

Minutes for March 23, 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	<u>(M)</u>
Gov. Szymczak	<u>[Signature]</u>
Gov. Mills	<u>[Signature]</u>
Gov. Robertson	<u>[Signature]</u>
Gov. Balderston	<u>CCB</u>
Gov. Shepardson	<u>[Signature]</u>
Gov. King	<u>[Signature]</u>

Minutes of the Board of Governors of the Federal Reserve System
on Thursday, March 23, 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. Young, Adviser to the Board
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. Solomon, Director, Division of Examinations
Mr. Johnson, Director, Division of Personnel
Administration
Mr. Connell, Controller
Mr. Hexter, Assistant General Counsel
Mr. O'Connell, Assistant General Counsel
Mr. Rudy, Special Assistant, Legal Division
Mr. Furth, Adviser, Division of International
Finance
Mr. Hostrup, Assistant Director, Division of
Examinations
Mr. Goodman, Assistant Director, Division of
Examinations
Mr. Leavitt, Assistant Director, Division of
Examinations
Mr. Landry, Assistant to the Secretary
Mr. Young, Assistant Counsel
Miss Hart, Assistant Counsel

Item distributed to the Board. The following item, which had
been distributed to the Board and a copy of which is attached to these
minutes as Item No. 1, was approved unanimously:

3/23/61

-2-

Letter to Bank of America, New York City, granting consent to it and to Banca d'America e d'Italia to take certain steps in connection with the organization of United Overseas Bank and United Overseas Corporation, Geneva, Switzerland.

Messrs. Thomas, Adviser to the Board, and Wood, Senior Economist, Division of Research and Statistics, entered the meeting at this point, and Messrs. Furth and Goodman withdrew.

Report on proposed Housing and Community Development Act of 1961 (Item No. 2). Distribution had been made of a draft of report to the Bureau of the Budget on the proposed Housing and Community Development Act of 1961.

In discussing the draft, Mr. Noyes noted that the Treasury intended to include in its report on the proposed bill a comment on a provision that the Treasury regarded as significant, having to do with payment of claims against the Federal Housing Administration in cash in most cases rather than by use of debentures. A draft of comment that might be included in the Board's report on the bill was distributed.

With further reference to the draft bill, Mr. Noyes noted that almost all of the various programs mentioned therein had been the subject of critical reports by the Board at times in the past. He assumed, however, that the Board would not want to submit a report containing detailed comment on a large number of the specific provisions of the bill. As to the general scope of the proposed legislation, it might be said that it called for enlarging the scope and liberalizing the terms

3/23/61

-3-

of financing of a large number of existing programs of Governmental assistance in the housing field.

The suggestion was made that it might be appropriate for the Board's report on the bill to conclude with a general observation along the lines of the comment by Mr. Noyes, with a statement to the effect that the Board questioned the desirability of moving in that direction, and there was general agreement with this suggestion. Several other suggestions for changes in the draft also were agreed upon, and it was understood that there would be included in the report some comment of the kind proposed with regard to the point that had been discussed by the staff with the Treasury.

It was then agreed unanimously that the draft report would be amended to the extent indicated at this meeting, and that the report would be transmitted to the Budget Bureau in a form reflecting such changes. A copy of the letter sent pursuant to this action is attached as Item No. 2.

Messrs. Wood and Young (Assistant Counsel) then withdrew from the meeting.

Application by Northwest Bancorporation re The First National Bank of Pipestone (Items 3 and 4). There had been distributed under date of February 14, 1961, two memoranda from the Division of Examinations regarding objections of applicant to the Board's tentative decision of September 15, 1960, to deny the application by Northwest Bancorporation,

3/23/61

-4-

Minneapolis, Minnesota, to acquire shares of The First National Bank of Pipestone, Pipestone, Minnesota. One memorandum summarized the Division's opinions with respect to such objections, as follows:

1. In view of the additional information submitted and the redesignation of the secondary fringe area, the service area of the banks in Luverne, Minnesota, does not overlap the secondary fringe area of The First National Bank of Pipestone, and any such implications should be omitted from the Board's final statement.
2. Savings and loan associations are not, for purposes of the Bank Holding Company Act, institutions in the "banking field".
3. The Board in its tentative decision did not impliedly assume that there was no competition between bank holding companies.
4. Northwest's other objection ("that the ownership of a competing bank or banks in the area to be served, whether the ownership be by another bank holding company or independently owned, is immaterial") would appear to involve primarily a legal matter.

In general it was the view of the Division that the additional information submitted by the applicant should not affect the Board's conclusion reflected in the tentative statement.

The other memorandum of the Division of Examinations reviewed the history of the case to date and discussed in some detail the objections of applicant to the Board's tentative statement. Reference was also made in the memorandum to the fact that one other objection was received with respect to the Board's tentative decision; namely, a letter dated October 25, 1960, from Mr. Howard R. Alton, Jr., of

3/23/61

-5-

Pipestone, Minnesota, stating that the banking needs of the company with which he was affiliated, as well as other businesses of size in the area, would be better served if The First National Bank of Pipestone were a part of the Northwest group.

In a memorandum from the Legal Division dated February 21, 1961, which also had been distributed to the Board, the view was expressed that the affidavits and arguments submitted by Northwest Bancorporation presented no material facts or arguments not previously considered by the Board. Accordingly, it was recommended that the Board issue an order disapproving the application. A draft of such an order was submitted with the memorandum, along with a draft of accompanying statement. In preparing the proposed statement, the Board's tentative statement had been revised to incorporate such changes as seemed necessary or desirable in view of the additional information and arguments filed by the applicant.

At the request of the Board, Mr. Solomon reviewed briefly the history of the case. With respect to the objections raised by the applicant following the issuance of the tentative decision, he said that in summary it was the view of the Division of Examinations that the information presented by the applicant did not substantially alter the facts that were before the Board when it originally considered the application.

