

Minutes for April 3, 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

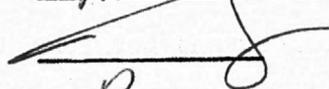
Gov. Balderston

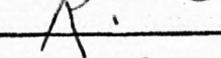
Gov. Shepardson

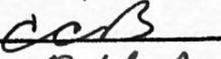
Gov. King

  
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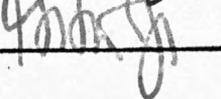
  
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Minutes of the Board of Governors of the Federal Reserve System  
on Monday, April 3, 1961. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Balderston, Vice Chairman  
Mr. Szymczak  
Mr. Mills  
Mr. Robertson  
Mr. Shepardson  
Mr. King

Mr. Sherman, Secretary  
Mr. Kenyon, Assistant Secretary  
Mr. Fauver, Assistant to the Board  
Mr. Farrell, Director, Division of Bank  
Operations  
Mr. Solomon, Director, Division of  
Examinations  
Mr. Hexter, Assistant General Counsel  
Mr. Smith, Assistant Director, Division  
of Examinations  
Mr. Leavitt, Assistant Director, Division  
of Examinations  
Mrs. Semia, Technical Assistant, Office of  
the Secretary

Application of Bank of Waynesboro (Item No. 1). At its meeting  
on February 13, 1961, the Board discussed the membership application of  
Bank of Waynesboro, Waynesboro, Georgia. The consensus was that the  
bank should not be admitted to membership at that time because it had  
not complied fully with a corrective program imposed by the Federal  
Deposit Insurance Corporation which included the replacement of President  
Tucker as executive officer of the bank, Mr. Tucker to become Chairman  
of the Board and to be inactive in management. Mr. Tucker, it was  
reported, was not willing to relinquish control of the bank's  
operations. The tenor of the Board's thinking was conveyed to Mr.

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Denmark, Vice President of the Federal Reserve Bank of Atlanta, with the thought that he might suggest that the application be withdrawn. Mr. Denmark asked that the matter be held open to permit him to talk with Mr. Tucker, and in a letter dated February 22, 1961, he transmitted to the Board Mr. Tucker's request that the application be held in abeyance until he (Mr. Tucker) could explore the possibility of reconciling his differences with the Federal Deposit Insurance Corporation. In response, the Board agreed to hold the application in abeyance for a reasonable period of time.

In a memorandum from the Division of Examinations dated March 27, 1961, which had been distributed, the history of the correction program imposed upon Bank of Waynesboro by the Federal Deposit Insurance Corporation was reviewed. The memorandum indicated that on March 8, 1961, the Corporation had informed the Federal Reserve Bank of Atlanta that it was understood that as of October 31, 1960, the program of corrections had been completed with the exception of the replacement of Mr. Tucker. The Corporation noted that in a letter dated March 6, 1961, the State Superintendent of Banks, Mr. W. D. Trippe, expressed the view that the condition of Bank of Waynesboro had improved. In the light of that letter "and the recently reported satisfactory condition of the bank, and in connection with the consideration of the bank for Federal Reserve membership", the Corporation indicated that it was agreeable

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to foregoing compliance with the requested changes in management. The Division memorandum also indicated that Mr. Trippe had informed the Atlanta Reserve Bank that he felt that in the future Mr. Tucker would operate the bank in a reasonably satisfactory manner, and that in his opinion it would be in the best interest of the bank for the officers and management of the bank to remain as they were. In the circumstances, the Division of Examinations now recommended approval of the application, and a draft of letter to Bank of Waynesboro had been distributed.

Governor Mills expressed the thought that admission of the bank to membership would mean taking under the wing of the System an indifferent bank. In his view there was no assurance that the bank would be operated with a more positive attitude toward the public interest in the future. He indicated, however, that he was not firmly of the view that the application should be denied.

Governor Robertson agreed that some difficulties might arise. However, he would be inclined to approve the application in view of the fact that the Federal Deposit Insurance Corporation had withdrawn its requirement that Mr. Tucker relinquish the active management and had advised of compliance by the bank with all other parts of the correction program. Also, there was the opinion expressed by the State Bank Supervisor to the effect that the bank would be operated reasonably well.

