

Minutes for November 14, 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.

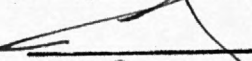
It is not proposed to include a statement with respect to any of the entries in this set of minutes in the record of policy actions required to be maintained pursuant to section 10 of the Federal Reserve Act.

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.

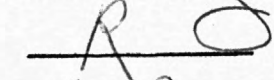
Chm. Martin



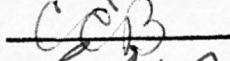
Gov. Szymczak



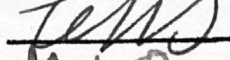
Gov. Mills



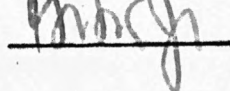
Gov. Robertson



Gov. Balderston



Gov. Shepardson



Gov. King

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

PRESENT: Mr. Martin, Chairman
 Mr. Balderston, Vice Chairman
 Mr. Mills
 Mr. Robertson

Mr. Sherman, Secretary
 Mr. Farrell, Director, Division of Bank Operations
 Mr. Solomon, Director, Division of Examinations
 Mr. Johnson, Director, Division of Personnel
 Administration
 Mr. Hexter, Assistant General Counsel
 Mr. Dembitz, Associate Adviser, Division of
 Research and Statistics
 Mr. Nelson, Assistant Director, Division of
 Examinations
 Mr. Landry, Assistant to the Secretary
 Mr. Collier, Chief, Current Series Section,
 Division of Bank Operations

Discount rates. The establishment without change by the Federal Reserve Banks of New York, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, and Dallas on November 10, 1960, of the rates on discounts and advances in their existing schedules was approved unanimously, with the understanding that appropriate advice would be sent to those Banks.

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

	<u>Item No.</u>
Letter to The Farmers and Merchants Bank of Vandalia, Vandalia, Illinois, approving an investment in bank premises.	1

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Item No.

Letter to the Federal Deposit Insurance Corporation regarding the application of The Newberry State Bank, Newberry, Michigan, for continuation of deposit insurance after withdrawal from membership in the Federal Reserve System.

2

Letter to the Federal Reserve Bank of Philadelphia approving the appointment of David P. Noonan as Alternate Assistant Federal Reserve Agent.

3

Mr. Johnson then withdrew from the meeting.

Request of Security National Bank (Item No. 4). Under date of November 10, 1960, distribution had been made of a draft letter to the Federal Reserve Bank of Chicago in reply to a letter of October 26, 1960, transmitting a letter from Security National Bank of Sioux City, Iowa, inquiring whether the Board would consider an application by the bank to revert to its status as a reserve city bank. This designation had been terminated in 1957 when Sioux City ceased to be a reserve city upon the failure of all member banks in that community to request continuation of that classification under the provisions of the Rule adopted by the Board in 1947 relating to the standard for classification of reserve cities.

During a discussion of the draft reply, reference was made to the Board's 1947 Rule and to the action taken on February 10, 1960, suspending until further notice the portion of the Rule which contemplates a triennial review of existing reserve city classifications. It was pointed out that under the existing Rule, there was no basis on which the

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Board could classify Sioux City as a reserve or central reserve city. The comment was also made that there was little likelihood that Sioux City would be classed as either a reserve or central reserve city under any of the standards being discussed in connection with the possible adoption of a new procedure for classifying reserve cities pursuant to Public Law 86-114 approved July 28, 1959.

Governor Robertson suggested that the draft letter to Mr. Allen should be revised to delete a reference to the status that Sioux City was likely to have under new standards for classifying reserve cities that might be adopted by the Board in the future.

Agreement having been expressed with Governor Robertson's suggestion, unanimous approval was given to a letter to Mr. Allen, President, Federal Reserve Bank of Chicago, in the form of attached Item No. 4.

Messrs. Farrell, Dembitz, and Collier then left the meeting, and Mr. Fauver, Assistant to the Board, entered the room.

Oral presentation by Deposit Guaranty Bank and Trust Company.

There had been placed on the agenda for today's meeting a review of the procedures to be followed in connection with oral presentation to be made on November 16 by Deposit Guaranty Bank and Trust Company, Jackson, Mississippi, and others regarding that bank's request that the Board reconsider its denial on October 12, 1960, of Deposit Guaranty's application to merge with Bank of Hazlehurst, Hazlehurst, Mississippi. A letter had been sent under date of November 4, 1960, to representatives

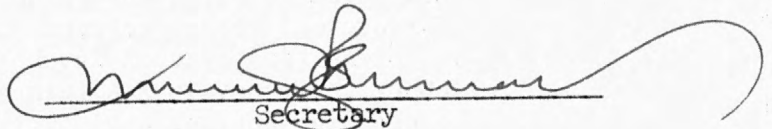
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of the banks proposing to merge and to representatives of Merchants & Planters Bank of Hazlehurst, which had submitted a request to appear in opposition to the merger, stating that all such representatives would have the opportunity to make oral presentation before the Board at 10:00 a.m. on Wednesday, November 16, 1960, in the Board's offices.

There followed a discussion of the procedure for the conduct of the oral presentation, during which it was agreed that the Board would hear the presentation in Room 1202 of the Board's building at the time previously announced.

The meeting then adjourned.


Secretary

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

Item No. 1
11/14/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 14, 1960



Board of Directors,
The Farmers and Merchants Bank
of Vandalia,
Vandalia, Illinois.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of St. Louis, the Board of Governors of the Federal Reserve System approves, under the provisions of Section 24A of the Federal Reserve Act, an investment by The Farmers and Merchants Bank of Vandalia, Vandalia, Illinois, of \$180,000 in bank premises for the purposes of constructing a new building on property adjacent to the bank's present quarters and for remodeling present banking quarters.

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
11/14/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 14, 1960



The Honorable Jesse P. Wolcott, Chairman,
Federal Deposit Insurance Corporation,
Washington 25, D. C.

Dear Mr. Wolcott:

Reference is made to your letter of October 31, 1960, concerning the application of The Newberry State Bank, Newberry, Michigan, for continuance of deposit insurance after withdrawal from membership in the Federal Reserve System.

No corrective programs which the Board believes should be incorporated as conditions to the continuance of deposit insurance have been urged upon or agreed to by the bank.

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
11/14/60



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 14, 1960

Mr. Henderson Supplee, Jr.,
Chairman of the Board and
Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia 1, Pennsylvania.

Dear Mr. Supplee:

In accordance with the request contained in your letter of November 3, 1960, the Board of Governors approves the appointment of Mr. David P. Noonan as Alternate Assistant Federal Reserve Agent at the Federal Reserve Bank of Philadelphia, effective December 1, 1960, to succeed Mr. Elwood J. Braker.

This approval is given with the understanding that Mr. Noonan will be solely responsible to the Federal Reserve Agent and the Board of Governors for the proper performance of his duties, except that, during the absence or disability of the Federal Reserve Agent or a vacancy in that office, his responsibility will be to the Assistant Federal Reserve Agent and the Board of Governors.

When not engaged in the performance of his duties as Alternate Assistant Federal Reserve Agent, Mr. Noonan may, with the approval of the Federal Reserve Agent and the President, perform such work for the Bank as will not be inconsistent with his duties as Alternate Assistant Federal Reserve Agent.

It will be appreciated if Mr. Noonan is fully informed of the importance of his responsibilities as a member of the staff of the Federal Reserve Agent and the need for maintenance of independence from the operations of the Bank in the discharge of these responsibilities.

It is assumed that Mr. Noonan will execute the usual Oath of Office which will be forwarded to 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
11/14/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 14, 1960.



Mr. Carl E. Allen, President,
Federal Reserve Bank of Chicago,
P. O. Box 834,
Chicago 90, Illinois.

Dear Mr. Allen:

This refers to your letter of October 26, 1960, transmitting a letter from Mr. C. R. Gossett, Chairman of the Board of the Security National Bank, Sioux City, Iowa, inquiring whether the Board would consider an application from his bank to become a reserve city bank again.

Since the provisions in the law with respect to bank reserves were changed in July 1959, the Board has been reconsidering the standards to be used in classifying reserve cities, but no final determination of this matter has yet been made. Pending that determination the Board, on February 10, 1960, suspended until further notice the portion of the Rule for Classification of Central Reserve and Reserve Cities which contemplates a triennial review; notice to that effect was published in the Federal Register. Accordingly, the individual standards for classification of central reserve and reserve cities, as established in 1947, remain in effect until such time as new standards are established.

In 1957, Sioux City did not meet the individual standards established in 1947 and, therefore, its designation was terminated because not all of the member banks in the city requested continuation of its reserve city status. Under these circumstances, and at least until some determination has been reached as to general standards for classifying reserve cities, it would appear that there would be no basis on which the Board could grant an application from Security National Bank for its designation as a reserve city bank.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.