

Minutes for March 1, 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

Gov. Szymczak

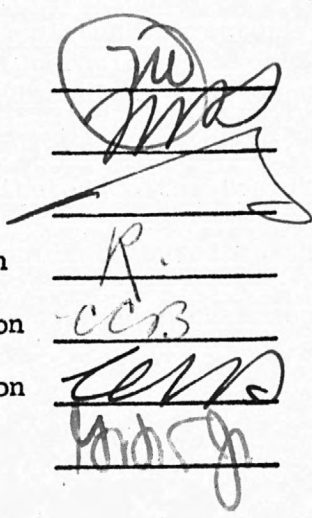
Gov. Mills

Gov. Robertson

Gov. Balderston

Gov. Shepardson

Gov. King

Handwritten initials and signatures for each member: Chm. Martin (JM), Gov. Szymczak (MS), Gov. Mills (M), Gov. Robertson (R), Gov. Balderston (CCB), Gov. Shepardson (SS), Gov. King (K).

Minutes of the Board of Governors of the Federal Reserve System on  
Wednesday, March 1, 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  
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. Johnson, Director, Division of  
Personnel Administration  
Mr. Harris, Coordinator, Office of  
Defense Planning  
Mr. Masters, Associate Director, Division  
of Examinations  
Mr. Hexter, Assistant General Counsel  
Mr. Dembitz, Associate Adviser, Division  
of Research and Statistics  
Mr. Daniels, Assistant Director, Division  
of Bank Operations  
Mr. Kiley, Assistant Director, Division  
of Bank Operations  
Mrs. Semia, Technical Assistant, Office  
of the Secretary

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:

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	<u>Item No.</u>
Letter to the Federal Reserve Bank of New York concerning the 1960 operations of the Nassau County and the Bergen County clearing bureaus.	1
Letter to the Federal Reserve Bank of New York interposing no objection to a prospective leave of absence for an employee to enable her to assist in the establishment of a Reference Library at the Central Bank of Nigeria.	2
Letter to Lemoyne Trust Company, Lemoyne, Pennsylvania, approving an extension of time to establish a branch at 334 South Tenth Street.	3
Letter to the Federal Reserve Bank of Chicago regarding the conversion of outstanding time and savings deposits to saving deposits bearing 3 per cent interest.	4
Letter to The Hermann Bank, Hermann, Missouri, approving an investment in bank premises.	5
Letter to The Citizens State Bank, Knox City, Texas, waiving the requirement of six months' notice of withdrawal from membership in the Federal Reserve System.	6
Letter to California Bank, Los Angeles, California, approving the establishment of a branch at Los Angeles County Fair Grounds, Pomona, to be operated during September and October 1961 and during the period of each succeeding year that Los Angeles County Fair is opened to the public.	7
Letter to the Chairman of the Conference of Presidents superseding the Board's letter of December 29, 1960, regarding the proposed inclusion of certain classes of retirees under the major medical insurance plan of the Federal Reserve Banks.	8

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	<u>Item No.</u>
Memorandum from Mr. Noyes dated February 16, 1961, requesting authorization for an expenditure of up to \$5,000 in connection with a Census Bureau survey of debts owed by the landlords of farm operators.	9
Letter to the Federal Reserve Bank of Chicago approving a proposal for decentralized storage of currency as a preparedness measure.	10
Letter to Genesee Merchants Bank & Trust Co., Flint, Michigan, granting permission to consolidate with The Vernon State Bank, Vernon, Michigan, and to operate branches at the present offices of The Vernon State Bank.	11
Letter to the Federal Reserve Bank of Boston approving the payment of salaries to two officers at the rates fixed by the Board of Directors.	12

With respect to Item No. 6, Governor King stated that in cases of withdrawal from the System it would be of interest to him to know the size of the bank involved. In response, Mr. Masters indicated that steps would be taken to provide such information in connection with future cases.

With respect to Item No. 11, the application of Genesee Merchants Bank & Trust Co., Flint, Michigan, for permission to consolidate with The Vernon State Bank, Vernon, Michigan, a memorandum from the Division of Examinations had been distributed to the Board analyzing the factors required by the statute to be considered in connection with applications of this kind. The recommendation of the Federal Reserve

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Bank of Chicago was favorable, and the Division of Examinations recommended approval. Statements concerning the views that had been expressed on competitive factors by the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Department of Justice were included in the Division memorandum. Approval of the application by the Board reflected consideration of all of the factors discussed in the memorandum from the Division of Examinations.

Messrs. Harris, Dembitz, Daniels, and Kiley then withdrew and Messrs. Furth and Sammons, Advisers, Division of International Finance, entered the room.

