

609
9/61

Minutes for November 27, 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

me

Gov. Mills

[Signature]

Gov. Robertson

[Signature]

Gov. Balderston

[Signature]

Gov. Shepardson

[Signature]

Gov. King

[Signature]

Gov. Mitchell

[Signature]

Minutes of the Board of Governors of the Federal Reserve System
on Monday, November 27, 1961. The Board met in the Board Room at 10:00 a.m.

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

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Molony, Assistant to the Board
Mr. Fauver, Assistant to the Board
Mr. Hackley, General Counsel
Mr. Solomon, Director, Division of Examinations
Mr. Hexter, Assistant General Counsel
Mr. Hooff, Assistant General Counsel
Mr. Hostrup, Assistant Director, Division of Examinations
Mr. Leavitt, Assistant Director, Division of Examinations
Mr. Sprecher, Assistant Director, Division of Personnel Administration
Mr. Landry, Assistant to the Secretary
Mr. White, Review Examiner, Division of Examinations
Mr. Fuerth, Attorney

Discount rates. The establishment without change by the Federal Reserve Banks of Cleveland, Richmond, Chicago, St. Louis, and Kansas City on November 22, 1961, and by the Federal Reserve Banks of Philadelphia and Dallas on November 24, 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 or distributed to the Board. The following items, which had been circulated or distributed to the Board and copies of which are attached to these minutes under the respective item numbers indicated, were approved unanimously:

11/27/61

-2-

	<u>Item No.</u>
Letter to The Garden State National Bank of Teaneck, Teaneck, New Jersey, approving its application for fiduciary powers.	1
Letter to First National Bank of Goshen, Goshen, Indiana, approving its application for fiduciary powers.	2
Letter to Central Valley National Bank, Oakland, California, approving its application for fiduciary powers.	3
Letter to Vinson, Elkins, Weems & Searls granting an extension of time within which C. B. Investment Corporation, Houston, Texas, must comply with the Board's divestment directive.	4
Letter to General Economics Corporation, New York, New York, regarding loans on mutual fund shares for the purpose of paying life insurance premiums.	5
Letter to the Federal Reserve Bank of San Francisco regarding a possible violation of section 6(a)(2) of the Bank Holding Company Act by First Security Bank of Utah, N.A., Salt Lake City, Utah.	6
Letter to the Federal Reserve Bank of New York approving a special salary range for the medical director.	7
Letter to the Federal Reserve Bank of San Francisco approving revisions in salary structures at each of its offices.	8

In connection with Item No. 5, Mr. Hexter reported that the staff was continuing to study the problem of the application of the margin regulations to loans made pursuant to package plans under which customers buy mutual fund shares and assign such shares as collateral for loans, the proceeds of which are used to pay the premiums on life insurance policies. He also indicated, however, that the Securities and Exchange Commission was considering an approach to the entire

11/27/61

-3-

matter under section 11(d)(1) of the Securities Exchange Act of 1934. Such action might obviate the necessity for the Board to consider action under its regulations, and the Board's staff was keeping in touch with the Commission to ascertain what might develop.

Report on competitive factors (Williamsport, Pennsylvania).

There had been distributed under date of November 17, 1961, 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 Savings Institution in the City of Williamsport in the County of Lycoming, Williamsport, Pennsylvania, by The First National Bank of Williamsport, Williamsport, Pennsylvania.

The report, which contained the following conclusion, was approved unanimously for transmission to the Comptroller:

Although constituents' offices are located in the same city, competition between the two banks is limited as the Savings Institution's charter restricts the types of service it can perform to accepting time deposits, making real estate mortgages, and providing safe deposit facilities. Consummation of this proposal might stimulate competition in the area without, however, adversely affecting the smaller banks.

Report on competitive factors (Metter, Georgia). There had been distributed under date of November 15, 1961, a draft of report to the Federal Deposit Insurance Corporation on the competitive factors involved in the proposed acquisition of assets and assumption of deposit liabilities of Pineland Bank, Metter, Georgia, by Pineland State Bank, Metter, Georgia.

The report, which contained the following conclusion, was approved unanimously for transmission to the Corporation:

11/27/61

-4-

The proposed transaction should stimulate competition in the area without adverse effects on any bank.

Report on competitive factors (Kansas City, Kansas). Under date of November 20, 1961, there had been distributed a draft of report to the Comptroller of the Currency on the competitive factors involved in the proposed consolidation of Security National Bank of Kansas City, Kansas City, Kansas, and The Riverview State Bank, Kansas City, Kansas.

