

Minutes for October 27, 1960

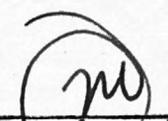
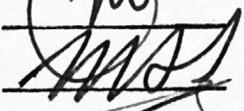
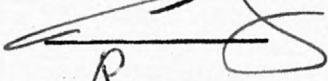
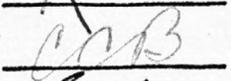
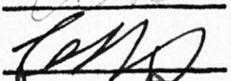
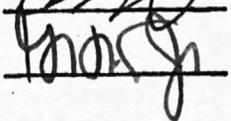
To: Members of the Board

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, October 27, 1960. The Board met in the Board Room at 10:00 a.m.

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

Mr. Kenyon, Assistant Secretary
Mr. Thomas, Adviser to the Board
Mr. Molony, Assistant to the Board
Mr. Fauver, Assistant to the Board
Mr. Hackley, General Counsel
Mr. Farrell, Director, Division of Bank
Operations
Mr. Solomon, Director, Division of Examinations
Mr. Masters, Associate Director, Division of
Examinations
Mr. Hexter, Assistant General Counsel
Mr. Hooff, Assistant General Counsel
Mr. Rudy, Special Consultant, Legal Division
Mr. Brill, Associate Adviser, Division of
Research and Statistics
Mr. Sammons, Associate Adviser, Division of
International Finance
Mr. Conkling, Assistant Director, Division of
Bank Operations
Mr. Daniels, Assistant Director, Division of
Bank Operations
Mr. Hostrup, Assistant Director, Division of
Examinations
Mr. Landry, Assistant to the Secretary
Mr. Leavitt, Supervisory Review Examiner,
Division of Examinations
Mr. Troup, Supervisory Review Examiner, Division
of Examinations
Mr. Collier, Chief, Current Series Section,
Division of Bank Operations

Effective date of amendment of Regulation D (Item No. 1). Mr.

Thomas referred to yesterday's Board action amending Regulation D, Reserves
of Member Banks, and to the fact that the effective date (November 24, 1960)

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of the amendments relating to country banks, authorizing them to count all of their vault cash in meeting reserve requirements and raising their reserve requirement against demand deposits from 11 to 12 per cent, fell in the middle of a two-week reserve computation period. Therefore, although the effective date was appropriate from the standpoint of reserve availability, it presented some operational problems in the computation of reserve requirements of country banks. Mr. Thomas then outlined the instructions that it would seem desirable to send to the Reserve Banks in the circumstances.

Following discussion of this question, it was understood that advice along the lines described by Mr. Thomas would be sent to all Federal Reserve Banks by wire. A copy of the telegram sent pursuant to this understanding is attached as Item No. 1.

Discount rates. The establishment without change by the Federal Reserve Bank of Atlanta on October 24, 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:

Item No.

Telegram to the Federal Reserve Bank of Chicago authorizing the acceptance of a bid from Otis Elevator Company for modernization of three passenger elevators at the Detroit Branch.

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	<u>Item No.</u>
Letter to Merchants Trust Company, Muncie, Indiana, approving the application for permission to exercise fiduciary powers made by that bank on behalf of American National Bank and Trust Company of Muncie, Muncie, Indiana.	3
Letter to Southern Arizona Bank and Trust Company, Tucson, Arizona, approving the establishment of an in-town branch.	4
Letter to the Chairman of the Conference of Presidents of the Federal Reserve Banks approving the continuation of a Loss Sharing Agreement of the type now in force and an amendment regarding absorption of losses.	5
Letter to Northwest Bancorporation, Minneapolis, Minnesota, granting its request for an extension of time to submit further information and arguments in respect to its application to acquire stock of The First National Bank of Pipestone, Pipestone, Minnesota.	6

Messrs. Daniels and Collier then withdrew from the meeting.

Report on competitive factors (Seattle and Kirkland, Washington).

Copies had been distributed of a proposed report to the Comptroller of the Currency on the competitive factors involved in a planned merger of Peoples National Bank of Washington in Seattle, Seattle, Washington, and Citizens Bank of Kirkland, Kirkland, Washington. The conclusion of the report read as follows:

The proposed merger will eliminate no existing bank facilities. The effect of the proposed merger on competition in Seattle will be negligible. There is now little competition between the two banks involved, and, due to the natural barrier of Lake Washington, the possibility of a substantial amount of competition between them is unlikely. In the Kirkland area competition may be enhanced as a branch of Peoples National Bank should be able to compete more effectively with the Kirkland branch of the large National Bank of Commerce than is Citizens Bank.

