

Minutes for August 2, 1962

To: Members of the Board
From: Office of the Secretary

Attached is a copy of the minutes of the Board of Governors of the Federal Reserve System on the above date.

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

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

Chm. Martin	<u> </u>
Gov. Mills	<u> </u>
Gov. Robertson	<u> </u>
Gov. Balderston	<u> </u>
Gov. Shepardson	<u> </u>
Gov. King	<u> </u>
Gov. Mitchell	<u> </u>

Minutes of the Board of Governors of the Federal Reserve System on Thursday, August 2, 1962. The Board met in the Board Room at 10:00 a.m.

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

Mr. Kenyon, Assistant Secretary
 Mr. Fauver, Assistant to the Board
 Mr. Hackley, General Counsel
 Mr. Farrell, Director, Division of Bank Operations
 Mr. Solomon, Director, Division of Examinations
 Mr. Johnson, Director, Division of Personnel Administration
 Mr. Chase, Assistant General Counsel
 Mr. Smith, Assistant Director, Division of Examinations
 Mr. Spencer, General Assistant, Office of the Secretary
 Mr. McClintock, Supervisory Review Examiner, Division of Examinations

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

Letter to the Federal Reserve Bank of Boston approving the appointment of Edward F. Cotter and Robert V. Clapp as Alternate Assistant Federal Reserve Agents.

Item No.

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	<u>Item No.</u>
Letter to The Chase Manhattan Bank, New York, New York, approving the establishment of a branch at 2065 Second Avenue, Borough of Manhattan.	2
Letter to McIlroy Bank, Fayetteville, Arkansas, approving (1) the establishment of a branch at 1943 North College Street and (2) an investment in bank premises.	3
Letter to Southern Arizona Bank and Trust Company, Tucson, Arizona, approving an extension of time to establish a branch at Valencia Road and South 12th Avenue.	4
Letter to the Presidents of all Federal Reserve Banks regarding the applicability of section 32 of the Banking Act of 1933 to a director, officer, or employee of a member bank who is a special or limited partner in a firm primarily engaged in the business described in that section.	5

Messrs. Johnson and Chase then withdrew.

Report on competitive factors (Lancaster-Lititz, 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 Lititz Springs National Bank of Lititz, Lititz, Pennsylvania, into The Conestoga National Bank of Lancaster, Lancaster, Pennsylvania.

Agreement was expressed with a suggestion to change the wording of the conclusion slightly, after which the report was approved unanimously for transmittal to the Comptroller. The report, as transmitted, contained the following conclusion:

There is a minor degree of competition between the two banks which would be eliminated as a result of the merger. In the community of

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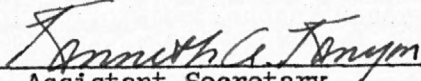
Lititz there should be some increase in competition for The Farmers National Bank of Lititz. Over-all effects of the merger on competition should not be adverse.

Mr. McClintock then withdrew.

Report of examination (Boston). There had been circulated to the members of the Board a report of the examination of the Federal Reserve Bank of Boston made by the Board's examining staff as of April 23, 1962.

At the request of the Board, Mr. Smith commented on the examination, and it was agreed that there were no matters appearing to require action on the part of the Board at this time.

The meeting then adjourned.


Assistant Secretary

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

Item No. 1
8/2/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 2, 1962

Mr. Nils Y. Wessell,
Federal Reserve Agent,
Federal Reserve Bank of Boston,
Boston 6, Massachusetts.

Dear Mr. Wessell:

In accordance with the request contained in your letter of July 23, 1962, the Board of Governors approves the appointments of Messrs. Edward F. Cotter and Robert V. Clapp as Alternate Assistant Federal Reserve Agents at the Federal Reserve Bank of Boston, effective August 15, 1962, to succeed Mr. George E. Wells and Mr. H. Wendell Chittim.

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

When not engaged in the performance of their duties as Alternate Assistant Federal Reserve Agents, Messrs. Cotter and Clapp may, with the approval of the Federal Reserve Agent and the President, perform such work for the Bank as will not be inconsistent with their duties as Alternate Assistant Federal Reserve Agents.

It will be appreciated if Messrs. Cotter and Clapp are fully informed of the importance of their responsibilities as members 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.

Please have Messrs. Cotter and Clapp execute the usual Oaths of Office which should then be forwarded to the Board of Governors.

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
8/2/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 2, 1962



Board of Directors,
The Chase Manhattan Bank,
New York 15, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch at 2065 Second Avenue, Borough of Manhattan, New York, New York, by The Chase Manhattan Bank, 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. 3
8/2/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 2, 1962



Board of Directors,
McIlroy Bank,
Fayetteville, Arkansas.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch by the McIlroy Bank at 1943 North College Street, Fayetteville, Arkansas, provided the branch is established within one year from the date of this letter. The Board also approves, under the provisions of Section 24A of the Federal Reserve Act, an investment of \$67,000 in bank premises by the McIlroy Bank, Fayetteville, to purchase land and to construct quarters for the new branch.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

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

Item No. 4
8/2/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 2, 1962



Board of Directors,
Southern Arizona Bank and Trust Company,
Tucson, Arizona.

Gentlemen:

The Board of Governors of the Federal Reserve System extends to December 15, 1962, the time within which Southern Arizona Bank and Trust Company may establish an in-town branch at the intersection of Valencia Road and South 12th Avenue.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

S-1838

Item No. 5
8/2/62

August 2, 1962.

Dear Sir:

The Board has been asked on several occasions whether section 32 of the Banking Act of 1933 is applicable to a director, officer, or employee of a member bank who is a special or limited partner in a firm primarily engaged in the business described in that section.

Since the Board cannot issue an individual permit, it can exempt a limited or special partner only by amending Regulation R. After the statute was amended in 1935 so as to make it applicable to a "partner," the Board carefully considered the desirability of making such an exception. On several subsequent occasions it has reconsidered the question. In each instance the Board has decided that in view of a limited partner's interest in the underwriting and distributing business, it should not make the exception.

Very truly yours,

Kenneth A. Kenyon,
Assistant Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS