# Minutes for August 13, 1962

To: Members of the Board

From: Office of the Secretary

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

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

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

Chm. Martin

Gov. Mills

Gov. Robertson

Gov. Balderston

Gov. Shepardson,

Gov. King

Gov. Mitchell

Minutes of the Board of Governors of the Federal Reserve System on Monday, August 13, 1962. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman

Mr. Balderston, Vice Chairman

Mr. Mills

Mr. Shepardson Mr. Mitchell

Mr. Kenyon, Assistant Secretary

Mr. Molony, Assistant to the Board

Mr. Hackley, General Counsel

Mr. Solomon, Director, Division of Examinations

Mr. Shay, Assistant General Counsel

Mr. Conkling, Assistant Director, Division of Bank Operations

Mr. Goodman, Assistant Director, Division of Examinations

Mr. Landry, Assistant to the Secretary

Mr. McClintock, Supervisory Review Examiner, Division of Examinations

Mr. Poundstone, Review Examiner, Division of Examinations

<u>Discount rates</u>. The establishment without change by the Federal Reserve Banks of New York, Cleveland, Richmond, St. Louis, Kansas City, and Dallas on August 9, 1962, of the rates on discounts and advances in their existing schedules was <u>approved</u> unanimously, with the understanding that appropriate advice would be sent to those Banks.

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.

Letter to The First National Bank of Newark, Newark, Ohio, approving its application for fiduciary powers.

1

	Item No.
Letter to the Federal Deposit Insurance Corporation regarding the application of The York Bank and Trust Company, York, Pennsylvania, for continuation of deposit insurance after withdrawal from membership in the Federal Reserve System.	2
Letter to The Steel City National Bank of Chicago, Chicago, Illinois, approving its application for fiduciary powers.	3
Letter to The First National Bank of Sullivan, Sullivan, Illinois, approving its application for fiduciary powers.	14
Letter to Wells Fargo Bank, San Francisco, California, approving an extension of time to establish a branch in Milpitas.	5
Letter to Wells Fargo Bank, San Francisco, California, approving an extension of time to establish a branch in Hayward.	6
Letter to Egg Harbor Bank and Trust Company, Egg Harbor City, New Jersey, approving the establishment of a branch at Philadelphia Avenue and Arago Street.	7
Letter to Bank of Warwick, Newport News, Virginia, approving the establishment of a branch in Grafton.	8
Letter to Franklin National Bank of Minneapolis, Minneapolis, Minnesota, granting its request for permission to maintain reduced reserves.	9
Letter to Summit National Bank of St. Paul, St. Paul, Minnesota, granting its request for permission to maintain reduced reserves.	10
Letter to Parklane National Bank of Wichita, Wichita, Kansas, granting its request for permission to maintain reduced reserves.	11

Report on competitive factors (New York-Port Richmond, New York). 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 Richmond County National Bank of Port Richmond, Staten Island, New York, into First National City Bank, New York, New York. It was noted that the proposal would eliminate the last remaining independent bank on Staten Island, one which had demonstrated its ability to serve the needs and convenience of its community and to grow in spite of competition from branches of large New York City banks. Commercial banking competition on Staten Island would consist of that existing between branches of First National City Bank and three other New York City banks. As drafted, the report contained the following conclusion:

The proposed merger would result in a significant diminution of competition in the Staten Island area served by RCNB.

In discussion of the proposed report, Governor Mills expressed the view that the conclusion, as drafted, was too severe. He noted that the population of Staten Island was only in the neighborhood of 200,000, and he felt it was in error to say that four strong New York City banks, with adequate branches, were not capable of serving the area. The merger would involve mainly a substitution of services of First National City for those of the Richmond County bank, and through its existing branches on Staten Island, First National City reportedly had offered certain personal loan and other services not

offered by the Richmond County bank. One independent bank would be eliminated if the merger were consummated, but there would be substituted a bank with better capacity to serve the community. Further, there was available in the area a wide range of financial services from savings banks, savings and loan associations, and personal loan companies.

Governor Mills suggested that the conclusion of the report might be revised to read that the proposed merger would result in some diminution of competition in Staten Island as regards the elimination of Richmond County National Bank, but that adverse consequences should not result as First National City Bank would offer strong competition to the other New York City banks as well as to the other kinds of financial institutions operating on Staten Island.

Mr. Solomon commented to the effect that the question seemed to come down largely to a matter of judgment from a policy standpoint. The Federal Reserve Bank of New York had taken the position that the proposed merger would eliminate a bank that had shown its ability to compete with large New York City banks and had provided a range of services that might be somewhat different from the type of service provided by the New York City banks operating on Staten Island. Therefore, the Reserve Bank was inclined to take a fairly strong adverse View with regard to the proposed merger.

Further discussion indicated that the members of the Board, other than Governor Mills, would have been inclined to accept the

report as drafted. However, in the light of the points raised by Governor Mills, certain suggestions were made for revision of the conclusion, one suggestion being to state that the merger would eliminate the remaining independent bank on Staten Island and result in some diminution of competition, although not reducing the total number of banking offices.

Governor Mills indicated that such a conclusion would not be acceptable to him. If it were decided upon by the majority of the Board, he would wish to be recorded as dissenting. He regarded the competitive factor reports as very important, from the standpoint that in the public eye they might create an image of the Board as a body that was adverse policy-wise to any desire of two banks to merge where one was substantially larger than the other, even though competition would remain effective following the merger. He thought such a position reflected an unnecessary element of direct interference with private property rights.

There followed further discussion with respect to the definition of competition, at the conclusion of which the report on the proposed Staten Island merger was approved for transmittal in a form in which the conclusion read as follows, Governor Mills dissenting:

The proposed merger would eliminate the only independent bank in Staten Island and result in some elimination of competition in the Staten Island area served by The Richmond County National Bank.

Report on competitive factors (Charlotte-Winston-Salem, North Carolina). Distribution had been made of a draft of report to the Comptroller of the Currency on the competitive factors involved in the proposed merger of The City National Bank of Winston-Salem, Winston-Salem, North Carolina, into First Union National Bank of North Carolina, Charlotte, North Carolina.

Following a discussion during which it was agreed to incorporate in the body of the report certain additional factual information bearing upon the competitive situation, the report was approved unanimously. The conclusion therein read as follows:

There is no evidence that competition exists between the two institutions involved in this proposal. Other banks in the service area of the continuing institution would not be adversely affected by the proposal. The merger does represent the continuance of a trend in North Carolina toward concentration of banking resources.

Mr. Young, Adviser to the Board and Director, Division of International Finance, joined the meeting at this point and Mr. McClintock withdrew.

Report on H. R. 12501 (Item No. 12). Copies had been distributed of a draft of letter to Chairman Spence of the House Banking and Currency Committee reporting on H. R. 12501, a bill "To amend section 23A of the Federal Reserve Act." Under that section a member bank may not make loans or extend credit (1) to any one affiliate of the bank in an aggregate amount in excess of 10 per cent of the bank's capital

and surplus, or (2) to all affiliates of the bank in an aggregate amount in excess of 20 per cent of the bank's capital and surplus. Subject to certain exceptions, each loan or extension of credit by a member bank to an affiliate must, under section 23A, be secured by stocks, bonds, debentures, or other such obligations having a market value of at least 20 per cent more than the amount of the loan or credit, or of at least 10 per cent more than the amount of the loan or credit if it is secured by obligations of any State or Political subdivision or agency thereof. However, under clauses (3) and (4) of the third paragraph of section 23A, that section is inapplicable to loans or extensions of credit by a member bank to an affiliate which is either a corporation having an agreement with the Board of Governors under section 25 of the Federal Reserve Act or a corporation organized under section 25(a) of that Act, or to a "subsidiary" of either kind of affiliate "all the stock of which (except qualifying shares of directors in an amount not to exceed 10 per cent) is owned by such affiliate." H. R. 12501 would delete the quoted language from clauses (3) and (4) of the third paragraph of section 23A. Thus, if the bill were enacted, section 23A would not be applicable to loans or extensions of credit by a member bank to any such subsidiary, even though not a wholly-owned subsidiary of such an affiliate.

