

Minutes for December 13, 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

M

Gov. Mills

[Signature]

Gov. Robertson

[Signature]

Gov. Balderston

CCB

Gov. Shepardson

[Signature]

Gov. King

[Signature]

Gov. Mitchell

[Signature]

Minutes of the Board of Governors of the Federal Reserve System on
 Wednesday, December 13, 1961. The Board met in the Board Room at 11:00 a.m.

PRESENT: Mr. Martin, Chairman
 Mr. Balderston, Vice Chairman
 Mr. Mills
 Mr. Robertson
 Mr. Shepardson
 Mr. King
 Mr. Mitchell

Mr. Sherman, Secretary
 Mr. Kenyon, Assistant Secretary
 Mr. Molony, Assistant to the Board
 Mr. Fauver, Assistant to the Board
 Mr. Hackley, General Counsel
 Mr. Farrell, Director, Division of Bank Operations
 Mr. Solomon, Director, Division of Examinations
 Mr. Connell, Controller
 Mr. Harris, Coordinator of Defense Planning
 Mr. Hooff, Assistant General Counsel
 Mr. Koch, Adviser, Division of Research and
 Statistics
 Mr. Goodman, Assistant Director, Division of
 Examinations
 Mr. Benner, Assistant Director, Division of
 Examinations
 Mr. Leavitt, Assistant Director, Division of
 Examinations
 Mr. Spencer, General Assistant, Office of the
 Secretary
 Mr. Young, Senior Attorney
 Mr. Kakalec, Assistant to the Controller

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

Item No.

1

Letter to the Federal Reserve Bank of Phila-
 delphia regarding the operation of a common
 trust fund by Princeton Bank and Trust Company,
 Princeton, New Jersey.

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	<u>Item No.</u>
Letter to Philadelphia Investment Corporation, Philadelphia, Pennsylvania, approving an increase in its paid-in capital.	2
Letter to the Federal Reserve Bank of St. Louis noting the withdrawal of the Bank's previous proposal for the pre-emergency storage of currency and interposing no objection to a revised substitute plan.	3
Letter to State Bank of Arthur, Arthur, Illinois, granting its request for permission to exercise fiduciary powers.	4
Letter to Citizens State Bank, Puyallup, Washington, approving the establishment of a branch in the Sumner Shopping Center, Pierce County.	5
Letter to all Federal Reserve Banks regarding discontinuation of publication of the Board's annual list of national banks authorized to exercise fiduciary powers.	6

Messrs. Harris, Hooff, Goodman, Benner, and Leavitt withdrew from the meeting at this point.

Request of First National City Trust Company. There had been circulated a memorandum dated November 29, 1961, prepared by the Division of Bank Operations, regarding a request by The First National City Trust Company, New York, New York, for permission to maintain the same reserves against deposits as are required to be maintained by banks located outside of central reserve and reserve cities. Attached to the memorandum was a draft letter in which such permission was granted.

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Governor Mitchell raised certain questions regarding the rationale underlying the favorable recommendation, and in light of those questions it was agreed that the matter would be held over for further consideration at another meeting of the Board.

Presidential reorganization plan. There had been distributed a memorandum dated December 8, 1961, from the Legal Division with respect to a letter from the Bureau of the Budget that invited the Board to recommend any Presidential reorganization plan which the Board might consider desirable, in connection with the Bureau's review of proposals to improve the organization and management of agencies and functions that might usefully be advanced during the next session of Congress under the Reorganization Act of 1949.

In commenting on the subject, Mr. Hackley said that even though the Reorganization Act defined an agency of the Government as an establishment "in the executive branch," the legislative history of the Act made it clear that it would be difficult to take the position that the law was not applicable to the Board. Nevertheless, it was the feeling within the Board's staff that any recommendations for changes in the Board and its functions, no matter how desirable, would constitute a precedent and suggest that the Board derived its authority not entirely from Congress but partly from the executive branch of the Government. Accordingly, the draft reply to the Budget Bureau had been prepared in terms that to the extent any changes in the Board's organization might

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be desirable, they should be accomplished by specific legislation and not be included in a plan under the Reorganization Act.

Following Mr. Hackley's comments, Governor Balderston suggested a rewording of the last paragraph of the proposed reply. Mr. Molony also had prepared an alternative reply, copies of which he distributed to the members of the Board.

During the ensuing discussion, Governor Mitchell said that he concurred generally in the view that any substantial changes in the organization and functions of the Board should be accomplished through legislation. However, there was another area of concern to him with respect to the Board's operations, namely, the possibility of delegating authority for certain matters to the staff or to the Reserve Banks. He indicated that he would like to have a statement prepared concerning functions that might be delegated. The result of such delegations of authority might be to help clear the Board's docket and provide for more effective administration of Federal Reserve responsibilities.

Mr. Hackley replied that while the staff had considered that possibility, it had felt that inclusion of such matters in a Presidential reorganization plan might be subject to the disadvantages that he had mentioned. For this reason, the staff had not undertaken at this time to go into organizational changes that might be desirable. However, it might be worth while to explore the matter further.

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Governor Robertson commented that the functions requiring the most time were those in which the Board was called upon to act in a quasi-judicial capacity. It would be undesirable to delegate such matters in the absence of Congressional action.

During further discussion, Mr. Hackley pointed out that there were certain responsibilities the Board must exercise pursuant to statutory requirements. In some other matters, no statutory requirements were involved. However, as he had previously indicated, the staff had not gone into the subject from that angle.

Following additional comments with respect to the most appropriate form of the reply to be sent to the Budget Bureau, it was understood that the letter would be redrafted in light of this discussion and brought back to the Board for further consideration.

Messrs. Hackley, Farrell, Solomon, Young, and Spencer withdrew from the meeting at this point.

Board's budget for 1962. There had been distributed to the members of the Board copies of the proposed budget of the Board for 1962, together with a summary prepared by the Office of the Controller under date of November 22, 1961. The total proposed budget was \$6,956,637, or \$317,938 more than estimated expenses for 1961. Of the total, \$5,225,045 was for personal services, while \$1,731,592 was for nonpersonal services.

In commenting on the budget, Mr. Connell noted that the Board had already discussed and approved a number of the larger items therein falling within the category of nonpersonal services.

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During the discussion that ensued, Governor Mitchell raised certain questions relating to the amount provided for computer rentals in 1962, particularly the increase in expense attributable to the rental of an IBM 1410 computer in replacement of the currently rented IBM 650 beginning about June 1, 1962. Governor Mitchell referred to a memorandum now awaiting consideration by the Board concerning the proposed rental of the IBM 1410 and stated his understanding from a reading of the memorandum that the total rental cost, including extra-shift rental, would be lower in 1962 if the IBM 1410 were installed. The budget summary indicated that the total rental cost would be approximately \$35,000 greater.

After several comments had been made in explanation, it was understood that the point mentioned by Governor Mitchell would be checked into in order to obtain full clarification.

With reference to the proposed budget of the Division of Research and Statistics, Governor Mitchell commented that he was somewhat disturbed to note that the budget for the Banking Section totaled only about \$116,000, which seemed to him rather low in relation to the amounts budgeted for other phases of the Division's work, particularly in view of the importance that he attached to the program in the banking area. In making this comment, he specified that he was not objecting to the amounts provided for other types of research activity. He also indicated that he had not yet had an opportunity for discussion of this point with the Director of the Division.

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Other comments by Governor Mitchell called attention to a proposal, at an anticipated cost of approximately \$670, to re-design the cover of the Board's Annual Report for 1961 and make use of color in the report to a limited extent.

Governor Shepardson indicated that this matter had been covered in a staff memorandum submitted to him under date of December 12, 1961. After explaining the nature of the proposal, he said that it had raised some question in his mind and that he had intended to bring the item to the attention of the Board. He noted that the proposal did not contemplate any significant changes in the content of the Annual Report.

After a discussion during which varying views were expressed, it appeared that there was no strong feeling among the members of the Board in favor of the proposal. Accordingly, agreement was expressed with a suggestion that the proposal not be adopted.

Chairman Martin then turned to the members of the Board for their views regarding the budget as a whole.

Governor Mills said that he believed the budget was clearly presented and that he would accept it as submitted, with the knowledge that although the budget was a guideline, it could be reopened during the year for revision should justifiable circumstances arise.

