter containing the aforementioned memorandum had completed circulation.

The supplemental information accompanying Old Kent's request for reconsideration revealed that in a comparison of the number of branches of the four banks in the area including Old Kent and its nearest competitor as of June 15, 1960, Union Bank and Trust Company, third in size, showed an increase of one branch. A comparison of deposits during the three-month interval since Old Kent's original application showed decreases in its deposits and in the deposits of a branch of Michigan National Bank, Lansing, the second largest bank. In contrast, deposits of Union Bank and Trust Company and Central Bank, Grand Rapids, the other two banks having branches in the area, had increased. Furthermore, additional figures

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provided indicated that definite gains by the two latter banks were continuing. The Division of Examinations suggested that, on the basis of the additional information submitted, Old Kent would appear to have sufficient business in the area to justify a branch in order to provide more convenient facilities for customers. While approval of the application would cause Old Kent to have five of the eight branches within a radius of two miles from the new branch location, the public would benefit from the proposed branch since the bank seemed to have sufficient business in the area and since other local banks had shown no inclination to provide a branch at this time.

Attached to the Division's memorandum for the Board's consideration was a proposed letter to Old Kent approving the establishment of the branch in question. While the file was in circulation, Governor Robertson indicated that he would not favor approval of the application. The Federal Reserve Bank of Chicago had recommended approval.

Governor Robertson said that he had found nothing in the additional information presented with the new application to warrant changing the views that he had expressed on the original application at the meeting on May 27, 1960. He was still opposed to granting the application of Old Kent, already a relatively large institution, which was gradually gaining control of banking in the Grand Rapids area.

Mr. Solomon stated that the Division of Examinations did not feel strongly about its recommendation that the application be approved. The

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factors that had tipped the scales slightly in a favorable direction were, he said: (1) The six months' passage of time since the original application, raising the question of how long it was advisable to hold an area open for the establishment of branches by other banks. In this connection he noted that Old Kent would be expanding through a branch rather than through the absorption of existing banks. (2) As disclosed by the record, Old Kent would not be preclusively occupying the area, since it already had customers there. It was the judgment of the Division of Examinations that in time there would be room for another new branch in the same area, due to natural growth factors.

Governor Mills stated that his views on the application were also unchanged since the May 27 meeting. He continued to favor approval, which in effect would mean no more than extending the servicing facilities of Old Kent into an area where it already has many customers. He noted the presence of alternative banking institutions in the area and the presence of competition in general. In the light of these facts, he thought it would be unnecessarily restrictive to disapprove the application.

Governor Shepardson indicated that he had changed his mind on this application because of the lack of branch applications by other banks during the appreciable time that had elapsed since the first application was filed by Old Kent. He noted that the competitors of Old Kent in Grand Rapids had been growing and competing with apparent success. Therefore, he would favor approving the present application.

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Following further discussion the application by Old Kent Bank and Trust Company, Grand Rapids, Michigan, for approval of the establishment of an in-town branch at 1500 Kalamazoo Avenue, S. E., was approved, Governor Robertson dissenting. A copy of the letter to Old Kent Bank containing such approval is attached as Item No. 4.

Regulation U--bank loans to Beacon Finance group (Item No. 5).

Under date of August 31, 1960, a letter had been received from the Federal Reserve Bank of Boston enclosing a report of an investigation of the current activities of Beacon Finance Company, a Boston group composed of a corporation and a partnership, which for several years had been making stock-secured "purpose" loans at high rates of interest. Because the letter from the Reserve Bank gave rise to a question as to what action the Board should take when it became apparent that a bank may have made or maintained loans to a person subject to section 221.3(q) of Regulation U, Loans by Banks for the Purpose of Purchasing or Carrying Registered Stocks, a memorandum had been prepared by Miss Hart and distributed under date of October 12, 1960. In the light of the financial statement of the Beacon group submitted with the letter from the Boston Reserve Bank, it seemed clear that both the partnership and the corporation fell within the definition of section 221.3(q). Consequently in the opinion of the Legal Division, as expressed in the memorandum, with the possible exception of one class, all loans made by banks after June 15, 1959, to members of the Beacon group should be secured by collateral and made subject to all the

