

Minutes of the Board of Governors of the Federal Reserve System on Thursday, July 12, 1962. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman 1/
 Mr. Balderston, Vice Chairman
 Mr. Robertson 1/
 Mr. Shepardson
 Mr. King
 Mr. Mitchell

Mr. Sherman, Secretary
 Miss Carmichael, Assistant Secretary
 Mr. Molony, Assistant to the Board
 Mr. Fauver, Assistant to the Board
 Mr. Noyes, Director, Division of Research and Statistics
 Mr. Farrell, Director, Division of Bank Operations
 Mr. Harris, Coordinator of Defense Planning
 Mr. Hexter, Assistant General Counsel
 Mr. Shay, Assistant General Counsel
 Mr. Daniels, Assistant Director, Division of Bank Operations
 Mr. Goodman, Assistant Director, Division of Examinations
 Mr. Leavitt, Assistant Director, Division of Examinations
 Mr. Hill, Attorney, Legal Division

Circulated items. 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:

Item No.

Letter to Continental International Banking Corporation, New York, New York, granting consent to change its name to "Continental Bank International" and to increase its capital and approving amendments to Articles First and Seventh of the Articles of Association.

1

1/ Withdrew from meeting at point indicated in minutes.

7/12/62

-2-

Item No.

- | | |
|--|---|
| Letter to the Federal Deposit Insurance Corporation regarding the application of First Trust and Savings Bank of Riverdale, Riverdale, Illinois, for continuation of deposit insurance after withdrawal from membership in the Federal Reserve System. | 2 |
| Letter to the Federal Reserve Bank of Richmond noting without objection the Bank's decision to increase the number of its cash agent banks from 23 to 24. | 3 |
| Letter to Glens Ferry Bank, Ltd., Glens Ferry, Idaho, approving the establishment of a branch in Kuna. | 4 |
| Letter to Seattle Trust and Savings Bank, Seattle, Washington, approving the establishment of a branch in the Crossroads Shopping Center, King County. | 5 |
| Letter to Wilmington Trust Company, Wilmington, Delaware, approving an investment in bank premises. | 6 |
| Letter to The Scott County State Bank, Scottsburg, Indiana, approving an investment in bank premises. | 7 |
| Letter to The Peoples Savings Bank, New Knoxville, Ohio, noting the bank's intention to withdraw from membership in the Federal Reserve System as of January 2, 1963. | 8 |
| Letter to First Trust and Savings Bank of Riverdale, Riverdale, Illinois, waiving the requirement of six months' notice of withdrawal from membership in the Federal Reserve System. | 9 |

Mr. Harris then withdrew from the meeting.

Notice of withdrawal from membership (Item No. 10). There had been circulated a draft of letter to The York Bank and Trust Company, York, Pennsylvania, waiving the requirement of six months' notice of withdrawal from membership in the Federal Reserve System. The bank had

7/12/62

-3-

indicated in a letter of June 25, 1962, addressed to the Board, that it wished to withdraw from membership because of the belief that the cost of maintaining the required reserve balances on deposits in cash was "quite excessive." According to the bank, if it withdrew from membership, it would be in a position to increase its earnings by investing funds that it was now required to hold in reserves.

Governor Robertson said he saw no reason why a bank the size of The York Bank and Trust Company should withdraw from membership in the System, and he thought that the requirement of six months' notice of withdrawal should not be waived in this instance.

Governor Shepardson also expressed concern that the bank was planning to withdraw from membership in the System. He wondered, however, what would be accomplished by denying the request since it had been the Board's practice to grant similar requests from other banks.

Governor Robertson said he would deny the request merely as a means of indicating that the Board thought the bank's plan to withdraw from membership was unwise. Here was a bank with deposits of almost \$80 million, and he felt that banks of this size should not be withdrawing from the Federal Reserve System.