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In further discussion, other members of the Board concurred in the view expressed by Governor Robertson, and the application was then approved unanimously. A copy of the letter sent to Bank of Waynesboro approving its application is attached as Item No. 1.

Mr. Leavitt and Mrs. Semia withdrew from the meeting at this point.

Report of examination--Federal Reserve Bank of Boston. Mr. Smith commented on the examination of the Federal Reserve Bank of Boston made as of December 2, 1960, the report on which had completed circulation to the members of the Board. On the basis of his comments, it was agreed that there were no matters disclosed by the examination that required action on the part of the Board.

All members of the staff then withdrew and the Board went into executive session.

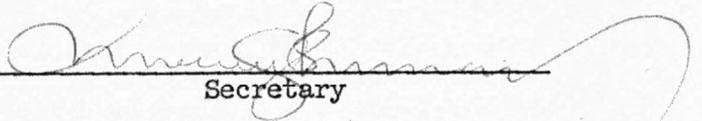
Appointment of visiting research professor. The Secretary was informed later by Governor Shepardson that during the executive session the Board approved a memorandum dated March 29, 1961, from Mr. Noyes, Director, Division of Research and Statistics, recommending the temporary appointment of a visiting research professor. The memorandum indicated that if this proposal was approved, Mr. Noyes planned to recommend the appointment of David C. Townsend, Associate Professor of Finance at the University of Texas, the appointment to run for a period

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of approximately 15 months commencing in June 1961. The memorandum also indicated that the Division would propose payment to Professor Townsend at the same rate as his current academic salary, on an annual basis, and that this would fall in Grade FR-15.

The meeting then adjourned.

  
Secretary

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

Item No. 1  
4/3/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

April 3, 1961



Board of Directors,  
Bank of Waynesboro,  
Waynesboro, Georgia.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the application of Bank of Waynesboro, Waynesboro, Georgia, for stock in the Federal Reserve Bank of Atlanta, subject to the numbered conditions hereinafter set forth:

1. Such bank at all times shall conduct its business and exercise its powers with due regard to the safety of its depositors, and, except with the permission of the Board of Governors of the Federal Reserve System, such bank shall not cause or permit any change to be made in the general character of its business or in the scope of the corporate powers exercised by it at the time of admission to membership.
2. The net capital and surplus funds of such bank shall be adequate in relation to the character and condition of its assets and to its deposit liabilities and other corporate responsibilities.

In connection with the foregoing conditions of membership, particular attention is called to the provisions of the Board's Regulation H regarding membership of State banking institutions in the Federal Reserve System, with especial reference to Section 7 thereof. A copy of the regulation is enclosed.

If at any time a change in or amendment to the bank's charter is made, the bank should advise the Federal Reserve Bank, furnishing copies of any documents involved, in order that it may be determined whether such change affects in any way the bank's status as a member of the Federal Reserve System.

Bank of Waynesboro

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Acceptance of the conditions of membership contained in this letter should be evidenced by a resolution adopted by the Board of Directors and spread upon its minutes, and a certified copy of such resolution should be filed with the Federal Reserve Bank. Arrangements will thereupon be made to accept payment for an appropriate amount of Federal Reserve Bank stock, to accept the deposit of the required reserve balance, and to issue the appropriate amount of Federal Reserve Bank stock to the bank.

The time within which admission to membership in the Federal Reserve System in the manner described may be accomplished is limited to 30 days from the date of this letter, unless the bank applies to the Board and obtains an extension of time. When the Board is advised that all of the requirements have been complied with and that the appropriate amount of Federal Reserve Bank stock has been issued to the bank, the Board will forward to the bank a formal certificate of membership in the Federal Reserve System.

The Board of Governors sincerely hopes that you will find membership in the System beneficial and your relations with the Reserve Bank pleasant. The officers of the Federal Reserve Bank will be glad to assist you in establishing your relationships with the Federal Reserve System and at any time to discuss with representatives of your bank means for making the services of the System most useful to you.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.

Enclosure