Minutes for March 17, 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
Minutes of the Board of Governors of the Federal Reserve System on Friday, March 17, 1961. 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. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Thomas, Adviser to the Board
Mr. Young, Adviser to the Board
Mr. Shay, Legislative Counsel
Mr. Molony, Assistant to the Board
Mr. Fauver, Assistant to the Board
Mr. Noyes, Director, Division of Research and Statistics
Mr. Holland, Adviser, Division of Research and Statistics
Mr. Koch, Adviser, Division of Research and Statistics
Mr. Yager, Economist, Division of Research and Statistics

Money market review. Mr. Yager reviewed developments in the government securities market, following which Mr. Thomas summarized the bank credit situation.

Messrs. Holland, Koch, and Yager then withdrew and the following entered the room:

Mr. Hackley, General Counsel
Mr. Farrell, Director, Division of Bank Operations
Mr. Solomon, Director, Division of Examinations
Mr. Hexter, Assistant General Counsel
Mr. O'Connell, Assistant General Counsel
Mr. Hooff, Assistant General Counsel
Mr. Brill, Associate Adviser, Division of Research and Statistics
Mr. Hostrup, Assistant Director, Division of Examinations
Mr. Leavitt, Assistant Director, Division of Examinations
Mr. Young, Assistant Counsel

Discount rates. The establishment without change by the Federal Reserve Banks of New York, Philadelphia, Chicago, and San Francisco on March 16, 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.

Application to organize a national bank in South Miami, Florida (Item No. 1). There had been circulated to the Board a memorandum from the Division of Examinations dated February 28, 1961, proposing a favorable recommendation to the Comptroller of the Currency on an application to organize a national bank in South Miami, Florida, provided satisfactory arrangements were made for executive management. When the file was in circulation, Governor Mills attached a note indicating concurrence with the adverse position of the Federal Reserve Bank of Atlanta. Subsequently, the Division of Examinations reviewed the matter, and there had now been distributed to the members of the Board a memorandum dated March 16, 1961, suggesting an unfavorable recommendation, principally on the grounds of unsatisfactory management features and the downward trend in business activity and deposit growth of banks in the area concerned.
After discussion, unanimous approval was given to the proposed letter to the Comptroller of the Currency reflecting the revised recommendation of the Division of Examinations. A copy is attached as Item No. 1.

Applications of Wells Fargo Bank American Trust Company. There had been circulated to the Board a memorandum from the Division of Examinations recommending approval of applications by Wells Fargo Bank American Trust Company, San Francisco, California, to establish four branches.

In discussion, Governor Mills indicated that although he would be inclined to approve these particular branches, he had certain basic questions with regard to the multiplicity of branch bank applications in the State of California. When advised that on Friday, March 10, the Board had requested the staff to undertake a study of branch banking in California and related matters, Governor Mills stated that he concurred in the desirability of making such a study.

Governor Robertson then raised certain questions with respect to the current Wells Fargo applications, particularly the application to establish a branch in Mountain View, Santa Clara County. After discussion, he requested that action on the applications be deferred in order that he might study the file further and make a recommendation to the Board. There being no objection, action on the applications was deferred.

Request for oral presentation in matter of Dauphin Deposit Trust Company (Item No. 2). There had been distributed to the Board copies of
a memorandum from the Division of Examinations dated March 15, 1961, recommending favorable consideration of a request by counsel for Dauphin Deposit Trust Company, Harrisburg, Pennsylvania, to make an oral presentation before the Board regarding the bank's application to merge with Camp Curtin Trust Company, also of Harrisburg, which application was denied by the Board on February 3, 1961.

In discussion, Governor Mills recalled that in a recent bank holding company case the request of the applicant for a formal hearing following publication of an adverse tentative decision by the Board was rejected, the Board having felt that the data available to it was adequate and that no useful purpose would be served by ordering a hearing. In his opinion, the Board's position in discouraging the request for a hearing was correct. On the other hand, in certain cases under the Bank Merger Act the Board had permitted oral presentations. Governor Mills noted that he had dissented from the decision on the Dauphin Deposit application. In principle, however, he had a question about the desirability of establishing a practice whereby the privilege of a hearing would be accorded subsequent to the rendering of a decision by the Board. He pointed out that recourse to the courts was available to the applicant.