Governor Balderston commented that as a result of its withdrawal from membership the bank expected to increase its earnings since, as a non-member bank, under the Pennsylvania State law it could keep a portion of its reserves invested in earning assets. He believed that banks in

7/12/62

-4-

Pennsylvania were disturbed not only by the size of the reserve requirement for Federal Reserve membership but also by the nonearning nature of the funds held as reserves.

Governor Mitchell inquired as to the basis for the requirement of six months' notice of withdrawal, and Mr. Hexter replied that he believed the provision originally may have been included in the law as a protective measure to prevent any wholesale withdrawal of banks from the System. However, there had been no need for this type of protection.

During the discussion that followed it was brought out that, so far as could be recalled, the Board had not in recent years denied any requests from banks to waive the requirement of six months' notice of withdrawal.

Chairman Martin remarked that some years ago the System's representatives had gone out to regional banks for the purpose of selling them on the idea of System membership. In recent years, however, Reserve Bank representatives had not found a need to do this. He believed that ultimately the answer would be for all banks to be members of the System.

The Chairman went on to say that in the case of banks in the State of Pennsylvania the burden of proof was on the System to explain why reserve requirements should be higher in the System than those provided by the State law. He observed that insured banks were protected by their membership in the Federal Deposit Insurance Corporation and therefore the argument could not be used that System reserve requirements necessarily assured banks more safety.

7/12/62

-5-

Mr. Molony suggested that the answer to the problem might be to equalize the reserve requirements of the System and those provided by State laws. It was difficult to see how individual banks could be sold on the advantages of System membership if that membership placed a distinct burden on them.

Governor Mitchell suggested that perhaps a report should be made to an appropriate Congressional committee indicating that recently there had been a number of withdrawals from the System because of the higher reserves that member banks were required to maintain.

After further discussion, the letter to The York Bank and Trust Company waiving the requirement of six months' notice of withdrawal from membership in the System was approved, Governor Robertson dissenting. A copy is attached as Item No. 10.

Report on competitive factors (Norwich-Afton, New York). There had been distributed a draft of report dated July 10, 1962, to the Comptroller of the Currency on the competitive factors involved in the proposed consolidation of The National Bank and Trust Company of Norwich, Norwich, New York, and First National Bank of Afton, Afton, New York.

There being no objection, the report was approved unanimously for transmittal to the Comptroller. The conclusion of the report read as follows:

The Bainbridge branch of The National Bank and Trust Company of Norwich is the only competing banking office in the immediate area of First National Bank of

7/12/62

-6-

Afton. The proposal would have little effect on over-all competition in Chenango County and would probably have no adverse effects on the smaller banks in the area. It would, however, result in the elimination of the fairly substantial competition between the consolidating banks.

Application of Dauphin Deposit Trust Company. Pursuant to the decision reached at the meeting on July 3, 1962, there had been distributed drafts of an order and statement reflecting the Board's denial of the application of Dauphin Deposit Trust Company, Harrisburg, Pennsylvania, to merge with The First National Bank of Mount Holly Springs, Mount Holly Springs, Pennsylvania, and incident thereto to operate a branch at the present location of the latter bank. A dissenting statement by Governor Mills had also been distributed.

Governor Mitchell expressed the view that the proposed majority statement contained certain irrelevant material that watered down rather than strengthened the majority opinion. Accordingly, he suggested that the statement be changed in a number of respects.

After a brief discussion, it was agreed that the statement would be revised along the lines suggested for further consideration by the Board.

Mr. Hill then withdrew from the meeting and Mr. Cardon, Legislative Counsel, entered the room.

Application of United California Bank. There had been distributed a memorandum from the Division of Examinations dated July 6, 1962, recommending favorably on an application by United California Bank, Los

7/12/62

-7-

Angeles, California, to merge with Farmers and Merchants Bank of Blythe, Blythe, California, and incident thereto to operate a branch at the present location of the latter bank.

Following comments by Mr. Leavitt based on the memorandum that had been distributed, the merger application was approved unanimously, with the understanding that the Legal Division would draft an order and statement for the Board's consideration.

Messrs. Furth, Adviser, Division of International Finance, and Partee, Chief, Capital Markets Section, Division of Research and Statistics, entered the room.