Mr. Hostrup then commented in somewhat more detail on certain of the objections that had been raised by the applicant. With respect

3/23/61

-6-

to the definition of the secondary service area of the Pipestone bank, he felt that a good case had been made by the applicant that there was in fact no significant competition between the bank proposed to be acquired and the applicant's subsidiary bank in Luverne. With respect to the inference that apparently had been drawn by the applicant from the tentative statement to the effect that in the Board's view subsidiary banks of First Bank Stock Corporation do not compete vigorously with those of Northwest Bancorporation, he commented that the point in the tentative statement actually had to do with the adverse effect of the proposed acquisition on the competitive position of the small independent banks in the area concerned. Thus, a substantial part of the presentation of Northwest tended only to belabor its erroneous interpretation of the language of the tentative statement. With regard to the letter received from a Pipestone resident objecting to the tentative decision, Mr. Hostrup expressed the view that it added little to the consideration of the case.

Mr. Rudy commented from a legal standpoint on the arguments made by Northwest following issuance of the tentative decision. The first argument, he noted, constituted an effort to persuade the Board to reconsider its previous position that in a case of this kind the competition afforded by savings and loan associations should not be taken into account. From a legal standpoint, he felt that nothing had been raised by Northwest in this regard that would encourage the staff

3/23/61

-7-

to suggest that the Board change its position. Therefore, the staff would not recommend that competition from savings and loan associations be taken into account in reviewing the competitive situation in the banking field in cases under the Bank Holding Company Act. As to the second main point, relating to competition between holding company banks, Mr. Rudy noted that Northwest had supplied considerable material and had caused a survey to be made. In preparing the draft of final statement, the staff had added language recognizing the existence of competition between holding company banks but pointing out that the Bank Holding Company Act was not limited to the preservation of competition between holding company systems. A third principal point urged by Northwest was that the existence of another large holding company in the area was not pertinent to consideration of the proposed expansion of Northwest's system of banks, and on this point the proposed statement of the Board would include a comment to the effect that in considering any application it was believed necessary to look at the over-all situation.

Mr. Rudy also noted that Northwest had requested that a hearing be held if the Board decided to turn down the application. However, the staff did not feel that Northwest had made a case for the holding of a hearing.

Mr. Hackley expressed the view that the most important argument made by Northwest was that under the law the Board was not entitled, in considering the application of one holding company, to take into

3/23/61

-8-

account the existence of another holding company in the same area. This was a debatable question and went to the heart of the case. In the draft of statement, the staff had attempted to indicate that in certain circumstances, such as those involved in this case, the existence of another holding company in the area in considerable strength was a consideration relevant to the competitive effect of the expansion of the applicant holding company. However, this did not mean that in cases where there was another holding company in existence in the area concerned, there would be a conclusive presumption against the applicant company.

Governor Mills said he believed that the position taken by the Board in its tentative decision was correct and that the additional information submitted by the applicant had not been of such character as to justify changing the tentative decision. Therefore, he felt that the application should be denied. He agreed with the recommendation of the staff that the request for a hearing not be granted.

Governors Robertson and Shepardson indicated that they agreed with the position expressed by Governor Mills.

Governor King recalled that when the matter was originally before the Board he had expressed the view that the application should be approved. He had felt that there was a real question about taking an action that would deprive a community of the considerable improvement in banking facilities, physical and otherwise, that would be afforded in Pipestone if Northwest acquired the local independent bank. In a

3/23/61

-9-

small town, particularly, he thought that such facilities could be used to advantage, and he did not like to see the community lose them. Obviously, in his thinking he had put considerable weight on the factor of needs and convenience of the community involved. To arrive at the position that the application should be denied, it would seem necessary to proceed more on the basis that the banking services available in the community were in reasonable balance at the present time due to the existence of one holding company subsidiary bank and one independent bank. However, he could not fully accept the idea that the two holding companies would not compete with each other as effectively as an independent bank and a holding company subsidiary bank. Possibly this was true, but he considered it a debatable point. Nevertheless, after considering all of the aspects of the case as they had now been presented to the Board, he had decided to vote to deny the application despite the favorable considerations that he had mentioned.

Governor Szymczak indicated that he would vote for denial.

In response to a request from Governor Balderston for further comment on the contention of Northwest that the existence of a second holding company in the area concerned should not be considered, Mr. Hackley said that this point had troubled the staff of the Legal Division and that he would hesitate to predict whether the courts would sustain the Board's position. If this case should go to court, he felt Northwest could make a rather convincing argument that the Board was

3/23/61

-10-

entitled to consider only the competitive effects of the proposed acquisition. On the other hand, he thought sound arguments could be made, as indicated by the draft of statement, that in some cases, particularly where the applicant proposed to take over the largest bank in an area where another holding company also was operating and where there were a number of small independent banks in existence, the proposed acquisition might have a potentially adverse effect on competition. It seemed likely to him that the courts would decide that this was a matter of judgment and that the Board would be sustained.

After further discussion, Governor Balderston and Chairman Martin stated that they would vote to deny the application.

Unanimous approval was then given to issuance of an Order and accompanying Statement denying the application of Northwest Bancorporation, Minneapolis, Minnesota, to acquire shares of The First National Bank of Pipestone, Pipestone, Minnesota. Copies of the Order and Statement are attached hereto as Items 3 and 4.

Permanent assignment of hearing examiner (Item No. 5). There had been distributed under dates of March 8 and March 22, 1961, respectively, memoranda from the Legal Division and from the Division of Personnel Administration-Office of the Controller concerning the question of assigning a hearing examiner permanently to the Board's staff.

3/23/61

-11-

The Legal Division's memorandum, which bore as attachments drafts of (1) a letter to the Civil Service Commission and (2) a description of a proposed hearing examiner position at the Board, noted that pursuant to the Board's direction (on March 25, 1959) the question had been studied of the advisability, need, and justification for the Board's requesting the Civil Service Commission to undertake a position survey looking to the possibility of the Board's appointment on a permanent basis of one or more hearing examiners certified as eligible by the Commission. The study was based upon a review of the Board's hearing workload between June 1956 and present date, inquiry as to the presence of hearing examiners on the staffs of other agencies, and the manner in which the various agencies carry such hearing examiners within their organizations. Discussion of this subject had been held with the staff of the Civil Service Commission, and an estimate had been made of the Board's requirements for hearing examiner services in the future.

