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Minutes for June 19, 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. 1/

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

Should you have any question with regard to the minutes, it will be appreciated if you will advise the Secretary's Office. Otherwise, please initial below. If you were present at the meeting, your initials will indicate approval of the minutes. If you were not present, your initials will indicate only that you have seen the minutes.

Chm. Martin

M

Gov. Mills

RC

Gov. Robertson

RC

Gov. Balderston

CB/B

Gov. Shepardson

CSM

Gov. King

JK

Gov. Mitchell

MM

1/ Meeting with Presidents of the Federal Reserve Banks.

A joint meeting of the Board of Governors of the Federal Reserve System and the Presidents of the Federal Reserve Banks was held in the Board Room of the Federal Reserve Building in Washington, D. C., on Tuesday, June 19, 1962, at 12:40 p.m.

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

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary

Messrs. Ellis, Hayes, Bopp, Fulton, Wayne, Bryan, Scanlon, Deming, Clay, and Swan, Presidents of the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, Minneapolis, Kansas City, and San Francisco, respectively

Messrs. Francis and Shuford, First Vice Presidents of the Federal Reserve Banks of St. Louis and Dallas, respectively

In a letter to the Board dated April 30, 1962, the Comptroller of the Currency had advised of a schedule of increased charges, effective June 1, 1962, for furnishing to Federal Reserve Banks copies of reports of examination of national and District of Columbia banks. Subsequently the Comptroller agreed with Chairman Martin to defer the effective date until July 1, 1962. Under date of May 11, 1962, the Board advised the Reserve Bank Presidents of the proposed schedule of charges and solicited their comments. Later, after those comments had been received, the Board indicated to the Chairman of

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the Presidents' Conference that it would like to meet with the Presidents on this subject.

Following introductory remarks by Chairman Martin which he concluded by indicating that the Board would welcome any suggestions the Presidents might have, question was raised as to available alternatives. Essentially, it appeared that unless the Comptroller should change his position the only alternatives were to pay for copies for examination reports according to the announced schedule of charges or to do without such reports. Whereas the Federal Deposit Insurance Corporation had statutory authority for access to reports of examination of national banks, the Federal Reserve did not have comparable authority. Hence, it appeared that if the Comptroller should so desire, the Federal Reserve could be denied access.

Comments made by several of the Presidents during the ensuing discussion reflected a unanimity of view that the schedule of charges was unreasonable, substantially exceeding the cost of producing extra copies of examination reports. This was pointed out to be true, particularly, in the case of reports of examination of small banks and smaller trust departments, since the charges were not on a sliding-scale basis. At the same time there was a clear consensus that it was of considerable value to the Reserve Banks, in discharging their responsibilities, to have the reports of examination of national banks available. Such being the case, the option to paying the stated charges might be for the Reserve Banks themselves to make examinations of national banks, which procedure would be more costly and would

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involve significant problems. However, there were a number of expressions to the effect that it would not seem necessary to purchase more than one examination report per national bank per year. Along the same lines, it was suggested that separately-bound reports of examination of branches and reports of examination of trust departments might not need to be obtained so frequently as at present.

There was some apprehension that an agreement to pay the charges announced by the Comptroller might open the door to still greater charges in the future. For this reason, especially, the thought was expressed that if the Board should decide to advise the Comptroller that the new schedule of charges would be paid, the point should be made clear, in a letter to the Comptroller, that the consent to pay these charges was given only reluctantly, in view of the need for access to such reports by the Federal Reserve Banks in order to fulfill their responsibilities, and that it did not reflect any change in the view, previously stated by the Board to the Comptroller, that in principle the charges should be limited to the cost of production of extra copies, as determined on some reasonable accounting basis.

There was general agreement among the Presidents with the foregoing point of view.

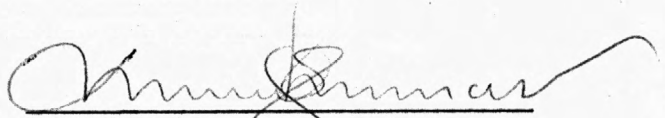
Other comments made during the discussion included a suggestion that the Board might want to consider including a statement on the matter, should the schedule of charges be accepted, in its Annual Report to the Congress, in order that the problem might be brought to the attention of appropriate Congressional committees for consideration.

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Further discussion, which was generally along the lines suggested by the foregoing paragraphs, concluded with an expression of appreciation by Chairman Martin for the comments and suggestions of the Presidents, which he indicated would be taken into account by the Board in its further consideration of the question.

The meeting then adjourned.



Secretary