Israel Discount Bank, Limited (Item No. 11). There had been distributed a memorandum from the Legal Division dated July 9, 1962, which discussed whether the recently established New York City branch of Israel Discount Bank Limited, Tel-Aviv, Israel, a privately-owned commercial bank, was eligible (1) to admission to membership in the Federal Reserve System; (2) to carry a nonmember clearing account with the Federal Reserve Bank of New York; and (3) to establish an account with the Federal Reserve Bank under section 14(e) of the Federal Reserve Act.

The first question had been raised during a visit to the Board's offices on April 27, 1962, by Mr. Robert J. Schwartz, Vice President of Israel Discount Bank Limited, in New York City, and the latter two questions had been raised by Mr. Schwartz in a letter dated May 9, 1962.

7/12/62

As pointed out in the memorandum, the first question, relating to the eligibility of the branch for membership in the System, would require a negative answer since section 9 of the Federal Reserve Act provides that eligibility for voluntary membership in the System is limited to "any bank incorporated by special law of any State, or organized under the general laws of any State or of the United States, including Morris Plan banks and other incorporated banking institutions engaged in similar business," and mutual savings banks. Although the branch of Israel Discount Bank was licensed to do business in the State of New York, it was not incorporated or organized under State law and clearly did not otherwise fall within the types of banks eligible for System membership.

The answer to the second question, whether the branch could establish a nonmember clearing account with the New York Reserve Bank, was somewhat more complicated. It was noted in the memorandum that section 13 of the Federal Reserve Act, which provides that a Federal Reserve Bank "may" permit "any nonmember bank or trust company" to maintain a nonmember clearing account, was permissive rather than mandatory. Mr. Schwartz had already been advised informally by representatives of the New York Reserve Bank that it would be of doubtful legality for that bank to maintain a nonmember clearing account for the New York City branch of Israel Discount Bank.

On the other hand, it appeared that the San Francisco Bank was sympathetic toward letting branches or subsidiaries of foreign banks

7/12/62

-9-

in the United States maintain nonmember clearing accounts inasmuch as they could not become member banks. For a number of years the Reserve Bank had carried nonmember clearing accounts for Canadian Imperial Bank of Commerce, which had branches in Portland and Seattle that were not incorporated under the laws of Oregon or Washington.

The third question, whether the branch might open an "ordinary balance account," had reference to section 14(e) of the Federal Reserve Act, which provides that every Federal Reserve Bank shall have power, with the consent of the Board, "to open and maintain accounts in foreign countries, appoint correspondents, and establish agencies in such countries. . . .", and, with the consent of the Board, "to open and maintain banking accounts for such foreign correspondents or agencies, or for foreign banks or bankers, or for foreign states as defined in section 25(b) of this Act." The question here was whether Israel Discount Bank's New York City branch was to be regarded as included in the clause "or for foreign banks or bankers" which was added to the statute in 1941. According to legislative history, there was nothing to suggest that the 1941 amendment was designed to authorize Reserve Banks to open accounts for domestic branches of foreign banks which would act independently in this country rather than have the Federal Reserve Bank act for them.

The New York Reserve Bank, as a matter of policy, had opened accounts on its books only for central banks and foreign governments and instrumentalities thereof, and on the basis of informal advice it

7/12/62

-10-

had been learned that counsel of the Bank doubted that the branch of a foreign commercial bank licensed to do business in New York could properly be regarded as a "foreign bank or banker" within the meaning or purpose of section 14(e) of the Federal Reserve Act.

The memorandum suggested that the question whether the Board, if it wished to do so, should authorize the New York Reserve Bank to open an account for the branch under section 14(e) would seem to depend more on policy than on legal considerations, since it could be argued that under the literal terms of the statute no legal objection would arise. It was pointed out, however, that from a broader standpoint it could be effectively argued that such a transaction would not be the kind contemplated by the law.

