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Minutes for July 28, 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> </u>
Gov. Mills	<u> </u>
Gov. Robertson	<u> </u>
Gov. Balderston	<u> </u>
Gov. Shepardson	<u> </u>
Gov. King	<u> </u>

Minutes of the Board of Governors of the Federal Reserve System
on Friday, July 28, 1961. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Mills
Mr. Robertson
Mr. Shepardson

Mr. Kenyon, Assistant Secretary
Mr. Thomas, Adviser to the Board
Mr. Molony, Assistant to the Board
Mr. Fauver, Assistant to the Board
Mr. Holland, Adviser, Division of Research
and Statistics
Mr. Koch, Adviser, Division of Research and
Statistics
Mr. Eckert, Chief, Banking Section, Division
of Research and Statistics
Mr. Spencer, General Assistant, Office of the
Secretary
Mr. Yager, Economist, Division of Research
and Statistics

Mr. Holmes, Manager, Securities Department,
Federal Reserve Bank of New York

Money market review. Mr. Yager commented on the estimated budgetary impact of the additional defense expenditures recently requested by the President and on recent developments in the Government securities market, following which Mr. Eckert presented a report on bank credit, the money supply, and related matters. Mr. Eckert also distributed, and commented upon, charts showing trends over the past decade in the money supply as related to wholesale prices, time deposits, other liquid assets, turnover of demand deposits, the Treasury bill rate, and gross national product. It was understood that copies of Mr. Eckert's text would be made available to the members of the Board.

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Secretary's Note: The distribution of the text and charts was subsequently expanded to include all members of the Federal Open Market Committee and Reserve Bank Presidents not currently serving on the Committee.

Messrs. Thomas, Holland, Eckert, Yager, and Holmes then withdrew from the meeting and the following entered the room:

Mr. Hackley, General Counsel
 Mr. Solomon, Director, Division of Examinations
 Mr. Hexter, Assistant General Counsel
 Mr. Hooff, Assistant General Counsel
 Mr. Brill, Associate Adviser, Division of Research and Statistics
 Mr. Leavitt, Assistant Director, Division of Examinations
 Mr. Sprecher, Assistant Director, Division of Personnel Administration
 Mr. Smith, Legal Assistant
 Mrs. Ulrey, Economist, Division of Research and Statistics

Discount rates. The establishment without change by the Federal Reserve Banks of New York, Cleveland, Richmond, St. Louis, Kansas City, and Dallas on July 27, 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.

Items circulated to the Board. The following items, which had been circulated to the Board and copies of which are attached to these minutes under the respective item numbers indicated, were approved unanimously:

Item No.

Letter to The Schuylkill Haven Trust Company,
 Schuylkill Haven, Pennsylvania, approving the
 establishment of a branch at 301 Columbia Street.

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	<u>Item No.</u>
Letter to Genesee Merchants Bank & Trust Company, Flint, Michigan, approving the establishment of a branch in the Village of Genesee.	2
Letter to Bank of Dearborn, Dearborn, Michigan, approving the establishment of a branch at 25682 Van Born Road, Dearborn Township.	3
Letter to The Hackensack Trust Company, Hackensack, New Jersey, approving (1) the establishment of a branch in Borough of Moonachie, Bergen County, and (2) an investment in bank premises.	4

Regarding Item No. 4, there was a brief discussion in which certain changes were agreed upon in the portion of the proposed letter, as drafted, that dealt with the capital position of Hackensack Trust Company. These changes reflected a suggestion that had been made by Governor Robertson when the file was in circulation.

Proposed reporting program for "unregulated lenders." There had been distributed a memorandum dated July 26, 1961, from the Division of Research and Statistics and the Legal Division regarding a proposed reporting program for "unregulated lenders" whose activities were of the character described in section 221.3(q) of Regulation U, Loans by Banks for the Purpose of Purchasing or Carrying Registered Stocks.