In reply, Mr. Hackley suggested that some distinction might be made between a request for a formal hearing before a hearing examiner and a request to make an oral presentation before the Board. In general, however, he felt that a question of Board policy was concerned.
Governor Robertson indicated that he found it rather difficult to take the position that an applicant could not have an opportunity to appear before the Board. While legal recourse was available, as Governor Mills had pointed out, from the standpoint of public relations he felt that it might be desirable for the Board to take the time required to permit an applicant to appear before it and make an oral presentation.

Other members of the Board indicated that their views were similar to those expressed by Governor Robertson. Accordingly, it was agreed to accede to the request of counsel for Dauphin Deposit Trust Company, with the understanding that arrangements would be worked out for an oral presentation on a mutually convenient date. Certain suggestions were made with regard to the type of letter to be sent to counsel for Dauphin Deposit confirming such arrangements, these suggestions reflecting in general the view that procedures in matters of this kind should be kept as informal as possible.

A copy of the letter subsequently transmitted to counsel for the applicant is attached as Item No. 2.

Mr. Young (Adviser to the Board) withdrew at this point.

Report on H.R. 2078 (Item No. 3). There had been distributed to the Board copies of a memorandum dated March 14, 1961, from the Legal Division and the Division of Research and Statistics submitting
a proposed letter to the Bureau of the Budget in response to a request for the Board's views on a bill (H.R. 2078) to establish a Railroad Equipment Administration. In 1957 a request was received from the Senate Committee on Interstate and Foreign Commerce for a report on a similar bill (S. 2906) that had been introduced in the 85th Congress. A draft reply was prepared and submitted to the Bureau of the Budget under date of December 3, 1957, but no report from the Board was supplied to the Committee. The letter now proposed for transmittal to the Budget Bureau was similar to the reply drafted in 1957.

Following comments by Mr. Brill, question was raised whether it would not be sufficient to send a reply consisting essentially of the first two paragraphs and the last paragraph of the proposed letter, and it was agreed that this would constitute a suitable response. Accordingly, unanimous approval was given to a letter to the Budget Bureau in the form attached as Item No. 3.

Messrs. Thomas, Brill, and Young (Assistant Counsel) then withdrew.

Application of BancOhio Corporation. On February 15, 1960, the Board issued a notice of tentative decision to deny the application of BancOhio Corporation, Columbus, Ohio, for prior approval of the acquisition of stock of The Hilliard Bank, Hilliards, Ohio. At the request of the applicant, a hearing was held on the matter, and the Hearing Examiner's report recommended denial of the application. On December 6, 1960, oral
argument was heard before the Board. There had been now distributed to
the Board copies of a memorandum from the Division of Examinations dated
February 2, 1961, analyzing the case in detail and recommending that the
application be denied. A memorandum from the Legal Division dated
February 23, 1961, which also had been distributed, pointed out that
there was substantial relevant evidence both favorable and unfavorable.
The view was expressed that either approval or denial of the application
would constitute permissible exercise of the Board's discretion.

Following comments by Mr. Hackley in summarization of the points
brought out in the memorandum from the Legal Division, the members of the
Board stated their positions and it developed to be the unanimous view
that the application should be denied. Accordingly, the Legal Division
was requested to prepare for the Board's consideration drafts of an order
and an accompanying statement.

Mr. Hostrup then withdrew from the meeting.

Disclosure of information relating to bank mergers (Item No. 4).
There had been distributed to the Board copies of a memorandum from Messrs.
Solomon and Hackley dated March 16, 1961, discussing several questions
that had been presented to the Federal bank supervisory agencies concerning
the requested disclosure of unpublished information regarding certain pro-
Each of these mergers had been made the subject of an antitrust proceeding
by the Department of Justice following approval by the Comptroller of
the Currency.

One of the questions was whether the Board should permit the
Antitrust Division of the Department of Justice to have access to
reports of condition (including the reverse side) of two State member
banks located in Lexington, Kentucky. In a letter dated March 9, 1961,
the Acting Assistant Attorney General had requested that "the reports
of the following banks to your agency" be made available for inspection
and had stated that it was likely that part of the information contained
therein would be included in tables and charts offered in evidence in
the proceeding against First National Bank and Trust Company and Security
Trust Company, both of Lexington. The letter indicated, however, that
the Department would not disclose any such information without prior
notice to the Board.

The memorandum from Messrs. Solomon and Hackley expressed the
view that although the reverse side of the report of condition had
normally been regarded as confidential, it was difficult to give any
sound reason for denying the request of the Justice Department. The
Federal Deposit Insurance Corporation had indicated that it would raise
no objection to inspection of condition reports of the State nonmember
bank in Lexington, and the Office of the Comptroller of the Currency
reportedly was planning to address a letter to the Justice Department
enclosing copies of the condition reports of the three national banks in Lexington, with a statement that the information contained on the reverse side of the report is normally treated as confidential. Interagency staff discussion had resulted in a conclusion that earnings and dividend reports need not be furnished to the Justice Department, it being felt that such reports would not be particularly helpful and that the Justice Department apparently was not interested in them.

In commenting on the matter, Mr. Hackley read a draft of letter to the Justice Department that might be used if the Board should determine that the reports of condition of the State member banks in Lexington should be made available pursuant to the request of the Department.

There followed questions as to why the reverse side of the report of condition was regarded as confidential, and the replies were to the effect that there appeared to be no substantial reason. It was noted that publication of the face of the report was required, but that the lack of such a requirement in respect to the reverse side had automatically resulted in its treatment as unpublished information.

Accordingly, it was agreed unanimously that the request of the Department of Justice should be granted and that an appropriate letter along the lines of the draft read by Mr. Hackley should be sent to the Department, with copies to the Comptroller of the Currency and the Federal Deposit Insurance Corporation for their information. A copy
of the letter sent to the Justice Department pursuant to this action is attached as Item No. 4.

Another question discussed in the memorandum from Messrs. Solomon and Hackley concerned a request made of the Comptroller of the Currency by one of the banks involved in the proposed merger of The Philadelphia National Bank and Girard Trust Corn Exchange Bank that it be furnished a copy of the report and findings on the basis of which the Comptroller's decision to approve the merger application was made. While this question was one to be decided by the Comptroller, nevertheless his decision would have significance for the Board if on some future occasion the Board were to approve a merger and the Justice Department subsequently instituted an antitrust proceeding. It was the opinion of the Board's staff that memoranda submitted to the Board by the Division of Examinations and the Legal Division with respect to bank merger applications and bank holding company cases were part of the Board's consideration process in such cases and should not be disclosed. It had been suggested informally to the Comptroller's Office that in a situation of this kind the Comptroller might want to consider making available only the statement of reasons for which he approved the merger, in the form in which that statement must eventually be published in the Comptroller's Annual Report pursuant to requirements of the bank merger statute. The Department of Justice was understood to be of the opinion that the Comptroller's memorandum constituted a "working paper" which should not be disclosed.
In commenting on this matter, Mr. Hackley said the Board's staff had always felt strongly that intra-office memoranda should not be disclosed, except possibly, in the event of judicial review of a Board decision, if such a memorandum contained facts necessary to demonstrate the reasonableness of the decision. It was felt that a decision by the Comptroller to supply the memorandum in question would constitute an unfortunate precedent. Therefore, the staff would urge that in any future interagency discussions it be authorized to indicate that the Board's view would be adverse to such disclosure.

There followed questions with regard to whether a distinction could be made between the type of memorandum prepared in the Comptroller's Office and the type of memorandum customarily prepared by the Board's staff on cases within the Board's jurisdiction. The reply given by Mr. Hackley was to the effect that it might be difficult to make such a distinction. In his opinion, it would be hard to say that a decision by the Comptroller to furnish the requested memorandum would not constitute a precedent should a similar question arise in the future in connection with memoranda prepared by the Board's staff.

Governor Robertson then suggested that in any future interagency discussions of this question the staff be authorized to state that it was the view of the Board that internal memoranda of this kind should not be made available to outside parties.
In further discussion, Governor Mills pointed out that on some occasions the decision reached by the Board differs from the decision recommended by the staff.

It was then agreed unanimously to authorize the staff in any interagency discussions of this matter to state that it was the Board's view that intra-agency memoranda on bank merger cases should not be made available to outside parties.

A third question discussed in the memorandum from Messrs. Solomon and Hackley related to a letter dated March 7, 1961, which had been addressed to Mr. Solomon by counsel for the banks involved in the proposed Philadelphia merger. This letter requested that there be furnished to such counsel a copy of the report on competitive factors that the Board had sent to the Comptroller of the Currency on this particular case. Also, in a letter dated March 8, 1961, the Acting Assistant Attorney General had requested permission to offer in evidence and to make available to defense counsel copies of the reports from the Board to the Comptroller on the proposed Philadelphia merger and the proposed merger in Lexington, Kentucky.

The memorandum, which presented arguments for and against complying with such requests, stated that it was understood that the Comptroller probably would not object to release of the reports rendered to him by the Board and the Federal Deposit Insurance Corporation if those
agencies were agreeable to such release. The General Counsel of the Federal Deposit Insurance Corporation had suggested, as a possible compromise, that such reports be made available only for inspection by the court and counsel for the banks concerned, and not for use in evidence except, perhaps, as part of the "sealed" record. The recommendation of Messrs. Solomon and Hackley was that in the absence of clear and convincing reasons to the contrary the Board's report on competitive factors in the Philadelphia case be furnished to counsel for the merging banks. Similarly, it was recommended that the Justice Department be advised that the Board would not object to the introduction of such reports in evidence in both the Philadelphia and Lexington cases or to such reports being made available to defense counsel. However, Mr. Solomon felt that if agreeable to Justice, counsel for the banks, and the court, it might be preferable to follow the compromise approach suggested by the General Counsel for the Federal Deposit Insurance Corporation.

In discussion, Mr. Hackley summarized the arguments that might be made for and against complying with the requests relating to the reports in question, following which Mr. Solomon discussed the compromise suggestion of the Federal Deposit Insurance Corporation.

Governor Mills expressed the view that the Department of Justice, in the light of its responsibilities under the statutes, would be entitled
to use the reports on competitive factors in the manner requested. If so, it also appeared to him that it would be only equitable to make the reports available to the banks against whom antitrust proceedings had been instituted. He felt that it would be inadvisable to give any indication that there was an effort to shroud such a document in secrecy.

Governor King suggested that even if the compromise procedure were agreeable to the Department of Justice on this particular occasion, on some other occasion the Department and the other parties concerned might not agree to such a procedure. In such event, the Board might have to alter a position that it had already taken.

After further discussion, Governor Robertson commented that he favored full disclosure whenever that was in the public interest. However, he did not think that in this instance a policy of full disclosure would be in the public interest. In his view, the only objective in using the reports would be to attempt to create a conflict between agencies of the Government. The purpose of the bank merger statute was to require that the other supervisory agencies and the Department of Justice give their advice on the competitive aspects of a merger application to the agency having jurisdiction. In turn, the agency having jurisdiction was to consider that advice and then make its own decision in the light of all of the factors required to be considered
by the statute. If the agency should make a decision that was contested by the Justice Department, then the question was solely one of putting the facts in evidence. The Department of Justice, Governor Robertson felt, was entitled to make use of the competitive reports in order to obtain leads to information, but the Department should not put the matter before the court in terms of saying that a certain position represented the majority view. The facts suitable for use in evidence were available to anyone who wanted to get them; ordinarily, the information available to the Board in preparing its reports on competitive aspects was no different from that available to the other bank supervisory agencies, and presumably such information also had been considered by the Justice Department in preparing its own report on competitive factors. In the circumstances, he saw nothing to be gained by authorizing the use of these advisory reports in a legal proceeding. As he had said, the only apparent purpose of such use would be to create friction between the agencies by making it appear as though the majority view was on one side or the other and the agency with jurisdiction had made the wrong decision. Consequently, he would not favor making the reports on competitive aspects available to defendants in an antitrust proceeding or permitting the Department of Justice to offer them in evidence in such a proceeding.
Chairman Martin suggested that the problem appeared essentially to be one of public opinion and that in terms of public opinion it might be easier to throw the agencies against each other if the reports were withheld than in the event of full disclosure.

Governor Balderston commented that the Department of Justice already had copies of the Board's reports available to it and that equity would seem to dictate making the reports also available to counsel for the banks against whom the Justice Department had instituted antitrust proceedings. In further comments, he discussed the public relations aspects of the matter and expressed the view that assumptions by outside parties regarding the content of the Board's reports could create misunderstandings concerning the position that the Board had taken.

Governor Robertson replied that this argument went more to the question of making the reports available to the general public. However, a public relations problem would be created for the agency having jurisdiction in a particular merger if it were known publicly that the merger had been approved following receipt of adverse reports on competitive factors from the other supervisory agencies and from the Justice Department. Also, he could not follow the argument of equity as between counsel for the merging banks and the Department of Justice. In any case in which
the Department of Justice institutes a proceeding, it is customary for the Department to obtain leads from various sources. Furthermore, the Department could subpoena the records of the merging banks and get essentially the same information that would be available in the reports on competitive factors. An effect of permitting the Justice Department to offer the reports in evidence would be to reduce the amount of work of the Department, but it is the responsibility of the Department to make its case and to bring forward all of the facts on which the court decision is to be based.

In the course of further discussion, Governor Mills commented that no general line of reasoning had as yet emerged in the whole area of tendency toward monopoly in the field of banking. Personally, he said, he would not be displeased if this subject were aired in these cases, so that the supervisory agencies might have the benefit of the judgment of the courts.

Chairman Martin commented that this was a subject that could be debated at length without reaching a position. He then inquired whether the Board felt the matter had been discussed sufficiently to reach a decision.

Governor Robertson suggested that such a point may have been reached unless the Board felt that it would be desirable to arrange a
meeting with the Comptroller of the Currency and the Chairman of the Federal Deposit Insurance Corporation before reaching a decision. Such a meeting might help to assure that all of the three agencies would proceed along similar lines.

After discussion of this point, Chairman Martin said that personally he was prepared to decide the matter in favor of acceding to the current requests for use of the Board's competitive reports, and Governor Mills stated that he also was prepared to reach such a decision. He suggested, however, that the Comptroller of the Currency and the Federal Deposit Insurance Corporation be advised informally so that if they had any strenuous objection the Board could consider whether it would be advisable to hear their arguments.

It was agreed to proceed in the manner suggested by Governor Mills, with the understanding that in the absence of strong objection on the part of the Comptroller of the Currency on the Federal Deposit Insurance Corporation, the Board would accede to the requests from the Department of Justice and counsel for the Philadelphia banks relating to use of the reports on competitive factors. Governor Robertson opposed acceding to those requests for the reasons he had stated.

Report on competitive factors (Pittsburgh-Coraopolis, Pennsylvania). There had been distributed to the Board copies of a draft of report to the Comptroller of the Currency on the competitive factors involved in the
Proposed merger of Coraopolis Trust Company and Coraopolis National Bank, both of Coraopolis, Pennsylvania, into and with The Union National Bank of Pittsburgh, Pittsburgh, Pennsylvania. The conclusion in the report read as follows:

The proposed merger would eliminate very little, if any, competition as virtually none now exists. Competition in the Coraopolis-Sewickley area should be stimulated by entry of Union National into Coraopolis.

There being no objection, the report was approved unanimously for transmittal to the Comptroller.

The meeting then adjourned.

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

Memorandum from the Office of the Controller dated March 16, 1961, regarding financial arrangements in connection with George F. Rudy's one-year assignment to the Board's Legal Division, and recommending reimbursement to Mr. Rudy for hotel expenses and meals for himself and family from the date of his return to Dallas, Texas, until his home is available for occupancy, this payment to be in addition to those covered in the original arrangements, which contemplated reimbursement to him for the cost of moving his household goods and personal effects back to Dallas, transportation expenses for himself and family (10¢ per mile for use of his automobile), and actual additional necessary travel expenses.

Memoranda from appropriate individuals concerned recommending the following items relating to the Board's staff:

Appointment

George R. Morrison as Economist in the Division of Research and Statistics, with basic annual salary at the rate of $9,475, effective the date of entrance upon duty.
3/17/61

Salary increase

Bricen Barnes, Bindery Helper and Operator (Mimeograph), Division of Administrative Services, from $4,784 to $5,034 per annum, effective March 19, 1961.

Acceptance of resignation

Mary Jane Heiss, Administrative Assistant, Office of the Secretary, effective at the close of business March 15, 1961.

[Signature]

Secretary
March 17, 1961

Comptroller of the Currency,
Treasury Department,
Washington 25, D. C.

Attention Mr. W. M. Taylor,
Deputy Comptroller of the Currency.

Dear Mr. Comptroller:

Reference is made to a letter received from your office dated September 26, 1960, enclosing copies of an application to organize a national bank at South Miami, Florida, and requesting a recommendation as to whether or not the application should be approved.

The report of investigation of the application made by an examiner for the Federal Reserve Bank of Atlanta indicates that the organizers have agreed to provide a minimum capital structure for the bank of $1,350,000 instead of $1,225,000 shown in the application. This capital structure appears to be adequate. However, there is some question concerning the future earnings prospects of the bank, and the proposal management of the bank appears unsatisfactory. While the proposed bank would appear to provide convenient facilities for a number of persons and business establishments in the area, existing banks are providing adequate services to the general public, and, in view of the recent downward trend in business activity and deposit growth of banks in the area, it does not appear that the future prospects of the proposed bank could be regarded as entirely favorable at this time. Accordingly, the Board of Governors does not feel justified in recommending approval of this application.

The Board's Division of Examinations will be glad to discuss any aspects of this case with representatives of your office if you so desire.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.
Morgan, Lewis & Bockius,
Counselors at Law,
2107 Fidelity-Philadelphia Trust Building,
Philadelphia 9, Pennsylvania.

Gentlemen:

Your letter of March 3, 1961, requested that the Board reconsider its disapproval of the proposed merger of Dauphin Deposit Trust Company, Harrisburg, Pennsylvania, and Camp Curtin Trust Company, Harrisburg, Pennsylvania, and asked for an opportunity to make an oral presentation before the Board. The Board of Governors has decided to provide an opportunity for an oral presentation before the Board at 10:00 a.m. on Thursday, April 13, 1961, in the Board's offices, Constitution Avenue and 20th Street, N. W., Washington 25, D. C.

The Board action contemplates that the presentation be completed within one hour. There will be a stenographic transcript of the proceeding, copies of which will be made available for purchase by you.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.
Mr. Phillip S. Hughes,
Assistant Director for
Legislative Reference,
Bureau of the Budget,
Washington 25, D. C.

Dear Mr. Hughes:

March 17, 1961

This is in response to your request of February 20, 1961, for comments of the Board on the bill H.R. 2078, which would establish a Railroad Equipment Administration within the Department of Commerce for the purpose of purchasing railroad equipment to be leased to railroads for specified periods of time and then retired to a stockpile for use in national emergencies. To finance the purchases, the Administration would be authorized to borrow from the Treasury as a working fund an amount not to exceed $500 million, and, in addition, could issue its obligations to the public in an amount outstanding at any one time not more than four times the amount of the working fund and surplus.

The bill H.R. 2078 appears to be identical with legislation introduced in the Senate in 1957 as S. 2906. In commenting on the earlier bill, the Board indicated that deficiencies inherent in the legislation were such that its enactment would not be in the public interest. The passage of time has not changed circumstances in such a way as to remove these deficiencies, and the Board continues of the view that the problems besetting the railroad industry are not likely to be resolved through enactment of legislation such as H.R. 2078.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.
March 17, 1961

Honorable W. Wallace Kirkpatrick,
Acting Assistant Attorney General,
Antitrust Division,
U.S. Department of Justice,
Washington 25, D. C.

Dear Mr. Kirkpatrick:

The Board has considered your letter of March 9, 1961, addressed to Chairman Martin, in which you state that it would be appreciated if reports made to the Board by certain named banks in Lexington, Kentucky, could be made available for inspection by members of your staff in connection with the pending case, U. S. v. First National Bank and Trust Company of Lexington and Security Trust Company.

In response to your request, there are enclosed photostatic copies of the most recent reports of condition made to the Board by Bank of Commerce and by Security Trust Company, both of Lexington, Kentucky. Of the other four banks named in your letter, three are national banks and one is a nonmember insured State bank; these banks do not make reports of condition to the Board.

It should be mentioned that, while the face of the enclosed reports of condition is published material, the reverse side is not published information. It is noted from your letter that it is likely that part of the information contained in these reports will be included in tables and charts offered in evidence, but that you will not disclose any such information without prior notice to the Board.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

Enclosures