Governor Robertson expressed agreement. He stated that he did not hold the view that the budget was an absolute ceiling on expenditures; rather, he understood that specific items could be considered during the

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course of the year. For example, if there should be a specific proposal that would call for an addition to the research budget, he would have no objection to its consideration notwithstanding the figures used in the budget.

Governor Shepardson noted that, as previously mentioned, certain of the larger items in the budget for nonpersonal services had already been considered specifically by the Board and had received authorization. He also commented on the computer proposal mentioned by Governor Mitchell, as outlined in the memorandum awaiting consideration by the Board.

Governor King stated that he would approve the proposed budget, as did Governor Balderston, the latter adding that he would agree with the philosophy expressed by Governor Mills.

Accordingly, the proposed budget for 1962 was approved unanimously.

The provisions thereof, in summary, were as follows:

Personal Services

Salaries:

Offices of Members of the Board	\$ 362,053
Office of the Secretary	270,553
Legal Division	186,775
Office of the Controller	101,896
Division of Research and Statistics	1,306,507
Division of International Finance	359,777
Division of Examinations	705,906
Division of Bank Operations	355,274
Division of Personnel Administration	160,470
Division of Administrative Services (excluding cafeteria salaries)	665,242
Office of Defense Planning	<u>39,897</u>
Total Salaries	\$4,514,350
Fees	54,520
Retirement Contributions	612,203
Employee Insurance	<u>43,972</u>
Total Personal Services	<u>\$5,225,045</u>

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Nonpersonal Services

Traveling Expenses	\$ 367,383
Postage and Expressage	83,527
Telephone and Telegraph	101,718
Printing and Binding	284,541
Stationery and Supplies	58,022
Furniture and Equipment	31,492
Rentals	207,725
Books and Subscriptions	20,725
Heat, Light, and Power	54,120
Repairs and Alterations (Building and Grounds)	125,561
Repairs and Maintenance (Furniture and Equipment)	13,335
Insurance	10,070
Contractual Professional Services	272,225
All Other	101,148
	<hr/>
Total Nonpersonal Services	\$1,731,592
	<hr/>
Grand Total	\$6,956,637

All of the members of the staff except Messrs. Sherman and Fauver then withdrew from the meeting.

Director appointments. It had been ascertained that J. M. Cheatham, Class C director of the Federal Reserve Bank of Atlanta, would not be able to accept designation as Chairman of the Bank for the year 1962. In the circumstances, it was agreed to request the Chairman of the Atlanta Bank to ascertain and advise whether Jackson Williams Tarver, President of Atlanta Newspapers, Inc., Atlanta, Georgia, would accept appointment, if tendered, as a Class C director of the Bank for the three-year term beginning January 1, 1962, with the understanding that if Mr. Tarver would accept, the appointment would be made and he would also be designated Chairman and Federal Reserve Agent for the year 1962, with compensation fixed at an amount equal to the fees that would be payable to any other

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director of the Bank for equivalent time and attendance to official business.

Secretary's Note: It having been ascertained that Mr. Tarver would accept the appointment as Class C director if tendered, a telegram advising him of such appointment and of his designation as Chairman and Federal Reserve Agent for 1962 was sent on December 14, 1961.

It was agreed to request the Chairman of the Federal Reserve Bank of Atlanta to ascertain and advise whether Henry King Stanford, President of Birmingham Southern College, Birmingham, Alabama, would accept appointment, if tendered, as a director of the Birmingham Branch for the three-year term beginning January 1, 1962, with the understanding that if Dr. Stanford would accept, the appointment would be made.

Secretary's Note: It having been ascertained that Dr. Stanford would accept the appointment if tendered, a telegram advising him of the appointment was sent on December 18, 1961.

David C. Bevan, Vice President, Finance, The Pennsylvania Railroad Company, Philadelphia, Pennsylvania, was appointed Deputy Chairman of the Federal Reserve Bank of Philadelphia for the year 1962.

Messrs. Sherman and Fauver then withdrew and the Board went into executive session.

Salaries of Board officers. The Secretary was informed later by Governor Shepardson that during the executive session the Board had approved increases in the annual salaries of members of its official staff as follows, effective January 1, 1962:

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	<u>Annual Salary</u>	
	<u>From</u>	<u>To</u>
<u>Office of the Secretary</u>		
Merritt Sherman, Secretary	\$18,500	\$19,000
Elizabeth L. Carmichael, Assistant Secretary	10,750	11,500
<u>Legal Division</u>		
David B. Hexter, Assistant General Counsel	17,750	18,500
Thomas J. O'Connell, Assistant General Counsel	16,000	17,000
Wilson L. Hooff, Assistant General Counsel	13,750	14,250
<u>Division of Research and Statistics</u>		
Lewis N. Dembitz, Associate Adviser	16,950	17,500
Daniel H. Brill, Associate Adviser	16,000	17,000
<u>Division of International Finance</u>		
Arthur B. Hersey, Adviser	17,000	18,500
J. Herbert Furth, Adviser	17,000	18,500
Robert L. Sammons, Adviser	17,000	17,750
Samuel I. Katz, Associate Adviser	15,500	16,500
Ralph C. Wood, Associate Adviser <u>1/</u>	15,030	15,750
<u>Division of Examinations</u>		
Henry Benner, Assistant Director	16,950	17,500
Glenn M. Goodman, Assistant Director	16,400	16,750
James C. Smith, Assistant Director	15,750	16,250
Lloyd M. Schaeffer, Chief Federal Reserve Examiner	14,500	15,500
Brenton C. Leavitt, Assistant Director	14,500	15,000
Andrew N. Thompson, Assistant Director <u>1/</u>	14,705	15,500
<u>Division of Bank Operations</u>		
John R. Farrell, Director	18,000	18,500
Gerald M. Conkling, Assistant Director	16,400	17,000
M. B. Daniels, Assistant Director	15,600	16,000
John N. Kiley, Assistant Director	13,500	14,500
<u>Division of Personnel Administration</u>		
H. F. Sprecher, Jr., Assistant Director	15,300	15,750

1/ Appointed to position indicated effective January 1, 1962.

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Division of Administrative Services

	<u>Annual Salary</u>	
	<u>From</u>	<u>To</u>
Joseph E. Kelleher, Director	\$16,400	\$16,750
Harry E. Kern, Assistant Director	10,750	11,500

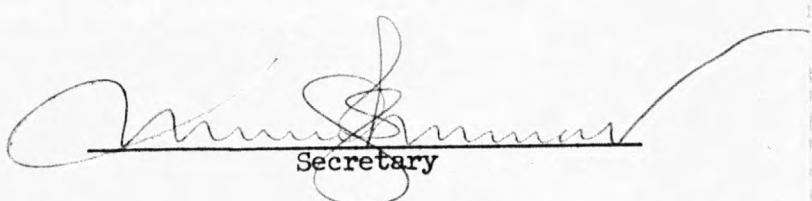
In addition, the Board changed the title of Kenneth B. Williams from Associate Adviser to Adviser, Division of Research and Statistics, effective January 1, 1962, with no change in annual salary at the rate of \$18,000.

The Board approved an increase of \$18,265 in its budget for 1962 in view of the foregoing salary adjustments, thus increasing the budget from \$6,956,637 to \$6,974,902.

Appointment to Board's staff. The Secretary was informed later that during the executive session the Board approved the appointment of Robert L. Cardon as Legislative Counsel in the Board Members' Offices, with annual salary at the rate of \$17,600, effective the date of entrance upon duty.

The meeting then adjourned.

Secretary's Note: Pursuant to the action of the Board on November 29, 1961, a telegram was sent today to William King Self advising him of his appointment, effective December 15, 1961, as a director of the Memphis Branch of the Federal Reserve Bank of St. Louis for the unexpired portion of the term ending December 31, 1962.



Secretary

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

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Item No. 1
12/13/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 13, 1961

Mr. Joseph R. Campbell, Vice President,
Federal Reserve Bank of Philadelphia,
Philadelphia 1, Pennsylvania.

Dear Mr. Campbell:

This is in reply to your letter dated September 8, 1961, relative to Princeton Bank and Trust Company, Princeton, New Jersey, and its operation of a common trust fund (Fund) established and maintained under the provisions of section 206.17, Regulation F. Specifically, the operating practice in question involves payment to trusts participating in the Fund of income collected and accrued at quarterly distribution periods, which payment exceeds the combined cash balances of the principal and income accounts of the Fund. This practice has been questioned by your examiners as an apparent violation of applicable provisions of the Board's common trust fund regulations--section 206.17(a)(4), Regulation F--and of a related interpretation of the Board published in the July 1949 Federal Reserve Bulletin. The member bank has requested the current views of the Board on the question and has submitted various facts and arguments for the Board's consideration.

Relevant portions of the Board's regulation provide that --

"A bank administering a Common Trust Fund shall not have any interest in the assets held in such Common Trust Fund, other than in its capacity as fiduciary...." -Paragraph 4(iii), section 206.17(a), Regulation F; and

"A national bank acting as fiduciary shall not make any advance to any trust from the funds belonging to any other trust, except when the making of such advances to a designated trust is specifically authorized by the trust instrument covering the trust from which such advances are made." -Section 206.11(c), Regulation F (applicable to the administration of all common trust funds maintained under the provisions of section 206.17, Regulation F by virtue of the first sentence of subsection (c), section 206.17 of the regulation).

Mr. Joseph R. Campbell

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In its 1949 ruling, the Board considered a question virtually identical to that now raised by Princeton Bank and Trust Company and expressed the opinion that "the use of uninvested cash in a common trust fund to distribute accrued interest and dividends receivable on investments of the fund prior to receipt is not inconsistent with...Regulation F," and "that it would not object if uninvested cash in a common trust fund were so used in reasonable amounts." In this ruling, the Board expressed the view that the use of funds advanced by a bank for the purpose of distribution of such accruals or the use of cash funds belonging to other trust department accounts for such purpose would, in either case, cause the bank to acquire an interest in the assets of the Fund of the kind prohibited by the above quoted provisions of section 206.17(a).

Under its present policy and practice applicable to investment of the funds of its common trust fund, the member bank does not maintain sufficient uninvested principal cash in the Fund to offset quarterly payments of income accruals. The main argument advanced by the member bank in support of such practice stems from concern with its fiduciary duty to keep trust property productive so as to maximize the income yield to beneficiaries of trusts participating in the Fund. While additional income--admittedly inconsequential per unit of participation--would be derived from full investment employment of the principal of the Fund, the consequence of such policy, when coupled with the payment of income on an accrued basis, is a net overdraft in the cash accounts of the Fund; i.e., the unauthorized advance of cash to the Fund by other trust department accounts. Hence, violation of the provisions of section 206.11(c), Regulation F, is involved in addition to the prohibited acquisition of an interest in the Fund as discussed in the foregoing paragraph.

It may also be observed that, in view of the source of funds which, under the current practice of the member bank, enables both full investment of principal and distribution of income on an accrued basis, whatever income advantage may accrue would properly enure, not to the beneficiaries of the trusts participating in the common trust fund, but to the beneficiaries of the trusts the cash balances of which comprise the bank's general deposit of trust funds. It should further be borne in mind that, consistent with the Board's interpretative ruling, payments of income accruals to common trust fund participants are made possible, in effect, by an advance from uninvested cash held in the Fund which action involves a "use" of such cash for the direct benefit of beneficiaries of trusts participating in the Fund.

Following consideration of all aspects of the subject inquiry, the circumstances of which do not materially differ from

Mr. Joseph R. Campbell

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those on which its earlier opinion was based, and as a result of reconsideration of the principles involved in presently applicable regulations and related rulings, there appears to the Board no basis on which to alter the views heretofore expressed on this question as published in the July 1949 Federal Reserve Bulletin at pp. 797-98. Will you please so advise Princeton Bank and Trust Company.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 2
12/13/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 13, 1961

Mr. Frederick C. Rieck, Vice President,
Philadelphia International Investment Corporation,
Philadelphia, Pennsylvania.

Dear Mr. Rieck:

In a letter dated January 31, 1961, the Board acknowledged your letter of January 10, 1961 certifying that, as of that date, an additional \$175,000 of cash was paid in by the sole shareholder of your Corporation, The Philadelphia National Bank, against its subscription to \$3,500,000 of capital stock and noted that your Corporation had issued 21,000 shares of its authorized common stock, receiving in payment therefor cash in the amount of \$2,100,000. In accordance with your request, the Board of Governors consented that the remainder of the capital stock of Philadelphia International Investment Corporation may be paid in upon call from the Board of Directors of the Corporation, provided that the Board of Governors shall have approved each such increase in paid-in capital not more than ninety days prior to the date on which the increase is paid in.

Your letter of December 1, 1961, transmitted through the Federal Reserve Bank of Philadelphia, requests the approval of the Board of Governors to an increase in your Corporation's paid-in capital to \$3,500,000. It is noted that the \$1,400,000 increase you now wish to effect will be by call from your Board of Directors upon the Philadelphia National Bank for cash payment in that amount, covering 14,000 shares; that the increase is deemed necessary in view of the additional investment commitments engaged in and brought under negotiation by the Corporation since January 10, 1961; and that you are most anxious to reflect the increase in your financial condition prior to December 31, 1961.

In accordance with your request and pursuant to the provisions of Section 25(a) of the Federal Reserve Act, the Board of Governors approves the increase in paid-in capital of Philadelphia International Investment Corporation from \$2,100,000 to \$3,500,000. Please advise the Board of Governors in writing, through the Federal Reserve Bank of Philadelphia, when the additional capital has been paid in.

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
12/13/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 13, 1961

Mr. Delos C. Johns, President,
Federal Reserve Bank of St. Louis,
St. Louis 66, Missouri.

Dear Mr. Johns:

In your letter of August 7, 1961, you advised the Board that you wished to withdraw your plan, approved by the Board June 21, 1961, for the pre-emergency storage of 1/ currency, and submitted for the Board's consideration a substitute plan. On October 19, 1961, you submitted for the Board's consideration a revised substitute plan which adopts for emergency currency distribution purposes the same geographical areas and agent cities as heretofore designated for emergency check operations.

The Board appreciates being advised of the withdrawal of your plan for the pre-emergency storage of currency, and it interposes no objection to the revised substitute plan.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

1/ Correct date is June 21, 1960.

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

Item No. 4
12/13/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 13, 1961

Board of Directors,
State Bank of Arthur,
Arthur, Illinois.

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 State Bank of Arthur to exercise the fiduciary powers now or hereafter authorized by its charter and the laws of the State of Illinois.

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. 5
12/13/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 13, 1961

Board of Directors,
Citizens State Bank,
Puyallup, Washington.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch in the Sumner Shopping Center in the vicinity of the intersection of Sumner-Buckley Highway and Parker Road, Pierce County, Washington, by Citizens State Bank provided the branch is established within one year from the date of this letter.

It is noted that the bank's capital stock is to be increased \$100,000, in part by the sale of \$10,000 par value common stock, as required by the Supervisor of Banking of the State of Washington.

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. 6
12/13/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

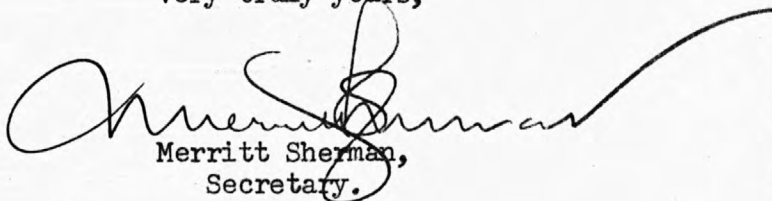
December 13, 1961

Dear Sir:

The Board has decided to discontinue publication of its Annual List of National Banks Authorized to Exercise Fiduciary Powers. This decision was reached after informal discussions with persons connected with the bank examination departments of several of the Reserve Banks, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation which disclosed that the Board's publication has only limited usefulness.

The Board will, of course, continue the present practice of furnishing the Federal Reserve Banks copies of all letters originated at the Board which relate to trust powers exercised by national and State member banks in their respective districts. The Board also will undertake to keep the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation currently informed concerning the fiduciary status of member banks.

Very truly yours,



Merritt Sherman,
Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS