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Minutes for October 9, 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

mw

Gov. Mills

[Signature]

Gov. Robertson

[Signature]

Gov. Balderston

CB

Gov. Shepardson

[Signature]

Gov. King

[Signature]

Gov. Mitchell

am

Minutes of the Board of Governors of the Federal Reserve System
on Monday, October 9, 1961. The Board met in the Board Room at 10:00 a.m.

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

Mr. Sherman, Secretary
Mr. Fauver, Assistant to the Board
Mr. Hackley, General Counsel
Mr. Noyes, Director, Division of Research
and Statistics
Mr. Johnson, Director, Division of Personnel
Administration
Mr. Hexter, Assistant General Counsel
Mr. O'Connell, Assistant General Counsel
Mr. Conkling, Assistant Director, Division
of Bank Operations
Mr. Hostrup, Assistant Director, Division of
Examinations
Mr. Leavitt, Assistant Director, Division of
Examinations
Mrs. Semia, Technical Assistant, Office of
the Secretary
Mr. Solomon, Chief, Capital Markets Section,
Division of Research and Statistics

Discount rates. The establishment without change by the Federal Reserve Banks of New York, Philadelphia, and San Francisco on October 5, 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:

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	<u>Item No.</u>
Letter to Seneca National Bank of Wichita, Wichita, Kansas, granting permission to maintain reduced reserves.	1
Letter to the Federal Reserve Bank of Dallas authorizing the waiver of a penalty incurred by Freeport National Bank, Freeport, Texas, because of a deficiency in its required reserves.	2
Letter to the Federal Reserve Bank of Atlanta approving the payment of salary to two officers at the rates fixed by the Bank's Board of Directors.	3

Regulation Q question. The Federal Reserve Bank of Chicago had transmitted with a letter of August 31, 1961, a request from First National Bank, Kokomo, Indiana, for the Board's opinion as to the giving of prizes of substantial value as part of a promotional program to obtain savings deposits. The bank proposed to issue to each existing and new savings account customer a ticket for each multiple of \$100 deposited during a period of three months, and at the end of that period to hold a drawing for three prizes. The first prize would be an automobile costing \$2,500, and the other two prizes would cost a total of \$500. If the first program proved successful, the bank might conduct a similar program once a year.

A draft of reply to the Chicago Bank's inquiry had been circulated, in which the position was taken that, while the Board did not wish to encourage such plans, the offering of prizes might be considered an advertising expense and not an indirect payment of interest, even though

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the prizes were of more than nominal value. The draft of reply also warned that the propriety of the practice should be carefully considered in view of possible State lottery statutes, and it suggested that the national bank take the matter up with the Office of the Comptroller of the Currency before adopting such a plan.

During circulation of the file Governor Robertson indicated that he had a question in regard to the proposed reply. At this meeting he said that he had put a question mark on the draft reply not because he believed that the plan constituted an indirect payment of interest but because of recent discussion of a regulation of the Federal Home Loan Bank Board in regard to "give away" programs.

At Governor Robertson's request, Mr. Hackley described regulations the Federal Home Loan Bank Board had adopted effective September 29, 1961, restricting "give aways" by savings and loan associations under its jurisdiction. Only items of nominal value such as coin banks could be given, and prizes awarded through drawings or contests were prohibited. However, the restrictions were effective only in States in which the superintendent of banking had authority to impose similar restrictions and had exercised that authority.

With respect to the particular program planned by the First National Bank, Kokomo, Indiana, Governor Robertson expressed doubt that the Board could rule that the program constituted an indirect payment of interest. He was willing to approve the proposed reply, since it did not

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encourage the plan and made the comment that the bank should look into the lottery aspects under State law. This was just another example of the long-term problem of distinguishing between indirect payment of interest and legitimate advertising expense. His principle concern here was to discourage the spread of such programs as that planned by the Kokomo bank.

Governor King commented that promotional plans of this sort come and go, and he doubted the need for seeking a way to rule that the plan was not permissible, although he would discourage its use.

After further comments, the letter was approved unanimously, with the understanding that the staff was authorized to make changes in wording to express more emphatically the misgivings to which attention had been called.

Secretary's Note: Later in the day, at Governor Robertson's request, the mailing of the letter was deferred in order to give the Legal Division additional opportunity to study the wording of the paragraph setting forth the Board's position.

