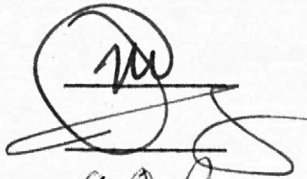


The attached minutes of the Board of  
Governors of the Federal Reserve System on  
February 21, 1962, which you have previously  
initialed, have been amended to correct a  
factual error in the last paragraph on page 14.

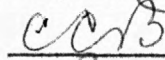
If you approve these minutes as amended,  
please initial below:

Chairman Martin



Governor Mills

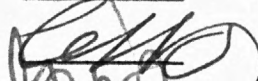
Governor Balderston



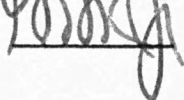
Governor Robertson



Governor Shepardson



Governor King



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Minutes for February 21, 1962

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	<u>(M)</u>
Gov. Mills	<u>[Signature]</u>
Gov. Robertson	<u>R</u>
Gov. Balderston	<u>CCRB</u>
Gov. Shepardson	<u>[Signature]</u>
Gov. King	<u>[Signature]</u>
Gov. Mitchell	<u>M</u>

Minutes of the Board of Governors of the Federal Reserve System on  
Wednesday, February 21, 1962. 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. Shepardson  
Mr. King  
Mr. Mitchell

Mr. Sherman, Secretary  
Mr. Kenyon, Assistant Secretary  
Miss Carmichael, Assistant Secretary  
Mr. Thomas, Adviser to the Board  
Mr. Fauver, Assistant to the Board  
Mr. Hackley, General Counsel  
Mr. Noyes, Director, Division of Research  
and Statistics  
Mr. Farrell, Director, Division of Bank Operations  
Mr. Solomon, Director, Division of Examinations  
Mr. Johnson, Director, Division of Personnel  
Administration  
Mr. Hexter, Assistant General Counsel  
Mr. Dembitz, Associate Adviser, Division of  
Research and Statistics  
Mr. Goodman, Assistant Director, Division of  
Examinations  
Mr. Leavitt, Assistant Director, Division of  
Examinations  
Mr. Sprecher, Assistant Director, Division of  
Personnel Administration  
Mr. Eckert, Chief, Banking Section, Division of  
Research and Statistics  
Mrs. Ulrey, Economist, Division of Research and  
Statistics

Discount rates. The establishment without change by the Federal Reserve Banks of Boston, Atlanta, and St. Louis on February 19, 1962, 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.

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

	<u>Item No.</u>
Letter to Deposit Guaranty Bank & Trust Company, Jackson, Mississippi, approving an extension of time to establish a branch in the vicinity of McDowell and McFadden Roads.	1
Letter to Wells Fargo Bank, San Francisco, California, approving an extension of time to establish a branch in Modesto.	2
Letter to Wells Fargo Bank, San Francisco, California, approving an extension of time to establish a branch in Vallejo.	3
Letter to the Center for Latin American Monetary Studies, Mexico City, Mexico, regarding service by Robert L. Sammons, Adviser, Division of International Finance, as lecturer at the Center's Tenth Regular Training Program.	4
Letter to the Federal Reserve Bank of Cleveland approving the payment of salaries to certain officers at the head office, Cincinnati Branch, and Pittsburgh Branch at rates fixed by the Bank's Board of Directors.	5

With reference to Item No. 1, involving an extension of time for Deposit Guaranty Bank & Trust Company, Jackson, Mississippi, to establish an in-town branch, Governor Robertson inquired whether it appeared the bank was attempting to pre-empt a location. Mr. Leavitt said that Vice President Denmark of the Federal Reserve Bank of Atlanta had reported



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that the bank was having difficulty in getting the plot of land it wanted and that in his opinion the bank was not trying to pre-empt a location. A competing bank was already represented by a branch in the area in question. The Reserve Bank had recommended granting a one-year extension of time to establish the branch. However, the Board's letter would grant a three-month extension and indicate that no further extensions would be considered unless definite steps were taken in that period to establish the branch.

Bank automation survey (Item No. 6). A memorandum from Mr. Noyes dated February 16, 1962, relating to a proposed bank automation survey had been distributed. It was recommended in the memorandum that the Federal Reserve System conduct a survey of the automation status of all commercial banks having total deposits of \$25 million or more. The proposed survey was designed to meet the information needs of various groups within the System directly concerned with bank automation. In particular, the survey would aid in scheduling the acquisition of equipment for processing the increasing flow of encoded checks through the transit facilities of the Reserve Banks, evaluating the impact of automation on bank accounting from the standpoint of examination and supervision, and coordinating the System's banking statistics program with changes in bank accounting procedures.

Attached to the memorandum was a copy of a proposed survey report form that had been reviewed at the Reserve Banks, discussed with

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representatives of a number of commercial banks, and revised in the light of comments received. The form had also been reviewed by the chairmen of the two automation subcommittees of the Committee on Systems and Procedures of the Conference of Presidents of the Federal Reserve Banks and had been approved by the System Research Advisory Committee.

Also attached to the memorandum was a draft of a proposed letter to the Presidents of all Federal Reserve Banks that would advise them of the Board's approval of the bank automation survey and enclose a draft of a suggested letter to respondents.

In commenting on the proposed survey, Mr. Noyes pointed out that it had the support of both research and operating groups and that it was contemplated that about 1,000 banks would be approached for information.

After Mr. Eckert had responded to a number of questions regarding the proposed survey, the Board approved unanimously the conducting of the survey and the proposed letter to the Reserve Banks. A copy of the letter is attached as Item No. 6.

Messrs. Goodman and Eckert then withdrew from the meeting.

Request from Securities and Exchange Commission for access to reports of unregulated lenders (Item No. 7). There had been distributed a memorandum from the Legal Division dated February 19, 1962, relating to a request from the Securities and Exchange Commission for access to reports by unregulated lenders.

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As noted in the memorandum, the Board's Regulations T and U covered extensions of securities credit by brokers, dealers, and banks. However, "purpose" lending by others had not been subjected to similar Board regulation, although the Securities Exchange Act of 1934 authorized the Board to regulate all credit for the purpose of purchasing or carrying registered securities (with limited exceptions) in order "to prevent the excessive use of credit for that purpose."

In connection with the revision of Regulation U that became effective June 15, 1959, the Board had adopted section 221.3(q) to close a loophole through which unregulated bank credit was available to the stock market. The procedure involved the making of unsecured loans by banks to finance companies or other nonregulated persons, with the latter relending the funds for the purpose of purchasing or carrying registered securities. Under the provisions of section 221.3(q), loans by banks to a person not subject to the Board's Regulations T and U who was engaged principally, or as one of the person's important activities, in the business of making loans for the purpose of purchasing or carrying registered stocks might not be made "without collateral or without the loan being secured as would be required ... if it were secured by any stock". All loans to such persons were made subject to all of the other provisions of Regulation U unless "effectively and unmistakably separated and disassociated from any financing or refinancing, for the borrower or others, of any purchasing or carrying of stocks so registered."

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In order that bank loans to such persons might be identified, the Board included a provision in Regulation U which required all lenders making any "purpose" loans in the ordinary course of business to file such reports as the Board might specify. In December 1959 the Board adopted Form FR-728--Confidential Report of Securities Credit Extended by Lender Other Than a Bank or Broker--in order to obtain sufficient data from nonregulated lenders to determine those whose activities were of the kind described in section 221.3(q). By letter to the Board dated February 15, 1962, the Securities and Exchange Commission requested access to "the information contained on forms FR-728". The information was to be used in connection with an investigation of "the adequacy, for the protection of investors, of the rules of national securities exchanges ..." that the Congress had directed the Commission to make.

Attached to the memorandum was a draft of letter to the Securities and Exchange Commission that would grant the request to inspect the reports.

Governor Mills commented that his position on this request was different from the position he had taken on various occasions with respect to release of unpublished information to the Department of Justice. The Board and the Securities and Exchange Commission had joint responsibilities under the Securities Exchange Act, and in the circumstances he thought there might even have been some justification for furnishing the requested information without specific Board approval.



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Mr. Hexter responded that the staff had considered whether the information might be released without specific Board approval but had concluded, after reviewing the Board's revised Rules of Procedure, that the matter should be brought to the Board's attention. However, in the course of the study that the Commission was making, the Board might wish to authorize the staff to release other information that might be requested from time to time.

Governor Robertson indicated that he would favor such an approach.

Governor Balderston then raised a question as to whether the information that had been collected so far with respect to unregulated lenders would warrant inclusion of this group under the margin regulations. He would not like to create the impression that the Securities and Exchange Commission was more concerned than the Board.

Mrs. Ulrey replied that, as had been reported in a memorandum to the Board dated November 21, 1960, the statistics compiled from FR-728 were not considered to be completely reliable and comprehensive. However, the Board's staff had developed a reporting form that was designed to secure more complete information, and that form had been sent to the Securities and Exchange Commission for consideration some time ago. (On July 28, 1961, the Board approved a revised reporting program, subject to the understanding that the reporting forms might be modified in minor respects following discussion with the Securities and Exchange Commission.)



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Mr. Hexter stated that the revised form had been forwarded to the Commission not so much for review as to work out an enforcement procedure. As soon as such a procedure could be agreed upon, it was planned to move ahead with the collection of data on a regular basis from unregulated lenders.

In response to a question, Mr. Hexter verified that under the provisions of the Securities Exchange Act of 1934 the Board had authority to regulate extensions of credit by any lender for purchasing or carrying of securities registered on a national securities exchange. Under that authority the Board could extend its regulations to cover groups of lenders other than those now covered by the provisions of Regulations T and U. On the other hand, the Board did not have authority to regulate loans on unregistered securities, but the law could conceivably be amended as the result of the current investigation by the Securities and Exchange Commission.

Chairman Martin stated that he had told the Chairman of the Securities and Exchange Commission that he felt the Board would favor an extension of the law to cover such extensions of credit.

In further discussion, Mr. Thomas suggested keeping in mind the original purpose of the statute. The Board's responsibilities had been assigned to it for the purpose of preventing an excessive use of credit that might be detrimental to economic stability. The thought behind making the statute applicable only to loans on registered securities

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was that this was the area where the volume of credit could be sufficient to affect economic stability.

Governor Mills commented that the margin regulations were based on a statute providing criminal penalties for violations. He asked whether it could not be argued, in such circumstances, that the regulating agency not only had a responsibility to see that its regulations were applied on an equitable basis but also to consider those who did not comply with the spirit and the provisions of the statute as being subject to criminal penalties.

Mr. Thomas observed that although a criminal statute was involved, discretion was vested in the administering agency to determine how far the coverage of its regulations should be extended.

Mr. Hexter remarked that, since the Board was charged with responsibility in regulating margin requirements for administering a statute that provided criminal penalties for violations, it might be said that for that reason alone the Board should exercise restraint as to how far it went, so that it would not without good cause place large numbers of persons within the purview of regulation.

Mr. Solomon observed that the Board had started with and had generally followed the principle that there was no reason for regulating credit in this area to a greater degree than necessary to accomplish the basic objectives of the statute. There might be a tendency, of course, to bring the regulatory process into disrepute if the administering agency discriminated unduly.

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After further discussion of the objectives of the underlying statute, question was raised regarding the enforcement mechanism. It was pointed out that the extension of credit by brokers was policed partly by the Securities and Exchange Commission, partly by the stock exchanges, and partly by the National Association of Securities Dealers. The extension of credit by banks for purchasing or carrying registered securities was policed by the bank supervisory agencies through the examining process.

Governor Mitchell expressed the view that there would appear to be some advantage in maintaining a regulatory posture that was consistent with respect to all classes of lenders, following which Mr. Solomon pointed out that for many years there was no great amount of securities credit extended by others than brokers or banks. Accordingly, there had been no need to extend the scope of the Board's regulations. Mr. Thomas expressed the opinion that the regulations had accomplished the purpose of the law in reducing the importance of brokers' loans as an element of the whole credit structure.

Governor Balderston then suggested that it would be helpful if the staff would keep the Board advised regarding the activities of unregulated lenders, to the extent that information was available. Along this line, Mr. Noyes stated that plans were being made for a survey of bank loans in order to determine the volume of loans on unlisted securities.

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Governor King remarked that the question with which the Board was specifically concerned at this particular time was the draft of letter to the Securities and Exchange Commission that would grant the Commission's request to examine reports received by the Board on FR-728. He indicated that he would favor approval of the letter as drafted.

Question was raised as to whether the following sentence in the draft should be deleted: "In this connection, attention is directed to section 261.2(c) of the Board's Rules Regarding Information, Submittals, and Requests, which prescribes that

'... no person, agency, or authority to whom the information is made available, or any officer, director, or employee thereof, shall disclose any such information except in published statistical material that does not disclose the affairs of any individual or corporation.'"

The view was stated that it would not seem necessary to make specific reference to this section of the Rules in the letter. Accordingly, the letter to the Securities and Exchange Commission was approved unani- mously subject to the understanding that this portion of the draft would be deleted. A copy of the letter, as sent, is attached as Item No. 7.

During the foregoing discussion Messrs. Connell, Controller, and Bass, Assistant Controller, entered the room and at its conclusion Messrs. Thomas, Solomon, Hexter, Dembitz, Leavitt, and Sprecher withdrew from the meeting, as did Mrs. Ulrey.

Item distributed to the Board. The following item, which had been distributed to the Board and a copy of which is attached to these minutes under the item number indicated, was approved unanimously:



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Item No.

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Letter to Chairman Robertson of the Senate Committee on Banking and Currency transmitting copies of (a) the report of audit of the Board's accounts for 1961; (b) financial statements as at December 31, 1961; (c) the auditors' report on the scope of examination of financial statements; and (d) the auditors' letter of transmittal. (With a similar letter to Chairman Spence of the House Committee on Banking and Currency.)

Coverage of Board employees by Federal Employees' Compensation

Act (Item No. 9). In a letter of June 10, 1960, the Subcommittee on Foreign Operations and Monetary Affairs of the House Committee on Government Operations asked, among other things, whether economy in the administration of the Board's affairs could be effected by coverage of Board employees under the Federal Employees' Compensation Act, administered by the Department of Labor, since this would enable the Board to save the cost of the insurance it was carrying with a private company. As explained in an enclosure to the Board's letter of June 29, 1960, to the Subcommittee, the Board had been carrying this insurance because the United States Employment Compensation Commission had ruled that the employees of the Board were not eligible for benefits under the Act. In a letter dated September 21, 1960, the Board again took up the question with the Department of Labor. The Board had now been advised in a reply from the Department dated February 15, 1962, that it had been concluded that members, officers, and employees of the Board were considered within the purview of the Act. In view of this ruling, there had been distributed



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a draft of letter to Liberty Mutual Insurance Company, Washington, D. C., canceling the Employer's Liability and Voluntary Compensation Policy carried with that company.

After Governor Shepardson and Mr. Johnson had commented on developments leading up to the ruling by the Department of Labor and the effect of that ruling, question was raised as to the relative cost of the two types of coverage. It was pointed out that the annual premium for the policy with the private firm was slightly over \$5,000. With respect to the Federal coverage, Government departments were usually assessed on a pro rata basis for the administrative costs incurred by the Department of Labor. However, the Board had been advised that it would not be expected to pay a pro rata share of the administrative costs. Under the proposed arrangement, the Board would pay only the amount of any claims that might be approved.

Governor Robertson suggested that this raised a question as to whether there would be reason for the Board to continue carrying a policy with a private firm in order to protect itself against any ultimate losses. If there was, he suggested that perhaps the Liberty Mutual Insurance Company might offer a reduced rate in view of the fact that the Department of Labor would be expected to represent the Board in case of litigation.

During the discussion that followed, Governor Balderston commented that the point raised by Governor Robertson involved the question whether the Board's financial situation was such that it needed to spread its

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risks in the same way as individuals and small business firms. He felt that the answer was in the negative, and after further discussion Governor Robertson expressed agreement.

Mr. Johnson explained that it was to the advantage of Board employees to be under the Federal plan, which provided more liberal benefits in a number of respects than the Liberty Mutual policy. In no instance would the new coverage be less.

The Board then approved unanimously the letter to Liberty Mutual Insurance Company canceling the Employers' Liability and Voluntary Compensation Policy. A copy of the letter is attached as Item No. 9.

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

Appointment of director at San Francisco. It was reported that it had now been ascertained that Dr. Clark Kerr, President of the University of California, would be unable to accept appointment, if tendered, as Class C director of the Federal Reserve Bank of San Francisco for the unexpired portion of the three-year term ending December 31, 1964. Accordingly, Chairman Martin was authorized to explore through Chairman Whitman whether J. D. McCall, President of the Columbia-Geneva Steel Division, United States Steel Corporation, San Francisco, would accept the appointment if tendered, with the understanding that if it were found that he would accept, the appointment would be made. If Mr. McCall was unable to accept, it was agreed that a similar procedure should be followed with respect to Frederic S. Hirschler, President of the Emporium Capwell Company, San Francisco.

2/21/62

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Chairman Martin was also authorized to consider with Chairman Whitman the matter of appointing a Deputy Chairman of the San Francisco Bank for the remainder of the year 1962.

The meeting then adjourned.

Secretary's Notes: Pursuant to recommendations contained in memoranda from appropriate individuals concerned, Governor Shepardson approved on behalf of the Board on February 20, 1962, the following actions relating to the Board's staff:

Salary increase

Robert H. Craft, Digital Computer Systems Operator, Division of Administrative Services, from \$5,005 to \$5,325 per annum, effective March 4, 1962.

Leave without pay

Gail E. Mullin, Economist, Division of Research and Statistics, granted leave without pay from the close of business June 14, 1962, through August 11, 1962, in order to accept a teaching assignment at Indiana University.

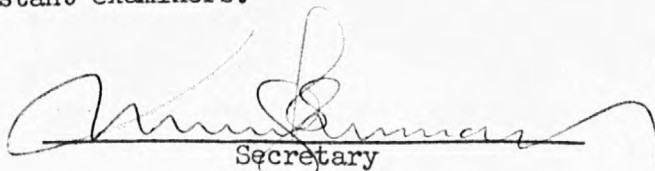
Acceptance of resignation

Ellen C. Cunningham, Statistical Clerk, Division of Bank Operations, effective at the close of business March 16, 1962.

Governor Shepardson today approved on behalf of the Board the following items:

Memorandum from the Division of Administrative Services recommending the appointment of Francis E. Levell as Cafeteria Helper in that Division, with salary at the rate of \$1.69 per hour when actually employed, effective the date of entrance upon duty.

Letters to the Federal Reserve Bank of New York (attached Items 10 and 11) approving the appointment of Nicholas A. Candito, John J. Goggins, and Vyto J. Kabashinski as assistant examiners.

  
Secretary

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

Item No. 1  
2/21/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

February 21, 1962

Board of Directors,  
Deposit Guaranty Bank & Trust Company,  
Jackson, Mississippi.

Gentlemen:

The Board of Governors extends the time within which Deposit Guaranty Bank & Trust Company, Jackson, Mississippi, may establish a branch in the vicinity of the intersection of McDowell and McFadden Roads in Jackson, Mississippi, to June 11, 1962, under the authorization contained in the Board's letter of March 10, 1961.

Since no tangible arrangements have been made toward establishment of the branch, the Board has limited the extension of time to three months. No further extensions will be considered unless definite steps are taken within that three-month period to establish the branch.

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  
2/21/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

February 21, 1962

Board of Directors,  
Wells Fargo Bank,  
San Francisco, California.

Gentlemen:

The Board of Governors of the Federal Reserve System extends to April 20, 1962, the time within which Wells Fargo Bank may establish a branch in the vicinity of the intersection of McHenry and Granger Avenues, Modesto, Stanislaus County, California, under the authorization contained in the Board's letter of March 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. 3  
2/21/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

February 21, 1962

Board of Directors,  
Wells Fargo Bank,  
San Francisco, California.

Gentlemen:

The Board of Governors of the Federal Reserve System extends to May 21, 1962, the time within which Wells Fargo Bank may establish a branch at 1702 Tennessee Avenue, near the southeast corner of Tennessee Avenue and Tuolumne Street, Vallejo, Solano County, California.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.





BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

Item No. 4  
2/21/62

OFFICE OF THE CHAIRMAN

February 23, 1962

Mr. Fernando Rivera,  
Assistant Director,  
Center for Latin American Monetary Studies,  
San Juan de Letran No. 2 - Piso 32,  
Mexico 1, D. F.

Dear Mr. Rivera:

The Board of Governors has approved sending Mr. Robert L. Sammons, Adviser, Division of International Finance, to lecture on the Federal Reserve System at the Tenth Regular Training Program of the Center for Latin American Monetary Studies, about which you wrote in your letter of February 10, 1962. The week beginning July 29, as suggested in your letter, will be satisfactory.

We are pleased to be able to continue our cooperation in your Program in this manner.

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.

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

Item No. 5  
2/21/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

February 21, 1962

CONFIDENTIAL (FR)

Mr. Wilbur D. Fulton, President,  
Federal Reserve Bank of Cleveland,  
Cleveland 1, Ohio.

Dear Mr. Fulton:

The Board of Governors has approved the payment of salaries to the following officers of the Federal Reserve Bank of Cleveland during the period March 1 through December 31, 1962, at the rates indicated, which are the rates fixed by the Board of Directors as reported in your letter of February 8, 1962:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
<u>Head Office</u>		
Robert G. Hoover	Assistant Vice President	\$13,000
Fred S. Kelly	Assistant Vice President	14,000
Donald G. Benjamin	Assistant Cashier	10,500
<u>Cincinnati Branch</u>		
Fred O. Kiel	Vice President	\$19,000
<u>Pittsburgh Branch</u>		
Clyde E. Harrell	Vice President	\$21,000

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.

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

Item No. 6  
2/21/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

February 23, 1962.



Dear Sir:

The Board has approved plans for a survey of automation status at commercial banks. As indicated in the attached draft of a suggested letter to respondents, this survey is designed to meet the information needs of various groups within the System directly concerned with bank automation, including examinations, transit, and research. The attached draft of the questionnaire form is for information only. The form will be printed here and distributed shortly.

It is contemplated that the survey be mailed to respondents as soon as printed forms are received at the Reserve Banks, requesting that the completed form be returned within 10 days. The survey is to cover all commercial banks, nonmember as well as member, having total deposits of \$25 million or more. This does not preclude extension of the survey to smaller banks if there is reason to believe that automation among such smaller banks in your District is sufficiently important. Instructions for editing of the reports and preliminary processing of the data will be mailed at a later date.

Please advise the Board by wire as soon as possible the number of reporting forms your Bank will need for use in making the survey.

Very truly yours,

Merritt Sherman,  
Secretary

Enclosure.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS.

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

Item No. 7  
2/21/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



February 28, 1962

Mr. Ralph S. Saul, Associate Director,  
Special Study of Securities Markets,  
Securities and Exchange Commission,  
Washington 25, D. C.

Dear Mr. Saul:

Pursuant to the request in your letter of February 15, members of the Special Study will be permitted to inspect the reports on form FR-728 ("Confidential Report of Securities Credit Extended by Lender Other Than a Bank or Broker") that have been filed with the Board of Governors, and to utilize information derived therefrom in the work of the Special Study.

Arrangements for inspection of the reports should be made with Mrs. Ann P. Ulrey of the Board's Division of Research and Statistics (Code 147, Extension 307).

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.





BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

Item No. 8  
2/21/62

OFFICE OF THE CHAIRMAN

February 23, 1962

The Honorable A. Willis Robertson,  
Chairman,  
Committee on Banking and Currency,  
United States Senate,  
Washington 25, D. C.

Dear Mr. Chairman:

In accordance with the practice followed for the past several years, there is enclosed a copy of the audit report made by the firm of public accountants that audited the accounts of the Board of Governors of the Federal Reserve System for the year ended December 31, 1961. In addition to the report and financial statements as at December 31, 1961, there is included a copy of the report on the scope of examination of financial statements, as well as a copy of the letter of transmittal dated February 13, 1962.

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.

Enclosures

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

Item No. 9  
2/21/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

February 21, 1962



Liberty Mutual Insurance Company,  
1346 Connecticut Avenue, N. W.,  
Washington 6, D. C.

Attention: Mr. R. H. Ford

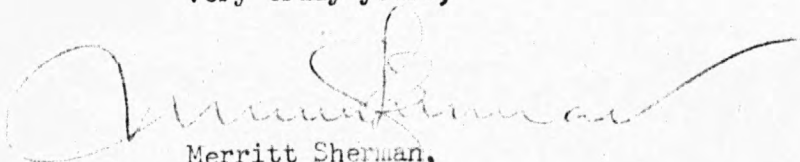
Gentlemen:

Attached is a copy of a letter from the Bureau of Employees' Compensation, United States Department of Labor, dated February 15, 1962, transmitting that Department's conclusion "that the members, officers, and employees of the Board are considered employees within the purview of the Federal Employees' Compensation Act."

Accordingly, the Board of Governors of the Federal Reserve System will no longer need the coverage of its Employers' Liability and Voluntary Compensation Policy Number ELL-131-900702-22 TD92 carried with your Company. Therefore, please consider this as written notice by the Board of Governors requesting cancellation of the policy referred to effective upon receipt of this letter by your Company.

The Board appreciates the excellent service and counseling that have been received over the many years of this policy coverage.

Very truly yours,

  
Merritt Sherman,  
Secretary.

Enclosure

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

Item No. 10  
2/21/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



February 21, 1962

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 February 15, 1962, the Board approves the appointment of Nicholas A. Candito and John J. Goggins as assistant examiners for the Federal Reserve Bank of New York. Please advise the effective dates of the appointments.

It is noted that Mr. Candito is indebted to Orange County Trust Company, Middletown, New York, a State member bank, and Mr. Goggins is indebted to The Chase Manhattan Bank, New York, New York, a State member bank. Accordingly, the Board's approval of the appointment of Messrs. Candito and Goggins is given with the understanding that neither man will participate in any examination of the bank to which he is indebted until his indebtedness has been liquidated.

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. 11  
2/21/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

February 21, 1962



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 February 16, 1962, the Board approves the appointment of Vyto J. Kabashinski as an assistant examiner for the Federal Reserve Bank of New York. Please advise the effective date of the appointment.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.