With respect to the review of the Board's hearing workload, the memorandum pointed out that since 1956 the Board had utilized the services of seven hearing examiners who had conducted 20 hearings. The Board had expended for reimbursement of hearing examiner salaries approximately \$58,000 between June 1956 and December 31, 1960. Regarding the practices of other regulatory or quasi-regulatory bodies within the Federal government with respect to the permanent assignment of hearing examiners, the memorandum noted that 21 such agencies had permanently

3/23/61

-12-

assigned to their organizations hearing examiners designated and classified by the Civil Service Commission. A practice prevalent in certain of the agencies was that of assigning to staff hearing examiners, pursuant to section 11 of the Administrative Procedure Act, duties other than those related to hearings and "not inconsistent with their duties and responsibilities as examiners." In this connection, the acting director of a unit of the Department of Justice which was concerned with effecting improvements in administrative procedures within the executive departments and agencies of the government had stated that there was no question in his mind as to the propriety of an agency such as the Board assigning to any hearing examiner on its staff work other than that directly related to hearings which was not inconsistent with the hearing examiner's duties. The view had been expressed by this party that it was preferable for an agency to have hearing examiners assigned to it, even though such examiners might not be fully occupied on hearing duties, rather than to borrow examiners from other agencies. The work product of examiners inexperienced in the activities of a particular agency had been found to be generally inferior to that of examiners with permanent assignments.

The Legal Division's memorandum also referred to a meeting held by Mr. O'Connell with representatives of the Civil Service Commission, on which occasion Mr. O'Connell presented a summary statement of the Board's hearing workload since June 1956, identified the approximate total number of hours of examiner's time required in several cases

3/23/61

-13-

previously considered, described the nature of the Board's regulatory functions involving possible administrative proceedings, and identified the type of recommended decision usually rendered by hearing examiners detailed to the Board. It was the unanimous opinion of those present at the conference that in the event one or more hearing examiners were appointed by the Board there should be established a "division", "office", or "section" of hearing examiners, this division, office, or section to operate independently of the General Counsel and the Legal Division and to be responsible directly to the Board of Governors, with the mode of contact with the Board following that established for other divisions or offices of the Board. A representative of the Commission had said he did not anticipate any problem in effecting the transfer from another agency of a specified examiner provided (1) his salary level coincided with that set by the Commission for the vacancy to be filled, and (2) prior consent to the transfer was obtained from the agency in which the examiner was currently serving. The conference concluded with the understanding that any action in this matter would originate at the Board and that the Commission would act promptly on any request made by the Board for a job analysis.

With respect to the question of the future need for hearing examiners' services at the Board, the memorandum of the Legal Division stated that there was some validity in the presumption that the bulk of determinations under section 4(c)(6) of the Bank Holding Company Act

3/23/61

-14-

had already been made in view of the approach of the statutory terminal date of May 9, 1961, beyond which the Board may not extend the time within which holding companies may retain nonbanking interests. However, it seemed reasonable to assume that some requests for determinations under this section of the Bank Holding Company Act would arise subsequent to May 1961. It was also noted that there was no evidence that the number of applications filed under section 3 of the Act would be fewer on the average than in the period 1956-1960.

At the request of the Chairman, Mr. Hackley commented on the memorandum of the Legal Division, noting in his remarks that the Board's determination of this matter might have to turn on the necessities of the situation. This conclusion stemmed from the impression gained both from the respective agencies from which examiners had been borrowed and from the Civil Service Commission that they would not look favorably upon an arrangement whereby the Board would continue indefinitely to borrow hearing examiners for its hearing assignments. In his comments Mr. Hackley also referred to the Legal Division's recognition that certain administrative problems would be involved in the appointment of a hearing examiner to the Board's staff. However, it was the Division's view that in the long run the permanent employment of a hearing examiner by the Board could expedite both the holding of hearings and the rendering of reports, and therefore might be more economical than the present arrangement. Mr. Hackley concluded his comments with the

3/23/61

-15-

remark that the Legal Division did not wish to be understood as advocating the permanent assignment of a hearing examiner. Its survey, and conclusions drawn therefrom, resulted from the Board's suggestion that the matter be studied.

Mr. O'Connell then reviewed in some detail the results of the Legal Division's investigation into the matter, his comments being based essentially on the memorandum that had been distributed. In the course of his remarks, he also referred to some extent to the aspects of the problem that had been pointed up in the memorandum from the Personnel Division and the Office of the Controller. Mr. O'Connell concluded with the statement that although no position was being urged by the Legal Division, he felt that in all the circumstances the Board might be well advised to consider at least requesting the Civil Service Commission to make a survey of the situation.

There followed questions by members of the Board, to which Mr. O'Connell responded, regarding the procedures that would be envisaged if the Board decided to take action along the lines that had been suggested.

Mr. Johnson then commented on the material presented in the joint memorandum from the Personnel Division and the Controller's Office, indicating that the intent had been essentially to highlight the administrative problems involved in connection with the permanent appointment of a hearing examiner to the Board's staff. Mr. Connell also commented briefly to the same effect.

3/23/61

-16-

The members of the Board then expressed their views, beginning with Governor Mills, who said it seemed to him that as a matter of practical necessity the Board probably should retain its own hearing examiner under present conditions. As to the future, he had some doubt. However, he felt that the Board had benefited from having had the services of a number of hearing examiners who had had no other connection with the Board's work. In a sense, this had resulted in the Board and its staff being exposed to differing judgments. Conversely, he would anticipate that a hearing examiner permanently appointed to the Board's staff might develop certain philosophies that would reflect a line of reasoning followed by the Board in reaching decisions. That might color the examiner's judgment and deprive the Board of the independent outlook that should be expected of a hearing examiner.

Governor Robertson said it was his present view that over the longer run the Board probably would be faced with exactly the problem outlined by the Legal Division. However, as he saw it, the Board had no need for two hearing examiners, and if it employed one such examiner there might still be occasions where the need for borrowing the services of an examiner would arise. On the other hand, it appeared that the Board would have much less than a full-time need for the services of even one hearing examiner as far as the conduct of hearings was concerned. In the circumstances, although the Board might be forced in the longer run to appoint a hearing examiner to its staff, his present inclination

3/23/61

-17-

would be to hold off as long as possible and attempt to continue to borrow hearing examiners as needed as long as that course was available. For hearings not required by statute, he suggested utilizing the services of hearing officers to the extent possible.