The letter to Chairman Spence would state that the Board Would not object to enactment of the bill.

Asked by the Chairman to comment, Mr. Shay noted that Congressman Multer, who introduced the bill, reportedly had been urged to do so by Counsel for Chase Manhattan Bank, New York City. Earlier this year, through its New York chartered "agreement" corporation, (Chase Manhattan Overseas Corporation), Chase Manhattan acquired 51 per cent of the stock of a Brazilian banking corporation known as Banco Lar. Banco Lar needed certain credit accommodations that were not available from the "agreement" corporation because of its lack of authority under New York law. At the same time, loans or extensions of credit by Chase Manhattan Bank to Banco Lar would have been subject to the limitations of section 23A of the Federal Reserve Act since Banco Lar was not a wholly-owned subsidiary of Chase Manhattan Overseas Corporation. To take care of this and similar situations that might arise, Chase organized in June of this year a new Edge Act banking corporation, (Chase Manhattan Overseas Banking Corporation), Which acquired the assets and assumed the liabilities of the "agreement" corporation. However, Chase Manhattan Bank considered the current arrangement an awkward expedient, and hoped section 23A might be amended so that the bank might do normal banking business directly With its partially-owned overseas affiliates.

Mr. Shay added that, as noted in the draft letter to Chairman Spence, the Board's broad regulatory authority under sections 25 and

25(a) of the Federal Reserve Act would appear to be an adequate source of such safeguards as might be needed in this area.

enactment of the bill, Chairman Martin indicated that he would be inclined to shorten the proposed letter in certain respects but to include in it a reference to the fact that the Board now had under way a broad study concerning international and foreign banking and financing that involved some consideration of the present laws on the subject; and that in these circumstances the Banking and Currency Committee might wish to await completion of the study so as to be able to consider H. R. 12501 and any related matters in the light thereof.

Mr. Shay stated that he and Mr. Cardon (Legislative Counsel) had considered the possibility of such an approach, and he then read language that might be used in the letter to Chairman Spence.

Governor Mills expressed agreement with the use of such language. He felt that any "rush" legislation deserved thorough inspection. As he understood it, Chase Manhattan Bank could now lend up to its legal limit to its subsidiary Edge banking corporation, and that corporation could lend to Banco Lar as it saw fit. However, Chase Manhattan Bank did not want this intermediary problem to confront it. Banco Lar, Governor Mills noted, was a banking corporation; he thought that the arguments cited in favor of allowing Chase

Manhattan Bank to lend direct to such a corporation deserved careful analysis. Ordinarily, a subsidiary banking corporation should be adequately financed through capital funds and should not have to rely on borrowed funds to conduct its operations. He surmised that Chase might want to put credit at the disposal of the subsidiary bank rather than to have the subsidiary bank provide adequate capital. The favorable side of the picture was that if Chase Manhattan Bank had authority to lend direct to a subsidiary bank such as Eanco Lar it might be possible to get a better analysis of the loan than through what to him (Governor Mills) was a rudimentary procedure for examination of Edge corporations and overseas branches of State member banks, which were examined largely at head offices rather than in the field. His fundamental point, however, was that in his view subsidiary banking corporations should be financed through capital funds and not through credit.

Mr. Goodman commented that the problem appeared to have arisen out of drawings through letters of credit. The Chase Manhattan organization had tried to work out an arrangement whereby Banco Lar could have credits in New York. The problem was on whom Banco Lar could draw. Finally, Chase created the new Edge Act banking corporation, which he (Mr. Goodman) thought had solved the problem. However, Chase apparently did not want to tell Banco Lar that its drawings would be against the subsidiary rather than Chase Manhattan Bank itself.

