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Minutes for December 21, 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

MM

Gov. Mills

[Signature]

Gov. Robertson

[Signature]

Gov. Balderston

CB

Gov. Shepardson

[Signature]

Gov. King

[Signature]

Gov. Mitchell

[Signature]

Minutes of the Board of Governors of the Federal Reserve System on  
Thursday, December 21, 1961. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman  
Mr. Balderston, Vice Chairman  
Mr. Mills  
Mr. Robertson  
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. Hexter, Assistant General Counsel  
Mr. O'Connell, Assistant General Counsel  
Mr. Conkling, Assistant Director, Division  
of Bank Operations  
Mr. Masters, Associate Director, Division  
of Examinations  
Mr. Hostrup, Assistant Director, Division  
of Examinations  
Mr. Leavitt, Assistant Director, Division  
of Examinations  
Mrs. Semia, Technical Assistant, Office  
of the Secretary  
Mr. Collier, Chief, Current Series Section,  
Division of Bank Operations  
Mr. Thompson, Supervisory Review Examiner,  
Division of Examinations

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:

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	<u>Item No.</u>
Letter to The Chase Manhattan Bank, New York, New York, approving an extension of time to establish a branch at 3 South Central Park Avenue, Town of Greenburgh.	1
Letter to the Comptroller of the Currency recommending favorably with respect to an application to organize a national bank at Venice, Florida, subject to a question in regard to management.	2
Letter to The Citizens National Bank of Russellville, Russellville, Kentucky, approving its application for fiduciary powers.	3
Letter to First National Bank in Loveland, Loveland, Colorado, approving its application for fiduciary powers.	4
Letter to Farmers and Merchants Bank, Marianna, Arkansas, waiving the requirement of six months' notice of withdrawal from membership in the Federal Reserve System.	5

Report on competitive factors (Charlotte-Sylva, North Carolina).

There had been distributed to the Board a draft of report to the Comptroller of the Currency on the competitive factors involved in the proposed merger of The Jackson County Bank, Sylva, North Carolina, into First Union National Bank of North Carolina, Charlotte, North Carolina.

Agreement having been expressed with certain changes suggested by Governor Mills, the report was approved unanimously for transmittal to the Comptroller in a form in which the conclusion read as follows:

There is no evidence that applicant banks compete, and only minor, if any, adverse competitive effects seem probable as a result of the proposed merger; however, it would increase the

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trend in North Carolina toward concentration of banking resources in a few large banks.

Electronic processing equipment (Items 6-8). There had been distributed to the members of the Board a memorandum from the Division of Bank Operations dated December 15, 1961, relating to proposals of the Federal Reserve Banks of Richmond, Atlanta, and Dallas to acquire electronic computers. The Richmond Bank also proposed to acquire Burroughs B-270 electronic check processing equipment. As to the computers, Atlanta had decided to rent with option to purchase. Richmond and Dallas had not yet decided whether to rent with option to purchase or to purchase outright; proposed letters to those Banks would request advice when that decision had been made. Similarly, Richmond had not yet made a decision whether to rent the check processing equipment with option to purchase or to purchase outright.

In discussion, Governor Mitchell noted that the configuration of the IBM 1401 computer proposed to be acquired by Richmond included disk storage, whereas the proposed Atlanta and Dallas acquisitions would call for tape units and storage cores. It was his understanding that the latter type of equipment had come to be generally preferred.

After some discussion of this point, Governor Robertson suggested that the thought be expressed to the Richmond Bank that it might want to make a further check, including consultation with other Reserve Banks, before reaching a decision as between the two types of equipment, and

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it was understood that the matter would be taken up with the Richmond Bank on such basis.

Subject to this understanding, the proposed acquisitions at the three Banks were noted without objection, it being understood that the Richmond and Dallas Banks would be asked to advise the Board when they had reached a decision as between outright purchase and rental with purchase option. Attached are copies of (1) the letter sent to the Richmond Bank (Item No. 6); (2) the telegram sent to the Atlanta Bank (Item No. 7); and the letter sent to the Dallas Bank (Item No. 8) pursuant to the foregoing action.

