

Minutes for February 28, 1961

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

(W) AMS

Gov. Szymczak

\_\_\_\_\_

Gov. Mills

[Signature]

Gov. Robertson

R. J.

Gov. Balderston

CCB

Gov. Shepardson

[Signature]

Gov. King

[Signature]

Minutes of the Board of Governors of the Federal Reserve System  
on Tuesday, February 28, 1961. 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. Shepardson  
Mr. King

Mr. Sherman, Secretary  
Mr. Kenyon, Assistant Secretary  
Miss Carmichael, Assistant Secretary  
Mr. Thomas, Adviser to the Board  
Mr. Shay, Legislative Counsel  
Mr. Molony, Assistant to the Board  
Mr. Fauver, Assistant to the Board  
Mr. Hackley, General Counsel  
Mr. Noyes, Director, Division of  
Research and Statistics  
Mr. Farrell, Director, Division of  
Bank Operations  
Mr. Masters, Associate Director, Division  
of Examinations  
Mr. Hexter, Assistant General Counsel  
Mr. Furth, Adviser, Division of International  
Finance  
Mr. Sammons, Adviser, Division of International  
Finance  
Mr. Nelson, Assistant Director, Division of  
Examinations  
Mr. Collier, Chief, Current Series Section,  
Division of Bank Operations  
Mr. Thompson, Supervisory Review Examiner,  
Division of Examinations

Discount rates. The establishment without change by the Federal Reserve Banks of Atlanta and Minneapolis on February 27, 1961, 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.

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Application to organize a national bank at Dania, Florida.

There had been circulated to the members of the Board a memorandum from the Division of Examinations dated February 15, 1961, with reference to a request from the Comptroller of the Currency for a recommendation on an application to organize a national bank at Dania, Florida. In line with the conclusions of the Federal Reserve Bank of Atlanta and the Board's Division of Examinations, a draft of letter that would recommend unfavorably on the establishment of the proposed bank was submitted with the memorandum.

In commenting on the application, Mr. Nelson indicated that the town of Dania had a population of 7,000, with most of the working population employed in Fort Lauderdale, Hollywood, and North Miami. It was reported that the growth of the area had slowed down considerably in recent years and that prospects for future development were not too promising. The town of Dania was now served by one bank, which was apparently rendering satisfactory service. Of the nine proposed directors of the new bank, only one had more than average means; the proponents intended to offer for sale all but a small proportion of the capital stock. An executive officer had not yet been selected.

Governor Mills expressed the view that, while the investment of the sponsors of the new bank was limited, the sponsors appeared to

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be reputable businessmen and the area was currently supporting one bank with deposits of \$34 million. In the circumstances, he would be somewhat inclined to recommend approval of the application. He added that if branch banking were permitted in Florida, it seemed likely that some bank would have been authorized to establish a branch in the Dania area.

Governor Robertson noted that the size of the existing bank indicated that the area could support another bank. His doubts, therefore, related principally to the sponsorship of the bank proposed to be organized, and he felt it would be desirable to have any further information that could be obtained.

It was then agreed that the staff would check with the Federal Reserve Bank of Atlanta in order to determine whether any additional information was available regarding the application.

Application of First Virginia Corporation. Mr. Hexter reported that, pursuant to the understanding at the Board meeting on February 27, 1961, he had on that day called Mr. Edwin T. Holland, President of The First Virginia Corporation, Arlington, Virginia, which had applied for approval under the Bank Holding Company Act to acquire 4,080 or more of the 8,000 voting shares of Falls Church Bank, Falls Church, Virginia. Mr. Holland advised Mr. Hexter that although it had been hoped to consummate the acquisition of stock by February 28, 1961, there was no legal or practical necessity. After his conversation with Mr.

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Holland, Mr. Hexter said, a letter was sent to First Virginia Corporation outlining questions that had been raised by the Board concerning the agreement between the holding company and the two principal officers of the Falls Church Bank. The Legal Division planned to analyze the reply, which was received this morning, and prepare a memorandum for consideration by the Board.

Messrs. Nelson and Thompson then withdrew from the meeting.