Proposed amendment to section 19 of Federal Reserve Act. At its meeting on February 28, 1961, the Board considered a request from the Bureau of the Budget for a report on a bill drafted by the Treasury "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." Subsequently, a memorandum was distributed in which Governor Balderston suggested a reply that, if agreed upon by the Board, might be transmitted informally to the Secretary of the Treasury and, perhaps in letter form, to the Bureau of the Budget. Immediately prior to this meeting, a draft of letter to the Budget Bureau had been distributed, prepared by Mr. Hackley, incorporating the substance of Governor Balderston's suggested reply. The draft of letter was in terms that, although the Board would

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not object to enactment of the proposed legislation, a complete lack of authority over interest rates payable on foreign-owned time deposits might result in difficulty or embarrassment under certain circumstances that might prevail in the future. In order to provide standby authority, the draft letter proposed the addition of the following language: "except that the Board of Governors of the Federal Reserve System shall be authorized to limit the rate of interest on such deposits whenever the Board deems such action necessary in the national interest."

In introducing the discussion, Governor Balderston suggested that comments be focused on the draft of letter to the Budget Bureau rather than his memorandum.

A discussion ensued during which various suggestions were considered for modifications in the draft of letter.

Governor Robertson, who dissented at yesterday's meeting from a procedure whereby the Budget Bureau would be advised by telephone that the Board did not object to the proposed bill, stated that he would be willing to approve a letter along the lines now proposed.

Governor Mills expressed misgivings, stating that he viewed the language of the draft letter as a proposal to set up the Board of Governors as an arbiter over the rate of interest that might be paid by member banks to foreign central banks and governments. This he considered in a sense an intrusion on the responsibilities of the State and Treasury Departments, and he thought the Board should be wary about injecting itself in such

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manner. Since the amendment would be limited to deposits of foreign governments, foreign monetary and financial institutions, and international financial institutions of which the United States is a member, he suggested that the degree of cooperation and understanding on the part of such entities might afford ample protection against the excesses that were held up as a possible future development deserving comment by the Board. If such a provision were to be put into the law at all--and he would not recommend it--then in his opinion it should follow the first sentence of paragraph 14 of section 19, rather than to appear at the end of that paragraph.

Governor Balderston said he would be pleased if any more appropriate substitute could be found. However, it had been his view that the Government ought not be hamstrung in a crisis by the unavailability of a desirable control. Control in this area was now vested in the Federal Reserve, but it would be removed by the amendment proposed by the Treasury. In the circumstances, it had occurred to him that it would be more consistent to suggest that standby authority continue in the Federal Reserve than to suggest that it be given to the Treasury or some other body.

Governor King commented that the Board would lose control over rates paid on all time deposits, foreign as well as domestic, if the present statutory authority to prescribe maximum rates of interest on savings and time deposits were repealed in entirety. Thus, he questioned whether lack of control over rates payable on foreign time deposits should

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be of too much concern to anyone who had indicated that he might favor total elimination of the statute. Personally, he thought there was a good chance that the current Administration proposal would fail of enactment. The next question, he believed, was whether the Board wished to appear to support the measure. If the Board submitted a report that gave advice on details of the proposed legislation, he felt that inevitably it would be considered a proponent of any such proposal. Therefore, he believed that the report should be in terms as noncommittal as possible, since an effort to advise on how the proposed legislation might be amended would place the Board in a position in which it might not care to find itself.

In further discussion Chairman Martin commented that some good points had been raised in the discussion at yesterday's meeting regarding the problems that were involved. He rather agreed with the view that the responsibility for regulating the rate payable on foreign time deposits under circumstances that might arise in the future should not be placed on the Board. However, in such circumstances there could be trouble if some authority of that kind was not available. The draft of letter to the Budget Bureau had gone a long way toward highlighting the problem, and he felt that it should be discussed informally with the Treasury.

After Governor King indicated that he would favor the channel of informal discussion, Governor Balderston brought out that his memorandum had contemplated that Chairman Martin would discuss the proposed



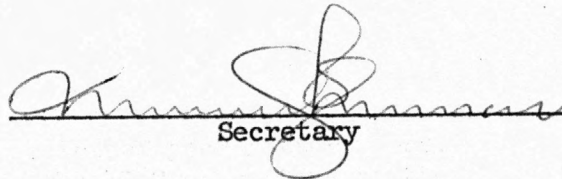
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report with the Secretary of the Treasury. Only if the latter agreed would the proposed letter be sent to the Bureau of the Budget.

It was then agreed that a revised draft of letter would be prepared on the basis of the suggestions made at this meeting and that the matter would then be considered again by the Board.