Amendments to Bank Holding Company Act. There had been distributed to the members of the Board a memorandum from the Legal Division dated December 18, 1961, submitting a draft of material relating to the Bank Holding Company Act proposed for inclusion in the Board's Annual Report for 1961. The material was generally in line with that included in the Annual Report for 1960. In addition to referring to the amendments suggested in the Board's special report of May 7, 1958, which would continue to be recommended with one exception, the draft material would emphasize the desirability of amendment of the Act in three respects: (1) elimination of the exemption accorded to a company registered under the Investment Company Act of 1940 before May 15, 1955; (2) repeal or amendment of section 6 of the Act; and (3) repeal of the "holding company affiliate" provisions of the Banking Act of 1933 and amendment of the "affiliate"

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laws along the lines indicated in the Board's 1958 special report.

In discussion, Governor Robertson suggested (1) a brief statement in the Annual Report reiterating previous proposals of the Board for amendment of the law, and (2) the preparation of specific draft legislation that the Board would seek to have introduced at the forthcoming session of the Congress.

After Chairman Martin had expressed agreement with this suggestion, Governor Mills commented to the effect that the inclusion of controversial items in an omnibus bill might result in failure of the entire bill. He also expressed the opinion that it was important to press for the enactment of legislation that would bring so-called one-bank situations within the purview of the Bank Holding Company Act.

In further discussion, Mr. Hexter brought out that draft legislation was to a large extent already in hand, having been prepared both in connection with the Board's 1958 special report and the amendments proposed in the Board's 1960 Annual Report.

Governor Mills then suggested the possibility of having two bills introduced, one containing relatively noncontroversial amendments to the Holding Company Act and the other relating to items such as the so-called one-bank cases.

After some discussion as to how the provisions of draft legislation relating to one-bank cases might be worded, Chairman Martin suggested that the Legal Division be requested to bring together for the Board's

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consideration drafts of an omnibus bill and of proposed amendments to the law relating to one-bank cases and the three subjects that had been specifically mentioned in the Board's Annual Report for 1960. The Board could then consider seeking to have proposed legislation introduced at the forthcoming session of the Congress.

No objection being indicated, it was agreed to proceed in such manner.

Mr. Hostrup then withdrew from the meeting.

Request of First National City Trust Company (Item No. 9). In view of certain questions raised by Governor Mitchell at the meeting on December 13, 1961, consideration of an application by The First National City Trust Company, New York, New York, for permission to carry reduced reserves had been deferred.

Governor Mitchell stated that he had inquired further into the matter but remained of the opinion that the request should not be granted. After noting the close tie-in between subject bank and The First National City Bank of New York, he went on to say that the character of the business conducted by the trust company--a trust-type business--was similar to that conducted by very large banks and that the current central reserve city bank classification seemed to him appropriate.

Governor Robertson agreed, stating that he thought the Board must look through form to substance. He described the applicant bank as merely a little finger of the large institution (First National City Bank)

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and expressed the view that the banks must be considered together rather than separately.

Mr. Farrell then commented on the history of the trust company and the make-up of the \$24 million of demand deposits held by it. He understood Mr. Hackley to feel that it was doubtful from a legal standpoint whether the fact that two banks were affiliated was a sufficient basis for withholding approval of a request to carry reduced reserves that presumably would otherwise be granted. Turning to the character of business conducted by the trust company, Mr. Farrell said that the institution reportedly had not opened a new checking account since 1929. The funds listed as time deposits represented trust funds awaiting investment on which no interest was paid. By any criteria the Board had considered to date, the trust company--were it not affiliated with a large national bank--apparently would be eligible to carry reduced reserves.

Mr. Hackley said he felt that denial of a request for permission to carry reduced reserves solely on the ground that the applicant bank was affiliated with a large bank might be subject to serious legal question. If such relationships were taken into account, it might be said, for example, that if a bank holding company controlled a large city bank and a small suburban bank, the latter should be refused permission to carry reduced reserves. However, it might be that in this case the national bank and the trust company were so closely intertwined that some argument could be made that this relationship affected the character of business of the trust company.

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Governor Mitchell commented that the requests granted in the Chicago area had been for banks that did not have the same kind of customers, by and large, as First National City Trust Company. In this particular case, it seemed to him that the trust company was doing the kind of business done generally by large banks. In terms of total deposits and the size and character of business of the institution, it seemed to him that the current classification for reserve purposes was warranted.

Governor Mills recalled that in the course of the Board's consideration of criteria for the classification of cities for reserve purposes he had consistently taken the position that the formula should be geared to gross rather than demand deposits. However, the choice of the majority of the Board was to turn to demand deposits. As to the current request, he would favor approval. The trust company's demand deposits were of little consequence; and its time deposits represented funds awaiting investment by the trust department.