Applications of Chicago banks to carry reduced reserves (Items 1 through 6). At the Board meeting on November 28, 1960, it was understood that the applications of seven banks in Chicago, Illinois, to carry reduced reserves would be considered after standards for the classification of cities for reserve purposes had been determined. On the basis of discussion at the Board meeting on February 13, 1961, a memorandum from the Division of Bank Operations dated November 1, 1960, with reference to the applications of the Chicago banks was recirculated to members of the Board, along with (1) a proposed letter to the Federal Reserve Bank of Chicago and (2) letters to the following Chicago banks granting the request of each to carry reduced reserves:

Lake Shore National Bank  
Lake View Trust and Savings Bank  
Mercantile National Bank  
Merchandise National Bank  
Northwest National Bank

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The letter to the Chicago Reserve Bank would indicate that it seemed desirable to delay action on the applications of Exchange National Bank and Central National Bank until additional information had been furnished.

In commenting on the applications of the seven Chicago banks to carry reduced reserves, Mr. Farrell noted that both the Federal Reserve Bank of Chicago and the Division of Bank Operations had recommended approval of the applications of five of the banks. These banks had total deposits ranging from \$60 to \$182 million, demand deposits from \$45 to \$50 million, interbank deposits from zero to \$25,000, and deposit turnover from 13 to 25 per cent. However, the Division of Bank Operations recommended that action be deferred on the applications of Exchange National Bank and Central National Bank, which had total deposits of \$90 and \$106 million, respectively, demand deposits of \$59 and \$60 million, interbank deposits of \$2 million and \$160,000, and deposit turnover of 36 and 31 per cent. The rate of activity of demand deposits at these two banks was similar to that at many reserve city banks, as distinguished from the lower rates that characterize country banks. The proposed letter would request the Reserve Bank to furnish any available information on the factors affecting the activity rates at these two banks.

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There being no objection, the letters to the Federal Reserve Bank of Chicago and to the five Chicago member banks were approved unanimously. Copies are attached as Items 1 through 6.

Mr. Young, Adviser to the Board, entered the room at this point.

Rates on time deposits. There had been distributed to the members of the Board copies of a communication dated February 27, 1961, from the Bureau of the Budget, requesting views on a draft bill submitted by the Treasury Department "to amend section 19 of the Federal Reserve Act, as amended, to remove the authority to limit the rate of interest paid on time and savings deposits of foreign governments and international financial institutions." The purpose of the bill, as stated in an accompanying draft of a memorandum to the President from Secretary of the Treasury Dillon, was "to permit commercial banks greater freedom in negotiating with foreign governments and central banks concerning the rates of interest to be paid on time or savings deposits made by these foreign official bodies. The proposed amendment would enable the commercial banks to make the fullest competitive effort to attract and hold in dollar accounts in this country those balances which represent a direct and immediate claim on the gold stocks of the United States." The measure was intended to complement the President's recent directive to the Secretary of the Treasury to issue securities at special rates for exclusive holding by foreign central banks or governments.

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Also distributed to members of the Board were copies of a memorandum from Mr. Robinson, Adviser, Division of Research and Statistics, dated February 23, 1961. It was pointed out in this memorandum that experience had demonstrated the difficulties involved in finding an appropriate time for taking action involving maximum rates of interest as prescribed in Regulation Q, Payment of Interest on Deposits. The special problem relating to foreign time deposits of central banks and monetary authorities, as covered by the proposed amendment to section 19 of the Federal Reserve Act, had focused attention on only one aspect of the matter. However, this insured that the whole problem would come up for consideration. For this reason, the memorandum suggested, the situation presented an opportunity for the Board to consider the following alternative actions:

1. The Board might ask for a more general administrative authority to classify time and savings deposits. Increased authority to classify depositors as well as deposits would permit more selective policies to be employed in the administration of Regulation Q. This could be considered a minimum addition to the change now being requested.
2. The Board might ask to have the prescription of maximum rates made permissive rather than mandatory. This course would leave the Board with more alternatives than outright repeal but could also make suspension of the regulation logical in periods when dangerous competition in rates did not appear to be a factor.
3. If rate regulation was continued, the Board should consider whether it would administer rates in a completely discretionary fashion or whether it would try to adopt standards or a formula which would guide administration of Regulation Q.

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4. Complete repeal of the statute, as proposed in the Sproul-McCracken-Blough task force report, could also be considered.

Also, at the close of yesterday's Board meeting, Chairman Martin had indicated that he would like to have discussion today of the recent announcement that several New York City banks had invited corporations to place funds in interest-bearing negotiable time certificates of deposit. These banks were offering such certificates in large denominations in an effort to draw back some of the funds that corporations had been placing in interest-bearing short-term investments outside the banking system. Discount Corporation of New York, a securities dealer, had announced plans to make a market in the time certificates. The Corporation was expected to trade the certificates in much the same manner as finance companies' commercial paper, which the original investors may dispose of through dealers prior to maturity. Under such an arrangement, for example, the time certificates would yield an investor more than the stated rate of interest if the original corporate holder sold the certificates to a dealer at less than face value in order to obtain ready cash.

