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Minutes for November 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

Gov. Mills

Gov. Robertson

Gov. Balderston

Gov. Shepardson

Gov. King

Gov. Mitchell

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

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

Mr. Sherman, Secretary  
Mr. Kenyon, Assistant Secretary  
Mr. Fauver, Assistant to the Board  
Mr. Hackley, General Counsel  
Mr. Solomon, Director, Division of Examinations  
Mr. Johnson, Director, Division of Personnel Administration  
Mr. Hooff, Assistant General Counsel  
Mr. Leavitt, Assistant Director, Division of Examinations

Discount rates. The establishment without change by the Federal Reserve Banks of Minneapolis and Kansas City on November 7 and 8, 1961, respectively, 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 members of the Board and copies of which are attached to these minutes under the respective item numbers indicated, were approved unanimously:

	<u>Item No.</u>
Letter to the Federal Deposit Insurance Corporation regarding the application of The People's Bank of Fleming County, Kentucky, Flemingsburg, Kentucky, for continuation of deposit insurance after withdrawal from membership in the Federal Reserve System.	1
Letter to the Federal Reserve Bank of St. Louis with respect to investments in Arkansas Industrial Development Revenue Bonds of the City of Batesville by The Citizens Bank, Batesville, Arkansas.	2

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	<u>Item No.</u>
Letter to Peoples Exchange Bank, Russellville, Arkansas, approving its request for permission to exercise fiduciary powers.	3
Letter to The First National Bank of Jacksonville, Jacksonville, Texas, approving its application for fiduciary powers.	4
Letter to Bank of Idaho, Boise, Idaho, approving an investment in bank premises.	5
Letter to United California Bank, Los Angeles, California, approving the establishment of a branch at Florida Avenue and Laursen Street, Hemet, provided branch operations now conducted at 200 Florida Avenue are discontinued simultaneously with the establishment of the new branch.	6
Letter to The Citizens State Bank of Ontonagon, Michigan, approving the establishment of a branch at White Pine.	7

With respect to Item No. 7, relating to the proposed establishment of a branch in White Pine, Michigan, Governor Mills commented that on balance he would approve the application. It would have been desirable, he thought, if the application could have been discouraged at the beginning. However, a shareholder of the competing bank in Ontonagon had made assertions to the Reserve Bank to the effect that the applicant bank was being operated unwisely. In the circumstances, if the branch application were to be denied, rumors might circulate in the community regarding the soundness of the applicant bank's condition. In any event, the additional risk involved in the operation of the branch in White Pine apparently would not be great.

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Mr. Leavitt noted that steps had been taken to strengthen the management of the applicant bank and improve its condition. Also, the sale of additional capital stock had been authorized. The branch at White Pine would be a small operation, and at present the closest banking facilities were 17 miles distant. Many of the deposits at the branch apparently would represent transfers from the head office of the applicant bank.

Report on competitive factors (Columbia-Summerville, South Carolina).

There had been distributed a draft of report to the Comptroller of the Currency on the competitive factors involved in the proposed merger of The Summerville Bank, Summerville, South Carolina, into The First National Bank of South Carolina of Columbia, Columbia, South Carolina.

After discussion, the report was approved unanimously for transmittal to the Comptroller in a form in which the conclusion read as follows:

The proposed merger would eliminate no important amount of competition and might increase, slightly, competition between First Columbia and the two largest banks in South Carolina. In Summerville, the proposed branch of First National Bank, Holly Hill, would probably be confronted with strong competition from the continuing institution. The proposal should have little effect on the other small independent banks in the territory surrounding Summerville.

Application to organize national bank in Houston, Texas (Item No. 8).

There had been circulated a file relating to an application to organize a national bank to be located at Hawthorne Street and Montrose Boulevard in Houston, Texas. The Federal Reserve Bank of Dallas and the Division of Examinations both suggested an unfavorable recommendation to the Comptroller

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of the Currency, the principal reasons cited being unfavorable earnings prospects and lack of need for additional banking facilities in the area.

Governor Mills stated that he would lean toward a favorable recommendation. The sponsors of the proposed bank seemed respectable and had financial capacity; they should be the best judges as to whether a bank could succeed in the particular location. If the application were made the subject of an adverse recommendation, the Federal Reserve would be substituting its judgment for that of the organizers as to the possibility of a successful operation.

Governor Robertson said he could see no basis for recommending unfavorably. The location was being vacated by an existing bank, and other people felt that they could open a new bank and operate profitably. There was nothing disreputable in the background of the proponents, and they were willing to put up their money.