At the Board's request, Mr. Shay commented on the three questions discussed in the memorandum. He mentioned that Israel Discount Bank, which was Israel's largest private banking institution, had affiliate banks in Switzerland, France, England, Chile, and Peru; it also had affiliates in the United States. The New York City branch of the bank was engaged in general banking business and had been licensed earlier this year pursuant to 1960 amendments to the New York banking laws which permitted foreign banks, upon obtaining a license from the State banking authority, to establish branches in that State with the power to accept deposits.

Governor Robertson suggested that Mr. Schwartz be advised that questions of the type that he had raised should be taken up through the

7/12/62

-11-

Federal Reserve Banks. He did not believe that the Board should take the position of telling the New York Reserve Bank what course of action it should follow. It would seem appropriate, he thought, to ask both the New York and the San Francisco Reserve Banks for their views on this problem in order to determine whether there was any reason for having a System-wide policy. In any event, he did not favor taking a System-wide position on the basis of a request from an individual.

Governor King questioned the desirability of advising Mr. Schwartz that the questions should be taken up with the New York Reserve Bank in view of the fact that Mr. Schwartz had already talked informally with representatives of both the New York Bank and the Board's staff. Such a procedure might give Mr. Schwartz the impression that he was being given a run-around.

Mr. Daniels indicated that when Mr. Schwartz visited the Board's offices he had been advised that establishment of nonmember bank clearing accounts was a matter that was determined by the Reserve Banks, and at that time there had been no discussion of the possibility of the branch's establishing an account under section 14(e) of the Federal Reserve Act.

During the discussion that followed as to the most appropriate procedure for handling this matter, Governor Shepardson observed that as he understood the question a policy matter was involved. It appeared that the New York Reserve Bank might be taking a position based in part on earlier interpretations of the Board. According to the Legal Division

7/12/62

-12-

memorandum, the pertinent statutes were susceptible of somewhat different interpretations. The Board was concerned with international relations and had approved the establishment of numerous bank branches and subsidiaries in foreign countries. It seemed to him that there was a policy question of reciprocity and that the Board's earlier interpretations on the subject should be reviewed carefully.

Mr. Furth suggested that, if it were legally possible for the New York Reserve Bank to open a nonmember clearing account for a branch of a foreign bank, from a policy point of view this might have certain advantages. For example, the operations of large Canadian banks were important and, if the New York Reserve Bank were to open accounts for branches of those banks, the System would have at its disposal certain information not now available to it. He added that under section 13 of the Federal Reserve Act nonmember domestic banks could maintain clearing accounts with Reserve Banks and under section 14(e) foreign banks could maintain accounts. It seemed logical that domestic branches of foreign banks should have the same privilege.

Governor Balderston expressed the view that the problem should be discussed with the Presidents of the New York and San Francisco Reserve Banks, and there was agreement with this approach. It was understood that letters would be sent to Presidents Hayes and Swan suggesting that the matter be considered when they were in Washington, perhaps at the time of the next Federal Open Market Committee meeting scheduled for July 31.

7/12/62

-13-

It was also understood that a letter would be sent to Mr. Schwartz advising him that the subject of his inquiry was a matter of interest to all Reserve Banks and accordingly it would be preferable to have further discussion within the Federal Reserve System before undertaking answers to his questions. A copy of a letter sent to Mr. Schwartz on July 13, 1962, is attached as Item No. 11.

Messrs. Furth and Goodman then withdrew from the meeting.

Statement of Chairman Martin. There had been distributed a draft of statement on the subject of credit conditions and inventory investment to be presented by Chairman Martin on July 13 before the Subcommittee on Economic Stabilization, Automation, and Energy Resources of the Joint Economic Committee.

In commenting on the draft statement, Chairman Martin suggested that it be shortened and changed somewhat to reflect the general approach that inventories should be looked upon as symptoms rather than fundamentals in business operations.

After a number of changes in wording had been suggested, it was agreed that the statement would be revised for presentation in a form satisfactory to Chairman Martin.

All members of the staff except Messrs. Sherman, Shay, and Leavitt then withdrew.

Continental Bank and Trust Company. Governor Shepardson referred to the Board's action yesterday in postponing to September 10, 1962, the

7/12/62

-14-

date for commencement of the show cause hearing that had been scheduled for July 23. He said that Mr. O'Connell in his capacity as Board Counsel had planned to go to San Francisco next week for the purpose of conferring with witnesses who were to appear for the Board at the show cause hearing. Mr. O'Connell had inquired whether the postponement of the date for the show cause hearing would necessitate a change in these plans; his own preference would be to proceed as planned, particularly since several of the individual witnesses had made arrangements to be in San Francisco next week and would prefer not to change their plans. Governor Shepardson said that, in the absence of objection, he would inform Mr. O'Connell that he should proceed with the plans already made.

There was no disagreement with this suggestion.

Governor Shepardson then stated that, in view of Mr. O'Connell's familiarity with all aspects of the Continental Bank proceeding, it had occurred to him that it might be appropriate if Mr. O'Connell were to call on Mr. Sullivan, President of The Continental Bank and Trust Company, next week to clarify computations and obtain other factual information with respect to the figures presented by Mr. Sullivan when he met with the Board on July 2.

Governor Mitchell expressed reservations about having Mr. O'Connell, who was serving as Board Counsel in this case, confer with Mr. Sullivan on the matters that Mr. Sullivan had discussed on July 2. He suggested that it would be preferable if this call were made by someone other than Board Counsel - perhaps someone from the Federal Reserve Bank of

7/12/62

-15-

San Francisco who was familiar with examining procedures and with Continental Bank, or perhaps someone from the Board's Division of Examinations.

Governor Shepardson stated that he understood the normal procedure would be for Counsel to carry on a discussion of the sort contemplated, to which Governor Mitchell responded that his thought was that whoever called upon Mr. Sullivan should be responsive to the approach Mr. Sullivan had indicated when he met with the Board. He felt that Mr. Sullivan's informal and direct approach to the Board should be met with a similar approach by the person whom the Board sent to talk with him, and he doubted whether sending Board Counsel would assure the right atmosphere, simply because of the position that would be represented.

Chairman Martin, Governor Robertson, and Messrs. Shay and Leavitt withdrew from the meeting at this point, and Mr. O'Connell, Assistant General Counsel, entered the room.

At Governor Balderston's request, Mr. O'Connell outlined the customary procedure that was followed in selecting persons to carry on discussions that might lead to an offer of settlement in a case such as this. He pointed out that members of the Board's staff who would be expected to advise the Board subsequently with respect to adjudicatory matters could not serve as negotiators; however, it was customary and normal for counsel for the agency to participate in such discussions. He believed the Board's position would be best represented in negotiations for a settlement if they were conducted by Board Counsel.

7/12/62

-16-

After some further discussion of the nature of the proposed visit to be made to Mr. Sullivan, all of such discussion indicating that the call was to be for the purpose of obtaining factual information regarding the condition of Continental Bank and not for the purpose of negotiating as to the basis for a possible offer of settlement by Continental, the suggestion was made that Mr. R. M. Stephenson, Special Assistant in the Board's Division of Examinations, would be an appropriate person to call upon Mr. Sullivan for the purpose indicated and, if convenient, he should be accompanied by Chief Examiner James Ahlf of the Federal Reserve Bank of San Francisco. In the course of the discussion, a telephone call was made to President Swan of the Federal Reserve Bank of San Francisco to ascertain whether Mr. Ahlf would be available for the purpose of accompanying Mr. Stephenson to call on Mr. Sullivan during the coming week. Upon receipt of an affirmative response, members of the Board then present authorized the staff to complete the necessary arrangements for such a visit, with the understanding that the purpose of Mr. Stephenson's call would be strictly to obtain factual information. The Secretary was also authorized to discuss the proposed visit with Mr. Sullivan to ascertain when a mutually convenient time could be arranged.

The meeting then adjourned.

Secretary's Note: Governor Shepardson today approved on behalf of the Board the following items:

7/12/62

-17-

Letter to the Federal Reserve Bank of Richmond (attached Item No. 12) approving the designation of Thomas L. Sutton as special assistant examiner.

Memoranda from appropriate individuals concerned recommending the following actions relating to the Board's staff:

Appointments

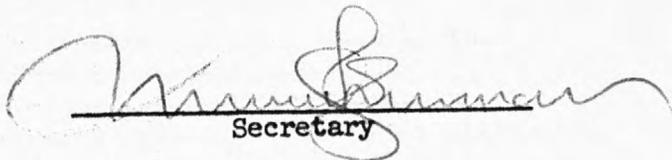
Janet B. Innocenti as Statistical Clerk in the Division of Bank Operations, with basic annual salary at the rate of \$3,760, effective the date of entrance upon duty.

Sandra Lee Wolfe as Clerk-Typist in the Division of Personnel Administration, with basic annual salary at the rate of \$3,970, effective the date of entrance upon duty.

Salary increases

Margaret Campbell, from \$4,250 to \$4,510 per annum, with a change in title from Clerk-Stenographer to Secretary, Division of Research and Statistics, effective July 22, 1962.

Carolyn R. Cullipher, from \$4,250 to \$4,510 per annum, with a change in title from Clerk-Stenographer to Secretary, Division of Research and Statistics, effective July 22, 1962.


Secretary

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

Item No. 1
7/12/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 12, 1962

Mr. John H. Perkins, President,
Continental International Banking Corporation,
71 Broadway,
New York 6, New York.

Dear Mr. Perkins:

In accordance with the request contained in your letter of June 8, 1962, transmitted through the Federal Reserve Bank of New York, the Board of Governors grants consent for Continental International Banking Corporation (1) to change its name to "Continental Bank International" and (2) to increase its capital from \$2,000,000 to \$15,000,000, consisting of capital stock of \$10,000,000 and paid-in surplus of \$5,000,000.

As provided by Section 211.3(d) of Regulation K, the Board also approves the amendments to Articles First and Seventh of the Articles of Association of your Corporation as contained in the certified copy of the Consent of the sole shareholder of the Corporation dated June 8, 1962, in lieu of a shareholder's meeting.

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
7/12/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 12, 1962

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

Dear Mr. Cocke:

Reference is made to your letter of June 27, 1962, concerning the application of First Trust and Savings Bank of Riverdale, Riverdale, Illinois, for continuance of deposit insurance after withdrawal from membership in the Federal Reserve System.

No corrective programs which 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.

Item No. 3
7/12/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 12, 1962

Mr. Aubrey N. Heflin,
First Vice President,
Federal Reserve Bank of Richmond,
Richmond 13, Virginia.

Dear Mr. Heflin:

The Board notes without objection the decision of your Bank to increase the number of its cash agent banks from 23 to 24, as stated in your letter of June 25, 1962. The Board appreciates receiving your report showing the substantial progress made in completing arrangements for the pre-emergency storage of currency with such agents.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 4
July 12, 1962

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 12, 1962

Board of Directors,
Glenns Ferry Bank, Ltd.,
Glenns Ferry, Idaho.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Glenns Ferry Bank, Ltd., Glenns Ferry, Idaho, of a branch in Kuna, Ada County, Idaho, provided the branch is established within six months 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. 5
7/12/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 12, 1962



Board of Directors,
Seattle Trust and Savings Bank,
Seattle, Washington.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch by the Seattle Trust and Savings Bank in the Crossroads Shopping Center located on the northeast corner of 156th Avenue Northeast and Northeast 8th Street, King County, Washington, provided the branch is established within one year.

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.
7/12/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 12, 1962

Board of Directors,
Wilmington Trust Company,
Wilmington, Delaware.

Gentlemen:

The Board of Governors of the Federal Reserve System approves, under the provisions of Section 24A of the Federal Reserve Act, an investment of \$150,000 in bank premises by Wilmington Trust Company, Wilmington, Delaware, to purchase a warehouse property to be used for the storage of records and supplies.

