

Minutes for March 6, 1963

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, March 6, 1963. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman  
Mr. Balderston, Vice Chairman  
Mr. Robertson 1/  
Mr. Shepardson  
Mr. King 2/  
Mr. Mitchell

Mr. Sherman, Secretary  
Mr. Kenyon, Assistant Secretary  
Miss Carmichael, Assistant Secretary  
Mr. Hackley, General Counsel  
Mr. Farrell, Director, Division of Bank Operations  
Mr. Solomon, Director, Division of Examinations  
Mr. Hexter, Assistant General Counsel  
Mr. O'Connell, Assistant General Counsel  
Mr. Shay, Assistant General Counsel  
Mr. Leavitt, Assistant Director, Division of Examinations  
Mr. Thompson, Assistant Director, Division of Examinations  
Mr. Young, Senior Attorney, Legal Division  
Miss Hart, Senior Attorney, Legal Division  
Mr. Donovan, Review Examiner, Division of Examinations  
Mr. Egertson, Review Examiner, Division of Examinations  
Mr. Guth, Review Examiner, Division of Examinations  
Mr. Lyon, Review Examiner, Division of Examinations

Discount rates. The establishment without change by the Federal Reserve Bank of Boston on March 4, 1963, of the rates on discounts and advances in its existing schedule was approved unanimously, with the understanding that appropriate advice would be sent to that Bank.

1/ Entered at point indicated in minutes.

2/ Withdrew from meeting at point indicated in minutes.

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Report on competitive factors (Lancaster-Manheim, 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 Keystone National Bank of Manheim, Manheim, Pennsylvania, into The Fulton National Bank of Lancaster, Lancaster, Pennsylvania.

After Mr. Leavitt had reported a suggested change in the conclusion, the report was approved unanimously for transmittal to the Comptroller of the Currency in a form in which the conclusion read as follows:

Moderate competition existing between Fulton National and Keystone National would be eliminated by consummation of the proposed merger. Competition in the Manheim area might be intensified by the entrance of a larger bank, and while the number of banking offices would not be reduced, the presence of Fulton National in Manheim could affect adversely the competitive position of the significantly smaller remaining bank.

Report on competitive factors (Columbus-Reynoldsburg, Ohio)

(Item No. 1). On January 7, 1963, the Board transmitted to the Comptroller of the Currency a report on the competitive factors involved in the proposed merger of The Reynoldsburg Bank, Reynoldsburg, Ohio, into The City National Bank & Trust Company of Columbus, Columbus, Ohio. On February 21, 1963, the Board received a letter from the Comptroller's Office transmitting a supplement to the original merger application and requesting that the Board advise whether the information contained in the supplement would alter the Board's January 7 report.

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The supplementary information dealt primarily with the banking factors involved, and more specifically the convenience and needs of the Reynoldsburg area and the purported inability of The Reynoldsburg Bank to cope with those needs. The portion of the supplement relating to competition asserted that The Reynoldsburg Bank would not be able to extend its business beyond the immediate territory because of the severe competition from facilities better located to other business and residential areas. According to the supplement, the construction of an outerbelt highway, together with the inter-city belt highway now under construction, would tend to make an island of Reynoldsburg, thereby isolating it from the surrounding area.

In a memorandum dated February 28, 1963, which had been distributed, the Division of Examinations expressed the opinion that the additional information was not such as to justify any change in the conclusion of the Board's January 7 report, which was as follows:

The service area of The Reynoldsburg Bank lies within that of The City National Bank & Trust Company of Columbus and competition, actual or potential, between these two banks would be eliminated by a merger of them. However, at this time there are practically no common borrowers or depositors. Consummation of this proposed merger apparently will not have adverse effects on any small banks, but it will eliminate, as a separate entity, a fairly recently established bank which has grown quite rapidly and has served the area well.

Attached to the memorandum was a draft of letter to the Comptroller of the Currency reflecting that view.

In commenting on the supplementary information, Mr. Leavitt stated that Governor Mills had expressed some concern that the conclusion

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in the Board's January 7 report might seem a bit harsh in the light of the new information. Accordingly, it was suggested that a sentence might be added to the proposed letter that would state that the additional information submitted indicated that Reynoldsburg would be virtually isolated by highways, which suggested that the competitive effect of the merger would be less adverse than if the community were not so isolated.