The memorandum noted that margin requirements were made applicable, by the 1959 amendments to Regulation U, to all bank loans to persons other than brokers and dealers who extend stock market credit as an important part of their business activity. Another amendment made all

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"unregulated lenders" subject to reporting requirements, the purpose being to provide a basis for assessing the importance and character of unregulated credit flows into the stock market, and to facilitate the regulation of bank loans to lenders importantly engaged in the extension of such credit.

In September 1959 the Board adopted a form (FR 728) to be used as the basis for a continuing reporting program for "unregulated lenders." The responses from nearly 200 lenders, as summarized in a memorandum to the Board dated November 21, 1960, indicated that most of the "purpose loans", both in number and value, were being made by a relatively small group. The Division of Research and Statistics, working with the Legal Division, had now prepared a package of reporting forms which would require the submission of more detailed information by this group than other unregulated lenders.

Enforcement of the reporting requirements appeared to be a major difficulty, and in order to assure more complete compliance the memorandum suggested that the Board give wide publicity to the possible penalties resulting from failure to report. The penalties for non-compliance and the apparent method of enforcement were described in the memorandum, which concluded with comments on the proposed reporting program for those lenders whose activities were of the kind defined in section 221.3(q). Copies of the suggested reporting forms were attached to the memorandum.

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Following comments by Mr. Brill in amplification of the memorandum, attention was directed to the problems which might be encountered in trying to enforce the reporting program. One series of questions raised by members of the Board related to the sufficiency of the authority to require reports from unregulated lenders, and the comments by the staff were to the effect that the pertinent provisions of the Securities Exchange Act, as implemented by section 221.3(j) of Regulation U, were believed to be adequate. Another series of questions suggested that the success of the reporting program was likely to require a rigid enforcement procedure, including prosecution of those violating the reporting requirements. There was general agreement on this point, and it was understood that this phase of the matter would be studied further by the legal staffs of the Board and the Securities and Exchange Commission.

At the conclusion of the discussion, approval was given to the reporting program described in the July 26 memorandum, with the understanding that the reporting forms submitted therewith might be subject to minor modifications following discussion with the staff of the Securities and Exchange Commission.

Messrs. Molony, Fauver, Hexter, Koch, Brill, and Smith withdrew from the meeting at this point, as did Mrs. Ulrey, and Mr. McClintock, Review Examiner, Division of Examinations, entered the room.

Supplemental retirement allowances (Items 5 and 6). There had been circulated memoranda from the Division of Personnel Administration,

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together with drafts of letters to the Secretary of the Retirement System of the Federal Reserve Banks and the Federal Reserve Bank of Richmond, with respect to pending legislation which, if signed by the President, would make permanent certain increases in the retirement allowances provided for Civil Service Retirement System annuitants under Public Laws 85-465 and 86-626. The Division of Personnel Administration recommended that the Board (1) interpose no objection to the incorporation of the benefits of the pending legislation into the Board Plan of the Retirement System of the Federal Reserve Banks and (2) authorize the payment to the Retirement System of approximately \$89,000, the amount estimated by the Actuary to be needed to fund the increases over the lifetime of the present annuitants and their eligible survivors. The Personnel Division further recommended that the Board approve the payment to the Retirement System of approximately \$1,600 by the Federal Reserve Bank of Richmond to fund the cost of a similar benefit for the widow of a former employee of the Board who died in active service while on the payroll of the Richmond Bank.

Mr. Sprecher pointed out that although the President had not signed the bill that would make the supplemental retirement allowances permanent, it was expected that he would do so shortly. It would therefore be desirable to have Board approval of the Personnel Division's recommendations in order that appropriate advice might be transmitted to the Secretary of the Retirement System and the Federal Reserve Bank of Richmond upon notification that the President had signed the bill.

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In addition, Mr. Sprecher commented, the Division also was requesting authority from the Board to notify the Secretary of the Retirement System that the July 1961 retirement checks, including the ten per cent supplemental, could be mailed to some 50 affected Federal Reserve annuitants tomorrow in the event the President had not yet approved the proposed legislation.