Governor Robertson suggested certain modifications in the body of the report that he felt would portray the competitive situation in the area more clearly, noting, however, that he thought the conclusion was correctly stated. It being understood that the changes suggested by Governor Robertson would be made, the report was approved unanimously for transmittal to the Comptroller. The conclusion read as follows:

The proposed consolidation of Security National Bank of Kansas City, Kansas City, Kansas, and The Riverview State Bank, Kansas City, Kansas, would eliminate whatever competition exists between these affiliated institutions. The competition eliminated might be more than offset by an increased ability on the part of the continuing bank to compete more effectively with the currently largest local bank and the large banks located in nearby Kansas City, Missouri, without adverse effects on smaller banks in the area.

Application for membership in the Federal Reserve System. There had been circulated a memorandum from the Division of Examinations dated November 2, 1961, recommending that an opportunity be given for withdrawal of the application filed on behalf of the proposed Harris County Bank & Trust Company, Houston, Texas, for membership in the Federal Reserve System. The memorandum noted that under the provisions of sections 4(b)

11/27/61

-5-

and 6 of the Federal Deposit Insurance Act the Board was required to certify to the Federal Deposit Insurance Corporation that consideration had been given to six factors, and that three of these factors (relating, respectively, to future earnings prospects, general character of management, and convenience and needs of the community to be served) had been resolved unfavorably by the Division of Examinations. The Federal Reserve Bank of Dallas, however, had recommended that the application be approved subject to the two standard conditions of membership contained in Regulation H, Membership of State Banking Institutions in the Federal Reserve System. The State Banking Board had not acted on the application for a charter, and the views of the State authorities were not known.

In his comments on the matter, Mr. Leavitt noted that the individual proposed as president and senior executive officer of the Harris County Bank & Trust Company was not too experienced in the banking field and that the policies of the bank would apparently be dominated by three proposed directors who in the past few years had bought and sold several small banks and who presently, through a partnership arrangement, controlled two banks, one of which, First National Bank, Itasca, Texas, was not well rated. Self-serving, he said, was much in evidence in connection with the operations of the bank in Itasca; and the financial statements furnished by two of the proposed directors appeared to substantially understate their liabilities. Mr. Leavitt also said that it was believed that informal inquiry had been made of the Federal Deposit Insurance Corporation with regard to deposit insurance and that the

11/27/61

-6-

District Supervising Examiner had reacted unfavorably.

Governor King stated that if action today was necessary, he would be inclined to favor approval, since he was rather persuaded by the argument advanced by the Reserve Bank that the proposed bank, if chartered, would be better off in the System. However, as indicated in the file, the State Banking Board had deferred consideration of the application for a charter until its meeting on December 7, 1961. If the charter application should be turned down, the question of the membership application would be resolved.

Mr. Leavitt said that it might be possible to obtain information in this regard through the Reserve Bank. He noted, however, that many State authorities will not act on a charter application until the applicants have obtained a commitment for insurance of deposits, either as a nonmember insured bank or a State member bank.

Governor Shepardson said that he was inclined to agree with the staff recommendation, since there appeared to be no particular need for the bank and since the record of some of the proponents suggested that they would be more interested in serving their personal needs than in serving the community.

Governor Robertson indicated that he would favor disapproval of the application, with advice to the applicants of such action. Although he would not object to deferral of the matter pending advice as to the position of the State authorities with respect to the charter application, his inclination would be to take unfavorable action on the membership

11/27/61

-7-

application should the charter be granted or should the Board be advised that action on the charter was being withheld pending the availability of deposit insurance.

Chairman Martin said that this was about where he had come out in his thinking on the matter.

In further discussion Governor Shepardson said that he would have no objection to turning down the application. Neither would he object to deferring action unless it appeared, as Mr. Leavitt had suggested, that the State Banking Board was awaiting advice on the ability of the applicants to obtain deposit insurance before acting on the charter application.

Governor King commented to the effect that he would agree with Governor Robertson that a clear-cut decision would be preferable if it should be the Board's disposition to reject the application. He also ascertained, through questions, that certain phraseology in the memorandum from the Division of Examinations was not intended to suggest that an erroneous statement had been made regarding the previous banking experience of the individual slated to become executive officer of the proposed bank.

At the conclusion of the discussion, it was agreed to defer action on the application, with the understanding that the Division of Examinations would endeavor to obtain, through the Dallas Reserve Bank, further information on the status of the charter application.