Governor Shepardson said he thought the administrative problems that had been brought out by the staff were rather serious. He also felt that there was something to the point that had been mentioned regarding the likelihood that a permanent hearing examiner sooner or later would come to share some of the philosophy of the Board. In a way this might be considered desirable, but to the extent that it narrowed the hearing examiner's approach the quality of objectivity would be diminished. In any event, however, it appeared to be the feeling of the Legal Division that the Board was about at the end of the line as far as the borrowing of hearing examiners was concerned. If so, the question was whether the Board should wait until it was forced to take some action or whether the Board should take the initiative. On balance, although he would prefer to continue the procedure that the Board had been following, he was inclined to feel that the point was so close at hand when a decision would be necessary that it would be preferable to take the initiative and ask the Civil Service Commission to conduct a survey. If the Commission should find that the Board had need for an examiner on its staff, apparently there would be no other course to follow. If the Commission found otherwise,

3/23/61

-18-

that would presumably mean that the Board could continue to borrow examiners without encountering the resistance currently reported.

Governor King said that basically his position was the same as that expressed by Governor Robertson. Also, he thought that, as Governor Mills had suggested, perhaps there was much to be said for having different hearing examiners in different cases. As to the reported resistance to the continued borrowing of examiners, he was not certain whether that was actually more than casual comment. Accordingly, his preference would be to continue to borrow from other agencies as long as possible. In this connection, he was somewhat concerned from the standpoint that in the past the hearings ordered by the Board would not have required the services of an examiner on a full-time basis. Aside from the fact that apparently there might be periods when a hearing examiner would have little to do, the Board under such circumstances might be more disposed to order hearings.

Governor Szymczak stated that he agreed with the position expressed by Governors Mills and Shepardson, and that he would favor requesting a survey by the Civil Service Commission.

In reply to one of several questions raised by Governor Balderston, Mr. Hackley commented that the hearings ordered by the Board are principally fact-finding in nature and that the principal function of the hearing examiner is to conduct the hearing. While the hearing examiner makes a recommended decision, that recommendation is

3/23/61

-19-

not binding upon the Board. In such circumstances, while there was admittedly a great deal to be said for getting a fresh approach by borrowing different examiners, there would also be an advantage in having available a hearing examiner who would have sufficient familiarity with banking to be able to conduct a hearing without extensive advance preparation.

Governor Balderston then expressed the view that it might work to the advantage of the Board in resolving the matter if the Board were to take the initiative rather than wait until its hand was forced. Accordingly, he agreed with the position that it would be advisable, on balance, to request the Civil Service Commission to make a survey of the situation.

Chairman Martin concurred in this point of view. Granting the administrative difficulties involved, he felt that the Board might just as well face up to the problems and see what could be done. Accordingly, he would favor asking the Civil Service Commission to make a survey.

On the basis of the views that had been expressed, it was then decided to request the Civil Service Commission to make a survey of the need for the appointment of a hearing examiner to the Board's staff, Governors Robertson and King dissenting from this decision for the reasons they had stated.

In this connection Governor Robertson suggested that the wording of the proposed letter to the Civil Service Commission be amended

3/23/61

-20-

so as not to convey the impression that the Board had formed an opinion that a hearing examiner was needed. There was agreement with this suggestion, and it was understood that appropriate changes would be made in the letter for this purpose, along with certain technical changes that might be deemed advisable.

A copy of the letter sent to the Civil Service Commission pursuant to the foregoing action is attached as Item No. 5.

Messrs. Thomas and Young (Adviser to the Board) withdrew from the meeting during the foregoing discussion and Messrs. Noyes, Johnson, Connell, Rudy, and Hostrup withdrew at its conclusion.

Report on competitive factors (Allentown and Egypt, Pennsylvania).

Distribution had been made under date of March 20, 1961, of a draft of report to the Comptroller of the Currency on the competitive factors involved in a proposed consolidation of Egypt Schnecksville Bank, Egypt, Pennsylvania, and The Merchants National Bank of Allentown, Allentown, Pennsylvania.

Following discussion, the report was approved unanimously for transmission to the Comptroller of the Currency in a form containing the following conclusion:

Egypt Schnecksville Bank, which would be absorbed by the substantially larger Merchants National Bank in this proposed transaction, has demonstrated its capability as an able small competitor. While competition is at present not great between the two institutions it could be expected to become rather keen in the area in which Egypt Schnecksville has recently received permission to establish a branch, since Merchants National objected to the branch and acknowledged the likelihood of loss

3/23/61

-21-

of important business to Egypt Schnecksville as a competitor. The strong competitive capability of Egypt Schnecksville, which has been successfully met by other small banks in the area, would suggest that the injection of the larger absorbing bank into the existing and proposed offices of Egypt Schnecksville probably would not have a substantial adverse effect on those smaller banks. However, the proposed transaction would eliminate a small bank that would soon provide increased competition for the larger absorbing bank.

The meeting then adjourned.

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

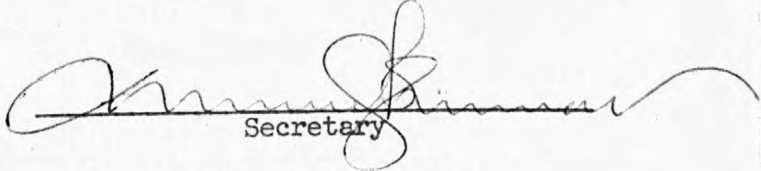
Memoranda from appropriate individuals concerned recommending the appointment of the following persons to the Board's staff, effective the dates of entrance upon duty:

Stephen G. Fuerth as Legal Assistant in the Legal Division, with basic annual salary at the rate of \$6,435.

Daisy E. O'Connor as Charwoman in the Division of Administrative Services, with basic annual salary at the rate of \$3,185.

Letters to the Federal Reserve Bank of Boston (attached Items 6 and 7) approving the appointment of J. Lewis Taylor and Lucien S. Thalheimer, Jr., as assistant examiners.

Letters to the Federal Reserve Bank of Richmond (attached Items 8 and 9) approving the designation of John W. Grubbs, Jr., and Richard H. Jones as special assistant examiners.