During the discussion it was brought out that members of the Board and staff had received a number of telephone inquiries with reference to various aspects of the plan to issue and trade the time certificates of deposit. Several of these inquiries raised legal and other questions that would require further study by the Board's staff.

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It was indicated that staff study of these matters would go forward and that staff recommendations would be presented to the Board for consideration.

With regard to the proposed amendment to section 19 of the Federal Reserve Act and the question whether the Board would wish to take any independent action under Regulation Q at this time, Mr. Thomas expressed the view that it would seem logical for the Board at an appropriate time to amend Regulation Q so as to authorize member banks to pay a higher rate of interest than they are now permitted to pay on time certificates. Whether this was the appropriate time to raise the maximum interest rates was, of course, another question. As an alternative to the proposed amendment to section 19, it might be simpler to amend Regulation Q and permit banks to pay higher rates on any time deposits, either domestic or foreign. Also, he questioned the equity of permitting the payment of higher rates to foreign central banks than to domestic depositors. If a higher rate were permitted to be paid to both foreign and domestic depositors, then there would be no necessity for the proposed amendment.

With reference to Mr. Robinson's February 23 memorandum, Mr. Noyes commented that there was a good deal to be said for asking Congress either to repeal completely the legislation requiring the Board to regulate the payment of interest on time and savings deposits or to make certain changes that would give the Board greater flexibility in administering the statute. A minimum change might be to eliminate the requirement that the Board shall prescribe maximum rates of interest at all times.

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Following exploration of questions raised by the alternatives listed in Mr. Robinson's memorandum, there was a further discussion of the negotiable time certificates that the New York City banks had announced their intention to offer to corporations.

In this connection, Governor Mills expressed concern about the negotiability provided for a large volume of corporate funds that would not be truly savings. In this manner, corporations as a group would be given privileges not extended to individuals. Essentially, he felt, the statute indicated that the Federal Reserve System should encourage and stimulate bona fide savings, that is, funds deposited with a bank, as custodian, until the depositor sought some other form of investment. It was, he thought, a serious matter if a special privilege was given to corporate funds--a less stable type of deposit--and certificates of deposit issued to such corporations were exposed to the risks of the market. The prices on them would fluctuate, and this might at some point reflect on the issuing bank. Therefore, he felt that a decision ought not be reached hastily.

Chairman Martin indicated that he likewise was concerned about certain aspects of the matter. However, most of the large New York City banks had already announced that they would issue the certificates of deposit to corporations, and they apparently were satisfied on the legal questions, including the plan to make a market in the certificates.

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If there were serious dangers in this procedure, perhaps consideration should be given to whether it could be stopped. This problem, however, was distinct from the question of the maximum interest rate.

After additional discussion of the time certificates, Mr. Hackley referred to the request of the Bureau of the Budget for a report on the proposed bill to amend section 19 of the Federal Reserve Act and the suggestion in Mr. Robinson's memorandum that the Board might wish to take advantage of this opportunity to submit some related proposal. Section 19, Mr. Hackley noted, provides that the Board "shall... limit by regulation the rate of interest which may be paid by member banks on time and savings deposits, and shall prescribe different rates for such payment on time and savings deposits having different maturities, or subject to different conditions respecting withdrawal or repayment, or subject to different conditions by reason of different locations, or according to the varying discount rates of member banks in the several Federal Reserve districts." He suggested that the Board might wish to consider recommending that, in lieu of the Treasury's proposed amendment and short of complete repeal of the statute, the law be changed so that it would be permissive rather than mandatory to establish maximum rates for time and savings deposits, and so that the Board would be given more flexibility to fix maximum rates for different types of deposits according

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to maturity or such other reasonable standards as the Board might deem appropriate to accomplish the purpose of the statute.

Governor Mills expressed disagreement with such an approach. He did not think that at this juncture the Federal Reserve should offer any suggestion for amending the Treasury proposal, which he termed experimental at best. Also, he believed that a suggestion to amend the law to add flexibility would be tantamount to saying that the Federal Reserve System, upon enactment of such a bill, would be prepared to make vast changes in the scheme of interest rate ceilings. Instead, he would favor simply answering the specific request of the Budget Bureau and giving System support to the Treasury proposal. He felt that the Administration deserved friendly cooperation and that the Federal Reserve should be cautious about interposing objections unless a matter of principle was involved.