Report on competitive factors (Clarksburg, West Virginia). There had been distributed a draft of report to the Comptroller of the Currency on the competitive factors involved in the proposed purchase of assets and assumption of liabilities of The Merchants National Bank of West Virginia at Clarksburg by The Union National Bank of Clarksburg, both of Clarksburg, West Virginia. During discussion it was suggested that a point made in the body of the report be included also in the conclusion.

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The report was then approved unanimously for transmission to the Comptroller of the Currency. The conclusion of the report as approved read as follows:

Following the proposed purchase of assets and assumption of liabilities of The Merchants National Bank of West Virginia at Clarksburg by The Union National Bank of Clarksburg, the resulting institution would hold 50.1 per cent of Clarksburg deposits and 44.2 per cent of Harrison County deposits. The proposal would eliminate existing competition between the selling bank and the purchasing bank and would enhance the applicant's existing competitive advantage; however, this competition has not been particularly keen due to the ultra-conservative and unaggressive policies of the selling bank's management as indicated by the steady decline in Merchants' share of deposits and loans held by Clarksburg's four banks.

Report on competitive factors (Beaumont, Texas). There had been distributed a draft of report to the Comptroller of the Currency on the competitive factors involved in the proposed consolidation of The First National Bank of Beaumont and Security State Bank and Trust Company of Beaumont, both of Beaumont, Texas.

There being no objection, the report was approved unanimously for transmission to the Comptroller of the Currency. Its conclusion read as follows:

Giving effect to affiliate relationships, Beaumont is now served by three sizable banks, having obvious competitive capability, and two small outlying independent banks with equally obvious competitive limitations. The proposed consolidation would reduce the number of sizable and effective competing banks in a city of 119,000 persons to two, which appears inconsistent with the preservation of sound competition.

Applicants in this proposed consolidation are situated within a few blocks of each other and offer the same general banking services in the same area. Competition between the two banks is evident.

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It is concluded that the proposed consolidation would have serious anticompetitive effects and that the resulting concentration of banking resources in two banks in a city the size of Beaumont suggests potential public disservice through a lack of adequate choice of alternative banking outlets.

Mr. Fuerth, Legal Assistant, entered the meeting at this point.

Proposed amendment to Regulation U (Item No. 4). A memorandum dated September 29, 1961, from the Legal Division, which had been distributed, set forth a recommendation of the Federal Reserve Bank of New York, concurred in by the New York Stock Exchange, for amendment of Regulation U, Loans by Banks for the Purpose of Purchasing or Carrying Registered Stocks, to close a loophole through which the Reserve Bank believed that a significant amount of bank credit was flowing into the securities market without being subject to the limitations imposed by the Regulation.

One of the June 15, 1959, amendments to Regulation U was the addition of paragraph (q) of section 221.3. This paragraph was designed to prevent unregulated bank credit from entering the securities market via so-called "Q lenders" (sometimes called factors), who were defined in the Regulation to include any "person ... engaged principally, or as one of the person's important activities, in the business of making loans for the purpose of purchasing or carrying stocks registered on a national securities exchange." The New York Reserve Bank and the Securities and Exchange Commission believed that, because of a certain exception provided by Regulation U, one channel remained open for unregulated stock market credit and should be blocked. The nature of

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the loophole and some of its ramifications were discussed in a memorandum attached to a letter dated August 10, 1961, from the Federal Reserve Bank of New York. Briefly stated, the loophole involved so-called "free riding" by speculators through improper use of special cash accounts permitted by section 220.4(c) of Regulation T. The special cash account was not intended for transactions financed by bank credit. However, some lenders were financing their customers "free riding" transactions (involving a purchase in expectation of a rise in the market before the settlement date and a consequent profitable sale before that date) through bank loans that the Reserve Bank considered exempt from the margin requirements of Regulation U under section 221.2(f), and in some cases perhaps under paragraphs (g) and (h) of section 221.2.

The memorandum further reviewed circumstances surrounding possible evasions of the requirements of Regulation U through the misuse of special cash accounts and various measures that had been considered by the Legal Division of the Board and by the Federal Reserve Bank of New York to close the loophole. A draft of amendment to the Regulation 1/ intended to prevent misuse of special cash accounts was attached to the memorandum, and the Legal Division recommended that the proposed amendment, if favored by the Board, be published in the Federal Register as a "proposed ruling" in order to give interested persons an opportunity to submit comments.

1/ Section 221.2, paragraphs (f), (g), and (h).

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Mr. Hexter commented on the memorandum and the purposes of the proposed amendment. Mr. Robert Solomon then referred to a statement in the memorandum to the effect that it was believed that paragraph (q) of section 221.3 of Regulation U had brought a substantial amount of previously unregulated stock market credit under control, although the extent to which the flow of unregulated credit had been stopped by the adoption of the paragraph could not be definitely known.

After further discussion, the proposed amendment to Regulation U ^{1/} was approved for publication in the Federal Register with the understanding that after the customary period for comment had elapsed the matter would again be presented to the Board. A copy of the notice of proposed rule making is attached as Item No. 4.

Morgan New York State Corporation application (Items 5, 6, and 7).

At a meeting on October 5, 1961, the Board discussed a telegram received from Representative Patman regarding the announcement that Morgan Guaranty Trust Company was proposing to form a bank holding company and was asking Federal Reserve approval of the formation of Morgan New York State Corporation and the acquisition by that Corporation of shares in seven banks, including Morgan Guaranty Trust Company. Mr. Patman ended his telegram with questions as to whether the Board planned to hold a public hearing on the application where interested persons could present their views, and whether the Board planned to obtain a recommendation from the Department of Justice as to the probable effects of the proposed acquisitions on competition and tendency toward monopoly.

^{1/} Section 221.2, paragraphs (f), (g), and (h).

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Pursuant to the understanding on October 5, there had been distributed a draft of order for a public proceeding on the application of Morgan New York State Corporation, a draft of press statement relating to the order, and a draft of reply to Mr. Patman's telegram.

During discussion of the three drafts, Mr. Fauver suggested certain changes in the language of the press statement and in the wording of the letter, the latter for the purpose of omitting all background information.

Mr. Hackley explained that background information had been included in the draft because of suggestions during earlier discussions that the letter contain such information so as to make clear that the Board had been studying various aspects of the application from the time it was received in July.

After further discussion, the order for a public proceeding on the application of Morgan New York State Corporation was approved unani-
mously, as were the accompanying statement for the press and letter to Mr. Patman after agreement on several changes in language. It was understood that the order and press statement would be issued this afternoon fixing the time for an oral presentation before the Board at 10:00 a.m. on Thursday, December 7, 1961. Copies of the order, the press statement, and the letter to Mr. Patman are attached as Items 5, 6, and 7, respectively. It was also agreed that copies of the order and press statement would be sent to Assistant Attorney General Loevinger

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and to Representative Celler, in view of interest they had displayed in the application.

Application of Whitney Holding Corporation. Governor Balderston referred to a meeting he and Messrs. Hackley and Andrew Thompson, Supervisory Review Examiner, had had this morning with Mr. Keehn W. Berry, one of the participants in an application now being processed by the Board's staff for the formation of Whitney Holding Corporation, New Orleans, Louisiana. The proposed bank holding company sought to organize two new banks, one of which would be Crescent City National Bank of New Orleans, into which the present Whitney National Bank of New Orleans would immediately be consolidated under the charter of Crescent City National Bank and the title of Whitney National Bank of New Orleans. The other proposed new bank would be the Whitney National Bank in Jefferson Parish, Louisiana. Mr. Berry had obtained approval of the Comptroller of the Currency for the formation of the Crescent City National Bank and Whitney National Bank of Jefferson Parish, contingent upon the Board's approval of the bank holding company application. Since Mr. Gidney, the present Comptroller of the Currency, had resigned effective November 15, 1961, Mr. Berry asked that the Board expedite its consideration of the holding company matter in order that it would not be necessary to renew with the new Comptroller of the Currency the two applications for the organization of national banks.

Mr. Andrew Thompson entered the meeting at this point.

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During discussion, it was emphasized that every applicant in a bank holding company or merger case would like to have his application expedited. In the case in which Mr. Berry was interested, three protests had been received, and it was impossible for the Board to tell at the present time whether or not a hearing before a hearing examiner would be necessary. While it would not seem appropriate to bring the case before the Board out of its normal order among other pending cases, it was agreed that the staff should prepare a memorandum summarizing the facts of the case and submit it to the Board promptly for assistance in determining whether a hearing or oral presentation seemed necessary or desirable in connection with this application. It was also understood that the views of President Bryan of the Federal Reserve Bank of Atlanta would be requested as to the need for or desirability of some kind of hearing or oral presentation before the matter was placed on the agenda for further consideration.