The meeting then adjourned.



Secretary



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

Item No. 1  
3/1/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

March 1, 1961

Mr. M. A. Harris, Vice President,  
Federal Reserve Bank of New York,  
New York 45, New York.

Dear Mr. Harris:

This will acknowledge receipt of your letter report dated February 2, 1961, concerning the 1960 operations of the Nassau County and the Bergen County clearing bureaus.

It is noted that the Bank believes the Nassau County arrangement continues to provide a most efficient service, that the Bergen County Bureau may expect additional improvement in operating costs and expanded activities, and that no change in the basic agreements with these bureaus is warranted at this time.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.



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

Item No. 2  
3/1/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

March 1, 1961

Mr. William H. Braun, Jr., Secretary,  
Federal Reserve Bank of New York,  
New York 45, New York.

Dear Mr. Braun:

This is in reply to your letter of February 6 regarding a prospective leave of absence for Miss Janet Bogardus, to enable her to assist in the establishment of a Reference Library at the Central Bank of Nigeria.

This matter has been called to the attention of the Board of Governors, which interposes no objection to the proposed arrangements.

Sincerely yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.

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

Item No. 3  
3/1/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

March 1, 1961



Board of Directors,  
Lemoyne Trust Company,  
Lemoyne, Pennsylvania.

Gentlemen:

The Board of Governors has approved an extension of time until September 19, 1961, in which Lemoyne Trust Company may establish a branch at 334 South Tenth Street, Lemoyne, Pennsylvania. The establishment of this branch was authorized in a letter dated September 19, 1960.

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  
3/1/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

March 1, 1961



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

Dear Mr. Hodge:

This refers to your letter of February 10, 1961, with respect to the question whether a member bank may convert outstanding time and savings deposits to savings deposits bearing 3 per cent interest in those cases where the depositor is eligible to maintain a savings deposit.

As to savings deposits, there is nothing in the Board's regulation that would prevent a member bank from agreeing to pay interest at a rate of 3 per cent on any such deposits now bearing a lower rate of interest. However, the conversion of time deposits to savings deposits would be prohibited even though the time depositor might be eligible to maintain a savings deposit.

Section 217.4 of Regulation Q provides that no member bank shall pay any time deposit (1) which is payable on a specified date, before such specified date, (2) which is payable at the expiration of a certain specified period, before such specified period had expired, or (3) with respect to which notice is required to be given a certain specified period before any withdrawal is made, until such required notice has been given and the specified period thereafter has expired. Accordingly, a member bank may not convert a time deposit to a savings deposit prior to the maturity of the time deposit. Since savings deposits are in effect payable on demand, such action would enable the depositor to withdraw his funds before the maturity of the

## BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Mr. Paul C. Hodge

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time deposit in violation of the regulatory provisions above mentioned.

Contracts covering outstanding time deposits may, of course, be modified to provide for 3 per cent interest, for any period after January 1, 1957, provided that such rate would not be in excess of the maximum rate permitted by the Supplement to Regulation Q in view of the stated maturity or period of notice set forth in the deposit contract.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.

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

Item No. 5  
3/1/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

March 1, 1961



Board of Directors,  
The Hermann Bank,  
Hermann, Missouri.

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 Hermann Bank, Hermann, Missouri, of \$100,000 in bank premises for the purposes of remodeling and enlarging the present banking quarters and for improvements to a lot owned by the bank which is to be used for customer parking.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM    Item No. 6  
WASHINGTON 25. D. C.        3/1/61



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

March 1, 1961

Board of Directors,  
The Citizens State Bank,  
Knox City, Texas.

Gentlemen:

The Federal Reserve Bank of Dallas has forwarded to the Board of Governors your letter dated January 23, 1961, and resolution dated January 12, 1961, signifying your intention to withdraw from membership in the Federal Reserve System and requesting waiver of the six months' notice of such withdrawal.

In accordance with your request, the Board of Governors waives the requirement of six months' notice of withdrawal. Upon surrender to the Federal Reserve Bank of Dallas of the Federal Reserve Bank stock issued to your institution, such stock will be canceled and appropriate refund will be made thereon. Under the provisions of Section 10(c) of the Board's Regulation H, your institution may accomplish termination of its membership at any time within eight months from the date the notice of intention to withdraw from membership was given.

It is requested that the certificate of membership be returned to the Federal Reserve Bank of Dallas.

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. 7  
3/1/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

March 1, 1961



Board of Directors,  
California Bank,  
Los Angeles, California.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of San Francisco, the Board of Governors of the Federal Reserve System approves the establishment of a branch at Los Angeles County Fair Grounds, Pomona, California, by California Bank, to be operated during September and October 1961.