Chairman Martin indicated that this was his reaction also.

Governor Robertson expressed the view that there was considerable merit in what Mr. Hackley had suggested. However, he was not sure that the proposed standards for classifying time and savings deposits would be better than those now in the statute; he was not sure what the Board would do with more general authority to classify such deposits. Except for his own suggestion for raising the ceiling interest rates, which had been considered by the Board at an earlier date, he felt that he would prefer a complete repeal of the statute. As to the current Treasury proposal, he thought that the Board should, on an informal

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basis, give friendly advice to the Administration in terms that the proposed amendment appeared to be unwise. He also felt that the Board should refrain from taking any public position with respect to the proposal unless it should at some later point be asked by a Congressional committee to make a report. As far as the Budget Bureau was concerned, he would handle the matter informally and express the view that the Treasury proposal involved an unwise procedure.

Governor Shepardson indicated that he was disturbed about the idea of permitting different rates for foreign and domestic deposits, as contemplated by the proposed amendment to section 19. He did not see how that could be justified.

Chairman Martin commented that that point would not bother him too much. He pointed out that it had been the practice to give special consideration to foreign central banks, for example, by permitting them to have accounts at the New York Federal Reserve Bank and by giving them special treatment in the purchase and sale of Treasury bills. If the Treasury felt it would be advantageous, as a defensive measure, to permit American commercial banks to pay a higher time deposit rate to foreign central banks and governments, he would hesitate to stand in the way.

During the discussion that followed, reference was made to the possible effects of enactment of the proposed legislation. In the light

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of these comments, Chairman Martin made the observation that the problem was not "open and shut". In such circumstances, he felt it would be a mistake for the Board to take a strong position that would make it appear to claim to know all the answers.

Governor Balderston commented that in his thinking he started from the premise that the Treasury Department has primary responsibility for the gold stock of the country. In connection with that responsibility, the Treasury had announced plans to offer special securities to central banks and governmental agencies of other countries. It would seem, he thought, that the Treasury should be encouraged to stop at that point and not introduce legislation that would permit private banks to determine the rates of interest they would pay on time deposits of foreign central banks and international financial institutions.

Chairman Martin stated at this point that he would support a recommendation, if it should be made, for complete repeal of the statute requiring the Board to fix maximum rates on time and savings deposits. As to the current Treasury proposal, he felt that Governor Robertson's procedural suggestion was sound, and he would try to express to the Treasury, to the best of his ability, the problems that were involved. On the other hand, he would not want to oppose in writing something that the Treasury had proposed. He would favor giving all of the friendly advice possible in a spirit of cooperation, but nobody really knew all

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of the answers. He added that he had already raised with the Secretary of the Treasury most of the points that had been mentioned in the discussion today. It would also be desirable, he suggested, for the staff to convey these points to the Under Secretary for Monetary Affairs. If the Board wanted to take some action itself, such as action to raise the maximum rate on time deposits to 3-1/2 per cent, that was another matter. Any such action the Board might wish to take should be based on its best independent judgment. At present, however, the Board was being asked by the Budget Bureau for a report on a proposal that had originated in the Treasury Department, and it was a question of posture; that is, whether the Board felt so strongly about the proposal that it would want to take a hostile position. He would be disposed to report simply that the Board had no objection to the proposed amendment. Then, if any Board member wanted to write a memorandum, he (Chairman Martin) would be glad to see that it was placed in the hands of the Secretary of the Treasury; or, if it was felt that the Board should have a delegation meet with the Secretary of the Treasury, that could be arranged.

Governor Mills commented that if the Board were to raise the interest ceiling, such action would seem out of line with recent discussions in which the Secretary of the Treasury was reported to have suggested to savings and loan representatives that they consider lowering the rates paid on shares.

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Chairman Martin agreed that an inconsistency would be involved. He then reiterated that it would be preferable, in his opinion, to say as little as possible in replying to the Bureau of the Budget. If the proposed legislation should come under consideration by the Congress and the Board was called upon for a statement, then the Board should make such statement as it considered appropriate. For the moment, however, he was disposed to think it would be a mistake for the Federal Reserve to be in a posture of opposing the proposal. The Board should give all of the friendly advice that it could. However, the Treasury had made the decision to submit the proposal, and he did not think the Federal Reserve should be in the position of undermining it. Accordingly, Chairman Martin said, he would be inclined to ask Mr. Hackley to call the Budget Bureau and report that the Board had no objection to the proposed legislation.