At this point all of the members of the staff except Mr. Sherman and Mrs. Semia withdrew from the meeting.

Foreign travel--Messrs. Young and Hersey. Governor Shepardson stated that Mr. Ralph A. Young had informed him that there would be meetings of the O.E.C.D. Economic Policy Committee and Working Party No. 3, in Paris, France, during the period October 24-26, 1961, and that he had requested that Mr. Hersey, Adviser in the Division of International Finance, accompany him to these meetings. Mr. Young also recommended

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that Mr. Hersey be authorized to spend a day each at the Bank of France and the Bank of England in the course of this trip. It was Governor Shepardson's recommendation that the Board authorize the necessary foreign travel involved for Messrs. Young and Hersey.

Governor Shepardson's recommendation was approved.

The meeting then adjourned.

Secretary's Notes: Acting in the absence of Governor Shepardson, Governor Robertson approved on behalf of the Board on October 6, 1961, the following items:

Letter to the Federal Reserve Bank of Richmond (attached Item No. 8) approving the designation of nine persons as special assistant examiners.

Letter to the Federal Reserve Bank of Dallas (attached Item No. 9) approving the appointment of Henry Ray Knight as assistant examiner.

Pursuant to recommendations contained in memoranda from appropriate individuals concerned, Governor Shepardson today approved on behalf of the Board the following actions relating to the Board's staff:

Appointment

Charles M. Wrenn as Operator, Tabulating Equipment, Division of Administrative Services, for the duration of the military service of Ray M. Reeder (approximately one year), with basic annual salary at the rate of \$4,040, effective the date of entrance upon duty.

Continued employment of relative

As an exception to the Board's general policy with respect to the employment of relatives, continuation of the employment of Barbara Joan Wrenn, Statistical Clerk in the Division of Bank Operations, following

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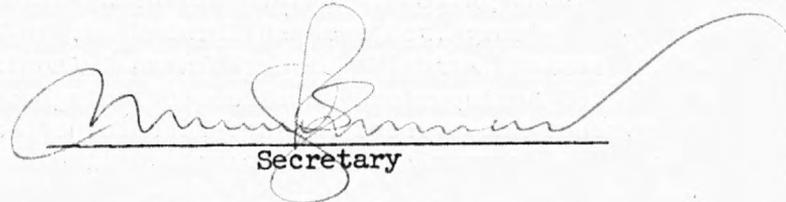
the appointment of her husband (Charles M. Wrenn) to the Board's staff. (It was recommended that Mrs. Wrenn's employment be continued for a reasonable period to provide an adequate staff to handle the work load of the Reserve Bank Statistical Unit in the Division of Bank Operations.)

Salary increase

Phyllis H. Lockhart, from \$4,250 to \$4,510 per annum, with a change in title from Draftsman to Draftsman-Illustrator, Division of Research and Statistics, effective October 15, 1961.

Leave without pay

Eva G. Kennedy, Statistical Assistant, Division of Research and Statistics, granted leave without pay for the period from October 6 to December 4, 1961.



Secretary

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

Item No. 1
10/9/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 9, 1961

Board of Directors,
Seneca National Bank of Wichita,
Wichita, Kansas.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Kansas City, the Board of Governors, acting under the provisions of Section 19 of the Federal Reserve Act, grants permission to the Seneca National Bank of Wichita, Wichita, Kansas to maintain the same reserves against deposits as are required to be maintained by banks located outside of central reserve and reserve cities, effective as of the date it opens for business.

Your attention is called to the fact that such permission is subject to revocation by the Board of Governors.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.



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

Item No. 2
10/9/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 9, 1961



Mr. Watrous H. Irons, President,
Federal Reserve Bank of Dallas,
Station K,
Dallas 2, Texas.

Dear Mr. Irons:

This refers to your letter of September 26, regarding a penalty of \$150.51 incurred by the Freeport National Bank, Freeport, Texas, on a deficiency in its required reserves for the computation period ended September 20, 1961.

It is noted that the deficiency resulted from the bank's being unable to operate on a normal basis because of the devastating hurricane.