In reply to a request from the Chairman for amplification of the reasoning of the Division of Examinations, Mr. Solomon commented that on several occasions Vice President Pondrom of the Dallas Reserve Bank had expressed quite definitely the view that the city of Houston was overbanked, or at least was on the verge of being overbanked. Over a period of time, there had been a number of other applications for new banks in the Houston area, and in some instances the Board had agreed with the unfavorable recommendation of the Reserve Bank. The adverse recommendation in this instance probably reflected the general thinking of the Reserve Bank. The Division of Examinations was, of course, guided to some extent by the views

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of the people closer to the scene. The current application appeared to be a fairly close case, and the Division hesitated to take a position contrary to that of the Dallas Bank.

Mr. Leavitt commented that, as previously mentioned, the proposed bank was to be established at a location being vacated by an existing national bank. There would be eight other banks within a radius of approximately three miles, and those closest to the site of the proposed bank had either grown slowly in the past three years or actually lost deposits. The bank moving from the area was reported to control a number of deposits that it would take to its new location, so those would not be available to the new bank.

Governor King suggested that the appearance of an overbanked condition reflected the prohibition against branch banking in the State of Texas. If branch banking were permitted, it seemed likely that an office of some existing bank would be established at the location in question. In the present circumstances, however, it seemed that there would be of necessity a substantial number of smaller banks in the Houston area. Generally speaking, he believed it was sensible to heed the views of the Reserve Bank that was on the scene, but in this instance his thinking would be along the lines expressed by Governors Mills and Robertson.

Accordingly, it was agreed to advise the Dallas Reserve Bank that the Board was disposed to recommend favorably on the application, with the understanding that the matter would be brought back to the Board if the Reserve Bank had strong views or wished to present additional information

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but that otherwise a letter recommending favorably would be sent to the Comptroller of the Currency.

Secretary's Note: The Dallas Reserve Bank having indicated that it did not wish to present any additional information or views, the letter of which a copy is attached as Item No. 8 was sent to the Comptroller.

Chance on valuable prize as payment of interest on deposit

(Item No. 9). The First National Bank, Kokomo, Indiana, had inquired through the Federal Reserve Bank of Chicago concerning a proposed plan for the promotion of savings accounts whereby the bank would issue to each existing and new savings account customer a ticket for each multiple of \$100 deposited during a period of three months. At the end of such period a drawing would be held for three prizes, including an automobile.

A letter to the Federal Reserve Bank of Chicago concerning this inquiry was approved by the Board on October 9, 1961. In the letter the position was taken that the offering of the prizes might be considered an advertising expense and not an indirect payment of interest, even though the prizes were of more than nominal value. The element of chance, with only a few depositors receiving prizes that would have no relation to the amount of the deposits made, was considered an important factor.

The mailing of the approved letter was deferred, however, at the suggestion of Governor Robertson, in order that the Legal Division might consider further the wording of the paragraph of the letter in which the Board's position was set forth. Following additional consideration of the matter, there had now been circulated to the Board a revised draft of

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letter to the Chicago Reserve Bank which stated, in substance, that the prize tickets were premiums, but in all probability would have a value so slight that it could be disregarded in considering whether the depositor would be receiving any additional payment as compensation for the use of funds deposited.

The memorandum submitting the revised draft of letter pointed out that if the Board so desired it might choose to refrain from expressing an opinion on the question that had been presented to it until the national bank had obtained some authoritative statement from Indiana State officials to the effect that the program could be offered without violating State law. Otherwise, it was noted, the Board might be answering a hypothetical question.

At the request of the Board, Mr. Hackley commented on the distinction between the language of the original and revised letters, following which Mr. Hooff reviewed the position taken by the Federal Deposit Insurance Corporation on a somewhat similar question, which was to the effect that although the expense involved related to an advertising scheme and would not be prohibited by the Corporation's interest rate regulation, there might be a question of propriety or legality under State law.

The consensus of the Board was that a substantive answer to the inquiry should be made and that the revised draft would be appropriate. Governor King, although indicating that he would not object to the sending of the proposed letter, expressed the view that the type of program envisaged by the national bank would be less desirable than one in which some item of modest value was given to each depositor, not only because of



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the gambling aspect but because the number of prize tickets obtained by each depositor bore a direct relationship to the amount of funds placed on deposit.

Accordingly, the revised draft of letter was approved unanimously for transmittal to the Federal Reserve Bank of Chicago. A copy of the letter, as sent, is attached as Item No. 9.