Governor Mills noted, however, that the proposed law would apply generally; that is, to any situation of similar character.

Banks might vary in the conservatism of their approach.

Mr. Shay then commented that he understood Counsel to the Banking and Currency Committee had suggested that the letter to Chairman Spence might include a paragraph making it clear that under present law a banking corporation operating under an agreement with the Board pursuant to section 25 of the Federal Reserve Act, or a banking corporation organized under section 25(a) may make loans to its subsidiaries without regard to section 23A. The effect of H. R. 12501 would be to facilitate such accommodations by the member bank itself to a subsidiary of the foreign banking corporation.

Mr. Shay recommended that such a paragraph be included in the letter, and this recommendation was accepted by the Board.

Accordingly, unanimous <u>approval</u> was given to a letter to Chairman Spence in the form attached as <u>Item No. 12</u>.

Messrs. Goodman and Poundstone then withdrew from the meeting.

Reports on H. R. 12577 and H. R. 12825 (Items 13 and 14). Copies had been distributed of a memorandum from the Legal Division dated August 9, 1962, regarding a request from Chairman Spence of the House Banking and Currency Committee for reports and testimony on H. R. 12577, a bill "To place authority over the trust powers of national banks in the Comptroller of the Currency," and H. R. 12825,

a bill "To amend section 5155 of the Revised Statutes relating to bank branches which may be retained upon conversion or consolidation or merger." Attached to the memorandum were drafts of letters reporting on each of the aforementioned bills, with respect to which the Committee had advised that hearings were scheduled for the morning of Tuesday, August 14.

At a meeting of the available members of the Board on Friday, August 10, agreement had been expressed with a suggestion by Chairman Martin (reported through Governor Balderston) that Mr. Solomon be designated to testify on the bills on behalf of the Board. In this latter connection there had been distributed a draft of statement to be presented by Mr. Solomon before Subcommittee No. 1 of the House Banking and Currency Committee.

The report to Chairman Spence on H. R. 12577 was along the lines of a favorable report to the Budget Bureau under date of June 26, 1962. After a brief discussion, it was approved unanimously. A copy is attached as Item No. 13.

As noted in the memorandum from the Legal Division, H. R. 12825 was a successor to a Treasury proposal on which the Board reported favorably to the Budget Bureau under date of April 10, 1962. The draft letter to Chairman Spence reporting on this bill would state that considerations relating to applications for branches in connection with conversions, consolidations, or mergers of the kinds

8/13/62

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involving national banks are necessarily included among those taken into account by the Comptroller of the Currency in acting upon any such conversion, consolidation, or merger and that the bill, in effect, would permit avoidance of duplication of effort.

Certain suggestions for modification of the language in the letter report on H. R. 12825, and in the statement to be given by Mr. Solomon on this bill having been made and agreed upon, the letter was then approved unanimously in the form attached as Item No. 14.

The meeting then adjourned.

Secretary's Notes: On August 10, 1962, Governor Shepardson approved on behalf of the Board the following items:

No. 15) approving the appointment of John E. Short and James  $\overline{F}$ . Williamson as assistant examiners.

No. 16) approving the appointment of Jerry A. Simpson as assistant examiner.

Letter to the Federal Reserve Bank of Dallas (attached Item  $\frac{No.\ 17}{assistant}$ ) approving the designation of Charles W. Bailey as special examiner.

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

# Appointment

Marjorie Hollingshead as Secretary in the Division of Research Statistics, with basic annual salary at the rate of \$4,510, effective the date of entrance upon duty.

# Salary increases, effective August 19, 1962

		Basic annual salary	
Name and title	Division	From	To
	Research and Statistics		
Clayton Gehman, Chief, Bu Elizabeth Robinson, State	usiness Conditions Section istical Clerk	\$15,030 4,040	\$15,550 4,145
	International Finance		
Reed J. Irvine, Chief, A	sia, Africa, and Latin	14,055	14,380
American Section Peggy H. Reaves, Clerk	ent.	4,355	4,460
	Examinations		
Thomas L. Hunter, Jr., St Ann C. Tompros, Secretary	upervisory Review Examiner y	13,250 5,655	13,510 5,820
<u>Pe</u>	ersonnel Administration		
Sylvia Ileen Clements, Sciena Gander, Employee Rei	ecretary lations Technician	6,150 6,180	6,315 6,345
A	dministrative Services		
Louise M. Gard, Mailing 1 Operator	List Clerk and Flexowriter	3,760	3,865

# Transfer

Norma Jean Hicks, from the position of Clerk-Stenographer in the Division of Personnel Administration to the position of Clerk-Stenographer in the Division of Research and Statistics, with no change in basic annual salary at the rate of \$4,040, effective August 13, 1962.

# Resignations

David Crockett, Economist, Division of Research and Statistics, effective at the close of business August 26, 1962.

David Townsend, Economist, Division of Research and Statistics, effective at the close of business August 16, 1962.

# Resignation

Louise M. Gard, Mailing List Clerk and Flexowriter Operator, Division of Administrative Services, effective at the close of business August 31, 1962.

Governor Shepardson today approved on behalf of the Board the following items:

Letter to Secretary of Labor Goldberg stating that the Board has no comments to make on a draft of proposed standards of conduct for employee organizations and a proposed code of fair labor practices, in connection with the program for employee-management cooperation in the Federal service.

the transfer of the following persons on the Board's staff as indicated:

Phyllis Gail Meadows, from the position of Clerk-Typist in the Division of Personnel Administration to the position of Mailing List Clerk and Flexowriter Operator in the Division of Administrative Services, with no change in basic annual salary at the rate of \$3,760, effective the date of assuming her new duties.

Ann Trefethen, from the position of Clerk-Typist in the Division of Personnel Administion to the position of Clerk-Typist in the Division of Research and Statistics, With no change in basic annual salary at the rate of \$3,760, effective August 19, 1962.

Assistant Secretary



OF THE

# FEDERAL RESERVE SYSTEM

Item No. 1 8/13/62

WASHINGTON 25, D. C.

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 13, 1962

Board of Directors, The First National Bank of Newark, Newark, Ohio.

Gentlemen:

The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers and grants The First National Bank of Newark authority to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies, or other corporations which come into competition with national banks are permitted to act under the laws of the State of Ohio. The exercise of such rights 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.

that your bank is now authorized to exercise will be forwarded in due course.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael Assistant Secretary.



OF THE

# FEDERAL RESERVE SYSTEM

Item No. 2 8/13/62

WASHINGTON 25, D. C.

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 13, 1962

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

Dear Mr. Cocke:

Reference is made to your letter of July 30, 1962, concerning the application of The York Bank and Trust Company, York, Pennsylvania, 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.



OF THE

## FEDERAL RESERVE SYSTEM

WASHINGTON 25, D. C.

Item No. 3 8/13/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 13, 1962

Board of Directors, The Steel City National Bank of Chicago, Chicago, Illinois.

Gentlemen:

The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers and grants The Steel City National Bank of Chicago, authority to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies, or other corporations which come into competition with national banks are permitted to act under the laws of the State of Illinois. The exercise of such rights 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 formal certificate indicating the fiduciary powers that your bank is now authorized to exercise will be forwarded in due course.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael, Assistant Secretary.



OF THE

## FEDERAL RESERVE SYSTEM

WASHINGTON 25, D. C.

Item No. 4 8/13/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 13, 1962

Board of Directors, The First National Bank of Sullivan, Sullivan, Illinois.

Gentlemen:

The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers and grants The First National Bank of Sullivan authority to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies, or other corporations which come into competition with national banks are permitted to act under the laws of the State of Illinois. The exercise of such rights 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 formal certificate indicating the fiduciary powers that your bank is now authorized to exercise will be forwarded in due course.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael, Assistant Secretary.



OF THE

# FEDERAL RESERVE SYSTEM

Item No. 5 8/13/62

WASHINGTON 25, D. C.

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 13, 1962

Board of Directors, Wells Fargo Bank, San Francisco, California.

Gentlemen:

The Board of Governors of the Federal Reserve System extends to November 28, 1962, the time within which Wells Fargo Bank may establish a branch in the vicinity of the downtown business district of the city of Milpitas, Santa Clara County, California.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael, Assistant Secretary.



OF THE

# FEDERAL RESERVE SYSTEM

WASHINGTON 25, D. C.

Item No. 6 8/13/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 13, 1962

Board of Directors, Wells Fargo Bank, San Francisco 20, California.

Gentlemen:

The Board of Governors of the Federal Reserve System extends to February 28, 1963, the time within which Wells Fargo Bank may establish a branch in the vicinity of the intersection of West Jackson Street and Calaroga Avenue, Hayward, California.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael. Assistant Secretary.



OF THE

# FEDERAL RESERVE SYSTEM

WASHINGTON 25, D. C.

Item No. 7 8/13/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 13, 1962

Board of Directors, Egg Harbor Bank and Trust Company, Egg Harbor City, New Jersey.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of an in-town branch by Egg Harbor Bank and Trust Company at the northwest corner of Philadelphia Avenue and Arago Street, 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

Item No. 8 8/13/62

WASHINGTON 25, D. C.

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 13, 1962

Board of Directors, Bank of Warwick, Newport News, Virginia.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch by the Bank of Warwick on U. S. Route 17 near the north junction of State Route 621 and U. S. Route 17, Grafton, York County, Virginia, 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.



OF THE

## FEDERAL RESERVE SYSTEM

Item No. 9 8/13/62

WASHINGTON 25, D. C.

ADDRESS OFFICIAL CORRESPONDENCE

August 13, 1962

Board of Directors, Franklin National Bank of Minneapolis, Minneapolis, Minnesota.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Minneapolis, the Board of Governors, acting under the provisions of Section 19 of the Federal Reserve Act, grants permission to the Franklin National Bank of Minneapolis to maintain the same reserves against deposits as are required to be maintained by nonreserve city banks, effective with the first biweekly reserve computation period beginning after the date of this letter.

Your attention is called to the fact that such permission is subject to revocation by the Board of Governors.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon, Assistant Secretary.



OF THE

# FEDERAL RESERVE SYSTEM

WASHINGTON 25, D. C.

Item No. 10 8/13/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 13, 1962

Board of Directors, Summit National Bank of St. Paul, St. Paul, Minnesota.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Minneapolis, the Board of Governors, acting under the provisions of Section 19 of the Federal Reserve Act, grants permission to the Summit National Bank of St. Paul to maintain the same reserves against deposits as are required to be maintained by nonreserve city banks, effective with the first biweekly reserve computation period beginning after the date of this letter.

Your attention is called to the fact that such permission is subject to revocation by the Board of Governors.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon, Assistant Secretary.



## FEDERAL RESERVE SYSTEM

Item No. 11 8/13/62

WASHINGTON 25, D. C.

ADDRESS OFFICIAL CORRESPONDENCE

August 13, 1962

Board of Directors, Parklane National Bank of Wichita, Wichita, Kansas.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Kansas City, the Board of Governors, acting under the provisions of Section 19 of the Federal Reserve Act, grants permission to the Parklane National Bank of Wichita to maintain the same reserves against deposits as are required to be maintained by nonreserve city banks, 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) Kenneth A. Kenyon

Kenneth A. Kenyon, Assistant Secretary.



# BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Item No. 12 8/13/62

WASHINGTON

OFFICE OF THE CHAIRMAN

August 13, 1962.

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

Dear Mr. Chairman:

Board on the bill, H.R. 12501, "To amend section 23A of the Federal Reserve Act." Section 23A of the Act and the changes therein proposed by the bill are summarized below. The Board would not object to enactment of this bill which would facilitate banking relationships between banks that are members of the Federal Reserve System and subsidiaries of certain affiliates of such banks.