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Governor Mills drew attention to the fact that in the proposed report the listing of deposits of competing banks in Seattle was likely to be misleading since it presented total deposits of certain institutions operating on a State-wide basis and of an interstate banking organization. Thus, from the standpoint of the competitive picture in the Seattle area, there could be a basis for misunderstanding.

It being agreed that a change would be made to clarify the circumstances referred to by Governor Mills, the report was approved unanimously on that basis.

Mr. Hostrup withdrew from the meeting at this point.

Questions presented by Center for Latin American Monetary Studies (Item No. 7). Copies had been distributed of a letter to the Director of the Center for Latin American Monetary Studies, Mexico City, that would transmit answers to questions submitted with his letter of June 21, 1960, relating to various aspects of the banking system. These questions also had been submitted to other central banks in order to assemble information on banking legislation and practices in preparation for the Center's forthcoming Sixth Operational Meeting.

In discussion of the matter, Governor Robertson noted that the answers to the questions appeared to be essentially factual in nature and apparently were to be transmitted as staff replies. Therefore, although he had not reviewed in detail the replies to the respective questions, he would have no objection to their being transmitted.

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Mr. Sammons confirmed Governor Robertson's understanding, noting that the answers, although essentially factual in nature, had been distributed in order that the Board might be aware of the procedure being followed and have an opportunity to make any comments.

Governor Balderston suggested that the answers to the questionnaire had been prepared in a style that might make them useful to the staff for public information purposes, following which Governor Robertson inquired whether any single index was available to material compiled by the Board and its staff on various occasions relative to subjects in the general area of banking and monetary policy. After reference had been made to facilities such as the index to the Board's minutes and bibliographies compiled by the research library, it was noted that a comprehensive indexing project had been under consideration about a year ago, and it was understood that Governor Shepardson would inquire into the status of that project.

The letter to the Director of the Center for Latin American Monetary Studies, a copy of which is attached as Item No. 7, was then approved unanimously.

Messrs. Brill and Sammons then withdrew and Messrs. Shay, Legislative Counsel, and Smith, Assistant Director, Division of Examinations, entered the room.

Deposit Guaranty Bank and Trust Company. There had been distributed under date of October 26, 1960, a memorandum from the Division of Examinations

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concerning a request for reconsideration by the Board of the proposed merger of Bank of Hazlehurst, Hazlehurst, Mississippi, into Deposit Guaranty Bank and Trust Company, Jackson, Mississippi, and establishment of a branch at the present location of Bank of Hazlehurst. The memorandum presented an analysis of additional information furnished by the applicant in writing and of the oral presentation made on behalf of the bank to members of the staff on October 20, 1960. It was indicated in the memorandum that there had been no presentation of any new information of such importance as obviously to justify reconsideration of the application. However, since weighing and analyzing a presentation of this kind necessarily involved a degree of judgment, it was the recommendation of the Division of Examinations that representatives of Deposit Guaranty be granted an opportunity to make an oral presentation to the Board.

Governor Mills stated that in his opinion the new information provided by the applicant did not alter the picture originally provided to the Board, which led to its denial of the merger application on October 12, 1960. In his judgment, an oral presentation to the Board would serve only to inject the personalities of representatives of the bank into the picture without changing the fundamental factors. Should the Board thereafter adhere to its original position, the only result would be to increase the applicant's disappointment and dissatisfaction. In any event, he noted, the applicant had the privilege of recourse to the courts to challenge the Board's decision on its application.

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Governor Mills went on to say that on previous occasions when similar requests had been granted he did not feel that any real purpose had been served. In this connection he referred to occasions involving the appearance of representatives of Wachovia Bank and Trust Company and Old Kent Bank and Trust Company. He did not think it added to the Board's stature to indicate that it was vacillating, that it did not have confidence in its own judgment, or that it lacked the staff and the independent services to develop a position on which it could stand. Finally, if the request of Deposit Guaranty for a hearing should be granted, there was the question whether parties opposed to the merger, including the other bank in Hazlehurst and the Independent Bankers Association, should not also be heard by the Board.

Chairman Martin commented that the Board was always confronted with a public relations problem in an instance of this kind. In his view the public relations problem in this case would best be resolved by permitting the interested parties, including the proponents as well as those who had objected to the proposed merger, to appear before the Board.