After discussion, however, during which the view was expressed that the new highways might have mixed effects, perhaps bringing business into the community, a consensus developed in favor of reiterating the conclusion previously stated by the Board. Accordingly, the letter was approved as drafted. A copy is attached as Item No. 1.

Governor Robertson joined the meeting during the foregoing discussion and participated in it. He indicated that he concurred in the actions previously taken by the Board at this meeting.

The following members of the staff entered the room at this point: Messrs. Fauver, Assistant to the Board; Masters, Associate Director, Division of Examinations; Smith, Senior Economist, and Grove, Economist, Division of Research and Statistics.

Report on draft bill to amend Home Owners Loan Act of 1933 (Item No. 2). There had been distributed under date of March 1, 1963, with a covering memorandum from Mr. Masters of the Division of Examinations and Mr. Young of the Legal Division, a draft of letter to the Bureau of the Budget replying to a request for the Board's views on a draft bill,

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proposed by the Federal Home Loan Bank Board, to amend section 5 of the Home Owners Loan Act of 1933.

The proposed bill would permit Federal savings and loan associations and certain State-chartered members of the Federal Home Loan Bank System to act as trustees of stock bonus, pension, retirement, and profit-sharing plans of the type set forth in section 401 of the Internal Revenue Code of 1954, as amended by the Self-Employed Individuals Tax Retirement Act of 1962.

The draft of reply would question the wisdom of providing by statute blanket authority to members of the Federal Home Loan Bank System, without individual approval by an appropriate supervisory agency, to act as trustees for qualified trusts, as referred to in section 401 of the Internal Revenue Code. The letter would, however, offer no objection to legislation simply permitting savings and loan associations to create trustee share accounts on behalf of self-employed persons pursuant to the Self-Employed Individuals Tax Retirement Act of 1962.

In commenting on the draft bill, Mr. Masters pointed out that savings and loan associations had been exploring means by which they might act as trustees in connection with the 1962 Act. Under that Act, a self-employed person could contribute up to \$2,500 annually to a retirement plan, a substantial part of which would be tax deductible. Any money so set aside could be invested in Government bonds, life insurance annuities, or placed in trust with a bank, as defined in the Internal Revenue Code.

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Mr. Masters went on to say that it would appear that the operation of qualified trusts, as referred to in section 401 of the Internal Revenue Code, could require more experience and special ability than it was reasonable to expect that savings and loan associations presently possessed. If, however, the transactions were to be confined to share accounts created for individuals seeking tax exemption under the 1962 Act, the Division of Examinations could see no particular objection.

During the discussion that followed, Governor Shepardson raised a question as to whether the proposed bill appeared to be part of a rather general move to extend the powers of savings and loan associations to areas that had been considered as being within the banking field. If so, he wondered what position, if any, the Board should take on the bill.

Mr. Masters responded that, while he did not know what position the Board would want to take, it was true that savings and loan associations had been seeking broader powers--for example, authority to make instalment loans. He thought the trust authority contemplated by the draft bill probably was intended to permit expansion within a rather narrow area. Mr. Young observed that, although savings and loan associations might actually be seeking authority only to create trustee share accounts on behalf of self-employed persons, as drafted the bill would go beyond that point.

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Governor Balderston expressed the view that the proposed letter to the Bureau of the Budget would be likely to give the impression that the Board favored the bill. As he viewed the bill, there was no provision in it for adequate supervisory control by which the qualifications of individual associations to discharge fiduciary functions would be determined. Also, the investments of savings and loan associations were confined to a limited area; he did not consider that savings and loan associations were the proper media for handling retirement funds.

Mr. Hackley then suggested that the Board's letter with respect to the bill might be clearer if a statement were made in it to the effect that the Board did not favor enactment of the bill as drafted, although it would see no objection to permitting savings and loan associations to create trustee share accounts on behalf of self-employed persons pursuant to the 1962 Act.

Governor Shepardson questioned whether it might not be preferable to confine the Board's comments to the bill as drafted. Some support for such an approach was expressed, it being noted that if the Home Loan Bank Board should prepare a revised draft bill, the Board no doubt would have an opportunity to comment on it. Accordingly, after further discussion, it was agreed unanimously to change the letter to the Bureau of the Budget so that it would focus more clearly on the fact the Board would not favor enactment of the bill in its present form. A copy of the letter, as sent, is attached as Item No. 2.