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provisions of the Regulation applicable to "purpose" loans, including the provisions regarding withdrawal and substitution of collateral. A draft letter to the Boston Reserve Bank attached to the memorandum noted that if its investigation should show that any outstanding bank loans to members of the Beacon group had been made or maintained in violation of the Regulation, steps should be taken promptly either to bring the loans into conformity with the Regulation or to liquidate them. In addition to recommending that a letter along the lines of the attached draft be sent to the Boston Reserve Bank, it was the further recommendation of the Legal Division that as rapidly as possible similar letters be sent to all other Reserve Banks in districts where there were lenders who clearly fell within section 221.3(q) of Regulation U, following analysis of reports received from all districts on form F. R. 728, which all persons in the business of lending money who had made any purpose loans were required to file.

Upon inquiry from Chairman Martin, Miss Hart noted that a practical question of how to bring violators of section 221.3(q) of Regulation U into compliance was involved in the instant case. She said that the Legal Division believed the Board had the necessary authority under the Securities Exchange Act of 1934 to instruct the various Reserve Banks to inspect the records of banks they believed to be in violation of section 221.3(q) of Regulation U.

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Unanimous approval was then given to the letter to the Federal Reserve Bank of Boston indicating that further investigation would be necessary to determine whether violations of Regulation U had taken place in connection with bank loans to the Beacon group and that, if upon investigation it should be shown that violations had occurred, steps should be taken to bring the loans into conformity with the Regulation or to liquidate them. A copy of this letter is attached as Item No. 5.

Miss Hart withdrew from the meeting at this point.

Payment of salary to a foreign trainee at the Federal Reserve Bank of Atlanta (Item No. 6). There had been distributed under date of October 13, 1960, a draft of letter to the Atlanta Reserve Bank replying to its letter of September 27 inquiring as to the Board's position concerning a proposed program for an examiner from the Banking Department of Colombia, South America, who would join the examination department of the Atlanta Reserve Bank and be permitted to accompany its examiners on their visits to State member banks in the Sixth District, it being indicated that the foreign trainee in question would participate in such examinations only as an observer. It was proposed by the Reserve Bank that the foreign trainee be placed on the payroll of the Reserve Bank at a nominal salary so that he would be covered properly by its blanket bond. The draft letter stated that the Reserve Bank was in the best position to judge whether an exception to the general rule of not placing foreign trainees on the payroll would be warranted in the circumstances described, "bearing in mind the problem of precedent which might be established."

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In a discussion of the proposal made by the Atlanta Reserve Bank, Governor Robertson said that he was not in favor of placing a foreign trainee on the payroll of a Reserve Bank, and for this reason he suggested an appropriate change in the draft reply to the Federal Reserve Bank of Atlanta with respect to its proposed plan.

Following further discussion, during which it was brought out that in certain instances of the kind under consideration, foreign trainees provided value received for any salary paid them by a Reserve Bank, unanimous approval was given to a letter to the Atlanta Reserve Bank in the form of attached Item No. 6, indicating that the expenses of training foreign nationals should not be borne by the Federal Reserve System and that placing the visitor in question on the payroll of the Bank might establish a precedent that would give rise to additional requests of this type that might create embarrassing situations where it would be difficult to draw lines between those who should be so assisted and those who should not.

Mr. Fauver then withdrew from the meeting.

Report on competitive factors (Ashtabula and Geneva, Ohio). A file containing a proposed report to the Comptroller of the Currency on the competitive factors involved in a planned consolidation of The National Bank of Ashtabula, Ashtabula, Ohio, and The Geneva Savings and Trust Company, Geneva, Ohio, had completed circulation. This report, which had been prepared pursuant to the provisions of section 18(c) of the Federal Deposit Insurance Act, as amended, concluded as follows:

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It does not appear that the proposed consolidation would adversely affect competition in the immediate Geneva area. The resulting bank would be able to provide stronger and more diversified competition to the over-all trade area to be served.

The report was approved unanimously.

The meeting then adjourned.

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

Appointments

Harold D. Harper as Analyst, Division of Bank Operations, with basic annual salary at the rate of \$5,355, effective the date of entrance upon duty.

Carl William Sims as Messenger, Division of Administrative Services, with basic annual salary at the rate of \$3,185, effective the date of entrance upon duty.

Salary increase

Joan R. Winter, from \$4,670 to \$4,840 per annum, with change in title from Statistical Clerk to Statistical Assistant, Division of Research and Statistics, effective October 16, 1960.

Outside business activity

Judith Sherbine, Clerk-Stenographer, Division of Personnel Administration, to work part-time as a ticket collector at various group parties held at the Willard Hotel.

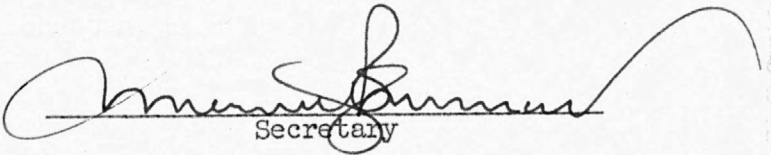
Governor Shepardson also approved today on behalf of the Board a letter to the Federal Reserve Bank of Richmond (attached Item No. 7) approving the appointment of Robert Louis Henkle as assistant examiner.

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Governor Shepardson today noted the death of Ralph A. Sherrod, Photographer (Offset), Division of Administrative Services, on October 4, 1960.

Governor Shepardson approved on behalf of the Board a memorandum dated October 11, 1960, from Mr. Kern, Assistant Director, Division of Administrative Services, recommending that the Board enter into a "Commercial Account Ticketing Plan" with American Airlines which would enable the Board's Reservation Clerk to write tickets and validate them for transportation on all scheduled airlines.



Secretary

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

Item No. 1
10/14/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 14, 1960

Board of Directors,
Security Trust Company of Rochester,
Rochester, 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 by Security Trust Company of Rochester at 139 Main Street, Penn Yan, New York, for the temporary period of six months from the date of this letter.

It is understood that this branch will be discontinued upon completion of the modernization program at the present branch quarters in Penn Yan.

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. 2
10/14/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 14, 1960

Board of Directors,
The New England Trust Company,
Boston, Massachusetts.

Gentlemen:

The Board of Governors of the Federal Reserve System has given consideration to the application for permission to exercise fiduciary powers made by The New England Trust Company on behalf of New England National Bank of Boston, Boston, Massachusetts, the national bank into which it is to be converted, and grants such national bank authority, effective if and when the proposed conversion is consummated, 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 Massachusetts. 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.

After the conversion becomes effective and the Comptroller of the Currency authorizes the national bank to commence business, you are requested to have the board of directors of New England National Bank of Boston adopt a resolution ratifying your application for permission to exercise fiduciary powers, and a certified copy of the resolution so adopted should be forwarded to the Federal Reserve Bank of Boston for transmittal to the Board for its records. When a copy of such resolution has been received by the Board, a formal certificate indicating the fiduciary powers that the national bank is authorized to exercise will be forwarded.

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. 3
10/14/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 14, 1960

Mr. Paul C. Hodge, Vice President,
Federal Reserve Bank of Chicago,
Chicago 90, Illinois.

Dear Mr. Hodge:

This refers to your letters of September 9 and 27, 1960, with respect to the eligibility of certain types of deposits to be classified as savings accounts in member banks.

A savings deposit is defined in section 217.1(e) of Regulation Q as a deposit consisting of funds deposited to the credit of one or more individuals, or of a corporation, association, or other organization operated primarily for religious, philanthropic, charitable, educational, fraternal, or other similar purposes and not operated for profit, or in which the entire beneficial interest is held by one or more individuals, or by such a corporation, association, or other organization.

Your first letter refers to the distinction between funds of School Districts and funds of Boards of Education. The Board of Governors, since 1935, has taken the position that the nature of the depositor, or the organization on behalf of which funds are deposited, is the determining factor rather than the nature of the funds and the purpose for which they are used. School Districts are usually independent political subdivisions operated primarily for educational purposes and therefore may maintain savings accounts. On the other hand, Boards of Education are usually subdivisions of municipalities and, of course, a municipality is not operated primarily for educational purposes and, therefore, may not deposit funds in a savings account.

It is understood that under Michigan law, Boards of Education are parts of independent School Districts rather than branches of municipal governments. The practice is for a city to collect both city and school district taxes, completely segregate the latter from city funds, and place school funds in a separate bank for credit to the account of the Board of Education. Accordingly, it is the Board's opinion that in the State of Michigan, moneys segregated in this manner are funds of organizations operated primarily for educational purposes and therefore may be deposited as savings accounts in member banks.



Mr. Paul C. Hodge

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Your second letter deals with deposits in the name of the Kent County Treasurer of a special education fund for handicapped children. There is no indication that these funds are held for the benefit of any particular children or for any organization operated primarily for philanthropic, charitable, or other similar purposes. The Board of Governors has taken the position that the deposit of funds by a municipality on behalf of a segment of the general public, even for a philanthropic or charitable purpose, does not qualify such deposit as a savings account. In other words, the funds must be held by a municipality on behalf of definite individuals or a qualifying organization. In the absence of any further facts, it would not appear that the Kent County Treasurer could deposit the special education fund for handicapped children in a savings account of a member bank.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 4
10/14/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 14, 1960



Board of Directors,
Old Kent Bank and Trust Company,
Grand Rapids, Michigan.

Gentlemen:

In accordance with your request submitted through the Federal Reserve Bank of Chicago, the Board of Governors has reviewed your request for permission to establish a branch in the Boston-Kalamazoo area in the light of the additional information submitted and has approved the establishment by Old Kent Bank and Trust Company of a branch at 1500 Kalamazoo Avenue, S. E., Grand Rapids, Michigan. This approval has been granted provided the branch is established within six months from the date of this letter.

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
10/14/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 14, 1960



Mr. William R. King,
Assistant Vice President,
Federal Reserve Bank of Boston,
Boston 6, Massachusetts.

Dear Mr. King:

This refers to your letter of August 31, 1960, reporting an investigation of the Beacon Finance Company, Boston, Massachusetts, a corporation, and of L. M. and S. Gordon, doing business as Beacon Finance Co., a partnership (both referred to together, for convenience, as "the Beacon group"), made on August 25, 1960.

For some years, the Beacon group has been engaged, more or less regularly, in the business of making collateral loans for the purpose of purchasing or carrying stocks registered on national securities exchanges ("purpose loans"). Under section 221.3(q) of Regulation U, adopted effective June 15, 1959, a question arises, therefore, as to whether the company and the individuals involved are engaged "principally, or as one of . . . [their] important activities, in the business of making [such] loans".

As of July 31, 1960, the corporation had purpose loans outstanding of about \$931,195, as contrasted with all loans for other purposes (excluding intra-group loans) of \$68,572. As of the same date, the partnership had about \$1,431,579 in purpose loans outstanding, as contrasted with loans for all other purposes of \$179,595. Corresponding figures for December 31, 1959, are \$51,528 in purpose loans and \$19,051 in other loans for the corporation and \$1,593,746 in purpose loans and \$317,460 in other loans for the partnership. The documents submitted to the Board show no other business activity on the part of the Beacon group.

In the light of the above figures, it seems clear that both the partnership and the corporation fall within the definition of section 221.3(q). It follows that, with the possible exception of one class, all loans made by banks after June 15, 1959, to members of the

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Mr. William R. King

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Beacon group must be secured by collateral, and are subject to all the provisions of Regulation U applicable to "purpose" loans, including the provisions regarding withdrawal and substitution of collateral.

The one possible exception concerns cases where "the loan and its purposes are effectively and unmistakably separated and dis-associated from any financing or refinancing, for the borrower or others, of any purchasing or carrying of" registered stocks. The burden of showing that specific loans from banks qualify for this exception would be upon the bank and upon the person subject to section 221.3(q), and inquiry should be made promptly into the circumstances surrounding any loan as to which the lending bank may claim that the exception applies. Since the July 31, 1960, "Statement of Assets and Liabilities" of the partnership shows notes payable to banks aggregating \$1,025,000, and corresponding assets other than purpose loans aggregating only about \$521,126, it seems evident that the exception could not in any event apply to all the current bank borrowings of the partnership.

Loans made by banks to members of the group before June 15, 1959, that are still outstanding are subject to all provisions of the regulation, including restrictions on withdrawals and substitutions, except that no collateral need be deposited in connection with such loans so long as the amounts of the loans are not increased other than as provided in section 221.3(d). However, any increases in existing loans, or additional advances under existing lines of credit, should be treated as new loans. Moreover, under the terms of the Board's letter dated October 3, 1960 (S-1765), any securities deposited in the custody of the lending banks by members of the group, in connection with the loans, should be treated as indirectly securing the loans.

Further investigation will no doubt be necessary to determine whether violations of the regulation have taken place in connection with bank loans to the corporation or partnership. Section 17(b) of the Securities Exchange Act of 1934 authorizes the Board to make whatever inspections are necessary with respect to the business operations of persons subject to the rules and regulations prescribed by the Board, in order to obtain information required to enable the Board to perform the functions conferred on it by the Act. This provision authorizes your Bank, as agent of the Board, to obtain from the Beacon group for this purpose particulars as to any bank loans which may be outstanding to members of the group, including the names of the lending banks.

Mr. William R. King

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If your investigation should show that any outstanding bank loans to members of the Beacon group have been made or maintained in violation of the regulation, steps should of course be taken promptly either to bring the loans into conformity with the regulation or to liquidate them.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 6
10/14/60

October 14, 1960

AIR MAIL

Mr. J. E. Denmark,
Vice President,
Federal Reserve Bank of Atlanta,
Atlanta 3, Georgia.

Dear Mr. Denmark:

This is in reply to your letter of September 27 to Mr. Solomon concerning a program at your Bank for Mr. Alfonso de la Espriella, an examiner for the Banking Department of Colombia, South America, who has been studying commercial banking in New Orleans during the past year under grants by the Cordell Hull Foundation.

Your letter proposed that Mr. de la Espriella join the Examination Department of the Bank for approximately a month and that he be permitted to accompany your examiners on visits to some of the country banks in your district where he would have an opportunity to observe examination procedures and to learn something about the operations of a small country bank. It was indicated that he would not be permitted actually to participate in the examination but his role would be that of an observer and that agreement would be obtained from the bank concerned as to his presence. It was also indicated that Mr. de la Espriella would be on the payroll at a nominal salary to be covered properly by your blanket bond.

As you know, the Board and the Federal Reserve Banks from time to time have assisted numerous foreigners with interests in the field of money and banking. Such assistance has usually been arranged at the request of central banks in other countries or other appropriate government agencies, and the letter from Mr. Carlos Casas, Superintendent of Banks in Colombia, certainly covers this aspect. The only question concerning the program outlined for Mr. de la Espriella concerns the proposal to place him on your payroll. Placing this visitor on the payroll might establish a precedent that would give rise to additional requests of this type that could create embarrassing situations where it would be difficult to draw lines between those who should be so assisted and those who should not. On previous occasions the Department of State has indicated to the

Mr. J. E. Denmark.

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Board that while the System might consider extending its facilities for training to foreign nationals for limited periods of time, the expenses of such training should be borne by the foreign nationals' government or other outside sources rather than by the System.

We are pleased that you are willing to help Mr. de la Espriella and to afford him the opportunity of some on-the-spot examination observation. There is steadily increasing interest among the central banks and governments of other countries in this area and it is felt that the System can provide most useful assistance.

Yours very truly,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 7
10/14/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 14, 1960



CONFIDENTIAL (FR)

Mr. N. L. Armistead, Vice President,
Federal Reserve Bank of Richmond,
Richmond 13, Virginia.

Dear Mr. Armistead:

In accordance with the request contained in your letter of October 7, 1960, the Board approves the appointment of Robert Louis Henkle as an assistant examiner for the Federal Reserve Bank of Richmond, effective today.

It is noted that Mr. Henkle is indebted to Virginia Trust Company, Richmond, Virginia, a nonmember bank, in the amount of \$950. Accordingly, the Board's approval of Mr. Henkle's appointment is given with the understanding that he will not participate in any examination of Virginia Trust Company until his indebtedness has been liquidated.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.