Minutes for April 24, 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 Monday, April 24, 1961. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Balderston, Vice Chairman
        Mr. Mills
        Mr. Robertson
        Mr. Shepardson
        Mr. King
        Mr. Sherman, Secretary
        Mr. Kenyon, Assistant Secretary
        Mr. Fauver, Assistant to the Board
        Mr. Hackley, General Counsel
        Mr. Farrell, Director, Division of Bank Operations
        Mr. Solomon, Director, Division of Examinations
        Mr. Hooff, Assistant General Counsel
        Mr. Hostrup, Assistant Director, Division of Examinations
        Mr. Leavitt, Assistant Director, Division of Examinations
        Mr. Landry, Assistant to the Secretary

Discount rates. The establishment without change by the Federal Reserve Banks of New York, Philadelphia, Kansas City, and San Francisco on April 20, 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.

Report on competitive factors (Circleville, Ohio). There had been distributed a memorandum from the Division of Examinations dated April 17, 1961, submitting a draft of report to the Comptroller of the Currency on the competitive factors involved in a proposed consolidation of The First National Bank of Circleville and The Third National Bank of Circleville, both of Circleville, Ohio. The conclusion of the report read as follows:
The proposed consolidation of The First National Bank of Circleville, Circleville, Ohio, and The Third National Bank of Circleville, Circleville, Ohio, would eliminate competition as the two banks offer virtually identical services in the same trade area. Although the resulting bank would be significantly larger than the two remaining Circleville banks, both are effective competitors and there is little evidence that the proposed consolidation would have a significantly adverse effect on them.

In commenting on the report, Mr. Solomon suggested a possible rewording of the conclusion so as to make reference to the proposed consolidation as relieving an apparently overbanked condition in the Circleville area. This possible revision had been drafted by the Division after its attention was drawn by Governor Shepardson to the fact that a reference to overbanking of the community appeared in the body of the report but not in the conclusion.

In a discussion of this point, Governor Mills indicated that he favored the conclusion of the report as it stood. His inclination would have been to lean, if anything, somewhat more strongly on the adverse side in view of the fact that the consolidation would unite the two largest banks in the community to form an institution significantly larger than either of the remaining two banks.

Governors Balderston, Robertson, and King expressed agreement with the conclusion in the form submitted. Some doubt was indicated as to whether the community could be regarded as overbanked, and the suggestion was made by Governor Robertson that the reference to that point be eliminated from the report.
Governor Shepardson said he was inclined to feel that the Circleville area might be overbanked. If this was so, reference should be made in the conclusion of the report. However, if the Board was not inclined to change the conclusion, he agreed that there should be removed from the body of the report any reference to an opinion that the area was overbanked.

The report was then approved for transmission to the Comptroller of the Currency, with the understanding that the reference to overbanking would be stricken.

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


Request by Representative Multer (Item No. 2). Distribution had been made of a memorandum from the Division of Examinations dated April 20, 1961, regarding a request by Representative Multer of New York for data on bank holding companies and their subsidiary banks, all of which could be furnished without raising a question of unpublished information except data as to "the capitalization of (each) holding company." The Division of Examinations had interpreted "capitalization" to mean the total amount of all capital accounts of the holding company. For many of the registered bank holding companies, particularly the
larger ones, information as to capital structure was made public in balance sheets included in annual reports to shareholders or in investment manuals. While there were several smaller companies with respect to which the Division had no knowledge as to similar publication, it was felt that there should be no objection to furnishing the information in question to a member of the Congress. Accordingly, the Division recommended that Representative Multer be furnished data as to the total capital structure of each of the bank holding companies as shown in their annual reports to the Board.

There being no objection, the recommendation of the Division of Examinations was approved unanimously. A copy of the letter subsequently transmitted to Representative Multer in reply to his request is attached as Item No. 2.

The meeting then adjourned.

Secretary's Note: Pursuant to the recommendation contained in a memorandum from the Secretary of the Board, Governor Shepardson today approved on behalf of the Board the transfer of George L. Spencer, Jr., from the position of Secretary to Governor Szymczak to the position of General Assistant in the Office of the Secretary, with no change in his basic annual salary at the rate of $8,080, effective upon assuming his new duties on a full-time basis.
April 24, 1961

Board of Directors,
Bratt-Wasson Bank,
Siloam Springs, Arkansas.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the application of Bratt-Wasson Bank, Siloam Springs, Arkansas, for stock in the Federal Reserve Bank of St. Louis, 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 208.7 thereof. A copy of the regulation is enclosed.

The Board of Governors also approves the retention and operation of Bratt-Wasson Bank's branch at Gentry, Arkansas.

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.
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.
The Honorable Abraham J. Muter,
House of Representatives,
Washington 25, D. C.

Dear Mr. Muter:

This refers further to your letter of March 30, 1961, requesting certain data regarding bank holding companies and their subsidiary banks.

There is enclosed a tabulation showing the following information with respect to each of the 48 bank holding companies that were registered pursuant to the Bank Holding Company Act as of December 31, 1959 (the latest date for which complete information is available):

(1) Date of incorporation;
(2) State of incorporation;
(3) State(s) in which subsidiary banks were located;
(4) Capital accounts of the holding company;
(5) Total number of subsidiary banks and the total number of branches of such banks;
(6) Total capital accounts (including certain reserves) of the subsidiary banks; and
(7) Total deposits of the subsidiary banks.

In response to your request for information as to the stock exchanges, if any, on which the stock of the respective bank holding companies is listed, we have obtained the following data from the list of "Securities Traded on Exchanges under the Securities Exchange Act," published as of December 31, 1960, by the Securities and Exchange Commission:
Firstamerica Corporation, Los Angeles, California
(name recently changed to Western Bancorporation)—
Stock registered on New York and Pacific Coast Stock Exchanges; also admitted to unlisted trading privi-
leges on Boston, Midwest, and Philadelphia-Baltimore Stock Exchanges.

Shaumut Association, Boston, Massachusetts—Stock registered on Boston Stock Exchange.

Northwest Bancorporation, Minneapolis, Minnesota—
Stock registered on Midwest Stock Exchange.

General Bancshares Corporation, St. Louis, Missouri—
Stock registered on Midwest and New York Stock Exchanges.


First Wisconsin Bankshares Corporation, Milwaukee, Wisconsin—Stock registered on Midwest Stock Exchange.

With the thought that the additional data may be useful to you in connection with the information requested in your letter, we are enclosing also copies of (1) a table published in the Federal Reserve Bulletin for July 1960 showing, by States, the banking of-

fices and deposits of banks in holding company groups as of December 31, 1959, and (2) a detailed list showing the names and deposits of the subsidiary banks of the registered bank holding com-
panies as of that date.

Sincerely yours,

(Signed) C. Canby Balderston

C. Canby Balderston,
Vice Chairman.

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