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During the foregoing discussion Mr. Cardon, Legislative Counsel, entered the room and at its conclusion Mr. Masters withdrew from the meeting.

Application of Elyria Savings & Trust Company. There had been distributed a memorandum from the Division of Examinations dated February 27, 1963, and other pertinent papers regarding an application by The Elyria Savings & Trust Company, Elyria, Ohio, to consolidate with The Grafton Savings and Banking Company, Grafton, Ohio. The Division's recommendation was favorable.

Following comments by Mr. Leavitt, based substantially on the memorandum of the Division of Examinations, Chairman Martin called for the views of the Board members on the application.

In expressing his views, Governor Robertson remarked that two problems were involved: management succession and earnings. The bank in Grafton had deposits of about \$7 million, and he believed a bank of that size should be able to operate satisfactorily in that section of the country. He doubted that the Bank Merger Act had been designed to enable banks, by merging, to take care of their management succession problems and achieve efficiency in their operations. There were other ways of handling such matters.

Governor Robertson went on to say that while there was not a lot of competition between the two banks involved in the proposal, some existing competition would be eliminated. Furthermore, if the merger

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were effected, the potential for greater competition in the future also would be eliminated; the banks concerned were within an area toward which the city of Cleveland might be expected to expand. He believed that the future of the smaller bank was good, and his preference would be to deny the application. However, he could not argue strongly on either side. Accordingly, if the majority of the Board favored approval of the application, he would go along with that decision.

Governor Shepardson observed that in his view the relatively small amount of competition that would be eliminated by the consolidation was outweighed by banking factor advantages. This appeared to be a case where the owners of a small local bank wished to turn the business over to a larger bank, and he would favor approval of the application.

Governor King indicated that he would also favor approval.

Governor Mitchell remarked that this was another instance, apparently, in which a bank wanted to get out of business. There might be a question of explaining this as a basis for approval. It was his feeling, however, that when no premium was being offered to stockholders of a bank proposed to be taken over, it could probably be assumed that the applicant bank was not acting on a predatory basis. On the other hand, if a large premium was being paid for the stock of the bank that was being merged, the proposal might reflect an attempt to stifle competition or an effort to get into a particularly good area. In this case, the question of a large premium was not involved; the owners of the smaller bank apparently wanted to get out of the

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banking business. Therefore, although some competition would be eliminated by the consolidation, he would vote for approval.

Governor Balderston likewise stated that he would approve the application.

Chairman Martin commented that it was hard to keep a bank in business if the owners did not want to be in the business. In this case he would favor approval of the application. He agreed with Governor Mitchell that the Board should be cautious about cases where banks appeared to be acting in predatory fashion in making applications to acquire other banks by merger.

Accordingly, the application was approved unanimously, with the understanding that the Legal Division would prepare drafts of an order and supporting statement for the Board's consideration.

Messrs. Young and Egertson then withdrew from the meeting.

Proposed acquisition of assets of First National Bank of Farmingdale (Items 3 and 4). There had been distributed a memorandum from the Legal Division dated March 5, 1963, relating to a request from the Comptroller of the Currency for a report on the competitive factors involved in the proposed acquisition of the assets of The First National Bank of Farmingdale, Farmingdale, New York, by First National Bank of Farmingdale, a new bank organized for the purpose of acquiring the assets of the other bank.

It had been noted that the stock of the new bank was to be purchased by BT New York Corporation, a wholly-owned subsidiary of

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Bankers Trust Company of New York, a member State bank. This raised a question as to whether the proposed acquisition of bank stock would violate paragraph 20 of section 9 of the Federal Reserve Act and section 5136 of the Revised Statutes, which in effect forbid member State banks from purchasing shares of corporate stock except as provided in section 5136 "or otherwise permitted by law."

Attached to the memorandum was a draft of letter to the Comptroller of the Currency that would indicate that the question of a possible violation was being studied by the Board's staff and that after the study had been completed the Board's conclusions would be communicated to the Comptroller and to Bankers Trust Company. The letter would state further that the Board's report on the competitive factors involved in the proposed acquisition of assets of The First National Bank of Farmingdale by First National Bank of Farmingdale would be sent to the Comptroller as promptly as possible. The letter would also indicate that it was understood that Chemical Bank New York Trust Company was about to apply for the Board's approval of the merger into that bank of a bank in the vicinity of Farmingdale and that after a detailed analysis of the competitive factors involved in that application the Board might wish to supplement its report on the Farmingdale case, if it was still pending in the office of the Comptroller of the Currency.