Governor Shepardson stated that he would concur.

Mr. Hackley then mentioned that the Bureau of the Budget had not asked the Federal Deposit Insurance Corporation for views on the proposed legislation. He thought there might be a point in suggesting that the Bureau communicate with the Corporation, since the latter had responsibility under the law insofar as rates payable by insured nonmember banks were concerned.

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Chairman Martin agreed that this should be called to the attention of the Budget Bureau. He explained that his previous comment on the nature of the reply that might be made to the Bureau went to policy considerations and not to technical matters.

Question was raised regarding the possibility of legislation authorizing the Board to fix a higher ceiling rate on the types of deposits covered by the Treasury proposal than on other time deposits, and Chairman Martin indicated that in his view the Board would be in a better position if it did not have such authority.

Governor King expressed agreement with the view that the Board should say as little as possible about the proposed amendment and that it should not get into a posture of opposition. The Administration had made a decision on the type of legislation it wished to recommend, and he did not think it would be appropriate for the Board to make a different suggestion for handling the problem. He believed the suggestion of simply not offering any objection to the proposed amendment was a wise approach.

Mr. Hexter remarked that there might be circumstances, at some time in the future, in which it would be undesirable to have no interest rate ceiling on foreign time deposits. In other words, there might be some occasions when it would be against the national interest to permit

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a free flow of funds from abroad into the American banking system. If it should become desirable to restrict the flow of funds from abroad, there would be no authority, should the proposed legislation be enacted, for the Federal Reserve System to regulate interest rates paid on foreign deposits.

Chairman Martin pointed out that the proposed legislation covered only time deposits of foreign governments, foreign central banks, and international financial institutions. Accordingly, it might be assumed that the United States Government could communicate with other governments if necessary. The proposed legislation would take regulatory authority away from the Federal Reserve System and put the matter on a government-to-government basis.

Governor Robertson said he also was interested in the posture of the System. However, he thought it was the Board's function to give its best advice when asked for views on proposed legislation. In this instance, he felt the Board should not take any action that would indicate that the Board was in favor of the amendment proposed by the Treasury.

Chairman Martin replied that this was not what he had proposed. He reiterated his willingness to transmit to the Secretary of the Treasury any papers that members of the Board might wish to prepare on this subject or to arrange an appointment with the Secretary so that their views might

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be expressed in person. He went on to say that it must be recognized that there were conflicting points of view. Therefore, the question was not an easy one.

Governor Shepardson said it was his impression that none of the members of the Board particularly favored the proposed legislation. The only question seemed to be whether the Board should take a strong adverse position.

Chairman Martin stated that he did not favor the proposed amendment, but on the other hand he would not want to object to it.

After further discussion, it was the consensus that the Board's reply to the Budget Bureau on the proposed amendment to section 19 should be handled informally, the statement by Mr. Hackley to be in terms that the Board did not object to the proposal. It was also understood that the failure of the draft bill to cover rates payable by nonmember insured banks would be mentioned to the Bureau.

Governor Robertson dissented from following this procedure for the reasons he had mentioned. He felt that a statement that the Board did not object to the proposed amendment would be construed as meaning that the Board was in favor of the proposed legislation.

Secretary's Note: After the close of the meeting, Governor Balderston submitted a memorandum on the subject for the Board's consideration. In view of this development, the telephone call to the Budget Bureau was not made. The subject was discussed further at the Board meeting on March 1, 1961.

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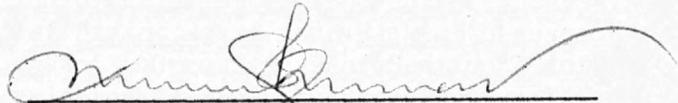
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The meeting then adjourned.

Secretary's Note: Governor Shepardson today approved on behalf of the Board the following items:

Memorandum from the Division of Research and Statistics recommending acceptance of the resignation of James C. Byrnes, Economist in that Division, effective at the close of business February 28, 1961.

Letter to the Fiscal Assistant Secretary of the Treasury (attached Item No. 7) advising of attendance by Messrs. Farrell and Kiley of the Board's Division of Bank Operations at a conference of fiscal agency representatives of the Federal Reserve Banks and the Treasury Department to be held in Chicago in May 1961.



Secretary

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

Item No. 1  
2/28/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

February 28, 1961.