Secretary

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

Item No. 1
3/23/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 23, 1961

Bank of America,
41 Broad Street,
New York 15, New York.

Gentlemen:

Reference is made to the Board's letter of February 16, 1961, granting consent to:

- (1) Bank of America to contribute one-third of organizational capital expense of United Overseas Bank ("UOB"), Geneva, Switzerland, and to receive capital shares of corresponding value, amounting to Swiss Francs 166,666 (approximately US\$38,750 equivalent);
- (2) Banca d'America e d'Italia ("BAI"), Milan, Italy, to purchase 10 percent of outstanding shares each of --
Banque Africaine Internationale, Brussels, Belgium;
Societe Congolaise de Banque, Leopoldville, Republic of the Congo; and
Banque du Ruanda-Urundi, Usumbura, Ruanda-Urundi for approximately US\$135,000; and
- (3) Bank of America and BAI to exchange shares of stock of the three banks for shares of UOB after its organization, and to hold such shares.

Your letter of March 16, 1961, states that the Swiss Federal Banking Commission will not allow a banking corporation to act also as a holding company as there has been no precedent in Switzerland for such an arrangement. It is understood that the Swiss banking authorities have suggested that a separate holding company and a separate bank be established to accomplish your original purpose.

It is also understood that the proposed holding company will be named United Overseas Corporation ("UOC"), that it will be located in Geneva, Switzerland, and that the directors will be the same as the directors of UOB. It is further understood that the capital of UOC will be Swiss Francs 500,000, and that the sole function of UOC will be to hold the stock of the four banks above named.

Bank of America, New York -2-

On the basis of the information furnished in your letters of March 16 and March 20, 1961, and the above understandings, the Board of Governors grants its consent to

- (1) Bank of America to contribute one-third of organizational capital expense of UOB and to receive capital shares of corresponding value, amounting to Swiss Francs 166,666 (approximately US\$38,750 equivalent);
- (2) BAI to purchase 10 percent of outstanding shares each of --
Banque Africaine Internationale, Brussels, Belgium;
Societe Congolaise de Banque, Leopoldville,
Republic of the Congo; and
Banque du Ruanda-Urundi, Usumbura, Ruanda-Urundi
for approximately US\$135,000; and
- (3) Bank of America and BAI to exchange shares of stock of the four banks named for shares of UOC after its organization and to hold such shares.

The Board's consent is granted upon condition that Bank of America and BAI shall dispose of their holdings of stock of UOB and UOC, as promptly as practicable, in the event that UOB or UOC should at any time (1) engage in issuing, underwriting, selling or distributing securities in the United States; (2) engage in the general business of buying or selling goods, wares, merchandise, or commodities in the United States or transact any business in the United States except such as is incidental to their international or foreign business; or (3) conduct their operations in a manner which, in the judgment of the Board of Governors of the Federal Reserve System, is inconsistent with Section 25(a) of the Federal Reserve Act or regulations thereunder.

Upon completion of the organization of UOB and UOC, it will be appreciated if you will furnish the Board of Governors (1) copies of the articles of association and by-laws, (2) balance sheets, and (3) lists of officers and directors. Please advise the Board of Governors, through the Federal Reserve Bank of New York, when UOB and UOC are established and opened for business.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

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

Item No. 2
3/23/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 23, 1961

Mr. W. H. Rommel,
Deputy Assistant Director
for Legislative Reference,
Bureau of the Budget,
Executive Office of the President,
Washington 25, D. C.

Dear Mr. Rommel:

This is in reply to your request for a report on a draft of the proposed "Housing and Community Development Act of 1961."

Concerning Title I which would amend FHA's operations to make 40 year loans on low-priced houses generally available for an experimental period, and make available low-interest loans financed by the Federal National Mortgage Association for "middle-income" housing, the Board has little to add to what it has said on earlier occasions about the desirability of keeping real estate financing in touch with market conditions. In the case of an insured mortgage, the difference between a 40-year maturity and a 30-year maturity, from the point of view of the soundness of an investor's portfolio, is probably small. The longer maturity mortgages would probably be subject to somewhat wider price fluctuation in the secondary market, however. At the same time, no evidence has been offered that the effect on consumer's willingness to undertake house purchases will be large or of long duration. In view of the relatively small reduction in monthly payments resulting from such a change, and the substantial increase in interest cost over the life of the mortgage, there is real question as to whether many prospective purchasers would find the longer term attractive.

Similarly, a decision of the Federal Government to subsidize an additional \$500 million worth of housing for a specified portion of the population would be no departure from post-war policies. The Board doubts, however, that the financing technique proposed will increase the long-run likelihood that private financing will be induced to enter this field.

The Board regards Title II as a worth-while recognition of the fact that the existing supply of housing must, even in reasonably long periods, furnish the vast bulk of housing accommodations. The proposed

Mr. W. H. Rommel

-2-

program would appear to be well worth a trial to see whether market emphasis cannot be shifted from new, suburban building to conservation of existing structures and neighborhoods. It is questionable, however, whether the loans to finance this program should be eligible for purchase under the FNMA special assistance program.

As noted above, the Board questions whether authorization of additional funds for the FNMA Special Assistance functions, as proposed in section 403, is any longer the appropriate way to handle financing of real estate operations that the Federal Government decides to undertake. At the time FNMA was rechartered, the special assistance device was thought of as an opportunity to demonstrate to private investors that certain untried financing techniques were workable. Very few such obligations, once acquired by FNMA, have been sold and it is recognized in this legislation that the obligations generated would be held to maturity by FNMA. The question raised here is whether it would not be cleaner fiscal administration to handle special assistance financing through the appropriation mechanism rather than by increasing further the authority of FNMA to draw directly on the Treasury.

Somewhat similar considerations are relevant to section 402, which would authorize the Secretary of the Treasury to purchase an additional \$35 million of preferred stock in FNMA in order that the Association's borrowing power under its Secondary Market Operation might be increased. If FNMA is to operate as a secondary market, it must be able to roll its portfolio over. If it is to be hindered in turning over its portfolio, these operations ought also to be financed through the budget.