Also attached to the memorandum was a draft of letter to Bankers Trust Company that would indicate that, before reaching a

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conclusion on this matter, the Board would be glad to consider any views the bank might wish to submit.

At the Board's request, Mr. Hackley commented on the matter. During his remarks he noted that Counsel for Bankers Trust Company had visited the Board's offices a couple of months ago and discussed the matter with members of the legal staff, who indicated no final opinion but expressed serious reservations. Later, Counsel for Bankers Trust Company talked with the Comptroller of the Currency who, on advice of his attorneys, indicated that he had authority to pass on the question of a possible violation of section 5136. Subsequently, however, the Comptroller talked with Chairman Martin and apparently felt that he did not have jurisdiction; that this was a matter relating to a State member bank on which the Board had jurisdiction. The Comptroller apparently called Counsel for Bankers Trust Company and advised him to such effect, with the result that the latter planned to call at the Board's offices this afternoon in order to discuss the matter with members of the Board's staff. After that meeting, Mr. Hackley said, the Legal Division would like to study the question and review similar cases that had been considered by the Board in the past. Pending that study, the Legal Division felt that it would be appropriate to send the proposed letters to the Comptroller of the Currency and to Bankers Trust Company.

After discussion, the letters were approved unanimously.

Copies are attached as Items 3 and 4.

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Messrs. Hexter and Shay then withdrew from the meeting.

Applications of Denver U. S. Bancorporation and First Colorado Bankshares (Items 5 and 6). The following memoranda from the divisions indicated had been distributed: (1) Division of Examinations, dated February 21, 1963, analyzing and recommending approval of the application of Denver U. S. Bancorporation, Inc., to become a bank holding company through the acquisition of voting shares of Denver United States National Bank, Denver, Colorado, Arapahoe County Bank, Littleton, Colorado, and Bank of Aurora, Aurora, Colorado; (2) Division of Examinations, dated February 21, 1963, summarizing the salient facts relating to the application of First Colorado Bankshares, Inc., Englewood, Colorado, to acquire a majority of the voting shares of Security National Bank, a proposed new bank to be located in Denver, Colorado; and (3) Legal Division, dated February 25, 1963, relating to the applications of both Denver U. S. Bancorporation and First Colorado Bankshares.

In the Legal Division's memorandum it was suggested that the Board at this time might want to decide whether to order public hearings on the applications. As pointed out, requests for a public hearing had been received with respect to each application. In the case of the First Colorado Bankshares application, the State Banking Board, through the State Bank Commissioner, had requested an opportunity to appear at a public hearing and, in response to a suggestion by the Board of Governors, had submitted a statement of reasons bearing on the advisability of a public hearing. The State Bank Commissioner had

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submitted views regarding the application of Denver U. S. Bancorporation but had not requested a hearing on it. Other parties, however, had requested a public hearing.

If hearings were held on the two applications, the Legal Division estimated that they could not come before the Board for decision until mid-July at the earliest. In the absence of hearings, it was thought that the Board's order and statement on the Denver U. S. Bancorporation application could be issued the latter part of March, with an order and statement on First Colorado Bankshares following soon thereafter.

It was the view of the Legal Division that a hearing on either application would not add appreciably to the information now before the Board. However, there were several respects in which the sentiment evidenced in the Denver area as to these applications paralleled that which, in earlier cases, the Board found sufficient to warrant hearings. If the hearings were ordered by the Board, it was recommended that the one on the Denver U. S. Bancorporation application immediately precede that on the First Colorado Bankshares application, commencing during the week of April 22, 1963, or on such other date near April 22 as was convenient to both parties. It was further recommended that the same hearing examiner conduct both hearings; that Mr. O'Connell, who was proposed as Board Counsel, be authorized to make all necessary arrangements relating to the hearings; and that the Legal Division be authorized to request assistance from the Division of Examinations

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and the Banking Markets Unit of the Division of Research and Statistics.

Mr. O'Connell commented on the two applications, his remarks being based substantially on information contained in the February 25 memorandum of the Legal Division.

In his remarks, Mr. O'Connell referred to a statement that the Department of Justice had submitted to the Board in opposition to the application of Denver U. S. Bancorporation. He believed that the applicant was entitled to reply to the statement, and it would be to the applicant's advantage if a public hearing were held during which a response could be made.

Governor Mitchell stated reasons why he felt that the Denver U. S. Bancorporation application was as important a case as had come before the Board for some time. He believed that the essential facts to a right decision could be best adduced by testimony of the State Bank Commissioner and others in a public hearing at Denver, and that the Board should fortify itself as strongly as possible before coming to a decision.

So far as the First Colorado Bankshares application was concerned, Governor Mitchell expressed the view that there was less need for a hearing. Mr. O'Connell pointed out, however, that if a hearing were held only on the Denver U. S. Bancorporation application, it was possible the Board might not obtain the views of the State Bank

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Commissioner since it was in connection with the First Colorado Bankshares application that he had expressed a desire to appear at any hearing that might be held.

Chairman Martin then read the following statement of Governor Mills:

In my opinion, hearings should not be held on either of these applications. Experience in both the Whitney Holding Corporation and the First Oklahoma Bancorporation cases indicates that hearings do no more than offer an opportunity for opponents to the establishment of bank holding companies under conditions prohibiting branch banking to vent their animosity to the proposals irrespective of their legality. Under these circumstances, the only justification for hearings is for public relations reasons, which should not enter into the Board's decision making in cases such as these requiring to be decided on their merits and under the statute in which application is made. For that matter, to yield to hearing requests on account of public relations reveals the Board as being more interested in its public image than in fulfilling its statutory responsibilities. This sort of situation is demeaning to the Board's public stature.

Chairman Martin commented that Governor Mills' statement presented one point of view that deserved consideration. In his own thinking, however, the matter of public relations was an important consideration. Also, he could not see how the Board's public stature would be demeaned if the Board was simply trying to obtain full information on an application. This was, of course, a matter of judgment.

Mr. O'Connell referred, in this connection, to letters from The Central Bank & Trust Company, Denver, Colorado, setting forth certain

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reasons for objecting to the application of Denver U. S. Bancorporation. If a hearing were held, there would be an opportunity for the applicant to express views on the comments contained in those letters.

Governor Robertson said that it was his inclination to follow the recommendation of the Legal Division with respect to hearings on each of the applications. In his view a strong reason was found in the request of the State Bank Commissioner to appear at a hearing on the application of First Colorado Bankshares. While from a legal point of view the Board was not obligated to hold a hearing, it seemed to him that whenever a State Bank Commissioner asked for a hearing, that request merited serious consideration.

Governor Shepardson said he regretted the delay that would be involved in holding hearings. However, it seemed to him that in all the circumstances the Board would be well advised to follow such a procedure.

At the conclusion of further discussion, it was agreed to order a formal public hearing on each application. It was understood that the hearings would take place consecutively, with the hearing on the Denver U. S. Bancorporation application preceding that on First Colorado Bankshares. It was also understood that the Legal Division would go forward with the necessary arrangements, as outlined in the February 25 memorandum, including arrangements for a hearing examiner to conduct both hearings.

Secretary's Note: Pursuant to this action, orders were issued on March 14, 1963. Copies are attached as Items 5 and 6. By letter

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dated March 8, 1963, the Civil Service Commission advised that Mr. David London, Hearing Examiner with the National Labor Relations Board, had been selected by the Commission to serve as Hearing Examiner for the purpose of conducting both hearings.

During the foregoing discussion the following entered the room: Messrs. Molony, Assistant to the Board; Noyes, Director, Division of Research and Statistics; Daniels and Kiley, Assistant Directors, Division of Bank Operations; and Thompson, Economist, Division of Research and Statistics. At the conclusion of the discussion, Messrs. O'Connell, Leavitt, Thompson (Examinations), Smith, Grove, Guth, Lyon, and Donovan withdrew from the meeting.

Department store reporting program. Under date of February 28, 1963, there had been distributed a memorandum from Mr. Sherman, as Chairman of the Committee of Five, transmitting a summary of the meeting of that Committee on January 17, 1963, at which time there had been extensive discussion of steps that had been taken and of additional steps that should be taken toward resolving problems relating to the System's department store reports.

The memorandum pointed out that since January 17 there had been further discussions of some of the matters taken up at that meeting, and another meeting of the Committee was to be held about the middle of March. In the meantime, it seemed desirable to respond to a letter of December 24, 1962, from Mr. H. H. Bennett, President of the National Retail Merchants Association, who had urged that the

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proposed termination date for the present long departmental report be extended from January 31, 1963, until January 31, 1964.

Attached to the memorandum was a draft of reply to Mr. Bennett that would indicate that, although the Federal Reserve System was reluctant to continue this report with its known shortcomings, it would continue for the time being the monthly sales comparisons by departments on essentially the present basis pending the development of further information as to the feasibility of a national departmental report of the type that had been proposed. During this interim period there would be no collection of stocks data by departments and the sales data would be limited to percentage change comparisons for stores in those regions or cities where the reporting sample continued to be sufficient to offer some reasonable indication of changes in sales in the departments listed. The letter would state further that the Board was not prepared to make a commitment that this reduced report would be continued until January 31, 1964, since its limited usefulness might well call for an earlier termination, depending upon developments with respect to the proposed new national departmental report.

Following comments by Mr. Sherman on the proposed letter, Chairman Martin inquired about the atmosphere of the January 17 meeting. Mr. Sherman responded that the atmosphere had been good; the trade representatives had made constructive suggestions and had indicated that they were not now so concerned about who compiled the data as

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in having good quality information. Mr. Sherman added that he believed there would be some specific actions at the next meeting of the Committee with respect to improvement of existing weekly and monthly reports of total sales. He also anticipated progress at that meeting in determining the feasibility of the proposed new national departmental report, and in determining whether the stores would be able and willing to report departmental data on a basis that would permit representative local comparisons. As far as departmental comparisons were concerned, there was little desire on the part of the System to provide them on a local basis; the reason for such local comparisons would be almost completely to serve the purposes of the trade.

Governor Mitchell said that in his judgment the Federal Reserve was not making progress in the direction of withdrawing from the field of department store reporting. He thought a considerable length of time would elapse before a new national departmental report along the lines proposed could be developed, if at all. He believed it was necessary for the Board to take a clear position that the Federal Reserve intended to withdraw from the department store reporting field, and for that reason he would propose an alternative draft of letter to Mr. Bennett.

The proposed letter, copies of which were distributed, would indicate that the Board had concluded that the projected national departmental report was unlikely to come into being in the foreseeable future, and that when it did materialize it should be as a trade project in which the System should not play a part. It would further urge a

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prompt arrangement that would free the System of further responsibility in the area. The letter would also state that the Board was instructing the System's representatives on the Committee of Five to confine their future participation to negotiating an effective date for terminating the System's activities in this reporting area.

Chairman Martin observed that the question of the System's withdrawal from the department store statistics field might have initially been handled more effectively. However, he doubted that it would be desirable for the System simply to announce its withdrawal at this stage of the negotiations. He was bothered by comments that the figures prepared by the Federal Reserve were not good; if they were as bad as some comments indicated, it might have been better to have discontinued the reports several years ago despite the ill feeling that would have been created in the trade and other quarters. But the System had gone along the line of trying to improve the figures and at the same time preserve the favorable relations with the trade that showed up three years ago, and he had assumed something was being worked out in that direction.

Mr. Sherman pointed out that the work of the Committee of Five initially had focused on improving the quality of the department store statistical data, rather than on who compiled the reports. However, there was a full understanding on the part of the trade representatives on the Committee that the System would prefer not to be in this field and that it expected to get out of it. To a degree

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the questions raised at today's meeting were in line with matters being considered currently by the Committee. At the January 17 meeting there had been a discussion of the possibility of turning the weekly and monthly total store reports over to the Census Bureau in the near future. Also, there had been a discussion of the possibility that the proposed national departmental series, if determined to be feasible, might be compiled by the Census Bureau rather than by the Federal Reserve. Mr. Grieves, Assistant Director of the Census, who attended the January 17 meeting, had indicated a willingness to explore the latter possibility. He had expressed some concern, however, as to whether it would be appropriate for the Bureau to publish, even on a reimbursable basis, local departmental data that would not be totally representative of sales of an individual commodity regardless of the type of store selling the goods.

Mr. Sherman went on to say that although the Committee of Five had not concentrated its discussions on the Federal Reserve's withdrawal from the area of department store reporting, there had been numerous frank discussions of the desirability of having one agency responsible for compilation of all retail sales reports. The trade would be glad to have the Federal Reserve continue this work, but he felt sure the two trade representatives on the Committee of Five realized that the System's withdrawal involved only a matter of time. He believed that if the trade could see something constructive in view before the present series were discontinued, that would be desirable. In such event, the

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problems incident to System withdrawal from the department store field would be minimized.

