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Minutes for February 26, 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.

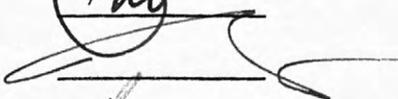
It is not proposed to include a statement with respect to any of the entries in this set of minutes in the record of policy actions required to be maintained pursuant to section 10 of the Federal Reserve Act.

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.

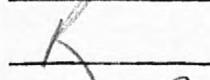
Chm. Martin



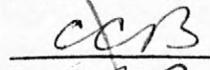
Gov. Mills



Gov. Robertson



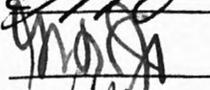
Gov. Balderston



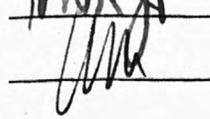
Gov. Shepardson



Gov. King



Gov. Mitchell



Minutes of the Board of Governors of the Federal Reserve System
on Monday, February 26, 1962. The Board met in the Board Room at 10:00 a.m.

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

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Thomas, Adviser to the Board
Mr. Young, Adviser to the Board and Director,
Division of International Finance
Mr. Molony, Assistant to the Board
Mr. Fauver, Assistant to the Board
Mr. Noyes, Director, Division of Research
and Statistics
Mr. Holland, Adviser, Division of Research
and Statistics
Mr. Koch, Adviser, Division of Research and
Statistics
Mr. Sammons, Adviser, Division of International
Finance
Mrs. Semia, Technical Assistant, Office of the
Secretary
Mr. Yager, Chief, Government Finance Section,
Division of Research and Statistics

Money market review. Mr. Yager commented on the situation in
the Government securities market, with particular reference to the
Treasury advance refunding, after which Mr. Thomas reported on develop-
ments in regard to bank reserves and related matters.

Messrs. Molony, Holland, Koch, and Yager then withdrew from the
meeting and the following entered the room:

Mr. Cardon, Legislative Counsel
Mr. Hackley, General Counsel
Mr. Solomon, Director, Division of Examinations
Mr. Farrell, Director, Division of Bank
Operations

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Mr. Hexter, Assistant General Counsel
 Mr. Shay, Assistant General Counsel
 Mr. Leavitt, Assistant Director, Division of
 Examinations

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

	<u>Item No.</u>
Letter to Bankers Trust Company, New York, New York, approving the establishment of a branch at 1180 Avenue of the Americas, Borough of Manhattan.	1
Letter to Bank of Vernal, Vernal, Utah, approving an investment in bank premises.	2
Letter to the Federal Deposit Insurance Corporation regarding the application of Crawford County Trust Company, Meadville, Pennsylvania, for continuation of deposit insurance after withdrawal from membership in the Federal Reserve System.	3
Letter to the Center for Latin American Monetary Studies regarding attendance of a staff member of the Federal Reserve Bank of San Francisco at the Center's Tenth Annual Training Program.	4
Telegram to the Federal Reserve Bank of New York approving a gold loan to Colombia. (This loan had been discussed by the Board at its meeting on February 23, 1962.)	5

Report on competitive factors (Hillsdale-Jonesville, Michigan).

Under date of February 14, 1962, there had been distributed a draft of report to the Comptroller of the Currency on the competitive factors

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involved in the proposed consolidation of Hillsdale County National Bank, Hillsdale, Michigan, and Grosvenor Savings Bank, Jonesville, Michigan. The conclusion of the draft report read as follows:

The proposed consolidation of Hillsdale County National Bank, Hillsdale, Michigan, and Grosvenor Savings Bank, Jonesville, Michigan, will strengthen the competitive position of the resulting bank without significantly adverse competitive effects on other banks in the area.

Governor Mitchell questioned the validity of the conclusion; in his view, consolidating the two banks would lessen competition in the area. Some existing competition between the two banks proposing to consolidate would be eliminated, and persons in Jonesville would be deprived of one alternative source of banking services.

In the ensuing discussion, comments were made on the competitive effects of the proposed consolidation both in the immediate area of Jonesville and in the larger area served by the two banks in Hillsdale. A view was expressed that the bank resulting from the consolidation would be able to provide services over and above those now available from the bank that would be eliminated, with the result that enhanced competition in the broader area would offset the loss of one independent banking unit. In this connection, it was suggested that consideration of the competitive factors in a given case should go further than the mere number of banking units and should take into account the financial needs of the area under study. Governor Mills noted that both the Bank Merger Act and the Bank Holding Company Act contemplated that consideration would be given to the public interest. If, for example, a bank had

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provided only weak and ineffective competition, the public interest could be served by replacing it with a unit of a larger and more vigorous institution.

Certain suggestions then were made for changes in the wording of the conclusion of the report currently under consideration, after which the report was approved for transmission to the Comptroller of the Currency in a form in which the conclusion read as follows:

While the proposed consolidation of Hillsdale County National Bank, Hillsdale, Michigan, and Grosvenor Savings Bank, Jonesville, Michigan, will eliminate some competition between those banks, it may strengthen the competitive position of the resulting bank and will not adversely affect other banks in the area.

Messrs. Thomas, Young, and Sammons then withdrew from the meeting.

Bank investments in bank service corporations (Item No. 6).

There had been distributed a memorandum dated February 19, 1962, from Mr. Shay with an attached draft of report to the House Committee on Banking and Currency on H.R. 8874, a bill introduced by Chairman Spence at the request of the American Bankers Association. The bill would permit member banks to invest in "bank service corporations" as a means of obtaining data processing services. The draft report favored the objective of the bill, but suggested certain changes in its provisions.

To assist the Board in considering the matter, the memorandum called special attention to several points. First, the bill would not restrict investment in bank service corporations exclusively to banks. If it did so, some banks might find it difficult or impossible to avail

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themselves of the benefits of the bill. Nor would the bill require that a bank service corporation process data only for banks that had invested in it. Second, the bill would permit banks to invest up to 10 per cent of their capital and surplus in bank service corporations without prior approval of the Federal supervisory agency concerned. To require supervisory approval regardless of the amount of investment might create unwarranted administrative burdens. The absence of a requirement for supervisory approval of investments in all cases might be regarded as adequately offset by a change in the bill, as suggested in the draft report, under which the Federal supervisory agency concerned could examine and require reports from any bank service corporation at any time and issue regulations intended to safeguard the interests of the investing banks. Third, the draft report would suggest that the recommended provision in regard to reports, examinations, and regulations be extended to any data processing organization serving banks, regardless of whether the banks had invested in the organization. It would appear that the reasons for such a provision would be as strong when banks contracted for data processing services from "outside" organizations as they were when bank investments were involved.

It was understood that the Federal Deposit Insurance Corporation intended to recommend to the House Banking and Currency Committee that the bill be broadened to include State nonmember insured banks among those authorized to invest in bank service corporations and to include

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the Corporation as one of the Federal supervisory agencies named in the bill. The draft report would express no objection. Unless included in the bill, State nonmember insured banks would be precluded in some cases from investing in a bank service corporation by section 6(a)(1) of the Bank Holding Company Act.

Mr. Shay commented that the possibility of legislation along the lines of the bill introduced by Chairman Spence had been considered by interested subcommittees of the Presidents' Conference. At its meeting on June 19, 1961, the Conference recommended that the Board of Governors consider the desirability of Federal legislation authorizing national banks to purchase stock and debt obligations of check processing organizations, with the thought that the Board might wish to discuss the matter with the Comptroller of the Currency. Should the Board of Governors approve the principle of such legislation, the Conference authorized its Subcommittee on Collections and Subcommittee of Counsel on Collections to consult with the appropriate committee of the American Bankers Association looking toward efforts to have supplementary State legislation enacted.

Governor Shepardson observed that if the bill were amended as suggested in the proposed report, and if a service organization processed checks for a national bank, a State member, and a State nonmember, three Federal supervisory agencies would have the right to examine the corporation or to call upon it for reports. He recognized that this

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was a problem also found in other areas of bank supervision and that this might not be the place to raise the question. In regard to examination of national banks, both the Comptroller of the Currency and the Board could by law conduct examinations, but in practice the Board had left the examinations to the Comptroller. Perhaps such an agreement might be worked out also in this instance. In any event, he doubted that there was any way in which the problem could be solved with respect to the proposed legislation without getting into the larger question.

Governor Mitchell commented that he failed to understand why it was felt that the supervisory agencies should police the service corporations and investments therein by banks. If there was reason for supervisory intervention, it seemed to him that the point at which control should be exercised was the agreement between the bank and the service corporation. He did not see justification for requiring approval of investments and reserving the right of supervisory agencies to examine and require reports from service corporations.

Mr. Farrell commented that one of the standard procedures of examination was to run the ledgers of the bank being examined. The authority for examination of service corporations would assure the examiner the right to see what the books of the corporations would show. He did not know any way of accomplishing that purpose without accepting the possibility of three separate examinations of a corporation that handled accounts for three kinds of banks.

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Comments by Mr. Solomon also emphasized the apparent necessity for an examiner to have recourse, for purposes of a complete bank examination, to the records of a corporation performing processing and related services for the bank.

Governor Mills pointed out that a question might arise as to whether presentment of checks at a processing center, remote from the bank's premises, would constitute legal presentment, and Mr. Hackley responded that this had been recognized as one of the legal issues involved in the proposed arrangements. It was expected that Presidents' Conference subcommittees would work with committees of the American Bankers Association and with the sponsors of the Uniform Commercial Code with a view to determining that State laws, where enacted, recognized the legality of presentment of checks at bank service corporations. In response to further questions, Mr. Hackley stated that a few States had already adopted enabling legislation, and consideration was being given to the matter in other States where the Uniform Commercial Code was expected to be adopted.

In further discussion, Governor Mitchell indicated that he would prefer a relatively brief letter to the House Banking and Currency Committee expressing sympathy with the purpose of the proposed legislation but saying that there were several problems that apparently would not be solved by the present bill. In his opinion, it was too early for the Board to commit itself to the proposed legislation as thoroughly as the draft report did.

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Governor Balderston asked Mr. Cardon whether he considered that a short letter would be more appropriate than the relatively long report that had been drafted, to which Mr. Cardon responded that he believed it might be helpful to the Committee if the Board made some specific comments, even though the Committee might conclude that it did not agree with the Board's suggestions.

There followed further discussion of various aspects of the proposed legislation, including the fact that the bill would not prohibit investments in service corporations by organizations other than banks. Comments were made as to the merits and disadvantages of limiting the non-bank business of corporations in which banks could invest, and agreement was reached on a change in the language of one part of the proposed report.

At the end of the discussion, the letter to Chairman Spence was approved subject to those changes in wording that had been agreed upon, it being understood that Governor Mitchell's views would be reflected in the minutes. A copy of the letter, as sent, is attached as Item No. 6.

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

Loan of services of Mr. Sammons (Item No. 7). The Secretary of the Board was later informed that the Board had approved a request from the Inter-American Development Bank that Mr. Sammons, Adviser,

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Division of International Finance, be made available for a technical assistance mission to Ecuador for six weeks beginning March 4, 1962.

A copy of the letter sent to the Inter-American Development Bank on February 27, 1962, is attached as Item No. 7.

The meeting then adjourned.

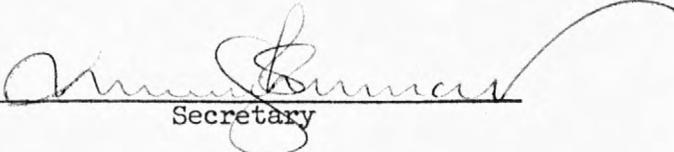
Secretary's Note: Pursuant to recommendations contained in memoranda from appropriate individuals concerned, Governor Shepardson today approved on behalf of the Board the following actions relating to the Board's staff:

Appointment

Robert B. Bretzfelder as Economist, Division of Research and Statistics, with basic annual salary at the rate of \$8,955, effective the date of entrance upon duty.

Transfer

Rosemary V. Jordan, from the position of Clerk-Typist in the Division of Research and Statistics to the position of Clerk-Typist in the Division of Bank Operations, with no change in her basic annual salary at the rate of \$3,970, effective the date she assumes her new duties.


Secretary

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

Item No. 1
2/26/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



February 26, 1962

Board of Directors,
Bankers Trust Company,
New York, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch at 1180 Avenue of the Americas, Borough of Manhattan, New York, New York, by Bankers Trust Company, provided the branch is established within one year from the date of this letter.

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
2/26/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

February 26, 1962

Board of Directors,
Bank of Vernal,
Vernal, Utah.

Gentlemen:

The Board of Governors of the Federal Reserve System approves, under the provisions of Section 24A of the Federal Reserve Act, an investment in bank premises by Bank of Vernal of not to exceed \$173,516.81, for the purpose of renovating and remodeling present banking quarters. This amount includes, (1) cost of acquisition of banking house, \$76,508.12, (2) renovation expenses to January 23, 1962, \$90,008.69, and (3) estimated expenditures to complete the program, \$7,000.

It is noted that the total investment of \$173,516.81 includes expenditures for furniture and fixtures which have not been definitely ascertained, and that subsequent to the preparation of the bank's 1961 Federal Income Tax Return, amounts allocable to furniture and fixtures will be segregated on the bank's books separate from bank premises.

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

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
2/26/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



February 26, 1962

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

Dear Mr. Cocke:

Reference is made to your letter of February 8, 1962, concerning the application to merge the Crawford County Trust Company, Meadville, Pennsylvania, and the Oil City National Bank, Oil City, Pennsylvania, with the title "Northwest Pennsylvania Bank and Trust Company," Oil City. Under the plan of merger Crawford County Trust Company proposes to withdraw from membership in the Federal Reserve System.

No corrective programs have been urged upon the bank or agreed to by it which the Board of Governors believes should be incorporated as conditions to admitting the bank to membership in the Corporation as a nonmember of the Federal Reserve System.

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
2/26/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

February 26, 1962



AIR MAIL

Mr. Fernando Rivera,
Assistant Director,
Centro de Estudios Monetarios
Latinoamericanos,
San Juan de Letran No. 2 - Piso 32,
Mexico 1, D. F.

Dear Mr. Rivera:

The Board has approved the attendance of Mr. Armand A. Pascual, Accountant and Alternate Assistant Federal Reserve Agent of the Federal Reserve Bank of San Francisco, at the Tenth Annual Training Program of the Center for Latin American Monetary Studies to be held from April 23 through August 10, 1962. The Reserve Bank will forward directly to you the Carta de Presentación and relevant material supporting Mr. Pascual's candidacy.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

TELEGRAM
BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
LEASED WIRE SERVICE
WASHINGTON

Item No. 5
2/26/62

February 26, 1962

SANFORD - NEW YORK

Your wire February 23. Board approves granting of loan on gold up to a total of \$15 million by your Bank to the Banco de la Republica (Colombia) on the following terms and conditions:

(a) To be made up to 98 per cent of the value of gold bars set aside in your vaults under pledge to you;

(b) To mature in six months with option to repay at any time before maturity, both the loans and repayments to be in multiples of \$1 million;

(c) To bear interest at the discount rate of your Bank in effect on the date on which such loan or loans are made; and

(d) To be requested and made on or before February 28.

Board also approves extension for three months from March 27 of existing loan on similar terms and conditions except maturity of three instead of six months.

It is understood that the usual participation will be offered to the other Federal Reserve Banks.

(Signed) Merritt Sherman
SHERMAN



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM.
WASHINGTON

Item No. 6
2/26/62

OFFICE OF THE CHAIRMAN

March 1, 1962

The Honorable Brent Spence, Chairman,
Banking and Currency Committee,
House of Representatives,
Washington 25, D. C.

Dear Mr. Chairman:

This is in reply to your letter of August 28, 1961, asking for a report from the Board on the bill H. R. 8874, "To authorize certain banks to invest in corporations whose purpose is to provide clerical services for them, and for other purposes." If enacted, the bill would be cited as the "Bank Service Corporation Act."

While it favors the objective of the bill, the Board wishes to emphasize the relatively new and rapidly developing field to which the bill addresses itself. Suggestions as to changes in some of the features of the bill are set forth in the latter part of this letter.

The basis for the bill is the improvements in recent years in data processing through the use of electronic and related equipment designed for that purpose. This equipment is being utilized by more and more banks. For example, some banks have purchased the equipment because, notwithstanding the high initial cost, its use makes possible operating economies and improvements in services not otherwise attainable. Other banks have service contracts with data processing centers operated by private commercial concerns. H. R. 8874 undertakes to make the benefits of such equipment available to banks through an additional device that might be attractive especially to many smaller or medium sized banks.

"Bank service corporation" is defined by the bill as "a corporation whose primary purpose is to perform for two or more banks, each of which has an investment in such corporation, services such as check and deposit sorting and posting, computation and posting of interest and other credits and charges, preparation and mailing of statements, notices, and similar items, or any other similar clerical or bookkeeping function."

H. R. 8874 would permit any national bank, any bank organized under the law of the District of Columbia, and any State bank that is a member of the Federal Reserve System and is authorized to do so under State law, to make investments in a bank service corporation, either by the purchase of its stock or by loans or advances thereto. In the absence of such an authorization, investments of this kind by member banks would be prohibited or restricted under various provisions of the Federal banking laws. But, if a State member bank had no authority under the applicable State law to invest in a bank service corporation, State enabling legislation would be necessary, notwithstanding enactment by Congress of legislation like the present bill. It is understood that enabling legislation has been enacted thus far by six States, i.e., Connecticut, Iowa, Maine, Michigan, Ohio, and Pennsylvania.

The bill limits the total amount of investments outstanding at any one time in a bank service corporation by any such bank to 10 per cent of its capital and surplus, unless approved by the Comptroller of the Currency in the case of a national or a District bank, or by the Board of Governors of the Federal Reserve System in the case of a State member bank. Investments in excess of that limitation may be approved by the Federal supervisory agency concerned if, in its judgment, (1) the investment is reasonable and prudent in relation to the financial strength of the bank; (2) the corporation may be reasonably expected to effect for the bank reduced clerical costs or improvements in customer services sufficient to justify the investment; and (3) the appropriate Federal supervisory agency receives satisfactory assurances that, whenever the 10 per cent limitation is exceeded, (a) the corporation will make such reports to the agency as it may require, and (b) the corporation's charter, capitalization, scope of operations, or schedule of charges for services will not be changed materially without the agency's approval.

Bank service corporation. The definition of "bank service corporation" in section 2(a) of the bill is quoted above. As the definition recognizes, the efficiency of a bank service corporation and the resulting benefits to the investing banks might be increased in some circumstances if the corporation were not limited to serving the banks exclusively. The Board believes, however, that the definition should be changed to make it clearer that over one-half of the corporation's business would have to be that of serving the investing banks, and to limit any business of the corporation with others to serving them in the same way permissible as to banks. These suggestions might be accomplished by substituting for the language "whose primary purpose is to perform" in line 7 on page 1 of the bill, the language "(1) whose principal purpose is to perform"; and by adding at the very end of the definition new language reading "and (2) whose other purposes, if any, are limited to the performance of comparable services for others."

The Honorable Brent Spence

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The definition of "bank service corporation," includes an enumeration of the services to be performed for the banks, followed by the language "or any other similar clerical or bookkeeping function." (See page 2 of the bill, lines 2 and 3.) In order to assure the maximum benefit from the operations of a bank service corporation, it is suggested that the language just quoted be broadened to read "or any other similar clerical, bookkeeping, accounting, or statistical function related to the business of the banks."

State nonmember insured banks. Despite the provision of the bill, section 6(a)(1) of the Bank Holding Company Act (U.S.C., title 12, sec. 1845) would continue to preclude a State nonmember insured bank that is a subsidiary of a bank holding company from investing in a bank service corporation that is also a subsidiary of the holding company and is not engaged solely in serving the holding company or its subsidiary banks. It is believed that this could be remedied by an amendment to section 3 of the bill which would include State nonmember insured banks among the banks which may invest in bank service corporations, and by an appropriate change in section 2(d) of the bill. The Board would have no objection to amendments to the bill in these respects.

Investments exceeding the 10 per cent limitation. In connection with approval by the Federal supervisory agency concerned of total investments by a bank in a bank service corporation in excess of 10 per cent of the bank's capital and surplus, section 4(2) requires the agency, among other things, to be satisfied that "the corporation may reasonably be expected to provide a reduction in clerical costs, or an improvement in the services offered by the bank to its customers, or some combination thereof, which is sufficient to justify the investment." At the same time, section 4(1) would require the agency to be satisfied that "the investment is reasonable and prudent in relation to the financial strength of the bank." The Board suggests that section 4(2) be deleted. The detailed nature thereof would not only be conducive to administrative difficulties, but the provision itself is not necessary in view of the broad scope of section 4(1).

Section 4(3)(B) requires, in effect, that whenever the 10 per cent investment limitation is exceeded, "no amendment shall be made to the charter, and no substantial change may be made in the bank service corporation's capitalization, scope of operations, or schedule of charges for services without the approval of" the Federal supervisory agency concerned. It is suggested that the language just quoted be changed to read "no substantial change may be made in the capitalization or operations of the corporation without the approval of such agency." This simplified provision would seem entirely adequate to protect the investing banks.

Reports and examinations. Under section 4(3)(A) of the bill, the Federal supervisory agency concerned is entitled to reports from

the bank service corporation whenever the bank's total investment therein exceeds the 10 per cent limitation. The Board believes that the purpose of a provision for reports from a bank service corporation would be better effectuated if the provision were broadened to include also examinations of such corporations and certain regulatory safeguards, and if the provision, as so broadened, were made applicable irrespective of the 10 per cent limitation. This might be accomplished by deleting section 4(3)(A) of the bill and adding at the end of section 3 a new sentence such as the following:

"No investment shall be made pursuant to this section unless the bank first obtains from the bank service corporation an agreement that it will permit examiners appointed by the Federal supervisory agency concerned to make such examination of the corporation as the agency may deem necessary, will make such reports to the agency as it may require, and will comply with such regulations as the agency may prescribe as necessary or appropriate to assure both to the bank and the corporation adequate systems of insurance protection and internal audit and control."

Relations with other data processing organizations. As pointed out above, some banks have already availed themselves of services of the kinds contemplated by H. R. 8874 for bank service corporations, through contractual arrangements with data processing centers operated by private commercial concerns. It would seem reasonable to expect the number of such banks to increase. The Board believes that its suggestion above with respect to examinations, reports, and regulations in the case of bank service corporations should be made applicable as well to other data processing organizations serving banks. If the foregoing suggested addition to section 3 of the bill should be adopted, the latter suggestion might be accomplished by adding to the bill a new section 5 along the following lines:

"Sec. 5. No bank of a kind referred to in section 3 of this Act shall enter into any contract or other arrangement for the purpose of obtaining services described in section 2(a) of this Act from any person, other than a bank service corporation, unless the bank first obtains from such person an agreement of the kind required by the last sentence of section 3 of this Act. As used in this section 'person' includes an individual, corporation, partnership, association, and any other organization whether or not incorporated."

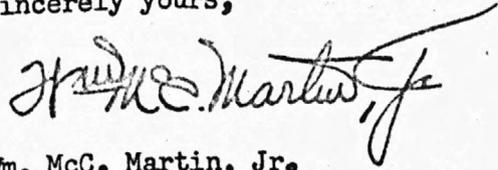
In addition to the above suggestions, the Board's staff will be glad to discuss with your staff a few minor suggestions relating solely to technical or drafting matters.

The Honorable Brent Spence

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It is hoped that the foregoing may be helpful in connection with such consideration as your Committee may give to H. R. 8874.

Sincerely yours,

A handwritten signature in cursive script, reading "Wm. McC. Martin, Jr.", with a large flourish at the end.

Wm. McC. Martin, Jr.

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

Item No. 7
2/26/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

February 27, 1962.



Inter-American Development Bank,
Washington 25, D. C.

Attention: Mr. T. Graydon Upton

Gentlemen:

The Board has approved the request contained in your letter of February 20, 1962, that Mr. Robert L. Sammons, Adviser in the Board's Division of International Finance, be made available to undertake a technical assistance mission for six weeks to Quito, Ecuador, such mission to leave Washington for Ecuador on March 4, following a three-day meeting at IDB headquarters in Washington.

It is understood that the Inter-American Development Bank will reimburse the Board for Mr. Sammons' salary, as well as the Board's contributions on his behalf to the Retirement System and for group life and health insurance.

It is understood also that the Inter-American Development Bank will pay Mr. Sammons directly a per diem of \$25.00 and will provide for his round-trip travel expenses by air between Washington and Quito.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.