After a brief discussion, the recommendations of the Division of Personnel Administration were approved unanimously, with the understanding that the proposed letters would be sent to the Secretary of the Retirement System and the Federal Reserve Bank of Richmond upon receipt of advice that the President had approved the pending legislation.

Secretary's Note: Word was received on July 31, 1961, that the President had that day signed Public Law 87-114. Accordingly, the letters to the Secretary of the Retirement System of the Federal Reserve Banks and the Federal Reserve Bank of Richmond were sent on that date. Copies are attached as Items 5 and 6, respectively.

Applications of United California Bank and State Bank of Albany (Items 7 and 8). Pursuant to the understanding at the meeting on July 27, 1961, there had been prepared and distributed a draft of letter to the United California Bank, Los Angeles, California, in connection with its application for the Board's consent, under section 18(c) of the Federal Deposit Insurance Act, to merge with The Southwest Bank, Inglewood, California.

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The letter was approved unanimously in the form attached as Item No. 7, with the understanding that a somewhat similar letter would be sent to the State Bank of Albany, Albany, New York, in regard to its proposed merger with The Fort Plain National Bank, Fort Plain, New York. A copy of the letter sent to the State Bank of Albany is attached as Item No. 8.

Application of Manufacturers Trust Company (Item No. 9). There had also been distributed a draft of letter to Manufacturers Trust Company, New York, New York, inviting oral presentation concerning its pending application to merge with The Hanover Bank. This letter likewise had been prepared pursuant to the understanding at the meeting on July 27, 1961.

In discussion, Governor Shepardson suggested a change in the wording of the letter to specify an additional type of information in which the Board would be interested.

There being agreement that this change should be made, the letter was approved unanimously in the form attached as Item No. 9.

Examination of Virgin Islands branches of Chase Manhattan Bank. Governor Robertson stated reasons why it appeared that an on-the-spot examination of one of the Virgin Islands branches of The Chase Manhattan Bank, New York, New York, would be desirable. He went on to say that a national bank examiner planned to be in that area in the near future and that it would be agreeable to the Comptroller of the Currency for

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this examiner, as a Federal Reserve examiner, to conduct an examination of the Virgin Islands branches. It was understood from the Federal Reserve Bank of New York that this plan would be satisfactory to the New York State Banking Department.

There being no objection, it was understood that an appropriate letter confirming the arrangements would be sent to the Comptroller of the Currency.

Secretary's Note: Later in the day the Federal Reserve Bank of New York advised that it had now been ascertained that the State Banking Department desired to make an examination of the Virgin Islands branches at an early date. Therefore, the proposed letter was not sent to the Comptroller of the Currency. On July 31, the New York Reserve Bank advised that it contemplated joining the State Banking Department in the examination of the Virgin Islands branches.

Defense planning program. Governor Robertson reported that he had received a copy of a memorandum that was to be issued by the Secretary of the Treasury in which attention would be called to the need for adequate defense preparedness measures on the part of all banks. In this connection the Secretary was expected to ask that the bank supervisory agencies take appropriate steps to alert all banks to the need for effective emergency planning. Governor Robertson said he had discussed with Mr. Solomon and Mr. Harris, Coordinator of Defense Planning, the actions that it would seem appropriate for the Federal Reserve System to take in furtherance of the program being urged by the Secretary of the Treasury.

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Governor Robertson went on to say that, as the Board would recall, the proposal that a currency storage center be established at Fort Riley, Kansas, had been "pigeonholed" some time ago due to difficulties involving legislation that the Treasury thought would be needed. However, he had recently received an indication that the Treasury attitude had changed and that the Treasury would be agreeable to proceeding on this matter, not only at Fort Riley but at the OCDM Classified Location. Accordingly, he had asked Mr. Harris to discuss this question further with the Treasury, with a view to moving ahead promptly if the Treasury gave the word.

Governor Robertson also commented that an understanding had been reached with Mr. Harris as to what should be done to "tidy up loose ends" so far as the Board's part in the defense planning program was concerned, and that a group from the Board's staff was to begin work next week on one phase of the planning program, relating to credit controls.