Mr. Hugh J. Helmer, Vice President,  
Federal Reserve Bank of Chicago,  
Chicago 90, Illinois.

Dear Mr. Helmer:

Reference is made to the Board's letters of March 23, 1960, and January 25, 1960, regarding reserve classification of the Chicago member banks in the \$43-70 million demand deposit category, and to the information furnished by your Bank, including the applications and recommendations on eight of these banks.

After further consideration of this matter, the Board concurs in the recommendation of the Board of Directors of your Bank with respect to five of these banks and, pursuant to the provisions of Section 19 of the Federal Reserve Act, grants permission to the Lake Shore National Bank, Lake View Trust and Savings Bank, Mercantile National Bank, Merchandise National Bank, and the Northwest National Bank to maintain the same reserves against deposits as are required to be maintained by banks outside of central reserve and reserve cities, effective with the first biweekly reserve computation period beginning after the date of this letter. Please forward the enclosed letters addressed to the respective banks; copies are enclosed for your files.

The Board believes it desirable to delay action on the applications of the Exchange National Bank and the Central National Bank pending further study. Under Section 19 of the Federal Reserve Act as amended, the Board is required to take into consideration "the character of business transacted by the member bank." In considering character of business, the Board has contemplated that it would take into account, in addition to the size of the bank and its amounts of interbank and other deposits, such other factors as the nature of its depositors and borrowers, the rate of activity of its demand deposits, the amount and frequency of its borrowings, its geographic location, and its competitive position with relation to other banks in the city.

At these two banks the rate of activity of demand deposits is similar to the rates at many reserve city banks, as distinguished from the lower rates that characterize country banks. This, of course, does not necessarily indicate that the permission requested by these two

Mr. Hugh J. Helmer

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banks should not be granted, but it does indicate the need for further consideration of the character of business of each. In addition to the data heretofore submitted on these banks, it will be appreciated if you will furnish any available information on factors that affect their activity rates.

The eighth bank whose application for reduced reserves was deferred was the Chicago City Bank and Trust Company, which has since withdrawn from membership.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.

Enclosures.

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

Item No. 2  
2/28/61



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

February 28, 1961

Board of Directors,  
Lake Shore National Bank,  
Chicago, Illinois.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Chicago, the Board of Governors, acting under the provisions of Section 19 of the Federal Reserve Act, grants permission to the Lake Shore National Bank 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. 3  
2/28/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

February 28, 1961



Board of Directors,  
Lake View Trust and Savings Bank,  
Chicago, Illinois.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Chicago, the Board of Governors, acting under the provisions of Section 19 of the Federal Reserve Act, grants permission to the Lake View Trust and Savings Bank 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  
2/28/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

February 28, 1961



Board of Directors,  
Mercantile National Bank,  
Chicago, Illinois.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Chicago, the Board of Governors, acting under the provisions of Section 19 of the Federal Reserve Act, grants permission to the Mercantile National Bank 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. 5  
2/28/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

February 28, 1961



Board of Directors,  
Merchandise National Bank,  
Chicago, Illinois.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Chicago, the Board of Governors, acting under the provisions of Section 19 of the Federal Reserve Act, grants permission to the Merchandise National Bank 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. 6  
2/28/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

February 28, 1961



Board of Directors,  
Northwest National Bank,  
Chicago, Illinois.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Chicago, the Board of Governors, acting under the provisions of Section 19 of the Federal Reserve Act, grants permission to the Northwest National Bank 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. 7  
2/28/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

February 28, 1961



Mr. W. T. Heffelfinger,  
Fiscal Assistant Secretary,  
Treasury Department,  
Washington 25, D. C.

Dear Mr. Heffelfinger:

This will acknowledge your letter of February 1, 1961 addressed to Chairman Martin in which you advise of a conference of fiscal agency representatives of the Federal Reserve Banks and the Treasury to be held in Chicago May 29 to May 31, 1961, inclusive, and in which you invite the Board of Governors to be represented at the meeting. Messrs. Farrell and Kiley, Director and Assistant Director, respectively, of the Board's Division of Bank Operations, are planning to attend. Enclosed for your information is a copy of a letter to Mr. Laibly, Vice President of the Federal Reserve Bank of Chicago, with regard to their reservations and time of arrival.

If it should be determined at a later time that others from the Board's organization will be present, prompt notice will be furnished to you.

Very truly yours,

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

Merritt Sherman,  
Secretary.

Enclosure