In the circumstances, the Board authorizes your Bank to waive the assessment of the penalty of \$150.51 for the period ended September 20, 1961.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 3
10/9/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 9, 1961



CONFIDENTIAL (FR)

Mr. Harold T. Patterson,
First Vice President and
General Counsel,
Federal Reserve Bank of Atlanta,
Atlanta 3, Georgia.

Dear Mr. Patterson:

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Atlanta for the period January 1 through December 31, 1962, at the rates fixed by your Board of Directors as reported in your letter of September 14, 1961:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Harry Brandt	Assistant Vice President	\$13,000
Basil A. Wapensky	Assistant Cashier	10,500

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

LOANS BY BANKS FOR THE PURPOSE
OF PURCHASING OR CARRYING REGISTERED STOCKS

Notice of Proposed Rule Making

The Board of Governors of the Federal Reserve System recently has considered situations arising under paragraph (f) of § 221.2 of Part 221 (Regulation U), which exempts a specified class of bank loans from the margin requirements and other requirements of section 221.1. In order to prevent credit that might be extended by banks under that exemption (or the exemptions provided by paragraphs (g) and (h) of § 221.2) from being used to finance transactions in "special cash accounts" under § 220.4(c) of Part 220 (Regulation T), it is proposed to amend paragraphs (f), (g), and (h) of section 221.2 to read as follows:

§ 221.2 Exceptions to general rule.

* * * * *

(f) Any temporary advance to finance the purchase or sale of securities for prompt delivery which is to be repaid in the ordinary course of business upon completion of the transaction, provided the loan is not made to a person described in section 221.3(q) or for the purpose of enabling the borrower to pay for securities purchased in a special cash account subject to section 220.4(c) of Part 220 (Regulation T);

(g) Any loan against securities in transit, or surrendered for transfer, which is payable in the ordinary course of business upon arrival of the securities or upon completion of the transfer, provided the loan is not made to a person described in section 221.3(q) or for the purpose of enabling the borrower to pay for securities purchased in a special cash account subject to section 220.4(c) of Part 220 (Regulation T);

(h) Any loan which is to be repaid on the calendar day on which it is made, provided the loan is not made to a person described in section 221.3(q) or for the purpose of enabling the borrower to pay for securities purchased in a special cash account subject to section 220.4(c) of Part 220 (Regulation T);

This notice is published pursuant to section 4 of the Administrative Procedure Act and section 2 of the Rules of Procedure of the Board of Governors of the Federal Reserve System (12 CFR 262.2). The proposed change is authorized under the authority cited at 12 CFR Part 221.

Not later than November 13, 1961, comments and suggestions regarding the proposed amendments may be filed with the Board. Communications should be addressed to the Secretary, Board of Governors of the Federal Reserve System, Washington 25, D. C.

Dated at Washington, D. C., this 9th day of October, 1961.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

(Seal) (Signed) Merritt Sherman
Merritt Sherman
Secretary.

Certified to be a true copy of the original,

(Signed) Merritt Sherman
Merritt Sherman, Secretary.

Item No. 5
10/9/61

UNITED STATES OF AMERICA
BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D. C.

In the Matter of the Application of
MORGAN NEW YORK STATE CORPORATION,
Albany, New York

Pursuant to Section 3 of the
Bank Holding Company Act of 1956

ORDER FOR PUBLIC PROCEEDING

The Board of Governors has pending before it an application filed by Morgan New York State Corporation, Albany, New York, pursuant to section 3(a)(1) of the Bank Holding Company Act of 1956, for prior approval by the Board of action to become a bank holding company with respect to the following banks located in New York State: Morgan Guaranty Trust Company of New York, New York City; Manufacturers and Traders Trust Company, Buffalo; Lincoln Rochester Trust Company, Rochester; The National Commercial Bank and Trust Company of Albany, Albany; First Trust & Deposit Company, Syracuse; The Oneida National Bank and Trust Company of Central New York, Utica; and First-City National Bank of Binghamton, N.Y., Binghamton. Notice of the Board's

receipt of this application was published in the Federal Register affording interested persons an opportunity to submit written views and comments regarding the application.

It now appears to the Board to be in the interest of the public, as well as the Applicant, to afford further opportunity for the expression of views and opinions by interested persons in a public proceeding before the Board. Accordingly,

IT IS HEREBY ORDERED, that a public proceeding before the Board be held commencing at 10 a.m. on December 7, 1961, at the offices of the Board of Governors, Washington, D. C.

IT IS FURTHER ORDERED, that any person desiring to express orally a view or opinion on the application before the Board should file with the Secretary of the Board on or before November 13, 1961, a written request relative thereto, setting forth therein a general statement of the nature of the views he wishes to express. Persons submitting such requests will be notified of the Board's decision thereon.

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

(SEAL)

October 9, 1961



FEDERAL RESERVE

press release

Item No. 6
10/9/61

For Immediate Release

October 9, 1961

The Board of Governors has today scheduled for December 7, 1961, an oral presentation of views on the application under the provisions of the Bank Holding Company Act of 1956, of Morgan New York State Corporation, Albany, New York, for approval by the Board of the formation of a bank holding company.

The proposed holding company system would include the following banks located in New York State: Morgan Guaranty Trust Company of New York, New York City; Manufacturers and Traders Trust Company, Buffalo; Lincoln Rochester Trust Company, Rochester; National Commercial Bank and Trust Company of Albany; First Trust and Deposit Company, Syracuse; Oneida National Bank and Trust Company of Central New York, Utica; and First-City National Bank of Binghamton.

The formation of this bank holding company was approved by the New York State Banking Board on September 29.

The oral presentation, which will be open to the public, will be conducted before the members of the Board on December 7, 1961, at 10 a.m. in the Federal Reserve Building, Washington, D. C. Interested persons may apply to the Board for opportunity to present views with respect to this matter on or before November 13.

Notice of this public proceeding is being published in the Federal Register, and a copy of the Board's order is attached.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 7
10/9/61

OFFICE OF THE ^{Vice} CHAIRMAN

October 9, 1961.

BY MESSENGER

The Honorable Wright Patman,
House of Representatives,
Washington 25, D. C.

Dear Mr. Patman:

This refers to your telegram of October 3, 1961, expressing your concern with respect to the proposal for the formation of a bank holding company involving Morgan Guaranty Trust Company.

Following its general practice, the Board on July 27, 1961, published in the Federal Register a notice announcing the receipt of the application filed by Morgan New York State Corporation under the Bank Holding Company Act, thus affording interested persons an opportunity to submit written views and comments within 30 days. The Board also considered the desirability in this case of affording interested persons an opportunity to express oral views in a public proceeding. However, the scheduling of such a public presentation of views was deferred pending action by the New York State Banking Board with respect to the application related to the same proposal filed pursuant to New York State law.

On Friday, September 29, the New York State Banking Board approved the application. Hence, the Board is now publishing in the Federal Register an announcement that interested persons may have an opportunity to present oral views before the Board on December 7, 1961. Copies of the announcement and press statement are enclosed for your information.

While the Bank Holding Company Act does not provide for the submission of recommendations by the Department of Justice, the Board has received and considered the views of that Department in connection with other holding company applications and will, of course, similarly consider any such views that the Department may wish to submit in the present proposal. In accordance with customary practice, the Department is being advised of the aforementioned December 7 public proceeding.

Sincerely yours,

(Signed) C. C. Balderston

C. Canby Balderston,
Vice Chairman

Enclosures

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

Item No. 8
10/9/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 6, 1961

CONFIDENTIAL (FR)

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 September 26, 1961, the Board approves the designation of the following employees as special assistant examiners for the Federal Reserve Bank of Richmond for the purpose of participating in examinations of State member banks only:

Everett L. Anthony, Jr.	Charles H. Hilgenhold
W. Filmore Forrest, Jr.	Edward T. Schools
Douglas A. Garnett	Darrell G. Smith

The Board also approves the designation of the following employees as special assistant examiners for the Federal Reserve Bank of Richmond for the purpose of participating in examinations of State member banks except those listed opposite their names:

Stuart I. Gibson	- The Bank of Virginia, Richmond, Virginia
John C. Irons	- Southern Bank and Trust Company, Richmond, Virginia
James R. Flynn	- Union Bank and Trust Company of Amelia, Amelia, Virginia

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
10/9/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 6, 1961

Mr. L. G. Pondrom, Vice President,
Federal Reserve Bank of Dallas,
Dallas 2, Texas.

Dear Mr. Pondrom:

In accordance with the request contained
in your letter of September 27, 1961, the Board
approves the appointment of Henry Ray Knight as an
assistant examiner for the Federal Reserve Bank
of Dallas, effective today.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.