Secretary's Note: The memorandum of the Secretary of the Treasury was released to the press on August 1, 1961. The text of the memorandum was sent by wire to the Presidents of all Federal Reserve Banks, with the advice that it would be made the subject of a joint letter from the heads of the three bank supervisory agencies to all banks and that further information relative to the memorandum and its implementation would be sent to the Federal Reserve Banks shortly.

The meeting then adjourned.

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

Letter to the Federal Reserve Bank of Boston (attached Item No. 10) approving the appointment of T. James Walker as assistant examiner.

Letter to the Federal Reserve Bank of Richmond (attached Item No. 11) approving the designation of Everett G. Melton as special assistant examiner.

Letter to the Chairman of the National Capital Planning Commission advising of the designation of Mr. Kelleher, Director of the Division of Administrative Services, as liaison with the Commission, pursuant to the request in its letter of July 21, 1961, that a member of the Board's staff be so designated.

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

Appointments

Joanne V. Cass as Secretary in the Division of International Finance, with basic annual salary at the rate of \$4,830, effective the date of entrance upon duty.

William N. Taylor as Messenger in the Division of Administrative Services, with basic annual salary at the rate of \$3,185, effective the date of entrance upon duty.

Salary increases

Aaron Dortch, from \$3,815 to \$3,869 per annum, with change in title from Messenger to Operator, Mimeograph, in the Division of Administrative Services, effective August 1, 1961.

Herman L. Tobler, from \$4,445 to \$4,565 per annum, with change in title from Guard to Sergeant, Guard Force, in the Division of Administrative Services, effective August 1, 1961.

Transfers

Carolyn R. Cullipher, from the position of Stenographer in the Division of Examinations to the position of Clerk-Stenographer in the Division of Research and Statistics, with no change in basic annual salary at the rate of \$4,145, effective July 31, 1961.

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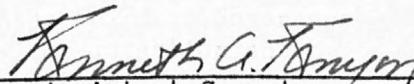
Transfers (continued)

The following persons, each from the position of Clerk-Stenographer in the Division of Personnel Administration to the position of Stenographer in the Division of Examinations, with no change in basic annual salary, as indicated, effective July 31, 1961:

Karen Marie Ditta	\$3,970
Carol Ann Slocombe	4,040
Mary LaGrand Vance	3,970

Change in employment status

Sam M. Van Hook, Guard, Division of Administrative Services, from a temporary basis to a permanent basis, with no change in basic annual salary at the rate of \$3,500, effective August 1, 1961.


Assistant Secretary

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

Item No. 1
7/28/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 28, 1961.

Board of Directors,
The Schuylkill Haven Trust Company,
Schuylkill Haven, Pennsylvania.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Philadelphia, the Board of Governors of the Federal Reserve System approves the establishment by The Schuylkill Haven Trust Company, Schuylkill Haven, Pennsylvania, of a branch at 301 Columbia Street, Schuylkill Haven, Pennsylvania, provided the branch is established within six months from the date of this letter.

It is noted that the Secretary of Banking of the Commonwealth of Pennsylvania has required that common stock be increased to \$200,000 by declaration of a \$50,000 stock dividend.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

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

Item No. 2
7/28/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 28, 1961



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

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Chicago, the Board of Governors of the Federal Reserve System approves the establishment of a branch in the downtown area of the Village of Genesee, Michigan, by Genesee Merchants Bank & Trust Company, provided the branch is established within one year from the date of this letter.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

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

Item No. 3
7/28/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 28, 1961



Board of Directors,
Bank of Dearborn,
Dearborn, Michigan.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Chicago, the Board of Governors of the Federal Reserve System approves the establishment of a branch at 25682 Van Born Road, Dearborn Township, Wayne County, Michigan, by Bank of Dearborn, provided the branch is established within one year from the date of this letter.

Establishment of this branch is being approved in lieu of a branch at 25604 Van Born Road, approved by the Board on March 30, 1961. It is understood the branch will be opened in temporary quarters at 25704 Van Born Road.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

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

Item No. 4
7/28/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



July 28, 1961

Board of Directors,
The Hackensack Trust Company,
Hackensack, New Jersey.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors of the Federal Reserve System approves (1) the establishment of a branch in the vicinity of the intersection of Moonachie Avenue and Moonachie Road, Borough of Moonachie, Bergen County, New Jersey, and (2) an additional investment of \$100,000 in bank premises incident to establishment of the branch, under the provisions of Section 24A of the Federal Reserve Act, by The Hackensack Trust Company, Hackensack, New Jersey. This approval is given provided the branch is established within one year from the date of this letter.

For several years the capital structure of this bank has failed to keep pace with its growth in deposits and risk assets, and this situation has been called to the attention of management by the supervisory authorities on numerous occasions. While the Board is not imposing a condition as to capital in granting its approval to establish this branch and to invest \$100,000 in bank premises, it noted that the State's approval was subject to such a condition. The Board trusts the capital situation of this bank will be corrected when you have complied with the condition imposed by the State Department.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

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

Item No. 5
7/28/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 31, 1961.



Mrs. Valerie R. Frank,
Secretary, Retirement System
of the Federal Reserve Banks,
Federal Reserve Bank of New York,
New York 45, New York.

Dear Mrs. Frank:

Reference is made to the Board's letters of July 7, 1958, and July 20, 1960, interposing no objection to the incorporation into the Board Plan, Retirement System of the Federal Reserve Banks, of the benefits of increases in retirement allowances provided Civil Service Retirement System annuitants under Public Laws 85-465 and 86-626.

Public Law 87-114 which was enacted on this date and a copy of which will be sent to you, makes the increases referred to permanent. As previously, the Board offers no objection to making the benefits of the legislation similarly available to eligible Board Plan annuitants, and it will be appreciated if you will bill us for the amount the Actuary estimates necessary to fund the increases over the lifetime of the recipients and their eligible survivors.

You will note from the attached copy of the letter to the Federal Reserve Bank of Richmond that the Bank has been authorized to pay to the Retirement System the sum necessary to fund the additional annuity of \$120 for Mrs. Maurice P. Flagg originally authorized in the Board's letter of July 7, 1958, to the Bank.

Very truly yours,

Kenneth A. Kenyon,
Assistant Secretary.

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

Item No. 6
7/28/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 31, 1961.



Mr. Edward A. Wayne,
President,
Federal Reserve Bank of Richmond,
Richmond 13, Virginia.

Dear Mr. Wayne:

In its letters of July 7, 1958, and July 20, 1960, the Board of Governors informed Mr. Leach that it had approved the incorporation into the Board Plan of Retirement for retirees of the Board amendments to the Civil Service Retirement Act under Public Laws 85-465 and 86-626, providing for an increase in the retirement allowances payable to members and survivors of members of the Civil Service Retirement System for the period August 1, 1958, through June 30, 1961.

Public Law 87-114 now makes these increases permanent, and the Board of Governors has authorized the necessary payment to the Retirement System to fund the increases.

In order that the widow of Mr. Maurice P. Flagg may continue to receive the same benefits that would have been payable under the Board Plan as outlined in Mr. Leach's letter of September 9, 1955, the Board authorizes the Federal Reserve Bank of Richmond to pay to the Retirement System the amount necessary to fund the supplement over Mrs. Flagg's lifetime.

It is understood that the Retirement Office will bill you shortly for the cost of funding the benefit.

Very truly yours,

A handwritten signature in cursive script that reads "Kenneth A. Kenyon".

Kenneth A. Kenyon,
Assistant Secretary.

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

Item No. 7
7/28/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 28, 1961.



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

Gentlemen:

Reference is made to your request, submitted through the Federal Reserve Bank of San Francisco, for the consent of the Board of Governors, under section 18(c) of the Federal Deposit Insurance Act, to merge with The Southwest Bank, Inglewood, California.

In the Board's consideration of this request it has seemed desirable to obtain the benefit of any further information or comments your bank or The Southwest Bank might wish to present on the proposal, particularly as to: (1) the alleged need for strengthening management at The Southwest Bank; (2) how this proposed merger would serve the convenience and needs of the community, particularly since the area now has many banking offices; (3) competition between the two banks, especially since The Southwest Bank recently established a branch at 8732 South Western Avenue, Los Angeles; and (4) cumulative effects of this and other mergers of United California Bank upon other banks and the general competitive situation.

Accordingly, the Board will receive any such further information or comments by August 15, 1961, or, if desired, will arrange for an oral presentation thereof before the Board.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

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

Item No. 8
7/28/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 28, 1961.



Board of Directors,
State Bank of Albany,
Albany, New York.

Gentlemen:

Reference is made to your request, submitted through the Federal Reserve Bank of New York, for the consent of the Board of Governors, under section 18(c) of the Federal Deposit Insurance Act, to merge with The Fort Plain National Bank, Fort Plain, New York.

In the Board's consideration of this request it has seemed desirable to obtain the benefit of any further information or comments your bank or The Fort Plain National Bank might wish to present on the proposal, particularly as to: (1) the alleged need for strengthening management at The Fort Plain National Bank; (2) how this proposed merger would better serve the convenience and needs of the Fort Plain area, especially since State Bank of Albany is apparently now satisfying many of the needs of that area; (3) competition between the two banks, particularly in view of the substantial volume of business originated in the Fort Plain area by State Bank of Albany; and (4) cumulative effects of this and other mergers of State Bank of Albany upon other banks and the general competitive situation.

Accordingly, the Board will receive any such further information or comments by August 15, 1961, or, if desired, will arrange for an oral presentation thereof before the Board.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

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

Item No. 9
7/28/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 28, 1961.



Board of Directors,
Manufacturers Trust Company,
New York, New York.

Gentlemen:

Reference is made to your request submitted through the Federal Reserve Bank of New York for consent of the Board of Governors under section 18(c) of the Federal Deposit Insurance Act, to merge with The Hanover Bank, New York, New York.

In the Board's consideration of this request it has seemed desirable to obtain the benefit of any further information or comments your bank and The Hanover Bank might wish to present on certain aspects of the matter as indicated below. Accordingly, the Board would be pleased to have representatives of the banks appear before it at 10:00 a.m., on Tuesday, September 5, 1961, or Wednesday, September 6, 1961, for such presentation. An hour and a half would be allowed for this purpose.

The Board would be interested in any further comments regarding your expressed opinion that the resulting bank will, with its greater legal lending limit and increased services, be in a far stronger position than each of the merging banks would be separately to serve the public interest, needs and convenience, and to meet the needs of the nation's economy. It would be of particular interest to the Board to receive any further comments with respect to your views that the resulting bank would be in a stronger position than either of the merging banks to satisfy the credit needs of their larger national and international customers and to offer greater and more efficient services and facilities. The Board would also be interested in receiving any further comments you might wish to make with respect to your view that the merger would not result in a diminution of competition locally, nationally, or internationally but would result generally in an intensification of sound and beneficial competition.

Please let us know which of the dates mentioned above would be preferable for your bank.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon
Assistant Secretary.

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

Item No. 10
7/28/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 28, 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 July 25, 1961, the Board approves the appointment of T. James Walker as an assistant examiner for the Federal Reserve Bank of Boston. Please advise as to the effective date of the appointment.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

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

Item No. 11
7/28/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 28, 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 July 25, 1961, the Board approves the designation of Everett G. Melton as a Special Assistant Examiner for the Federal Reserve Bank of Richmond for the purpose of participating in examinations of State member banks except Southern Bank and Trust Company, Richmond, Virginia, and The Bank of Virginia, Richmond, Virginia.

The authorization heretofore given your Bank to designate Mr. Melton as a Special Assistant Examiner is hereby cancelled.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

