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Minutes for April 18, 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 Wednesday, April 18, 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. Mitchell

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Molony, Assistant to the Board
Mr. Fauver, Assistant to the Board
Mr. Cardon, Legislative Counsel
Mr. Farrell, Director, Division of Bank Operations
Mr. Johnson, Director, Division of Personnel Administration
Mr. Hexter, Assistant General Counsel
Mr. O'Connell, Assistant General Counsel
Mr. Koch, Adviser, Division of Research and Statistics
Mr. Conkling, Assistant Director, Division of Bank Operations
Mr. Goodman, Assistant Director, Division of Examinations
Mr. Benner, Assistant Director, Division of Examinations
Mr. Leavitt, Assistant Director, Division of Examinations
Mrs. Semia, Technical Assistant, Office of the Secretary
Miss Stockwell, Economist, Division of Research and Statistics
Mr. Moss, Economist, Division of Research and Statistics

Discount rates. The establishment without change by the Federal Reserve Banks of Boston and Atlanta on April 16, 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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Circulated or distributed items. 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:

Item No.

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|---|-----|
| Letters to (1) Manufacturers Hanover International Banking Corporation and (2) Manufacturers Hanover International Finance Corporation, both of New York, New York, interposing no objection to the purchase by each corporation of \$250,000 principal amount of bankers acceptances from the funds paid by Manufacturers Hanover Trust Company for capital stock of the corporations. | 1-2 |
| Letter to Crawford County Trust Company, Meadville, Pennsylvania, waiving the requirement of six months' notice of withdrawal from membership in the Federal Reserve System. | 3 |
| Letter to the Federal Deposit Insurance Corporation regarding the application of Beloit Savings Bank, Beloit, Wisconsin, for continuation of deposit insurance after withdrawal from membership in the Federal Reserve System. | 4 |
| Letter to Security State Bank, Algona, Iowa, waiving the requirement of six months' notice of withdrawal from membership in the Federal Reserve System. | 5 |
| Letter to Farmers State Bank, Eustis, Nebraska, waiving the requirement of six months' notice of withdrawal from membership in the Federal Reserve System. | 6 |
| Letter to East Texas Bank and Trust Company, Longview, Texas, waiving the requirement of six months' notice of withdrawal from membership in the Federal Reserve System. | 7 |
| Letter to West Texas State Bank, Snyder, Texas, waiving the requirement of six months' notice of withdrawal from membership in the Federal Reserve System. | 8 |

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	<u>Item No.</u>
Letter to Bassett National Bank of El Paso, El Paso, Texas, granting permission to maintain reduced reserves.	9
Letter to the Federal Reserve Bank of Atlanta approving the appointment of W. B. Morgan as Alternate Assistant Federal Reserve Agent.	10
Letter to the Federal Reserve Bank of St. Louis approving the retention in active service of Dr. Arthur C. Brooks as the Bank's physician for one additional year.	11
Letter to Bankers Trust Company, New York, New York, approving the establishment of a branch at 31st Avenue and 77th Street, Jackson Heights, Borough of Queens.	12
Letter to Industrial State Bank of Kalamazoo, Kalamazoo, Michigan, approving the establishment of a branch at 3122 Oakland Drive.	13
Letter to Citizens Commercial Trust and Savings Bank of Pasadena, Pasadena, California, approving the establishment of a branch on Colorado Boulevard between Catalina and Wilson Avenues.	14
Letter to the Bureau of the Budget commenting favorably on a proposal by the Department of Commerce to amend section 131 of title 13, United States Code, to provide for earlier taking of the economic censuses.	15
Letter to County National Bank of Mineola, Mineola, New York, approving its application for limited fiduciary powers.	16

Messrs. Johnson, Goodman, and Moss then withdrew from the meeting.

Application of United California Bank (Item No. 17). There had been circulated a draft of letter to United California Bank, Los Angeles, California, approving its application for establishment of a branch in Santa Rosa, Sonoma County, California.

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At Governor Robertson's request, Mr. Leavitt reviewed the banking situation in Sonoma County and the facts that had been weighed by the Division of Examinations in reaching its recommendation for approval of the application.

After discussion, the letter to United California Bank was approved, Governor Robertson dissenting on the ground that there was no need for the branch in the community, the existing facilities being sufficient to provide ample service and competition. A copy of the letter is attached as Item No. 17.

Request of Department of Justice (Item No. 18). There had been circulated a draft of letter responding favorably to a request made in a letter from the Department of Justice dated March 30, 1962, in connection with the pending case of United States v. Bank Stock Corporation of Milwaukee, that representatives of the Department's Antitrust Division be permitted to examine and copy reports of condition and of earnings and dividends for the years 1956 through 1961 filed by certain State member banks in Milwaukee County.

Mr. O'Connell commented that the Department's request was similar to others it had made. In one case the Board responded to a request for reports of certain banks in Lexington, Kentucky, by furnishing the reports and asking that the Board be notified if the Department intended to make schedules from them to be used in court. In another case, when the Department asked for call reports for use in connection with an action against Continental Illinois National Bank

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and Trust Company of Chicago, the Board's staff cooperated with the staff of the Federal Deposit Insurance Corporation in preparing schedules containing summary figures that did not identify any institution, and these were furnished to the Department of Justice. In the present request, the Department wanted the individual reports of condition and of earnings and dividends, from which its staff would prepare aggregate schedules for use in evidence. The Department preferred that its own staff prepare the schedules in order that the figures would be presented in the way the Department thought would best serve its purposes. The Department had given assurance that the schedules would be prepared in such a way that no individual institution's figures could be identified.

Governor Mills said that he had some qualms about responding to the Department's request in the manner proposed. Although the Department had given assurances that it would not introduce earnings statements of individual banks in evidence, still the Department would be in possession of unpublished information in a situation in which it was involved in an adversary capacity. Although he did not have the same degree of concern here that he had in regard to requests for access to information bearing upon a bank's customers, earnings reports of individual institutions were not made available to the public except to the extent that a bank itself published its figures. He would not have the same reservations if aggregate figures were made available to the Department of Justice.

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Governor Mills also stated that he was concerned from the standpoint that the Board would be making available earnings reports of banks that were not parties to the pending litigation. The Department of Justice had raised an issue as to the concentration of banking in Milwaukee County through the existence of the three bank holding companies operating in the County and the information now proposed to be supplied, unless it was in aggregates, would disclose information relating to the subsidiary banks of the two bank holding companies not involved in the suit and could be used to their disadvantage.

Governor Shepardson asked if the reports could be given with the names of the banks deleted, in response to which the staff indicated that anyone familiar with the circumstances in Milwaukee County could nevertheless deduce the identity of the respective banks.

After further discussion, Governor Robertson stated that he would approve granting the request from the Department of Justice because he thought a Government agency, and especially the chief law enforcement agency, was entitled to such information. Further, there was every reason to feel that the confidentiality of the individual reports would be respected by the Department. Similar views were expressed by Governor Mitchell.

Governor Shepardson commented that it was not clear to him why the Board's staff could not tabulate and assemble the information. It seemed to him that the Department should be able to indicate the form in which it would like to have the information presented, and

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the Board's staff could then prepare tables without giving the Department the underlying individual reports.

Response was made that the Department specifically wanted the individual reports; its request in the Chicago case had also been in those terms, but it had agreed to use the summary tables when it learned that they had been prepared. Moreover, in the present case it had been learned that in response to a similar request from Justice the Comptroller of the Currency intended to furnish individual reports from national banks.

Governor Balderston stated that, like Governor Shepardson, he would prefer that the information be supplied in the form of aggregates. However, unless all of the supervisory agencies cooperated on that basis, it did not seem practicable to consider that possibility.

Thereupon, the letter to the Department of Justice was approved, Governor Mills dissenting. A copy of the letter is attached as Item No. 18.

Mr. O'Connell withdrew from the meeting at this point.

Report on competitive factors (Harrisburg-Carlisle, Pennsylvania).

There had been distributed a draft of report to the Comptroller of the Currency on the competitive factors involved in the proposed merger of The Harrisburg National Bank and Trust Company, Harrisburg, Pennsylvania, and Carlisle Deposit Bank and Trust Company, Carlisle, Pennsylvania.

The conclusion of the report, as drafted, read as follows:

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While merger of The Harrisburg National Bank and Trust Company and Carlisle Deposit Bank and Trust Company would eliminate the moderate amount of competition existing between the two institutions, it would probably intensify competition in the Carlisle area. It does not appear that the proposal would adversely affect smaller banks in the area.

Governor Robertson expressed the view that, with only two relatively small independent banks in Carlisle, Pennsylvania, a merger of one of them (Carlisle Deposit Bank and Trust Company) with a large out-of-town bank was likely to have an adverse effect on the other (Farmers Trust Company of Carlisle).

There ensued a discussion of the need for more factual information regarding the experience of remaining small banks in communities that large banks had entered through merger, and the hope was expressed that such information could be assembled in order to aid the Board in appraising such situations.

In this connection, Mr. Hexter observed that lack of adequate information in this respect could lead to inconsistencies. In the present case the report, as drafted, followed the reasoning that entrance of the large bank into the community would intensify competition. However, the application of Marine Midland Trust Company of Southern New York to merge with First National Bank and Trust Company, Ithaca, New York, had been denied by the Board in March 1961 largely on the ground that the merger would adversely affect the other bank in Ithaca. In connection with that case the New York Reserve Bank made a survey that indicated that independent banks had not been adversely affected by the competition of Marine Midland subsidiary banks in their respective

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communities. However, a more comprehensive study might reveal situations where independent banks had suffered because of the entrance of a large bank.

During further discussion, Governor Mitchell referred to the portions of the conclusion indicating that the proposed merger would probably intensify competition in the Carlisle area and that it would not appear to affect smaller banks in the area adversely. Since these statements involved a degree of speculation, he suggested that they be deleted. Such changes in the wording of the conclusion being agreed upon, the report was approved unanimously for transmittal to the Comptroller of the Currency, subject to a deletion suggested by Governor Mills in the body of the report. The conclusion in the report, as approved, read as follows:

The merger of The Harrisburg National Bank and Trust Company and Carlisle Deposit Bank and Trust Company would eliminate the moderate amount of competition existing between the two institutions.

Hearings on measurement of productivity. Governor Balderston reported that the Board had been invited informally to have a member of its staff testify, along with other technicians, in hearings that the Subcommittee on Economic Statistics of the Joint Economic Committee expected to hold on the measurement of productive capacity. Mr. Noyes had suggested that Mr. Frank de Leeuw, of the Board's research staff, be authorized to participate in the hearings.

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Governor Robertson asked if the hearings were understood to involve merely technical discussions of methodology, to which Mr. Koch responded in the affirmative.

Governor Mills inquired whether there seemed any likelihood that conflicting objectives or points of view might be drawn into the hearings in such manner that the Board might appear to be taking a position opposed to that of other Government institutions.

Mr. Koch responded that Mr. de Leeuw was well qualified to discuss the development of productivity measurements, a field in which the Board probably had done as much work as any other organization. If authorized to testify, Mr. de Leeuw would be cautioned to avoid going beyond the technical area.

After further discussion, it was agreed that the Subcommittee should be advised of the designation of Mr. de Leeuw to participate in the Subcommittee's hearings.

Report on S. 3130. There had been distributed a memorandum dated April 16, 1962, from Mr. Noyes, regarding a request from Chairman Robertson of the Senate Committee on Banking and Currency for a report on S. 3130, a bill "To authorize the Secretary of Commerce to purchase industrial and commercial evidences of indebtedness to promote certain industrial and commercial loans in redevelopment areas by lending institutions in order to help such areas plan and finance their economic redevelopment. . . ." It was stated in the

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memorandum that S. 3130 was in effect a substitute for S. 1212, to which the Board had raised substantial objections in its report of July 31, 1961. The underlying purpose of the present bill, as of the earlier bill, was to assist lenders in redevelopment areas whose liquidity and lending ability had been reduced by the large volume of long-term industrial loans in their portfolios.

The earlier bill had provided for establishment of a new Government corporation to provide a secondary market for industrial mortgages. The Board's report on that bill, and Chairman Martin's later letter of December 11, 1961, to Senator Clark, who had introduced the bill, pointed out that efforts to develop such a secondary market were not likely to be successful, since industrial mortgages are neither sufficiently standardized nor sufficiently common as a financing instrument to lend themselves to a secondary market operation. Moreover, it was questioned whether purchase of such mortgages by the Government would result in an increased supply of private, long-term credit for industrial expansion, since there was no requirement that lenders reinvest the proceeds in similar loans.

The new bill made no mention of establishing a secondary market in industrial mortgages. It authorized purchase of a wider range of loans than did S. 1212, and was more specific with respect to the conditions under which the Government would purchase such loans and the use to which lenders must put the proceeds. Some of

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the changes from the earlier bill seemed designed to assure that private funds would be available for participation in financing projects assisted under the Area Redevelopment Act as well as to make the provisions of the present bill consistent with those of the Act.

The new bill, S. 3130, authorized the Secretary of Commerce, under certain conditions, to purchase "evidences of indebtedness" from lending institutions in redevelopment areas. An "evidence of indebtedness" was defined as "a bond, debenture, note, or other contract for the payment of money, or a participation therein, which, among other things (1) evidences a loan to aid in financing any project within a redevelopment area for the acquisition or development of land or facilities . . . , or both, for industrial or commercial usage, . . . ; (2) is secured by a mortgage, deed of trust, or similar instrument, covering land or facilities . . . , or both, . . . ; and (3) is so secured as reasonably to assure repayment."

A loan purchased by the Secretary could not amount to more than 65 per cent of the fair value of the property, and must yield at least the rate then applicable in section 6(b)(8) of the Area Redevelopment Act, but bear interest of no more than 6 per cent on the unpaid balance. In order to meet these interest rate requirements, the Secretary could purchase a loan for less than, but not more than, its face value. The new bill also authorized the Secretary to dispose of the loans he purchased for "cash, credit or such consideration as he

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shall deem reasonable" but there was no indication that his purchases and sales were intended to result in the development of a secondary market.

An important restriction in S. 3130 was that any lender who sold an evidence of indebtedness to the Secretary must invest the proceeds either in a project to be assisted under the Area Redevelopment Act or in an industrial or commercial project that "does not involve the relocation of an establishment from one area to another" and that "is reasonably calculated to provide more than a temporary alleviation of unemployment or underemployment within the redevelopment area." The Secretary could grant exemptions, in cases of demonstrated need, but only up to 25 per cent of the proceeds.

Since, under S. 3130, private lenders in redevelopment areas could sell existing loans to the Government, invest the proceeds in similar loans, sell those to the Government, and so on, the net effect of the bill might be to make such lenders simply conduits, with the Government eventually holding a rather large volume of secured industrial and commercial loans to businesses in redevelopment areas. While that might not be an ideal situation, the bill appeared to represent a realistic approach and to set up adequate safeguards against abuse of the facilities it provided.

Attached to the memorandum was a draft of letter to Chairman Robertson that noted that S. 3130 was similar to, and was apparently offered as a substitute for, S. 1212 introduced in the first session

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of the 87th Congress, and commented that it appeared to the Board that S. 3130 was in many ways an improvement over the earlier bill and would operate more effectively to accomplish its purposes. The concluding paragraph of the draft letter stated that the Board had no judgment as to whether legislation of this type was necessary in order to assure the maximum effectiveness of other Government programs already adopted to provide assistance to redevelopment areas, but if it was, S. 3130 seemed a practical and straightforward approach.

The Board's consideration of the requested report included an extended discussion of the mechanism that would be set up under S. 3130, during which staff comments brought out that certain features of S. 1212 to which the Board specifically objected had been eliminated from the present proposal. Thus, such comments as the Board might wish to express on the current bill would have to be on a different basis. Upon consideration by the Board of what position should be taken, one member, Governor Mitchell, expressed the opinion that the proposal deserved support, much along the lines indicated in the draft letter. On the other hand, Governor Shepardson expressed doubt that legislation of the kind proposed in the bill would contribute substantially to the effectiveness of other Government programs already adopted to provide assistance to redevelopment areas. An intermediate view, expressed by other members of the Board, suggested that the question whether legislation of this sort was necessary in order to maximize the effectiveness of other assistance programs would appear to be one for decision by the Congress in its discretion.

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Several suggestions were made for changes in the wording of the letter proposed to be sent to Chairman Robertson, reflecting the leanings of the respective Board members. In view of those suggestions, it was agreed that the staff would prepare alternative draft letters, on the basis of which the Board would give further consideration to the matter.

All of the staff members then withdrew except Messrs. Sherman, Kenyon, Fauver, Farrell, Conkling, and Leavitt and Mrs. Semia.

Midyear reports of income and dividends (Item No. 19). There had been distributed a memorandum dated April 12, 1962, in which Mr. Conkling reported that the Office of the Comptroller of the Currency had informed him by telephone that the Comptroller had decided to eliminate the midyear reports of income and dividends from national banks, and that the Office was drafting a letter of advice to national banks. The memorandum mentioned several earlier occasions when suggestions had been made to eliminate the midyear reports of income and dividends, and noted especially that on August 22, 1956, in response to a Budget Bureau inquiry, the Board had stated that it would be willing to consider an annual reporting, provided quarterly or semiannual data could be obtained for statistical purposes on a condensed form either from all member banks or from an adequate sample of such banks. The Board had also said that an alternative might be to obtain the report in the present or similar form from

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the 300 to 400 largest banks and from a sample of other member banks.

The memorandum also noted that the Federal Deposit Insurance Corporation does not require midyear reports of income and dividends from insured nonmember banks.

The conclusion reached by the staff was that, in the circumstances, it would not seem worth while for the Board to obtain midyear reports from State member banks. However, the Board might wish to consider the advisability of obtaining midyear reports, on a simplified form, from a limited sample of member banks.

After discussion, it was the consensus of the Board that the situation created by the Comptroller's decision should be accepted, but that the staff should explore the desirability of a sample survey. Accordingly, the staff was so instructed. It was understood that the Federal Reserve Banks would be informed that the usual reports of income and dividends would not be collected from State member banks for the six months ending June 30, 1962, and that the views of the Reserve Banks on the merits of a sample survey would be requested. A copy of the letter subsequently sent to the Reserve Banks is attached as Item No. 19.

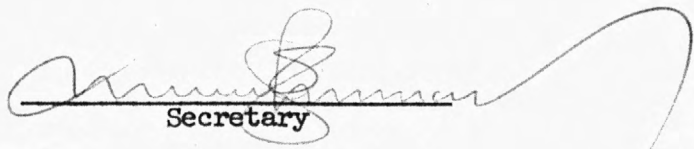
The meeting then adjourned.

Secretary's Notes: On April 17, 1962, Governor Shepardson approved on behalf of the Board a letter to the Federal Reserve

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Bank of San Francisco (attached Item No. 20) approving the appointment of Thomas Everest Rockwell as assistant examiner.

Governor Shepardson today approved on behalf of the Board the request contained in a memorandum from the Division of Research and Statistics dated April 16, 1962, that two additional summer research assistant positions be established in that Division, making a total of five, with the understanding that no budgetary overexpenditure would result.


Secretary

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

Item No. 1
4/18/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 18, 1962

Mr. S. van den Heuvel,
Secretary and Treasurer,
Manufacturers Hanover International
Banking Corporation,
44 Wall Street,
New York 15, New York.

Dear Mr. van den Heuvel:

This will acknowledge your letter of March 28, 1962, advising that Manufacturers Hanover International Banking Corporation began business on March 13, 1962, the date of receipt of the Board's letter of March 9, 1962, enclosing a final permit of the Board of Governors granting authority to commence business as a corporation organized under the provisions of Section 25(a) of the Federal Reserve Act.

The Board has noted, without objection, that your Corporation purchased on March 6, 1962, \$250,000 principal amount of bankers acceptances from the funds paid by Manufacturers Hanover Trust Company for capital stock of your Corporation.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.



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

Item No. 2
4/18/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



April 18, 1962

Mr. S. van den Heuvel,
Secretary and Treasurer,
Manufacturers Hanover International
Finance Corporation,
44 Wall Street,
New York 15, New York.

Dear Mr. van den Heuvel:

This will acknowledge your letter of March 28, 1962, advising that Manufacturers Hanover International Finance Corporation began business on March 13, 1962, the date of receipt of the Board's letter of March 9, 1962, enclosing a final permit of the Board of Governors granting authority to commence business as a corporation organized under the provisions of Section 25(a) of the Federal Reserve Act.

The Board has noted, without objection, that your Corporation purchased on March 6, 1962, \$250,000 principal amount of bankers acceptances from the funds paid by Manufacturers Hanover Trust Company for capital stock of your Corporation.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

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

Item No. 3
4/18/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 18, 1962

Board of Directors,
Crawford County Trust Company,
Meadville, Pennsylvania.

Gentlemen:

The Federal Reserve Bank of Cleveland has forwarded to the Board of Governors your letter dated March 15, 1962, together with the accompanying resolution 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 Cleveland 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 208.10(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 Cleveland.

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
4/18/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 18, 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 March 27, 1962, concerning the application of Beloit Savings Bank, Beloit, Wisconsin, for continuance of deposit insurance after withdrawal from membership in the Federal Reserve System.

No corrective programs that the Board of Governors believes should be incorporated as conditions to the continuance of deposit insurance have been urged upon or agreed to by the bank.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.





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

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Item No. 5
4/18/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 18, 1962

Board of Directors,
Security State Bank,
Algona, Iowa.

Gentlemen:

The Federal Reserve Bank of Chicago has forwarded to the Board of Governors your letter dated March 21, 1962, together with the accompanying resolution 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 Chicago 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 Chicago.

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
4/18/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



April 18, 1962

Board of Directors,
Farmers State Bank,
Eustis, Nebraska.

Gentlemen:

The Federal Reserve Bank of Kansas City has forwarded to the Board of Governors your letter dated January 22, 1962, together with the accompanying resolution 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 Kansas City 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 208.10(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 Kansas City.

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. 7
4/18/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 18, 1962

Board of Directors,
East Texas Bank and Trust Company,
Longview, Texas.

Gentlemen:

The Federal Reserve Bank of Dallas has forwarded to the Board of Governors President Sartains' letter dated March 22, 1962, and a copy of the resolution of your board of directors dated March 13, 1962, 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 Dallas 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 Dallas.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.



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

Item No. 8
4/18/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

APR 18 1962



Board of Directors,
West Texas State Bank,
Snyder, Texas.

Gentlemen:

The Federal Reserve Bank of Dallas has forwarded to the Board of Governors your letter dated March 19, 1962, together with the accompanying resolution dated March 8, 1962, 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 Dallas 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 Dallas.

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. 9
4/18/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



April 18, 1962

Board of Directors,
Bassett National Bank of El Paso,
El Paso, Texas.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Dallas, the Board of Governors, acting under the provisions of Section 19 of the Federal Reserve Act, grants permission to the Bassett National Bank of El Paso to maintain the same reserves against deposits as are required to be maintained by banks located outside of central reserve and reserve cities, effective as of the date it opens for business.

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 25, D. C.

Item No. 10
4/18/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



April 18, 1962

Mr. Jack Tarver,
Federal Reserve Agent,
Federal Reserve Bank
of Atlanta,
Atlanta 3, Georgia.

Dear Mr. Tarver:

In accordance with the request contained in your letter of April 2, 1962, the Board of Governors approves the appointment of Mr. W. B. Morgan as Alternate Assistant Federal Reserve Agent at the Federal Reserve Bank of Atlanta to succeed Mr. D. E. Plaster.

This approval is given with the understanding that Mr. Morgan will be solely responsible to the Federal Reserve Agent and the Board of Governors for the proper performance of his duties, except that, during the absence or disability of the Federal Reserve Agent or a vacancy in that office, his responsibility will be to the Assistant Federal Reserve Agent and the Board of Governors.

When not engaged in the performance of his duties as Alternate Assistant Federal Reserve Agent, Mr. Morgan may, with the approval of the Federal Reserve Agent and the President, perform such work for the Bank as will not be inconsistent with his duties as Alternate Assistant Federal Reserve Agent.

It will be appreciated if Mr. Morgan is fully informed of the importance of his responsibilities as a member of the staff of the Federal Reserve Agent and the need for maintenance of independence from the operations of the Bank in the discharge of these responsibilities.

It is assumed that Mr. Morgan will execute the usual Oath of Office, which will be forwarded to the Board of Governors along with the notification of the effective date of his appointment.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 11
4/18/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



April 18, 1962

Mr. Darryl R. Francis,
First Vice President,
Federal Reserve Bank
of St. Louis,
St. Louis 66, Missouri.

Dear Mr. Francis:

The Board of Governors approves the retention in active service of Dr. Arthur C. Brooks at the Federal Reserve Bank of St. Louis beyond the normal service retirement date for one additional year beginning August 1, 1962, as requested in your letter of March 30, 1962.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 12
4/18/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 18, 1962

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

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Bankers Trust Company, New York, New York, of a branch at the northeast corner of 31st Avenue and 77th Street in Jackson Heights, Borough of Queens, New York, New York, provided that 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.

1414

Item No. 13
4/18/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 18, 1962

Board of Directors,
Industrial State Bank of Kalamazoo,
Kalamazoo, Michigan.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch at 3122 Oakland Drive, Kalamazoo, Michigan, by Industrial State Bank of Kalamazoo, provided the branch is established within nine months from the date of this letter.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.



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

Item No. 14
4/18/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



April 18, 1962

Board of Directors,
Citizens Commercial Trust and Savings
Bank of Pasadena,
Pasadena, California.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of an in-town branch by Citizens Commercial Trust and Savings Bank of Pasadena, on the south side of Colorado Boulevard between Catalina and Wilson Avenues, 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. 15
4/18/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 18, 1962

Mr. Phillip S. Hughes,
Assistant Director,
Legislative Reference,
Bureau of the Budget,
Washington 25, D. C.

Dear Mr. Hughes:

This is in reply to your legislative referral memorandum of April 2, 1962 regarding a proposal by the Department of Commerce to amend section 131 of title 13, United States Code, to provide for earlier taking of the economic censuses.

The Board favors taking the Censuses of manufacturers, minerals, and other businesses one year earlier than originally scheduled, starting in 1968. The need to avoid serious overlapping of the massive data processing operations in these censuses with those of the Censuses of agriculture, population, and housing seems clear. The shift to a new quinquennial cycle for the economic censuses would not impair the Board's benchmark uses of these data for the index of industrial production and other basic series.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.



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

Item No. 16
4/18/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



April 18, 1962

Board of Directors,
County National Bank of Mineola,
Mineola, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers and grants County National Bank of Mineola authority to act, when not in contravention of State or local law, as registrar of stocks and bonds and transfer agent. The right to act as transfer agent may be exercised only to the extent that State banks, trust companies or other corporations which come into competition with national banks are permitted so to act under State or local law. The exercise of such rights also 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 certificate covering such authorization is enclosed.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

Enclosure

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

Item No. 17
4/18/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 18, 1962

Board of Directors,
United California Bank,
Los Angeles, California.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch by United California Bank in the vicinity of Mendocino Avenue between Fourth Street and College Avenue, Santa Rosa, Sonoma County, California, 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. 18
4/18/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 18, 1962



The Honorable Lee Loevinger,
Assistant Attorney General,
Antitrust Division,
U. S. Department of Justice,
Washington 25, D. C.

Dear Judge Loevinger:

This will acknowledge your letter of March 30, 1962, in connection with the pending case of United States v. Bank Stock Corporation of Milwaukee, requesting that representatives of the Antitrust Division be permitted to examine and copy reports of condition and of earnings and dividends for the years 1956 through 1961, filed by the State member banks in Milwaukee County identified in Schedule A to your letter.

In response to your request, the Board will make available at its offices for examination and copying by your representatives the reports in question. It is suggested that your representatives communicate with Mr. Gerald M. Conkling, Assistant Director of the Board's Division of Bank Operations, in connection with arrangements for access to these reports.

In making these reports available to your Division, it should be understood that, while the front sides of the reports of condition are published material, the reverse sides thereof, as well as the entire earnings and dividends reports, are not published information. Accordingly, it is requested that appropriate steps be taken in the preparation of any statistical tables to assure that there not be identified, nor made identifiable, unpublished information pertaining to any single banking institution.

Very truly yours,
(Signed) Merritt Sherman

Merritt Sherman,
Secretary

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

Item No. 19
4/18/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

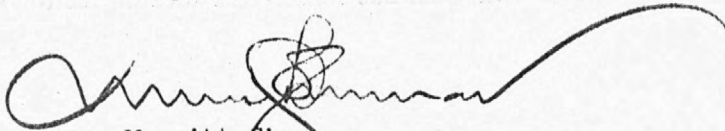
April 20, 1962.

Dear Sir:

This refers to the Board's telegram of April 17, 1962, quoting the letter from the Comptroller of the Currency to national banks regarding the elimination of the midyear report of income and dividends.

In the circumstances, the Board will not collect the usual reports of income and dividends from State member banks for the six months ended June 30, 1962. The Board has requested its staff to prepare a memorandum exploring reasons for and against obtaining mid-year reports from a limited sample of member banks on a simplified form containing the items used in the semiannual press statement (E.5). The views of your Bank on this subject would be helpful.

Very truly yours,



Merritt Sherman,
Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS

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

Item No. 20
4/18/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 18, 1962

CONFIDENTIAL (FR)

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

Dear Mr. Hemmings:

In accordance with the request contained in your letter of April 6, 1962, the Board approves the appointment of Thomas Everest Rockwell as an assistant examiner for the Federal Reserve Bank of San Francisco. Please advise the effective date of the appointment.

It is noted that Mr. Rockwell is indebted to The Hibernia Bank, San Francisco, California, a nonmember bank. Accordingly, the Board's approval of Mr. Rockwell's appointment is given with the understanding that he will not participate in any examination of that bank until his indebtedness has been liquidated.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