Under present law a banking corporation operating under an Act, or a banking corporation organized under section 25 of the Federal Reserve May make loans to their subsidiaries without regard to section 23A. H.R. 12501 would facilitate such accommodations by the member bank itself to the subsidiary of the foreign banking corporation.

The Board now has under way a broad study concerning international and foreign banking and financing which involves some consideration of the present laws on that subject. In these circumstances the Committee might wish to await completion of the study, which should be before the end of this year, so that the Committee could then consider the proposal in H.R. 12501 and any other related matters in the light of that study.

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.



# BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM WASHINGTON

Item No. 13 8/13/62

OFFICE OF THE CHAIRMAN

August 13, 1962

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

Dear Mr. Chairman:

We have been advised by Counsel of your Committee that you would like to have a report from the Board on the bill H.R. 12577, "To place authority over the trust powers of national banks in the Comptroller of the Currency."

This bill would transfer from the Board to the Comptroller capacities, and (2) to regulate the exercise of fiduciary powers by national banks, including the operation of common trust funds.

The Board favors enactment of the bill.

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.



# BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM WASHINGTON

Item No. 14 8/13/62

OFFICE OF THE CHAIRMAN

August 13, 1962

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

Dear Mr. Chairman:

It is understood from Counsel to your Committee that you Would like to have a report from the Board on the bill H. R. 12825 "To amend section 5155 of the Revised Statutes relating to bank branches which may be retained upon conversion or consolidation or merger."

This bill would facilitate retention of branches by a national bank resulting from conversion of a State bank or from the consolidation or merger with either another national or a State bank, even though the branches were not in operation on February 25, 1927. Considerations relating to applications for branches in connection with conversions, consolidations, or mergers of the kinds above described are necessarily included among those taken into account by the Comptroller of the Currency in acting upon any such conversion, consolidation, or merger. Therefore, the bill, in effect, would permit avoidance of duplication of effort. It is noted that the bill would not permit the retention of branches in such situations if a State bank in a situation identical to that of the resulting national bank would be prohibited by the law of the State in question from retaining and operating as a branch an identically situated office.

The Board would have no objection to enactment of the

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.



OF THE

## FEDERAL RESERVE SYSTEM

Item No. 15 8/13/62

WASHINGTON 25, D. C.

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 10, 1962

Mr. Thomas R. Sullivan, Vice President, Federal Reserve Bank of Dallas, Dallas 2, Texas.

Dear Mr. Sullivan:

In accordance with the request contained in your letter of August 7, 1962, the Board approves the appointment of John E. Short, at present a special assistant examiner, and James F. Williamson as assistant examiners for the Federal Reserve Bank of Dallas, effective today.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael, Assistant Secretary.



OF THE

## FEDERAL RESERVE SYSTEM

WASHINGTON 25, D. C.

Item No. 16 8/13/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 10, 1962

Mr. Thomas R. Sullivan, Vice President, Federal Reserve Bank of Dallas, Dallas 2, Texas.

Dear Mr. Sullivan:

In accordance with the request contained in your letter of August 7, 1962, the Board approves the appointment of Jerry A. Simpson as an assistant examiner for the Federal Reserve Bank of Dallas, effective September 4, 1962.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael, Assistant Secretary.



OF THE

## FEDERAL RESERVE SYSTEM

WASHINGTON 25, D. C.

Item No. 17 8/13/62

ADDRESS OFFICIAL CORRESPONDENCE

August 10, 1962

Mr. Thomas R. Sullivan, Vice President, Federal Reserve Bank of Dallas, Dallas 2, Texas.

Dear Mr. Sullivan:

In accordance with the request contained in your letter of August 3, 1962, the Board approves the designation of Charles W. Bailey as a special assistant examiner for the Federal Reserve Bank of Dallas for the purpose of participating in examinations of State member banks only. The authorization heretofore given your Bank to appoint Mr. Bailey as an assistant examiner is hereby terminated.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael, Assistant Secretary.