Governor King stated at this point that his abstention from participation in this case was not intended to indicate either approval or disapproval of the application, but rather neutrality. Unfortunately, the representatives of Deposit Guaranty had learned from some source that he had abstained and appeared to have gained the impression, whether or not the impression was warranted, that some significance could be attached to this fact.

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There ensued discussion, at the instance of Governor Shepardson, concerning the provisions of State law that prohibit banks in Mississippi from operating more than 15 branches and provide that those branches shall be located not more than 100 miles from the head office. It was noted that this point had not been emphasized in the original staff presentation to the Board.

In explaining the State law, Mr. Solomon brought out that there is, in addition, a provision that has the effect of permitting a bank to operate any number of offices within the county in which its main office is located and in adjoining counties. Thus, although Deposit Guaranty was now operating nine offices, all of them were covered by the exception to the general limitation of 15 branches.

Governor Mills suggested that the provisions of State law relating to branch banking did not alter the fact that the proposed merger must be considered by the Board pursuant to the provisions of the Bank Merger Act, under which the Board has a statutory responsibility to appraise the effects of a proposed merger from the standpoint of whether its consummation would have an adverse effect on competition.

This point of view also was expressed by Governor Robertson, who noted that under the law the Board must look at the proposed merger itself and not at whether the applicant bank can or cannot thereafter establish additional branches.

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The discussion then reverted to the question of permitting representatives of Deposit Guaranty to appear before the Board, and Governor Robertson commented that he could not recall a case where the Board had refused a request by an applicant to appear before it. Although he had sympathy with the position taken by Governor Mills and felt that the Board might want to adopt a different policy in the future, he did not think this was the time to deny the request. If, however, representatives of Deposit Guaranty were allowed to appear, he felt that those opposing the proposed merger should be given the same opportunity. An alternative to arranging for a presentation before the Board might be to arrange for a formal hearing before a designated hearing examiner.

Governors Shepardson, Szymczak, and Balderston indicated that they would favor allowing both the applicant and opposing parties an opportunity to appear before the Board.

Mr. Hackley noted that the question whether to allow Deposit Guaranty an opportunity to appear was of course a matter for the Board to determine in its judgment. The Board could decide to permit representatives of the applicant bank to be heard, as it had permitted a representative of Citizens Fidelity Bank and Trust Company of Louisville to be heard, without arranging for opposing interests to be present. On the other hand, it would seem fair to allow the other parties who were already on record as requesting a hearing to be present at any oral presentation. As to the possibility of ordering a hearing before a hearing examiner, he noted that, although

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uniform procedures were not essential, the Board might want to consult with the Comptroller of the Currency and the Federal Deposit Insurance Corporation before ordering a formal hearing in order to ascertain the views of those agencies regarding the use of such a procedure in bank merger cases.

Reference was made to the possibility of hearing representatives of Deposit Guaranty and then, if it appeared from the presentation that the Board might want to reconsider its original decision, arranging for the appearance of all interested parties, but it was noted that this procedure would have certain disadvantages.

Governor King stated that although he had abstained from participating in this case, he thought it was not improper for him to express the view that if the Board should decide to permit representatives of Deposit Guaranty to appear it would seem only fair and equitable to permit opposing interests also to be present.

After further discussion, the staff was requested to prepare a memorandum for the Board's consideration in the light of the views expressed at this meeting.

Messrs. Leavitt and Troup then withdrew from the meeting.

Absorption of exchange charges. There had been distributed to the members of the Board copies of a memorandum from the Secretary's Office summarizing the meeting of members of the Board with the Reserve Bank Presidents on Tuesday, October 25, with regard to the problem of absorption of exchange charges. There had also been distributed copies

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of a memorandum prepared by Mr. Hackley under date of October 26, 1960, analyzing various aspects of the problem. Mr. Hackley's memorandum pointed out, among other things, that no objections had been raised to that part of the Board's ruling of August 4, 1960, which forbade the carrying of a balance with a nonmember bank to obtain absorption of exchange and that the maintenance of such a position would, if the ruling were enforced, eliminate a major abuse. Also, modification of the August 1960 ruling to permit absorption of exchange charges up to \$2 a month, or perhaps some higher figure, for any one customer might tend to bring about substantial compliance, particularly if such a ruling were supported by the member banks themselves and if the Federal Deposit Insurance Corporation should concur in this position. Such a position would be consistent with the definition of interest in Regulation Q, Payment of Interest on Deposits, and it might avoid possible charges that the Board's position was arbitrary. However, if it were not followed by the Federal Deposit Insurance Corporation, it might still prove not to be a satisfactory solution. With this in mind, it was suggested that the Board might wish to accompany such an interpretation with a statement that if member banks should fail to comply, the Board would then consider either (1) adoption of the Corporation's position that absorption of exchange charges is not a payment of interest or (2) an approach to the Congress for new legislation.