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

Payment for cost of dinners. The Secretary was informed later by Governor Shepardson that during the executive session the Board had modified

11/27/61

-8-

the outstanding authorization with respect to payment of the cost of dinners arranged in connection with meetings of certain System groups held in Washington. The previous authorization, reflecting Board action on November 10, 1949, provided that the Board would pay the cost of a dinner not more frequently than once each year in connection with meetings in Washington of the Auditors' Conference, the Examiners' Conference, and the System Research Advisory Committee, provided that the cost of such dinners was not to exceed \$10 per person and that a list of those invited to attend was to be submitted in advance for approval. The effect of the action taken today was to expand the previous action so as to authorize payment of the cost of dinners on the occasion of meetings held in Washington by other System committees, subcommittees, or similar groups, with the understanding that the dinner arrangements, including the cost thereof and a list of the persons to be invited, would be subject to approval in advance by the member of the Board having the assignment for direction of internal affairs of a managerial nature.

The meeting then adjourned.

Secretary's Notes: The Secretary was advised by Governor Shepardson that on November 24, 1961, in accordance with an understanding at an executive session of the Board on November 2, 1961, he had approved the following actions recommended in a memorandum from Mr. Noyes, Director, Division of Research and Statistics, dated November 17, 1961:

(a) Appointment of Mr. J. Charles Partee, effective January 2, 1962, to the position of Chief, Capital Markets Section, Division of Research and Statistics, at a salary rate of \$16,000 per annum, such position to be established in the budget of the Division of Research and Statistics, as a nonclassified position, not to be regarded as

11/27/61

-9-

an officer position. This action was taken with the understanding that the Board would pay expenses to be incurred by Mr. Partee in moving his headquarters from Chicago, Illinois, to Washington, D. C.

(b) An increase in the salary of Mr. Robert Solomon to \$15,030 per annum and a change in his title from that of Chief of the Capital Markets Section to Assistant to the Director, a new position to be established in the Division of Research and Statistics, effective January 2, 1962.

(c) An increase in the salary of Mr. M. H. Schwartz to \$15,030 per annum and a change in his title from that of Chief, Statistical Operations Planning, to Assistant to the Director, a new position to be established in the Division of Research and Statistics, effective January 2, 1962.

On November 24, 1961, Governor Shepardson also approved on behalf of the Board the following items:

Letter to the Federal Reserve Bank of New York (attached Item No. 9) approving the appointment of Thomas P. McQueeney as assistant examiner.

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

Salary increases

Richard S. Landry, Assistant to the Secretary, Office of the Secretary, from \$8,340 to \$8,955 per annum, effective November 26, 1961.

Murray Altmann, Economist, Division of Research and Statistics, from \$11,155 to \$12,210 per annum, effective November 26, 1961.

Extension of appointment

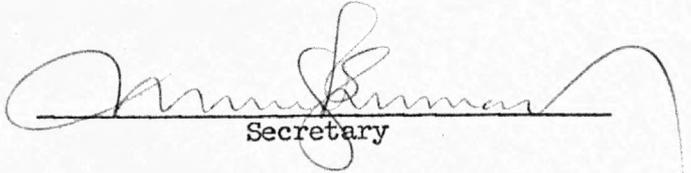
Jane B. Orlove as Secretary in the Legal Division through December 23, 1961, with no change in basic annual salary at the rate of \$4,345.

Pursuant to the recommendation contained in a memorandum from the Secretary of the Board, Governor Shepardson today approved on behalf of the Board an adjustment in the basic annual

11/27/61

-10-

salary of George L. Spencer, Jr., General Assistant in the Office of the Secretary, from \$8,080 to \$7,425, effective December 10, 1961, pursuant to the understanding at the time of Mr. Spencer's transfer from the Board Members' Offices to the Secretary's Office in May 1961.



Secretary

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

Item No. 1
11/27/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 27, 1961



Board of Directors,
The Garden State National Bank
of Teaneck,
Teaneck, New Jersey.

Gentlemen:

The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers and grants The Garden State National Bank of Teaneck 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 New Jersey. 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) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

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

Item No. 2
11/27/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 27, 1961

Board of Directors,
First National Bank of Goshen,
Goshen, Indiana.

Gentlemen:

The Board of Governors of the Federal Reserve System has given consideration to your supplemental application for fiduciary powers and grants you authority to act, when not in contravention of State or local law, as registrar of stocks and bonds, assignee, receiver, 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 Indiana. 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.