Governor King indicated that he would favor approval of the request. He thought it was not necessary, in a case of this kind, to go into matters such as relationships of the applicant bank to other institutions. Such a procedure might, in his opinion, involve undue difficulties in reaching determinations in individual cases.

Governor Balderston said the point raised by Mr. Hackley was impressive to him. He inquired whether it appeared likely, as a practical matter, that banks might set up affiliated trust companies to obtain the

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advantage of lower reserve requirements, and Governor Mills commented that he would doubt this very much. Governor Balderston then said that he would favor approval of the current request.

The request of First National City Trust Company was then approved, Governors Robertson and Mitchell dissenting. A copy of the letter sent to the applicant trust company pursuant to this action is attached as Item No. 9.

Messrs. Conkling and Collier then withdrew from the meeting.

Morgan New York State Corporation. With reference to the brief being filed by Morgan New York State Corporation in supplementation of its oral presentation on December 7, 1961, concerning its application for approval of action to become a bank holding company, Mr. O'Connell reported that a representative of the applicant had raised yesterday the question whether the Board would be willing to receive certain information in confidence. Apparently, Morgan wished to make a point in the brief concerning the inadequacy of capital of some of the banks the stock of which it would propose to acquire. In this connection, it intended to apply the New York Reserve Bank's form of capital analysis and show the results in chart form, but felt that the chart presentation should not be made public.

After consideration of the matter, during which it was pointed out that information such as proposed to be included in the brief was already available within the Federal Reserve System, the suggestion was

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made by Governor Robertson that Morgan be advised informally that whatever it decided to include in its brief would be part of the public record, but that the Federal Reserve might be presumed to have an awareness of the capital situation of the banks involved and would apply whatever analysis it deemed appropriate.

There was general agreement with this suggestion, and it was understood that Morgan would be informed to such effect.

Applications for approval of proposed mergers. With reference to the application of The Chase Manhattan Bank, New York, New York, for permission to acquire by merger a Long Island bank, on which an oral presentation was scheduled to be held on January 19, 1961, Mr. O'Connell reported receipt of a letter from counsel for the applicant bank requesting copies of the reports on competitive factors submitted to the Board by the other Federal bank supervisory agencies and the Department of Justice. Mr. O'Connell said he anticipated that a similar request would be received from Chemical Bank New York Trust Company with reference to its proposed merger with a Long Island bank, on which an oral presentation also had been scheduled for January 19. He said it was the consensus of views in the Legal Division that the Board's best interest would be served by furnishing copies of the competitive factor reports so that the applicant banks might study those reports in preparing their comments at the oral presentations. He noted that the Comptroller of the Currency had followed a similar practice in connection with a recent hearing and had indicated

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his intention to follow such a procedure in the future; the Board had acceded to the Comptroller's request for extra copies of its reports to him on competitive factors. However, the Board previously had rejected a request of Wells Fargo Bank American Trust Company, San Francisco, for copies of the competitive factor reports submitted to the Board in connection with a merger application of that bank.

In discussion of the matter, Governor Mills indicated that he would have some concern about releasing competitive factor reports in their entirety. Such reports might contain references to data of a confidential nature, and the possibility of their release might have an inhibiting effect. In preparing such reports, the agencies concerned might not feel as free to express opinions they derived from consideration of the material at their disposal.

Mr. Solomon indicated that, absent other considerations, he would be inclined to favor the principle of not releasing competitive factor reports. To do so might discourage freedom of expression in the preparation of such reports. However, with public attention having been drawn to the procedure announced by the Comptroller, Mr. Solomon felt that the Board might have more to gain, on balance, than to lose by making such reports freely available.

Comments by members of the Board, other than the reservations expressed by Governor Mills, were favorable to complying with the request of Chase Manhattan, and any similar request made by Chemical. However,

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it was felt that a check should be made with the agencies that had furnished the reports in question to determine whether they would have any objection.

Accordingly, Governor Mills' reservations having been noted, it was understood that a check would be made with the reporting agencies and that the competitive factor reports would be furnished to the applicant banks if such agencies indicated no objection.