It is understood that the bank wishes to operate an office at this location each succeeding year in which the Los Angeles County Fair is opened to the public. Consequently, the Board of Governors also approves the establishment and operation of a new branch at this location during the period of each succeeding year that the Los Angeles County Fair is opened to the public. This approval for each succeeding year is subject to cancellation by the Board of Governors upon reasonable notice to the bank prior to the beginning of such period of any year.

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. 8  
3/1/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

March 1, 1961

Mr. Delos C. Johns, Chairman,  
Conference of Presidents,  
Federal Reserve Bank of St. Louis,  
St. Louis 66, Missouri.

Dear Mr. Johns:

The Board of Governors approves the recommendation of the Conference of Presidents on December 13, 1960, to include the following retirees under the major medical insurance plan of the Reserve Banks, and the payment by the Reserve Banks of two-thirds of the premium cost, to become effective as soon as necessary arrangements are completed:

- A. Service retired employees
- B. Special service retirees who retired or will retire after attainment of age 60 with 25 years or more of service
- C. Disability retirees who retire on or after the effective date of major medical coverage for active employees

This letter replaces the Board's letter S-1773-a, of December 29, 1960, and provides for the extension of the eligibility period for disability retirees. Under the proposal submitted to the Board by the Presidents' Conference last December 13, disability coverage for retirees was restricted to those who retired on or after the effective date of the retirees' major medical insurance (expected to be March 1, 1961). Subsequently, the insurer, Prudential Insurance Company, agreed to include as eligible all those who retire for disability on or after the varying dates that active employees at the respective Federal Reserve Banks were covered by major medical insurance; (August 1, August 15, or September 1, 1959), and the Board's approval recognizes the inclusion of such employees.

Advice of this action is being sent to the President of each Federal Reserve Bank today.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.



BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

Item No. 9  
3/1/61

Date February 16, 1961

# Office Correspondence

To Board of Governors

Subject: Census Bureau Survey --

From Guy E. Noyes

Farm Landlords' Debts.

In connection with the Census Bureau's 1960 Sample Survey of Agriculture, which is developing data that we requested on farmers' debts, it now appears the Census Bureau will not survey the related debts owed by the landlords of farm operators unless the interested agencies can help to pay for it. Because of the importance of data on these related debts, as indicated below, the Division of Research and Statistics requests authorization to arrange for providing up to \$5,000 toward the costs of a Census Bureau mail survey of debts owed by the landlords of farm operators.

The information on debts of the farm operators themselves has already been collected, and is now being edited and prepared for tabulation.

The question of a supplemental survey of landlords, in order to learn the total amount of debt that was outstanding at the end of 1960 to finance the farms in the census sample, was discussed a number of times in meetings of our staff and the other interested agencies with Mr. Hurley (Chief, Agriculture Division of the Census Bureau). While at no time did Mr. Hurley commit himself on the matter, the group gained the impression that the landlord survey could be accomplished within the Census Bureau budget. However, it now appears that this is not the case.

The farm debts of landlords should be surveyed if this project is to realize its full potential. This will be the first time there has been a comprehensive survey of farm debt and the related farm and debtor

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characteristics associated with these debts. If the farm-related debts of landlords were to be omitted, it would leave a serious gap. No data exist on the size of non-real estate debts of farm landlords, although their real estate secured debts are surveyed from time to time. Apart from learning the distribution and incidence of these landlord debts, which are believed to be a significant part of the total, data on them would be needed in order to draw up figures on total debts reported in this survey so as to make meaningful comparisons with other data on farm debt.

The "Technical Committee" (composed of members of our staff, Agricultural Finance Research Branch of the U. S. Department of Agriculture, and Farm Credit Administration, who worked on plans for this survey) believes that a mail survey of landlords, relying on mail questionnaires but providing for additional mailings to reduce non-response, might involve direct costs of about \$15,000.

It is understood that the Department of Agriculture and the Farm Credit Administration will each provide up to \$5,000 toward the survey of landlords. It is recommended that the Board also provide up to \$5,000, thus completing the amount needed.

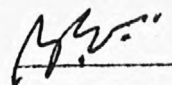
Because we expected the survey to be accomplished by the Census Bureau without any contribution from the Board, we did not make provision for such an amount in the 1961 Research and Statistics Division Budget. The requested authorization of \$5,000, therefore, would likely result in an overexpenditure of up to this amount in the pertinent account, Professional Contractual Services.

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It may also prove desirable, in the interest of getting the questionnaires into the hands of the landlords as soon as possible, to have them printed here in the Board's shop rather than having them wait to be printed by the Census Bureau. It is estimated that this would cost about \$70.

It is possible that further help in the survey of landlord debts might be provided by the agricultural economists of the Federal Reserve Banks, in "following up" cases where landlords do not respond to the mail questionnaire. It is not clear, however, whether the Census Bureau would need help of this kind, and in any case, this should not call for any action of the Board here.

After the Census Bureau has tabulated the data (both on the debts of the operators themselves and on those of the landlords), further analysis of the material will be made by Department of Agriculture and Federal Reserve staffs. To make the best use of this material, we ought to bring in an additional economic analyst who could devote a few months of full-time work, supplementing the work of our own staff members, on this matter. No such person has yet been located. If possible, someone would be obtained from a Federal Reserve Bank, in which case the Board's cost might be limited to subsistence and perhaps traveling expenses; if the person has to be obtained from outside, there would be further costs for his compensation. In view of the uncertainty regarding the kind of person who may prove to be available, and for what period, no authorization for this possible expense is being requested at this time.



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

Item No. 10  
3/1/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

March 1, 1961.



Mr. Carl E. Allen, President,  
Federal Reserve Bank of Chicago,  
Chicago 90, Illinois.

Dear Mr. Allen:

The Board has approved the proposal of the Federal Reserve Bank of Chicago for the pre-emergency storage of currency as set forth in your letter dated January 3, 1961.

The approval constitutes general authorization for the Federal Reserve Bank of Chicago to undertake to make arrangements for the storage of approximately \$100 million with its 16 Cash Agent Banks, an amount equal to one week's current rate of shipments to member banks in the Seventh District. It is understood that if satisfactory arrangements cannot be made with a particular Cash Agent Bank, it may be necessary to increase the amount to be stored with other Cash Agent Banks, but in no event will the amount stored with any one Cash Agent Bank exceed \$20 million.

The currency will be stored in vaults with adequate security ratings and in chests equipped with double combinations and with signal alarms wired from the chests directly to the local police. The alarm system and chests, if not otherwise available, are to be provided by the Reserve Bank. No major alterations or additions to Cash Agent Banks' facilities are contemplated.

Prior to a national emergency and notification from the Chicago Bank authorizing its Cash Agent Banks to perform their emergency functions, the currency will be under the exclusive control of the Chicago Bank and under continuous audit control. The procedures for accomplishing the above purposes are appropriate.

The Chicago Bank is authorized to incur reasonable expenses pursuant to completing arrangements for the pre-emergency storage of currency. It is noted that prior to actual negotiations with the Cash Agent Banks, the estimated one-time cost of supplying and installing suitable chests, and providing signal alarm systems is not

Mr. Carl E. Allen

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expected to exceed \$35,000 and that the estimated annual rentals for vault space, safe deposit boxes, and signal alarm service are not expected to exceed \$15,500. It is hoped that in the negotiation of rental rates for vault space, Agent Banks will not insist on commercial rates but might be persuaded to agree to rates similar to those paid by Treasury to Reserve Banks for bulk storage.

It is requested that the Board be kept informed of progress made with Cash Agent Banks under this general authorization.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.

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

Item No. 11  
3/1/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

March 1, 1961

Board of Directors,  
Genesee Merchants Bank & Trust Co.,  
Flint, Michigan.

Gentlemen:

The Board of Governors of the Federal Reserve System, after consideration of all factors set forth in section 18(c) of the Federal Deposit Insurance Act, hereby consents to the consolidation of Genesee Merchants Bank & Trust Co., Flint, Michigan, and The Vernon State Bank, Vernon, Michigan, as such consolidation is believed to be in the public interest. The Board of Governors also approves the operation of branches by the resulting bank at 101 W. Main Street, Vernon, Michigan, and 136 S. Saginaw Street, Byron, Michigan.

This approval is given provided: (1) the proposed consolidation is effected within six months from the date of this letter and substantially in accordance with the Consolidation Agreement dated December 14, 1960, and (2) shares of stock acquired from dissenting stockholders are disposed of within six months from the date of acquisition.

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. 12  
3/1/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

March 1, 1961



CONFIDENTIAL (FR)

Mr. George H. Ellis, President,  
Federal Reserve Bank of Boston,  
Boston 6, Massachusetts.

Dear Mr. Ellis:

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Boston for the period March 1 through December 31, 1961, at the rates indicated, which are the rates fixed by the Board of Directors as reported in Mr. Erickson's letter of February 21, 1961:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Robert W. Eisenmenger	Industrial Economist and Acting Director of Research	\$12,000
Paul S. Anderson	Financial Economist	11,000

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.