In addition to the fiduciary powers herein authorized, the bank was granted authority, on August 24, 1934, to act as trustee, executor, administrator, guardian of estates, and committee of estates of lunatics.

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) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.



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

Item No. 3
11/27/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 27, 1961

Board of Directors,
Central Valley National Bank,
Oakland, California.

Gentlemen:

The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers and grants Central Valley National Bank 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 California. 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) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.



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

Item No. 4
11/27/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 27, 1961

Marvin K. Collie, Esq.,
Vinson, Elkins, Weems & Searls,
Attorneys at Law,
First City National Bank Building,
Houston 2, Texas.

Dear Mr. Collie:

This refers to your letter of November 17, 1961, confirming informal arrangements previously made through the Federal Reserve Bank of Dallas for a conference of representatives of C. B. Investment Corporation and representatives of the Board's staff at 10 a.m. on December 1, 1961, for the purpose of discussing recent Board actions under the Bank Holding Company Act relating to the Corporation's ownership of shares of stock of the First National Bank of La Porte, Texas, and the First National Bank of Port Arthur Texas.

In connection with this conference, and pursuant to your request, the Board has granted an extension of time until January 18, 1962, within which the Corporation must comply with the Board's directive as set forth in the letter of September 19, 1961, from the Federal Reserve Bank of Dallas.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.



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

Item No. 5
11/27/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 27, 1961



AIR MAIL -- REGISTERED
RETURN RECEIPT REQUESTED

General Economics Corporation,
625 Madison Avenue,
New York 22, New York.

Gentlemen:

By an Affidavit dated June 15, 1961, executed by Nelson Axelrad, Vice President of General Economics Corporation (hereinafter referred to as "General"), and each of its three subsidiaries, First Continental Planning, Inc. (now GEC Securities, Inc.), Financial Protection Corporation, and Secured Financial Corporation, General agreed for itself and its subsidiaries

" . . . that Secured Financial Corporation will not accept the pledge of any securities which have been sold by First Continental Planning, Inc. or by any affiliate of Secured Financial Corporation within the preceding three months, and that no suggestion or arrangement will be made or entered into at the time that any securities are sold by any such affiliate as to the pledge of the securities, then or later, to secure loans for the purpose of paying life insurance premiums. . . ."

General has requested through counsel that General and its subsidiaries be released from the commitments embodied in the above Affidavit pending a general resolution of questions as to the application of the securities laws and regulations to activities of the kind engaged in by these corporations and others.

As a matter of equitable treatment, the Board does not now contemplate taking action, on the basis of the Affidavit, with respect to whatever procedure General and its subsidiaries may adopt in their sales activities during whatever further period of time may pass before a general resolution of the substantive questions can be achieved.

General Economics Corporation

-2-

It should also be clearly understood that this action of the Board in no way reflects a present position of the Board on the merits of the general problem or indicates what position the Board may ultimately take with respect thereto. Nor shall this action constitute any justification or defense of any activities or conduct contrary to law or regulation as may be determined at any time. This action is intended solely to equalize General's competitive position with those of others in the same business and to free General and its subsidiaries to take the same risks as others with respect to whether their activities are in compliance with applicable laws and regulations.

This letter is not to be construed as indicating in any way a position of the Securities and Exchange Commission.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 6
11/27/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



November 27, 1961

Mr. E. H. Galvin, Vice President,
Federal Reserve Bank of San Francisco,
San Francisco 20, California.

Dear Mr. Galvin:

This refers to the letter dated August 25, 1961, from Mr. James Ahlf, Chief Examiner, enclosing copies of an analysis of the Annual Report to the Board of Governors for the fiscal year ended December 31, 1960, of First Security Corporation, Salt Lake City, Utah, a registered bank holding company.

Mr. Ahlf's letter called attention to a possible violation of section 6(a)(2) of the Bank Holding Company Act on the part of First Security Bank of Utah, N. A., a subsidiary of First Security Corporation, which was also commented upon in the report of examination of that Bank made by an examiner for the Comptroller of the Currency as of March 27, 1961.

It is understood that First Security Bank accepted, prior to May 9, 1956, the effective date of the Act, shares of First Security Corporation "in lieu of a dealer's reserve" in connection with a discount line extended to an automobile dealer. It is further understood that such shares of stock have been continuously retained by Bank and carried as collateral security for extensions of credit made to the same dealer since the enactment of the Act. It also appears that the extensions of credit made subsequent to May 9, 1956, are not renewals or extensions of loans made to that dealer prior to the latter date.

In the Board's opinion the foregoing circumstances constitute an "acceptance" by the Bank of shares of stock of its parent holding company as collateral for "advances" in violation of section 6(a)(2) of the Act. Accordingly, it will be appreciated if

Mr. E. H. Galvin

-2-

You will so advise First Security Corporation and request that appropriate measures be taken to eliminate the violation. A copy of this letter is being transmitted to the Office of the Comptroller of the Currency for its information.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 7
11/27/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 27, 1961

CONFIDENTIAL (FR)

Mr. Alfred Hayes, President,
Federal Reserve Bank of New York,
New York 45, New York.

Dear Mr. Hayes:

In accordance with your letter of November 2, 1961,
the Board of Governors approves the following special salary
range applicable to the Medical Director at the Federal Reserve
Bank of New York:

<u>Position</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>
Medical Director	\$18,000	\$24,300

The Board understands that this range shall apply
only to a Medical Director working on a full-time basis.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.



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

Item No. 8
11/27/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 27, 1961

CONFIDENTIAL (FR)

Mr. Eliot J. Swan, President,
Federal Reserve Bank of San Francisco,
San Francisco 20, California.

Dear Mr. Swan:

Reference is made to your letter of November 2, 1961, in which your Bank requests approval of upward adjustments in the salary structures at each of your offices.

The Board approves the following minimum and maximum salaries for the respective grades at various offices in your District effective January 1, 1962:

Grade	San Francisco		Portland		Salt Lake City	
	Los Angeles-Seattle Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
1	\$ 2,760	\$ 3,720	\$ 2,580	\$ 3,540	\$ 2,400	\$ 3,120
2	3,000	4,020	2,820	3,780	2,580	3,420
3	3,240	4,380	3,000	4,080	2,760	3,720
4	3,540	4,800	3,240	4,380	3,060	4,140
5	3,900	5,220	3,540	4,800	3,420	4,620
6	4,200	5,700	3,960	5,280	3,840	5,160
7	4,560	6,180	4,320	5,880	4,200	5,760
8	5,040	6,720	4,800	6,480	4,680	6,360
9	5,520	7,440	5,340	7,140	5,220	7,020
10	6,000	8,220	5,880	7,920	5,760	7,800
11	6,600	9,000	6,480	8,760	6,360	8,640
12	7,200	9,840	7,080	9,720	6,960	9,540
13	7,980	10,800	7,800	10,680	7,680	10,500
14	8,700	11,940	8,580	11,700	8,400	11,460
15	9,600	13,080	9,360	12,720	9,180	12,420
16	10,500	14,280	10,200	13,800	10,020	13,500

Mr. Eliot J. Swan

- 2 -

Salaries should be paid to employees, other than officers, within the limits specified for the grades in which the positions of the respective employees are classified. It is assumed that all employees whose salaries are below the minimums of their grades as a result of a structure increase will be brought within the appropriate ranges as soon as practicable and not later than April 1, 1962.

It is understood that sufficient allowance has been made in the 1962 budget to cover increased salary costs resulting from these adjustments in structures.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 9
11/27/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 24, 1961

CONFIDENTIAL (FR)

Mr. Howard D. Crosse, Vice President,
Federal Reserve Bank of New York,
New York 45, New York.

Dear Mr. Crosse:

In accordance with the request contained in your letter of November 10, 1961, the Board approves the appointment of Thomas P. McQueeney as an assistant examiner for the Federal Reserve Bank of New York. Please advise the effective date of the appointment.

It is noted that Mr. McQueeney is indebted to Manufacturers Hanover Trust Company, New York, New York, in the amount of \$250, which indebtedness is secured by Mr. McQueeney's interest in that bank's profit sharing plan, and that, in connection with his interest in the profit sharing plan, Mr. McQueeney owns approximately nine shares of Manufacturers Hanover Trust Company stock. It is noted further that, under the terms of the profit sharing plan, sale of the stock cannot be effected until February 7, 1962, at which time the stock will be sold and the proceeds will be used to liquidate the loan. It is understood, of course, that the Board's approval of the appointment is given with the understanding that Mr. McQueeney will not participate in any examination of Manufacturers Hanover Trust Company until his stock has been sold and his indebtedness has been liquidated.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.