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
7/12/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 12, 1962

Board of Directors,
The Scott County State Bank,
Scottsburg, Indiana.

Gentlemen:

The Board of Governors of the Federal Reserve System approves, under the provisions of Section 24A of the Federal Reserve Act, an investment of \$21,675 in bank premises by The Scott County State Bank, Scottsburg, Indiana, for new banking quarters. This investment is in addition to an investment of \$278,325 approved by the Board on June 14, 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. 8
7/12/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 12, 1962

Board of Directors,
The Peoples Savings Bank,
New Knoxville, Ohio.

Gentlemen:

The Federal Reserve Bank of Cleveland has forwarded to the Board of Governors President Kuhlman's letter dated June 6, 1962, together with the accompanying resolution dated June 5, 1962, signifying your intention to withdraw from membership in the Federal Reserve System.

The Board notes that you intend to withdraw as of January 2, 1963. 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 after that date so long as this is done within eight months from the date that notice of intention to withdraw from membership was given. 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.

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. 9
7/12/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 12, 1962

Board of Directors,
First Trust and Savings Bank
of Riverdale,
Riverdale, Illinois.

Gentlemen:

The Federal Reserve Bank of Chicago has forwarded to the Board of Governors your letter dated June 22, 1962, together with the accompanying resolution dated June 21, 1962, signifying your intention to withdraw from membership in the Federal Reserve System and requesting waiver of the six months' notice of such withdrawal.

The Board of Governors waives the requirement of six months' notice of withdrawal. Accordingly, 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 that notice of intention to withdraw from membership was given. 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.

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. 10
7/12/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 12, 1962

Board of Directors,
The York Bank and Trust Company,
York, Pennsylvania.

Gentlemen:

The Federal Reserve Bank of Philadelphia has forwarded to the Board of Governors your letter dated June 25, 1962, together with the accompanying resolution of the same date, signifying your intention to withdraw from membership in the Federal Reserve System and requesting waiver of the six months' notice of such withdrawal.

The Board of Governors waives the requirement of six months' notice of withdrawal. Accordingly, 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 that notice of intention to withdraw from membership was given. Upon surrender to the Federal Reserve Bank of Philadelphia of the Federal Reserve Bank stock issued to your institution, such stock will be canceled and appropriate refund will be made thereon.

It is requested that the certificate of membership be returned to the Federal Reserve Bank of Philadelphia.

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
7/12/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

CABLE ADDRESS: "FEDRESERVE"

July 13, 1962.

Mr. Robert J. Schwartz, Vice President,
Israel Discount Bank Limited,
511 Fifth Avenue,
New York 17, New York.

Dear Mr. Schwartz:

In your letter of May 9 to Mr. Daniels of the Board's staff, you inquired whether the New York City branch of the Israel Discount Bank Limited might maintain with the Federal Reserve Bank of New York a nonmember clearing account and, if not, whether the branch might open with the Federal Reserve Bank an "ordinary balance account". Your letter, which was written subsequent to your visit on April 27 with Mr. Daniels, related that representatives of the Israel Discount Bank Limited previously had discussed with representatives of the Federal Reserve Bank the question whether the branch might carry a nonmember clearing account.

While any further delay in answering your questions is regrettable, various considerations bearing on the matter suggest that further study would be helpful. The subject of your inquiry is not only one concerning the Federal Reserve Bank of New York, but a matter of interest to other Federal Reserve Banks, as well. Accordingly, the Board feels that it would be preferable for it to await the benefits of further discussions within the Federal Reserve System before undertaking answers to your questions.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.



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

Item No. 12
7/12/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 12, 1962

Mr. John L. Nosker, Vice President,
Federal Reserve Bank of Richmond,
Richmond 13, Virginia.

Dear Mr. Nosker:

In accordance with the request contained in your letter of July 9, 1962, the Board approves the designation of Thomas L. Sutton as a special assistant examiner for the Federal Reserve Bank of Richmond for the purpose of participating in examinations of State member banks.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