Orders in connection with merger applications. Reference was made to orders, statements, and dissenting statements in process of preparation in reflection of the Board's decisions with respect to pending merger applications of Wells Fargo Bank American Trust Company, San Francisco, and Fifth Third Union Trust Company, Cincinnati. As to the Wells Fargo (Santa Cruz) case, Governor Mitchell said that he would review the dissenting statement before leaving today, while Chairman Martin and Governor King indicated that they would be agreeable to the release of the majority statement in a form satisfactory to Governor Mills. As to the Fifth Third Union (Norwood-Hyde Park) case, Governor Mitchell stated that he was satisfied with the revised draft of majority statement that had now been prepared, while Chairman Martin and Governor King indicated that they would be agreeable to the release of the majority statement in such form.

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

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Appointment of directors. The Board authorized the appointment of Herbert Deuel Armstrong, Treasurer, Standard Oil Company of California, San Francisco, as a Class C director of the Federal Reserve Bank of San Francisco for the three-year term beginning January 1, 1962, subject to ascertainment through Chairman Whitman that Mr. Armstrong would accept the appointment if tendered. The Board also authorized Governor Mills to discuss with Chairman Whitman the matter of the appointment of a Deputy Chairman of the Federal Reserve Bank of San Francisco for the year 1962, with the understanding that Governor Mills would determine in the light of his discussion with Mr. Whitman whether Mr. John D. Fredericks, a Class C director living in Los Angeles, or Mr. Armstrong should be appointed Deputy Chairman and with the further understanding that on the basis of Governor Mills' determination the appointment of a Deputy Chairman would be made.

Secretary's Note: It was subsequently ascertained that Mr. Armstrong would be unable to accept the appointment as Class C director.

It having been ascertained that J. T. Menzies, Jr., would be unable to accept reappointment, the Board authorized the appointment as a director of the Baltimore Branch of the Federal Reserve Bank of Richmond of Leonard C. Crewe, Jr., President and Treasurer, Maryland Fine & Specialty Wire Company, Inc., Cockeysville, Maryland, for the three-year term beginning January 1, 1962, subject to ascertainment by Chairman Decker of that Bank that Mr. Crewe would accept the appointment if tendered.

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Secretary's Note: It having been ascertained that Mr. Crewe would accept the appointment if tendered, a telegram advising him of the appointment was sent on December 22, 1961.

Letter to Counsel, National Association for the Advancement of Colored People (Item No. 10). Chairman Martin reported that he had talked with President Bryan of the Federal Reserve Bank of Atlanta regarding the letter received from Counsel for the National Association for the Advancement of Colored People under date of December 6, 1961, concerning the fact that the Atlanta Bank was making available separate but equal rest room facilities for its employees in connection with the occupancy of its new building, in which dining facilities were to be on a nonsegregated basis as were public wash rooms. Chairman Martin said that he had read to Mr. Bryan the draft of letter considered at the meeting yesterday, that Mr. Bryan felt that the letter would not complicate his problem in dealing with the situation at the Atlanta Bank, that Mr. Bryan had been working aggressively to eliminate discrimination in all ways within the Bank as well as in other areas, and that as a result of this discussion he (Chairman Martin) had come to the conclusion that the draft of letter to the National Association for the Advancement of Colored People was in a form that might be transmitted in response to the inquiry raised by that Association.

After a discussion, unanimous approval was given to the letter to Mr. J. Francis Pohlhaus, Counsel for the National Association for the

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Advancement of Colored People, with the understanding that a copy would be sent to President Bryan. A copy of the letter is attached as

Item No. 10.

The meeting then recessed and reconvened at 11:45 a.m. with the same Board member attendance as at the beginning of the meeting. Mr. Sherman also was present.

Salary of Reserve Bank officer. The Secretary reported a telephone conversation with President Allen of the Federal Reserve Bank of Chicago earlier today in which Mr. Allen reported that at the meeting of the Board of Directors of that Bank this morning consideration would be given to fixing a salary for First Vice President Scanlon for the calendar year 1962 at the rate of \$27,500 per annum and that if the Board of Directors acted favorably to fix the salary at that rate, he (Mr. Allen) would telephone this noon in the hope of getting prompt Board approval of this salary.

Unanimous approval was given to the payment of salary to Mr. Scanlon as First Vice President for the period January 1, 1962, to December 31, 1962, at the rate of \$27,500 per annum if so fixed by the directors of that Bank.

Secretary's Note: Later in the day telephone advice was received from Mr. Allen that the directors had fixed Mr. Scanlon's salary at the rate indicated, and a letter was sent to Chairman Briggs under date of December 21, 1961, approving payment of that salary for the calendar year 1962.

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Year-end closing entries. There had been distributed to the Board a memorandum from the Division of Bank Operations dated December 20, 1961, submitting a statement showing the estimated earnings and expenses of the Federal Reserve Banks during 1961, along with proposed year-end entries to profit and loss accounts. The reports received from the Banks indicated that no special charge-offs or other year-end adjustments requiring Board approval were contemplated.

There being no objection, it was understood that the respective Reserve Banks would be advised by telegram that the Board had noted without objection the proposed 1961 year-end closing entries.

The meeting then adjourned.

Secretary's Notes: The steps contemplated by the Board's action of December 12, 1961, in issuing a preliminary permit to First National City Overseas Investment Corporation, New York, New York, having been completed, a final permit was issued today to that corporation.

Pursuant to recommendations contained in memoranda from appropriate individuals concerned, Governor Robertson, acting in the absence of Governor Shepardson, today approved on behalf of the Board the transfer of the following persons on the Board's staff:

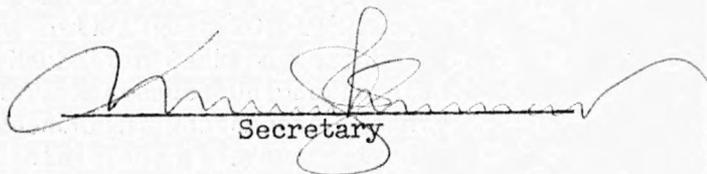
Jeanne A. Chambers, from the position of Stenographer, Legal Division, to the position of Clerk-Stenographer, Division of Research and Statistics, with no change in basic annual salary at the rate of \$4,250, effective December 24, 1961.

Rosemary V. Jordan, from the position of Clerk-Typist, Division of Personnel Administration, to the position of Clerk-Typist, Division of Research and Statistics, with no change in basic annual salary at the rate of \$3,970, effective December 24, 1961.

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Governor Robertson also approved today on behalf of the Board the recommendation contained in a memorandum dated December 18, 1961, from Mr. Koch, Adviser in the Division of Research and Statistics, that Mrs. Gertrude Weiss be reappointed as a Consultant, effective January 1, 1962, and until December 31, 1962, for continuance of her work in connection with consumer surveys, on a temporary contractual basis with compensation at the rate of \$50 per day for each day worked for the Board either in Washington or outside the city, and, in accordance with the Board's travel regulations, a per diem in lieu of subsistence in the amount of \$16 for time spent in a travel status in connection with her assignments, and transportation. It was understood that provision had been made in the 1962 budget of the Division of Research and Statistics for this reappointment.



Secretary

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

Item No. 1  
12/21/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

December 21, 1961

Board of Directors,  
The Chase Manhattan Bank,  
New York, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System has approved an extension until August 20, 1962, of the time within which The Chase Manhattan Bank may establish a branch at 3 South Central Park Avenue, Unincorporated Village of Hartsdale, Town of Greenburgh, Westchester County, New York. The establishment of this branch was authorized in a letter dated February 20, 1961.

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  
12/21/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

December 21, 1961



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

Attention: Mr. C. C. Fleming,  
Deputy Comptroller of the Currency.

Dear Mr. Comptroller:

Reference is made to a letter from your office dated August 28, 1961, enclosing copies of an application to organize a national bank at Venice, Florida, and requesting a recommendation as to whether or not the application should be approved.

A report of investigation of the application made by an examiner for the Federal Reserve Bank of Atlanta indicated that a capital structure of \$600,000 would be provided rather than \$500,000, as originally proposed. A capital structure of \$600,000 appears adequate, earnings prospects are satisfactory, and there appears to be a degree of need for the proposed bank. While proposed management does not appear altogether satisfactory, the Board of Governors recommends favorable consideration if, upon further investigation or due to changes, the Comptroller of the Currency concludes that management would be satisfactory.

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  
12/21/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

December 21, 1961

Board of Directors,  
The Citizens National Bank of Russellville,  
Russellville, Kentucky.

Gentlemen:

The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers and grants The Citizens National Bank of Russellville 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 Kentucky. 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  
12/21/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

December 21, 1961

Board of Directors,  
First National Bank in Loveland,  
Loveland, Colorado.

Gentlemen:

The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers and grants First National Bank in Loveland 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 Colorado. 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. 5  
12/21/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

December 21, 1961

Board of Directors,  
Farmers and Merchants Bank,  
Marianna, Arkansas.

Gentlemen:

The Federal Reserve Bank of St. Louis has forwarded to the Board of Governors your letter dated November 22, 1961, together with the accompanying resolution dated November 14, 1961, signifying your intention to withdraw from membership in the Federal Reserve System and requesting waiver of the six months' notice of such withdrawal.

In accordance with your request, the Board of Governors waives the requirement of six months' notice of withdrawal. Upon surrender to the Federal Reserve Bank of St. Louis of the Federal Reserve Bank stock issued to your institution, such stock will be canceled and appropriate refund will be made thereon. Under the provisions of Section 10(c) of the Board's Regulation H, your institution may accomplish termination of its membership at any time within eight months from the date the notice of intention to withdraw from membership was given. It is requested that the certificate of membership be returned to the Federal Reserve Bank of St. Louis.

Attention is invited to the fact that if your bank is desirous of continuing deposit insurance after withdrawal from membership in the Federal Reserve System, it will be necessary that application be made to the Federal Deposit Insurance Corporation.

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  
12/21/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

December 21, 1961.



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

Dear Mr. Wayne:

Referring to your letter of December 7, 1961, the Board has noted without objection the intentions of your Bank (a) to install in May or June 1962 an IBM Model 1401 computer to be used for internal accounting and research needs, and (b) to install about the first of October 1962 a Burroughs B-270 system for high-speed processing of checks.

It is understood that the question of whether to acquire this equipment on a rental basis with a purchase option or by outright purchase is still under consideration and that at a later date decisions in this regard will be submitted to the Board for consideration.

Your letter indicates that on October 13, 1961, International Business Machines Corporation was given a firm order for a 1401 computer configuration which includes disk storage. The Board understands that there is considerable difference of opinion as to the merits of disk storage and suggests in this light that your Bank may want to give further consideration to this feature of the configuration.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.

**TELEGRAM**  
LEASED WIRE SERVICEItem No. 7  
12/21/61BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON

December 21, 1961

Patterson - Atlanta

Board interposes no objection to rental of equipment  
referred to in your letter December 7, 1961.

(Signed) Merritt Sherman  
SHERMAN

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

Item No. 8  
12/21/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

December 21, 1961

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

Dear Mr. Irons:

Referring to Mr. Hardin's letter of December 7, 1961, to Mr. Farrell, the Board has noted without objection the intention of your Bank to install in February 1962 an IBM Model 11401 computer to be used for data processing purposes.

It is understood that your Bank plans to give further consideration to the question of whether the computer is to be acquired on a straight rental basis, a rental basis with a purchase option, or by outright purchase, and that the Board will be advised when a final decision in this regard has been reached.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.

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

Item No. 9  
12/21/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

December 21, 1961

Board of Directors,  
The First National City Trust Company,  
New York, New York.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors, acting under the provisions of Section 19 of the Federal Reserve Act, grants permission to The First National City Trust Company to maintain the same reserves against deposits as are required to be maintained by banks located outside of central reserve and reserve cities, effective with the first biweekly reserve computation period beginning after the date of this letter.

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

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

Item No. 10  
12/21/61

OFFICE OF THE CHAIRMAN

December 21, 1961



Mr. J. Francis Pohlhaus, Counsel,  
Washington Bureau,  
National Association for the  
Advancement of Colored People,  
100 Massachusetts Avenue, N. W.,  
Washington 1, D. C.

Dear Mr. Pohlhaus:

I appreciate receiving your letter of December 6, 1961, and the copy of the memorandum of November 9 sent by President Bryan to all personnel at the head office of the Federal Reserve Bank of Atlanta regarding the occupancy of their new building. It is noted that hereafter there will be no separation of dining facilities at that Bank on the basis of race, nor will there be such separation in the public rest rooms when remodeling plans have been completed.

As I believe you know, under the provisions of section 4 of the Federal Reserve Act each of the 12 Federal Reserve Banks "shall be conducted under the supervision and control of a board of directors." Those directors administer the affairs of the Reserve Banks subject to general supervision from the Board of Governors in Washington and to certain specific statutory requirements calling for this Board's approval.

I do not know what consideration was given by the directors of the Atlanta Reserve Bank to making available separate rest room and shower facilities for members of the staff according to race. I had not previously seen President Bryan's memorandum of November 9, nor would such a matter ordinarily come to the attention of this Board. However, I am sending a copy of your letter to President Bryan since I know that he will be interested in reading your comments, and I am also requesting that he take any appropriate steps to bring your letter to the attention of the directors at that Bank.

Sincerely yours,

Wm. McC. Martin, Jr.