After Governor Balderston summarized the views expressed by the Presidents during the October 25 meeting, at which considerable

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sentiment was expressed for a return to the \$2 rule, Mr. Hackley reviewed the points covered in his memorandum.

The discussion then turned to the questions that might be presented at a meeting of the Board with the Comptroller of the Currency and the directors of the Federal Deposit Insurance Corporation, and it was suggested that reference might be made to four alternative possibilities; namely, that the Board might stand on its ruling of August 4, 1960, accept the proposals of the Bank Management Commission of the American Bankers Association and the Association of Reserve Bankers, restore the \$2 rule or something similar, or reverse its position and adopt a position similar to that of the Federal Deposit Insurance Corporation.

Governor Robertson expressed the view that an impasse had been reached. Over the years, he noted, the Board had adopted rulings that were violated and not enforced, and in general member banks appeared to be holding back at the present time in the thought that the Board might modify its August ruling. It had been suggested to him by one source that adoption of the proposals of the Bank Management Commission and the Association of Reserve City Bankers would permit absorption of about 60 per cent of all exchange charges. If that was correct, or approximately so, he would be inclined at the moment to suggest that the Board reverse itself and take a position close to that of the Federal Deposit Insurance Corporation rather than to accept those proposals. Such a position would hold that absorption of exchange represented payment of

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interest only when compensation for the use of funds was involved, and that determinations would be made on a case-by-case basis.

After further discussion of the alternative possibilities that had been mentioned and a possible variation suggested by Governor King, Governor Robertson was requested to arrange for a meeting of the Board with the Comptroller of the Currency and the directors of the Federal Deposit Insurance Corporation in the near future.

Messrs. Thomas, Shay, Hexter, Hooff, Rudy, and Conkling then withdrew.

Discretionary expenditures. The Board's letter of January 16, 1945, (S-826; F.R.L.S. #3187) placed on its examining staff responsibility for bringing to the Board's attention any expenditures that gave rise to the question whether they constituted proper, reasonable, and necessary expenditures by Federal Reserve Banks. During the most recent examination of the Federal Reserve Bank of Kansas City, certain expenditures had been noted that the Chief Examiner, after discussion with officers of the Reserve Bank, decided not to cite in the report of examination. However, the Chief Examiner had indicated that an expression of opinion by the Board would be helpful to him in appraising similar items in the future. The expenditures involved (1) payment of transportation of the member of the Federal Advisory Council from the Tenth District from California to Washington and return in connection with his attendance at the Council meeting in February 1960; (2) the purchase of Christmas greeting cards

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by the Reserve Bank for official use of the Bank; (3) the cost of a dinner party for a head office director whose term had expired; and (4) the cost of a dinner party for a former officer of the Bank in connection with his retirement.

On the question of the Council member's transportation, it was indicated, after discussion, that the Board would not be inclined to take exception unless the situation was of a recurring nature, particularly since in this instance it was stated that the Council member was in California for reasons of health. On the other items, it was noted that discretionary expenditures were involved, that the subject of expenditures in this category had been discussed by the Board with the Reserve Banks in the past and a general understanding reached, and that the Board probably would not be inclined to take exception to expenditures falling within the area of the general understanding. At the same time, the view was expressed that all expenditures of a doubtful character should be brought to the Board's attention, which raised a question as to the procedure that should most appropriately be followed. There was general agreement that the report of examination should set forth the results of the examination completely and that any expenditure regarded by the examiner as being of a criticizable nature should be spelled out in the report. In instances, however, where the examiner was in doubt as to the impropriety of an expenditure, it was the consensus that the item should first be presented to the Board for its consideration and decision as to the procedure to be followed.

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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:

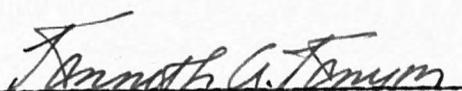
Salary increase

Betty Schieman, from \$4,145 to \$4,345, with change in title from Statistical Clerk to Statistical Assistant in the Division of Research and Statistics, effective October 30, 1960.

Acceptance of resignations

Dorothy Bujno, Secretary, Division of Research and Statistics, effective October 25, 1960.

Reuben R. Rowzee, Chauffeur, Division of Administrative Services, effective October 31, 1960.


Assistant Secretary

T E L E G R A M
LEASED WIRE SERVICEItem No. 1
10/27/60BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

October 27, 1960

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS:

This refers to the Board's telegram of October 26 regarding the amendments to Regulation D and to the inquiries received from several Reserve Banks regarding handling of the country bank change which falls in the middle of the biweekly computation period.

The computations of required reserves and cash allowed for country banks should be made on the basis of figures reported separately by the country banks for the first week and for the second week of the computation period ended November 30. (This method will be used here for computing aggregates of these items and reserve balances at Reserve Banks for statistical and press statement purposes.) The excess and/or deficiencies for each of the two weeks should be combined to determine conformance with requirements.

With respect to assessing penalties for deficiencies in this period, although country banks should not be advised in advance, the Reserve Banks are authorized to disregard a strict interpretation of the waiver provisions of the Board's letter of October 10, 1949 (S-1123, F.R.L.S. #6120) and may in their discretion waive any penalty where it appears that the country bank has made a reasonable effort to adjust its reserves to the new basis.

(Signed) Merritt Sherman
SHERMAN

TELEGRAM
LEASED WIRE SERVICEBOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

October 27, 1960

Allen - Chicago

Reurlet October 14, Board authorizes acceptance of bid of
Otis Elevator Company for modernization of three passenger
elevators at the Detroit Branch to automatic autotronic
"without" attendant system at a cost of \$79,103.

(Signed) Merritt Sherman
SHERMAN

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

Item No. 3
10/27/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 27, 1960

Board of Directors,
Merchants Trust Company,
Muncie, Indiana.

Gentlemen:

The Board of Governors of the Federal Reserve System has given consideration to the application for permission to exercise fiduciary powers made by Merchants Trust Company on behalf of American National Bank and Trust Company of Muncie, Muncie, Indiana, 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 Indiana. 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 American National Bank and Trust Company of Muncie 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 Chicago 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. 4
10/27/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 27, 1960

Board of Directors,
Southern Arizona Bank and
Trust Company,
Tucson, Arizona.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Dallas, the Board of Governors approves the establishment of a branch in the block bound by Alameda, Church, Council, and Stone Streets in Tucson, Arizona, by Southern Arizona Bank and Trust Company, Tucson, Arizona. This approval is given provided the branch is established within one year 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
10/27/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 27, 1960

Mr. Delos C. Johns, Chairman,
Conference of Presidents of the
Federal Reserve Banks,
Federal Reserve Bank of St. Louis,
P. O. Box 442,
St. Louis 66, Missouri.

Dear Mr. Johns:

The conclusions and recommendations of a Special Committee on the Loss Sharing Agreement, which were approved by the Conference of Presidents on September 12, 1960, have been reviewed by the Board.

The Board approves (1) the continuation of a Loss Sharing Agreement of the type now in force, and (2) amendment of the existing Agreement to provide that each loss of a Reserve Bank up to \$100,000 be absorbed without distribution and that all distributable losses be shared on a surplus relationship basis, as provided in Section 6(B).

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 6
10/27/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 27, 1960

Northwest Bancorporation,
1215 Northwestern Bank Building,
Minneapolis 4, Minnesota.

Gentlemen:

The Board has received a letter dated October 20, 1960, from Faegre & Benson, Counsel for your Corporation, referring to the Board's letter of October 12, 1960, and requesting an extension of the time within which further information and arguments may be submitted in connection with your Corporation's pending application to acquire stock of The First National Bank of Pipestone, Minnesota.

You are advised that the Board has granted this request and will consider any further information or arguments that may be submitted by your Corporation in this connection if received not later than December 12, 1960.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 7
10/27/60

OFFICE OF THE CHAIRMAN

October 27, 1960

Mr. Javier Marquez,
Director,
Center for Latin American Monetary Studies,
Mexico 1, D. F.

Dear Javier:

With your letter of June 21, 1960 you transmitted a copy of a questionnaire which was designed to obtain information to assist in a comparison of banking legislation and practices in Latin American countries, in preparation for the Sixth Operational Conference to be held in Buenos Aires in 1961 regarding aspects of deposit banking in Latin America.

In accordance with your request, a series of answers to the 28 questions and their subdivisions as they apply to the United States has been prepared and two copies are transmitted herewith. Most of these were prepared by members of the Board's staff, but in several cases members of the staff of the Federal Reserve Bank of New York prepared the answers. We hope that you will find them useful.

Best regards.

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.

Enclosures