Messrs. Hooff and Leavitt withdrew at this point.

"Student definition" clause (Item No. 10). The Federal Reserve Bank of Atlanta had requested that the Board approve inclusion in the Bank's basic hospitalization plan of a "student definition" clause to provide protection for unmarried children 19 but less than 23 years of age who were dependent upon a member of the plan for support and were attending an accredited college or university. It was proposed that two-thirds of the additional cost be paid by the Bank and that the balance be paid by the employees covered by family contracts.

A memorandum from the Division of Personnel Administration, which had been circulated to the Board, pointed out that such a clause was not included at this time in the basic hospitalization plan contract of any Federal Reserve Bank, although the major medical insurance program did include coverage for student dependents. It was also pointed out that approval of the inclusion of the proposed clause in the Atlanta Bank's basic hospitalization plan contract might incite interest at other Reserve Banks and result in a number of problems. In the circumstances, and since the "student definition" clause would represent an extension of coverage

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beyond the limitations of the hospitalization plan originally recommended by the Reserve Bank Presidents and approved by the Board in 1946, it was recommended that the Board request the views of the Conference of Presidents. Such referral, which presumably would result in study of the proposal by the Conference Subcommittee on Personnel, would parallel the procedure followed at the time the basic hospitalization plan was originally formulated. A draft of letter to the Chairman of the Conference of Presidents was submitted with the memorandum.

At the request of the Board, Mr. Johnson made a statement on the matter in which he suggested that although the proposal was of a minor nature in terms of dollars, it appeared to involve a principle of some importance, which indicated the advisability of seeking the views of the Presidents' Conference. He noted, among other things, that the Atlanta Bank was the only Reserve Bank carrying its basic hospitalization plan with a private insurance company rather than the Blue Cross-Blue Shield organization, that more than 800 of its employees were covered by a family contract, that the Bank apparently did not plan to poll its employees on the proposed additional coverage, and that the increased cost, while small, would be spread among all employees covered by a family contract. At other Reserve Banks, it appeared that a poll of employees would be required, and at least one Bank (San Francisco) might not be able to offer "student" coverage at this time.

Asked whether the Personnel Division would be inclined to recommend approval of the Atlanta proposal if it were not for considerations relating

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to the Reserve Banks in general, Mr. Johnson replied that he might be so inclined because of the inclusion of "student" coverage under the major medical insurance program. However, he felt there was enough doubt to make it preferable that the matter be studied by the Subcommittee on Personnel and the views of the Presidents' Conference be made available to the Board.

In further discussion, Governor King commented to the effect that although he would not object to a referral of the matter to the Presidents' Conference, this minor problem seemed to involve the broader question of the extent to which the individual Reserve Banks should be regarded as autonomous regional institutions. From that standpoint, he felt there was some question as to the need for a System-wide position on a proposal advanced by an individual Bank that was considered meritorious by the Board. A possible alternative would be to approve the Atlanta Bank's request and consider in due course any similar requests that might be received from other Reserve Banks.

In reply to a question raised by Governor Mills, Mr. Johnson then presented an explanatory statement in which he pointed out that, whereas the major medical program is a System program, the basic hospitalization plans are individual programs in each city. With certain exceptions, however, a Federal Reserve Bank must obtain Board approval for increased coverage under such plans. Further, while there was a certain latitude of coverage within which the individual Banks might choose to operate,

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the Atlanta proposal would appear to go beyond the scope of the program authorized in 1946.

Thereupon, the proposed letter to the Chairman of the Conference of Presidents, a copy of which is attached as Item No. 10, was approved unanimously.

The meeting then adjourned.

Secretary's Note: Acting in the absence of Governor Shepardson, Governor Robertson today approved on behalf of the Board the following items:

Letters to the Federal Reserve Bank of Richmond (attached Items 11 and 12) approving the designation of Irvin J. Crowl and James E. Edwards as special assistant examiners.

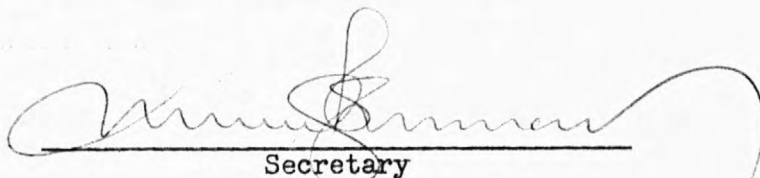
Memoranda from appropriate individuals concerned recommending the following actions relating to the Board's staff:

#### Appointment

Marcia G. Patz as Secretary in the Division of International Finance, with basic annual salary at the rate of \$5,335, effective November 13, 1961.

#### Change in employment status and title

Marie E. Kinder, from a part-time, hourly-rate basis to a full-time basis, with basic annual salary at the rate of \$3,185, and with a change in title from Cafeteria Helper to Charwoman, Division of Administrative Services, effective November 13, 1961.



Secretary

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

Item No. 1  
11/9/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

November 9, 1961

The Honorable Erle Cocks, Sr., Chairman,  
Federal Deposit Insurance Corporation,  
Washington 25, D. C.

Dear Mr. Cocks:

Reference is made to your letter of  
October 30, 1961, concerning the desire of  
The People's Bank of Fleming County, Kentucky,  
Flemingsburg, Kentucky, to continue as an in-  
sured bank following its withdrawal from member-  
ship in the Federal Reserve System.

No corrective programs have been  
urged upon the bank or agreed to by it which  
the Board of Governors believes should be in-  
corporated as conditions to the continuance of  
deposit insurance.

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  
11/9/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

November 9, 1961

Mr. Geo. E. Kroner, Vice President,  
Federal Reserve Bank of St. Louis,  
St. Louis 66, Missouri.

Dear Mr. Kroner:

This refers to your letter of September 19, 1961, presenting the question whether The Citizens Bank, Batesville, Arkansas, has exceeded the legal limit prescribed by section 5136 of the Revised Statutes, through investments in Arkansas Industrial Development Revenue Bonds of the City of Batesville. From the information supplied, it appears that these bonds are issued by the city for the purpose of supplying funds for plant construction for two industrial projects. It also appears that these bonds are not general obligations of the city, but are special obligations payable solely from revenues derived from the operations of these projects.

It is contended that the bonds do not constitute an indebtedness of the city, but it is apparent that the city is obligated at least to the extent of applying the net income from these projects to the payment of the principal and interest of the bonds, which is the extent of the obligation ordinarily undertaken in connection with revenue bonds.

Section 5136 of the Revised Statutes provides that the total amount of investment securities of any one obligor or maker (excluding general obligations of political bodies) held by a national bank for its own account may not exceed 10 per cent of the bank's capital stock and surplus, and this provision is applicable also to member State banks. There is no provision excluding securities of the obligor or maker who has only a limited obligation. Since the City of Batesville is the obligor or maker on these issues of Industrial Development Revenue Bonds, the bank's holdings of all such securities must be added together in determining whether its 10 per cent limit has been exceeded.

Mr. Geo. E. Kroner

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Ten per cent of the bank's combined capital stock and surplus is \$20,000, and the bank has invested \$47,000 in these Industrial Development Revenue Bonds. Therefore, \$27,000 constitutes an excess investment and should be disposed of.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.

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

Item No. 3  
11/9/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

November 9, 1961

Board of Directors,  
Peoples Exchange Bank,  
Russellville, Arkansas.

Gentlemen:

This refers to your request for permission, under applicable provisions of your condition of membership numbered 1, to exercise fiduciary powers.

Following consideration of the information submitted, the Board of Governors of the Federal Reserve System grants permission to Peoples Exchange Bank to exercise the fiduciary powers now or hereafter authorized by its articles of incorporation and the laws of the State of Arkansas.

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  
11/9/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

November 9, 1961



Board of Directors,  
The First National Bank of Jacksonville,  
Jacksonville, Texas.

Gentlemen:

The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers and grants The First National Bank of Jacksonville authority to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies, or other corporations which come into competition with national banks are permitted to act under the laws of the State of Texas. The exercise of such rights shall be subject to the provisions of Section 11(k) of the Federal Reserve Act and Regulation F of the Board of Governors of the Federal Reserve System.

A formal certificate indicating the fiduciary powers that your bank is now authorized to exercise will be forwarded in due course.

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  
11/9/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

November 9, 1961

Board of Directors,  
Bank of Idaho,  
Boise, Idaho.

Gentlemen:

The Board of Governors of the Federal Reserve System approves, under the provisions of Section 24A of the Federal Reserve Act, an investment in bank premises by Bank of Idaho of not to exceed \$753,000. This includes an estimated \$140,000 for construction of branch quarters at Boise, Post Falls, and Sandpoint, Idaho, and \$612,227 spent or to be spent in the construction of branch quarters at Idaho Falls, Idaho.

Attention is called to the fact that it will be necessary for the bank to obtain prior approval of the Board of Governors for any additional expenditures so long as the aggregate investment in bank premises exceeds the bank's capital stock.

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. 6  
11/9/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

November 9, 1961



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

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch at the north-east corner of Florida Avenue and Laursen Street, Hemet, California, by United California Bank, provided the branch is established within one year from the date of this letter, and provided further that branch operations now conducted at 200 East Florida Avenue are discontinued simultaneously with the establishment of the above branch.

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. 7  
11/9/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

November 9, 1961

Board of Directors,  
The Citizens State Bank  
of Ontonagon,  
Ontonagon, Michigan.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch at White Pine, Michigan, by The Citizens State Bank of Ontonagon, Ontonagon, Michigan, provided the branch is established within six months 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. 8  
11/9/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

November 9, 1961.

Comptroller of the Currency,  
Treasury Department,  
Washington 25, D. C.

Attention: Mr. G. W. Garwood,  
Deputy Comptroller of the Currency.

Dear Mr. Comptroller:

Reference is made to a letter from your office dated June 26, 1961, enclosing copies of an application to organize a national bank at Houston, Texas, and requesting a recommendation as to whether or not the application should be approved.

Upon reviewing all available information, the Board of Governors recommends favorable consideration of the proposal.

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  
11/9/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

November 9, 1961



Mr. Paul C. Hodge, Vice President,  
General Counsel & Secretary,  
Federal Reserve Bank of Chicago,  
Chicago 90, Illinois.

Dear Mr. Hodge:

This refers to your letter of August 31, 1961, addressed to Mr. Hackley, enclosing copy of a letter dated August 28, 1961, from First National Bank, Kokomo, Indiana, requesting the Board's opinion with respect to the giving of prizes of substantial value as part of a promotional plan to obtain savings deposits.

It is understood that the bank proposes to issue to each existing and new savings account customer a ticket for each multiple of \$100.00 deposited during a period of three months, and that, at the end of such period, a drawing would be held for three prizes, the first of which would be an automobile and the other two prizes would total \$500.00. It is also stated in your letter that the bank might hold a similar program once a year if the first one should prove successful.

As you know, the Board has taken the position that the giving of premiums of nominal value during an advertising campaign will not be considered an indirect payment of interest. The plan here in question provides premiums in the form of chances on articles of considerable value. However, the premium given for each \$100.00 deposit in all probability would be of nominal value. In other words, the value of each chance is so slight that such value may be disregarded in considering whether the depositor is receiving any additional payment as compensation for use of the funds deposited. While the Board would not wish to encourage such plans, it is the Board's opinion that the offering of these three prizes may be considered an advertising expense and not an indirect payment of interest. If the chances given to any one depositor amounted, in the aggregate, to more than nominal value, the Board might, of course, reach a different conclusion.

Mr. Paul C. Hodge

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The bank's attention should be directed to the State lottery statutes (Article 15, Sec. 8 of the Indiana Constitution and Sec. 10-2301 of Vol. 4, Part 2, Burns Indiana Statutes Annotated), and to Federal lottery statutes, particularly 18 U.S.C. 1302 and 1304, which prohibit use of the mails and radio broadcasts in connection with lotteries. In addition to the legality of the campaign, the national bank should, of course, take up the question of its propriety with the Office of the Comptroller of the Currency.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.

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

Item No. 10  
11/9/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

November 9, 1961



Mr. Malcolm Bryan, Chairman,  
Conference of Presidents of the  
Federal Reserve Banks,  
c/o Federal Reserve Bank of Atlanta,  
Atlanta 3, Georgia.

Dear Mr. Bryan:

A Federal Reserve Bank has requested approval by the Board of Governors of the inclusion, under its basic hospitalization plan, of a "student definition" clause providing protection for unmarried children who are 19 but less than 23 years of age, are dependent upon the employee for support, and are attending an accredited college or university. It is proposed that two-thirds of the additional cost be paid by the Bank and that the balance be paid by the employees covered by family contracts.

A "student definition" clause is not included in the basic hospitalization plan contract of any Federal Reserve Bank or Branch at this time. As this is an extension of coverage in which many of the Banks are interested, the Board would appreciate having the views of the Presidents on this question.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.



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

Item No. 11  
11/9/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



November 9, 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 November 2, 1961, the Board approves the designation of Irvin J. Crawl 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. Crawl as a special assistant examiner is hereby canceled.

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. 12  
11/9/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

November 9, 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 November 2, 1961, the Board approves the designation of James E. Edwards 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. Edwards as a special assistant examiner is hereby canceled.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,  
Assistant Secretary.