A third aspect of the financial arrangements proposed that ought to be given very serious thought is the manner of paying insurance claims. Except in the case of the home improvement program under Title I of the National Housing Act, payment of claims against FHA has traditionally been in debentures. The proposed bill would pay claims under most of the new programs in cash. The Board recognizes that cash payments would simplify the operating problems of the insuring agency and make the affected loans more attractive to lenders. It would, however, remove the very important advantage of the use of debentures, namely, that the investor assumes some of the risk which would result from his bad judgment. Furthermore, the difference between insured and guaranteed mortgages and direct Government obligations, already slender, would be further reduced, thus complicating the difficult tasks that confront debt management.

Concerning Titles V - VII, the Board raises no question about the desirability of the ends sought. It suggests, however, that the role of the Federal Government in the achievement of these ends be reexamined. Most of the activities covered in these titles were initiated on the assumption that some modest assistance by the Federal Government in the

Mr. W. H. Rommel

-3-

first instance would help to demonstrate the economic soundness of the programs and that private financing or local sponsorship would be forthcoming as a result. To extend and expand these programs from year to year constitutes a change in this basic philosophy, and in the long-run, tends to pre-empt these as areas of Federal responsibility.

The approach involved in these Titles would vastly increase Federal responsibility in these areas. The Board is concerned about the increasing domination by the Federal Government of the housing industry and real estate development generally, and feels that it is important at this juncture to assess the full range of real estate, housing, and community development problems now facing the American people, to budget solution of these problems over time, and to explore alternative ways of defraying the costs. Piecemeal amendment of relatively new statutes seems likely to produce unsatisfactory results.

The Board is disturbed that the general direction of legislation in these fields appears to be steadily to enlarge the scope of existing programs and successively adopt new liberalization of financing terms with little thought for the problems these pose for stable growth.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary

Item No. 3
3/23/61

UNITED STATES OF AMERICA

BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

WASHINGTON, D. C.

 In the Matter of the Application of :
 NORTHWEST BANCORPORATION :
 for prior approval of acquisition of :
 voting shares of The First National :
 Bank of Pipestone, Pipestone, :
 Minnesota :

ORDER DENYING APPLICATION
 UNDER BANK HOLDING COMPANY ACT

There having come before the Board of Governors pursuant to section 3(a)(2) of the Bank Holding Company Act of 1956 (12 USC 1842) and section 4(a)(2) of the Board's Regulation Y (12 CFR 222.4(a)(2)), an application on behalf of Northwest Bancorporation for the Board's prior approval of the acquisition of 80 per cent or more of the 1,500 outstanding voting shares of The First National Bank of Pipestone, Pipestone, Minnesota; a Notice of Tentative Decision referring to a Tentative Statement on said application having been published in the Federal Register on September 22, 1960 (25 Federal Register 9129); the said Notice having provided interested persons an opportunity, before issuance of the Board's final order, to file objections or comments upon the

-2-

facts stated and the reasons indicated in the Tentative Statement; and the time for filing such objections and comments having expired and all objections and comments, including those filed by the Applicant, having been carefully considered;

IT IS HEREBY ORDERED, for the reasons set forth in the Board's Statement of this date, that the said application be and hereby is denied.

Dated at Washington, D. C., this 23rd day of March 1961.

By order of the Board of Governors.

Voting for this action: Chairman Martin, and
Governors Balderston, Szymczak, Mills, Robertson,
Shepardson, and King.

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

(SEAL)

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Item No. 4
3/23/61

APPLICATION BY NORTHWEST BANCORPORATION, MINNEAPOLIS, MINNESOTA,
FOR PRIOR APPROVAL OF ACQUISITION OF VOTING SHARES OF
THE FIRST NATIONAL BANK OF PIPESTONE, PIPESTONE, MINNESOTA

STATEMENT

Northwest Bancorporation, Minneapolis, Minnesota ("Northwest"), a bank holding company, has applied,* pursuant to section 3(a)(2) of the Bank Holding Company Act of 1956 ("the Act"), for the Board's prior approval of acquisition of 80 per cent or more of the 1,500 outstanding voting shares of The First National Bank of Pipestone, Pipestone, Minnesota ("Bank").

Views and recommendations of the Comptroller of the Currency. - As required by section 3(b) of the Act, the Board gave notice to the Comptroller of the Currency of the receipt of this application. The Comptroller recommended that the application be approved.

Statutory factors. - Section 3(c) of the Act requires the Board to take into consideration the following five factors:
(1) the financial history and condition of the holding company and

* This application was filed prior to July 1, 1960, the effective date of the amendment to section 4(e) of the Board's Regulation Y providing for the publication of notice of receipt of applications pursuant to section 3 of the Act in lieu of the issuance of tentative decisions and tentative statements by the Board.

-2-

bank concerned; (2) their prospects; (3) the character of their management; (4) the convenience, needs, and welfare of the communities and area concerned; and (5) whether or not the effect of the acquisition would be to expand the size or extent of the bank holding company system involved beyond limits consistent with adequate and sound banking, the public interest, and the preservation of competition in the field of banking.

The first four factors - The town of Pipestone, with a population of about 5,700, is located in southwestern Minnesota in a well-diversified farming area. There are two banks in Pipestone, The First National Bank of Pipestone, the subject of this application, with deposits of about \$7.5 million, and the Pipestone National Bank, with deposits of about \$3.2 million. The latter bank is a subsidiary of First Bank Stock Corporation, which also is a bank holding company.

With respect to the first three statutory factors, it appears that, as to both Northwest and Bank, their financial history and condition are satisfactory, their prospects are good, and their managements are competent. In connection with their prospects and managements, the Board has considered (1) that the two senior officers of Bank, because of their age, are contemplating retirement or a less active role in Bank's management; and (2) that the largest single stockholder of Bank, who may eventually become the majority stockholder, is a nonresident who is not engaged in the

-3-

banking business, and that this fact might affect the continuance of Bank in its present status. However, these facts, in the Board's opinion, are not sufficient to impair the future prospects of Bank or to suggest that it will not continue to be competently managed.

With respect to the effect of the proposed acquisition upon the convenience, needs, and welfare of the area concerned, it appears that Bank has consistently been a leading bank in the area and has adequately met its customers' banking needs. Northwest has indicated that it is committed to the construction of a more modern bank building and to other physical improvements if its acquisition of Bank is approved; and it is recognized that Northwest's acquisition of control might result in some expansion of Bank's services and facilities. However, these facts do not, in the Board's judgment, provide strong ground in themselves for approval of the application, since Bank already is adequately contributing toward fulfilling the needs of its community for banking services.

The fifth factor. - As in nearly all cases arising under the Bank Holding Company Act, the most difficult determination relates to whether the particular acquisition would expand the holding company's system "beyond limits consistent with adequate and sound banking, the public interest, and the preservation of competition in the field of banking." This is a determination that cannot be made in accordance with any formula but must be based upon consideration of all the relevant facts in each case. In this case, the most relevant facts are the following.

-4-

Northwest controls 77 banks in Minnesota, Iowa, Montana, Nebraska, North Dakota, South Dakota, and Wisconsin. Within Minnesota, Northwest controls 47 banks with aggregate deposits of over \$1 billion. These banks account for 7.2 per cent of total commercial banking offices in the State and about 26 per cent of total deposits of commercial banks.

In appraising the effect of the proposed acquisition upon banking competition, the Board has taken into consideration Northwest's representations as to the areas in which Bank's business originates. As indicated by a map submitted with the application, Bank's "primary area", from which it obtains about 73.2 per cent of its deposits of individuals, partnerships, and corporations ("IPC deposits"), comprises the town of Pipestone and an area within a radius of 7 miles from Pipestone; and Bank's "secondary area", from which it obtains the remainder of such deposits, consists of the area beyond the primary area but within a radius of somewhat less than 25 miles from Pipestone. However, additional information subsequently submitted by Northwest asserted that the Pipestone County - Rock County line, which runs east-to-west through the town of Jasper, is a natural southern boundary of Bank's secondary area even though it has a few customers beyond that line. On this basis, Bank's secondary area would consist of the area beyond the primary area but within a radius of somewhat less than 25 miles from Pipestone to the west, north and east and approximately 12 miles to the south.

-5-

Northwest does not presently control any bank in Bank's primary and secondary service areas. Northwest's nearest banking subsidiary is the Rock County Bank in the town of Luverne (population about 4,200), approximately 25 miles south of Pipestone and 13 miles beyond the southern limit of Bank's secondary area as above described. A survey of customers of Bank and of the Rock County Bank, submitted by Northwest, indicates that there is practically no overlapping of the service areas of the two banks and that competition between them is negligible.

It is necessary, however, in the light of the fifth statutory factor, to consider not only the extent to which Northwest's acquisition of Bank would immediately lessen competition but also how it may affect the future competitive position and growth of other banks in the areas involved.

If Bank were to be acquired by Northwest, the holding company would control one of the two banks in Pipestone and approximately 72 per cent of the IPC deposits held by those banks. Within the primary and secondary areas of Bank, as previously described, there are 11 banks - 9 in Minnesota and 2 in South Dakota. Bank is the largest of these banks. Its acquisition by Northwest would cause Northwest to control approximately 35 per cent of the aggregate IPC deposits held by the 9 Minnesota banks in those areas and nearly 28 per cent of such deposits held by all 11 of the banks in those areas.

In this connection, Northwest has urged that, in determining the proportion of deposits that would be controlled by it if the acquisition were approved, consideration should be given to the deposits held by a large savings and loan association in Pipestone. However, for the reasons stated by the Board in its Statement regarding the application by First Bank Stock Corporation to acquire stock of Eastern Heights State Bank (1960 BULLETIN 486, 492), it is the Board's opinion that, for purposes of the Bank Holding Company Act, "competition in the field of banking" does not encompass whatever competition may be afforded by savings and loan associations.

The full effect of the proposed acquisition upon the public interest and preservation of competition cannot, in the Board's opinion, be fairly determined without taking into account the fact that the other bank in Pipestone is a subsidiary of First Bank Stock Corporation, a bank holding company which controls 86 banks in 5 States, 49 of which, with aggregate deposits of about \$1,202,550,000, are in Minnesota.

As indicated in the Board's Statement (1959 BULLETIN 134) regarding the application of Firstamerica Corporation to acquire stock of California Bank, the Board does not regard the Holding Company Act as meaning that the mere size or extent of an applicant holding company's system should itself be regarded as an adverse consideration. Furthermore, the existence of a

-7-

subsidiary bank of another holding company in the area in which an applicant holding company proposes to acquire a bank does not, of course, compel an adverse decision. The law requires the Board to consider whether a particular acquisition would expand the size or extent of "the bank holding company system involved" beyond limits consistent with the public interest and preservation of competition. However, the strength of another holding company in the area concerned may, in circumstances like those in the present case, be directly relevant to the question whether the proposed particular acquisition by the applicant holding company would expand its system in a manner that would adversely affect potential banking competition in that area.

The Board has recognized the adverse effect upon the public interest and preservation of competition that may follow from control of a large proportion of the banking resources of a community by relatively large bank holding companies. When Northwest sought to acquire a proposed new bank in Rochester, Minnesota, the Board noted that two of the three existing banks in Rochester were subsidiaries of Northwest and First Bank Stock Corporation, and that, if Northwest should establish a fourth bank in Rochester, three of the four banks would be subsidiaries of these holding companies, and Northwest, controlling two of those four, "presumably would be in a strong position to increase its relative proportion of the banking business of the community."

(1958 BULLETIN 11)

In the present case, the two holding companies would control not only all of the deposits of banks in the town of Pipestone but also over 38 per cent of the aggregate IPC deposits of all banks in Bank's primary and secondary areas. This fact assumes greater significance because the bank proposed to be acquired by Northwest is the largest bank in these areas. Although the town of Luverne is 13 miles beyond the limits of Bank's secondary area, it is also significant that of the two banks in Luverne one is a subsidiary of Northwest and the other is a subsidiary of First Bank Stock Corporation. Moreover, as indicative of the strength of the two holding companies in the general area, it may be noted that, while there are 40 Minnesota banks within a radius of 50 miles of Pipestone, only 14 of these have deposits of more than \$3 million. Of these larger banks, the two holding companies now control 9 and, if the proposed acquisition were consummated, they would control 10 of the 14 larger banks in the general area.

It is recognized that there would remain within Bank's primary and secondary areas a number of alternative sources of banking services, including banks not controlled by a holding company. However, all of these banks are smaller than the bank proposed to be acquired by Northwest. In these circumstances, it is the Board's judgment that Northwest's acquisition of the largest bank in the areas involved would have an adverse effect upon the general competitive situation.

-9-

What has been said here should not be construed, as applicant appears to construe it, as meaning that banks controlled by one holding company do not actively compete with banks controlled by another holding company operating in the same area. To the extent that such competition between banks in different holding company groups exists and may be intensified, this is not, of course, inconsistent with the preservation of banking competition as contemplated by the Act. But the fifth statutory factor is not limited to the preservation of competition between holding company banks; it requires the Board to consider the whole field of banking competition, including the possible adverse effect of the expansion of bank holding company groups upon the competitive position of the banks in the area concerned that are not controlled by holding companies.

Nor should any statements here made be construed as suggesting that the expansion of a bank holding company in an area in which another holding company operates would be regarded by the Board in all cases as having an equally adverse effect upon banking competition. As previously indicated, the Board's decision must depend upon all the facts of each case. Thus, in an earlier case involving Northwest (1959 BULLETIN 147), the Board approved an application to acquire a bank in Eveleth, Minnesota, despite the fact that it caused Northwest and First Bank Stock Corporation to control three of the five banks in the vicinity, since that adverse circumstance, in the Board's opinion, was outweighed by considerations

favorable to the proposed acquisition. By contrast, in the present case it appears to the Board that the benefits that may result from the proposed acquisition are not sufficient to offset its adverse effect upon the public interest and preservation of competition.

Conclusion. - It was the Board's tentative decision, notice of which was duly published in the Federal Register on September 22, 1960 (25 FR 9129) that approval of the proposed acquisition would not be consistent with the public interest or the purposes of the Bank Holding Company Act and that the application should be denied. As contemplated by that notice, affidavits and arguments were submitted by Northwest and other comments were submitted. All such affidavits, arguments and comments have been carefully considered by the Board and, to the extent necessary, consideration thereof has been reflected in this Statement.

Viewing the relevant facts in the light of the general purposes of the Act and the factors enumerated in section 3(c), it is the judgment of the Board that the proposed acquisition would not be consistent with the statutory objectives and the public interest and that the application should be denied.

March 23, 1961.

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

Item No. 5
3/23/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 30, 1961



United States Civil Service Commission,
Bureau of Inspection and Classification Audits,
Washington 25, D. C.

Attention Mr. David Wolman

Gentlemen:

The Board of Governors has under consideration the question of establishing within the Board's offices a hearing examiner's position, in order to make available to the Board on a permanent basis the services of a person qualified to perform hearing examiner duties consonant with the requirements of the Administrative Procedure Act, and other duties not inconsistent with his duties and responsibilities as an examiner.

On the basis of the Board's experience in the past several years, it appears that the major portion of hearings to be conducted will arise under provisions of the Bank Holding Company Act of 1956, in particular sections 3(a) (12 USC 1842) and 4(c)(6) (12 USC 1843). An additional source of statutory hearings is subsection 9 of section 9 of the Federal Reserve Act (12 USC 327). The substance of the pertinent statutory provisions and information as to the nature and conduct of hearings thereunder is set forth in the enclosed Position Description.

The Board's action in considering the need for the permanent assignment to its staff of a hearing examiner stems, in part, from the fact that since June of 1956 the Board has had occasion to utilize the services of 7 hearing examiners borrowed from other agencies for the purpose of conducting a total of 20 hearings involving nearly 60 separate determinations.

While it is difficult to estimate accurately the number or type of hearings that the Board either will be required or shall determine to conduct, there is no reason to expect that there will be a lessening in the number of applications for the Board's prior

United States Civil Service Commission -2-

approval pursuant to section 3(a) of the Bank Holding Company Act, although it is possible that there may be a lessening in the number of requests for determinations pursuant to section 4(c)(6) of that Act. No accurate estimate can be made as to the number of administrative hearings, if any, that may be required incident to the Board's continuing supervisory responsibilities under the Federal Reserve Act. However, it is the judgment of the Board that the general hearing workload that has necessitated the borrowing of hearing examiners in the past will likely continue.

For the foregoing reasons, it is requested that the Civil Service Commission initiate appropriate action towards a determination as to the need for assigning to the Board's staff a hearing examiner qualified in the manner set forth in section 11 of the Administrative Procedure Act.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

Enclosure

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

Item No. 6
3/23/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 24, 1961

Mr. B. F. Groot, Vice President,
Federal Reserve Bank of Boston,
Boston 6, Massachusetts.

Dear Mr. Groot:

In accordance with the request contained in your letter of March 10, 1961, the Board approves the appointment of J. Lewis Taylor as an assistant examiner for the Federal Reserve Bank of Boston. Please advise us of the effective date of the appointment.

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
3/23/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 24, 1961



Mr. B. F. Groot, Vice President,
Federal Reserve Bank of Boston,
Boston 6, Massachusetts.

Dear Mr. Groot:

In accordance with the request contained in your letter of March 8, 1961, the Board approves the appointment of Lucien S. Thalheimer, Jr. as an assistant examiner for the Federal Reserve Bank of Boston. Please advise us of the effective date of the appointment.

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
3/23/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 24, 1961



Mr. John L. Nosker, Vice President,
Federal Reserve Bank of Richmond,
Richmond 13, Virginia.

Dear Mr. Nosker:

In accordance with the request contained in your letter of March 16, 1961, the Board approves the designation of John W. Grubbs, Jr. as a special assistant examiner for the Federal Reserve Bank of Richmond for the purpose of participating in examinations of State member banks only.

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. 9
3/23/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 24, 1961

Mr. John C. Horigan,
Chief Examiner,
Federal Reserve Bank of Richmond,
Richmond 13, Virginia.

Dear Mr. Horigan:

In accordance with the request contained in your letter of March 17, 1961, the Board approves the designation of Richard H. Jones as a special assistant examiner for the Federal Reserve Bank of Richmond for the purpose of participating in examinations of State member banks only. The authorization heretofore given your Bank to designate Mr. Jones as a special assistant examiner is hereby canceled.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.