The compilation of department store reports was, of course, a part of the whole statistical program of the Government, which was under the jurisdiction of the Bureau of the Budget, and a representative of the Bureau (Mr. Bowman) was a member of the Committee of Five. Mr. Bowman would prefer making no major changes in the responsibility for reports in this area until he felt confident that any new reporting program would be sound in all respects and would be generally supported. Another problem involved in a shift of responsibility to the Census Bureau was the availability of funds, which raised the question whether the Federal Reserve would want to make any contributions to the Bureau for that purpose.

Mr. Sherman expressed the belief that the Committee of Five would be able to determine in a couple of months whether it was feasible to develop the proposed new departmental sales series at national and local levels. Also, he believed it was reasonable to expect, whether or not the national departmental was found feasible, that the System would terminate its responsibility for the present departmental series by January 1964. However, he considered that it would be premature at this time to make this the issue of paramount importance.

Governor Balderston recalled that several years ago, following an announcement that the System planned to withdraw from the department store reporting area, the Board had been visited by a large group of

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department store executives protesting the decision. It seemed that the good relations that had built up between the System and the trade since the time of World War I were being endangered. At the same time, there was a desire to stop spending Federal Reserve time and money on data that were suspect. Accordingly, the Committee of Five, under the chairmanship of Mr. Sherman, had been set up. In his opinion the Committee had worked constructively in a particularly difficult area, especially in light of the fact that no agency other than Federal Reserve now had the funds to do what the industry wished to have done as well as to provide needed information for general economic analysis. Over the years the System had been in the position of doing work, some of which a trade association should be doing. He believed, however, that the System's withdrawal from the area should be arranged in such fashion as not to lose the good will of an important industry.

Governor King withdrew from the meeting at this point. Before leaving, however, he stated that he would be agreeable to compromising on the matter, although he felt basically that it would be desirable for the Federal Reserve to withdraw from the department store reporting field as soon as circumstances permitted.

At this point Mr. Noyes commented that the department store trade had been put on notice that the System planned to withdraw from statistical reporting in that field by statements of System representatives that had been made at least a year before the Committee of Five

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was set up. While it had been hoped that the department store data could be improved, this had not taken place--in fact, they had deteriorated further in the past year or so. He believed that the System was vulnerable if it continued indefinitely to publish statistics that were unreliable; by so doing a calculated risk was being taken. However, he did not mean to suggest that the letter to Mr. Bennett, as drafted by Mr. Sherman, should be changed. He merely wanted the Board to be aware of the problem.

Governor Shepardson asked Mr. Sherman to comment on the position of the Presidents' Conference on this subject, and Mr. Sherman replied that the Conference had approved the draft of letter to Mr. Bennett without change. There had apparently been some discussion of a possible change in the letter; President Hayes of the Federal Reserve Bank of New York had expressed the view that the letter should include something more definite as to the time when the System would extricate itself from the department store field. Also, President Hayes had suggested that as long as the System continued to participate in the series there should be an effort to make the statistics more meaningful. President Clay of the Kansas City Bank joined Mr. Hayes in expressing the hope that more rapid progress could be made in getting the Federal Reserve out of the field. However, the proposed letter was endorsed by the Presidents, Mr. Sherman said, and he understood that most of them were well satisfied with it.

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In response to a question from Governor Shepardson, Mr. Noyes stated that the recent deterioration in the statistics resulted mainly from nonparticipation by certain elements of the trade, mainly discount and chain stores, and discontinuance of reports from a few of the conventional department stores. Mr. Sherman said that the Committee of Five was fully cognizant of this situation; however, active maintenance work by the Federal Reserve had been held up for more than a year in the hope that the responsibility for department store statistics could be shifted to the Census Bureau, which would then undertake to build up samples and provide more comprehensive reports.

After further discussion along these lines, Governor Robertson suggested that the Board might want to ask Governor Mitchell and Mr. Sherman to try to work out a letter to Mr. Bennett. Such a letter would assume that the Federal Reserve representatives on the Committee of Five would seek to have the System relieved of responsibility in the area of department store statistics as soon as possible consistent with accomplishing the objectives that had been discussed.

There appearing to be rather general agreement with Governor Robertson's comments, it was understood that Governor Mitchell and Mr. Sherman would consider further the content of a letter that might be sent to Mr. Bennett.

Mr. Thompson then withdrew from the meeting and Mr. Young, Adviser to the Board and Director, Division of International Finance, entered the room.

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Report on S. 874 (Item No. 7). There had been distributed a draft of reply to a request of the Senate Committee on Banking and Currency for the Board's comments on S. 874, "To authorize the construction and equipping of buildings required in connection with the operations of the Bureau of the Mint." The letter would refer to recurring coin shortages in recent years and urge favorable consideration of the proposed legislation.

After discussion, during which several changes in wording intended to strengthen the letter were suggested and agreed upon, unanimous approval was given to a letter in the form attached as Item No. 7.

Miss Hart withdrew from the meeting at this point.

Method of transporting new Federal Reserve notes. At the meeting of the Conference of Presidents on December 3, 1962, Mr. Swan, Chairman of the Committee on Miscellaneous Operations, reviewed the status of a proposal of Brink's, Incorporated, for transporting new Federal Reserve notes. It was the conclusion of the Conference that the Subcommittee on Cash, Leased Wire, and Sundry Operations should continue negotiations with Brink's. The Conference concluded further that (1) consideration should be given to a combination of transportation by air and truck, (2) deliveries to all offices should be considered, and (3) the Subcommittee should discuss the proposal with the Bureau of Engraving and Printing and the Treasury Department along with Brink's.

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Subsequently, Mr. Swan discussed the third item with the Board's Division of Bank Operations. In the light of the Board's previous reluctance to have armored cars transport new Federal Reserve notes from Washington, Mr. Swan had indicated that it would seem desirable to ascertain the Board's present position before discussions were undertaken with the Bureau of Engraving and Printing and with the Office of the Treasurer of the United States.

At the meeting of the Board on January 9, 1963, consideration was given to the Brink's proposal, and the view was expressed that the Federal Reserve should not negotiate and enter into the use of air-truck facilities for shipping new notes unless responsible parties in the Treasury and Post Office Departments had expressed the view that this would be appropriate. At the conclusion of the discussion it had been understood that Chairman Martin would explore the question with the Secretary of the Treasury, following which the views of the Postmaster General might be requested.

Chairman Martin now reported that he had talked with Secretary of the Treasury Dillon on the subject, and that he expected to hear from the Secretary shortly. He recalled that in August 1962 during a discussion of the question of currency shipments by registered mail and by armored car with Governor Mitchell, Postmaster General Day had expressed a desire to have the Post Office Department relieved of responsibility for high-value money shipments. Accordingly, if the

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Treasury Department had no objection to the proposal and the Postmaster General continued to hold the same views on the transportation of currency as had been reported previously, Chairman Martin could see no reason for not proceeding to negotiate with Brink's.

In the course of discussion, question was raised as to whether it might be desirable to check again with the Postmaster General in order to determine his present thinking, but it was agreed that this would be deferred until Chairman Martin had heard further from the Secretary of the Treasury.

Messrs. Farrell, Daniels, and Kiley then withdrew from the meeting and Mr. Solomon, Associate Adviser, Division of Research and Statistics, entered the room.

Committee on Financial Institutions. There had been distributed a revised draft, dated February 26, 1963, of the proposed report of the Committee on Financial Institutions, established by the President of the United States in March 1962 "to consider what changes, if any, in governmental policy toward private financial institutions could contribute to economic stability, growth, and efficiency."

Chairman Martin commented that at the next meeting of the Committee, scheduled to be held on Monday afternoon, March 11, he would have to take some position on the items covered in the proposed report. He pointed out that a number of these subjects were rather controversial; if the Board had to take a position on them, no doubt there would be divided opinions within the Board in some instances. The Chairman noted

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that this kind of difficult problem was involved whenever he served on an interagency group. In such cases, he had taken the position that any decision he made was made by him in his capacity as Chairman of the Board of Governors, but this did not satisfy the question completely. As he had said, there was always a difficult problem involved in this kind of situation.

Comments by some of the other members of the Board were to the effect that, although Chairman Martin might want to obtain the benefit of views of the other Board members with reference to subjects taken up in the proposed report of the Committee on Financial Institutions, they felt that eventually he would have to take such positions as he personally considered appropriate.

There ensued a brief discussion of one of the items covered in the report, following which Chairman Martin suggested that the members of the Board--after having had an opportunity to review the draft report in more detail--bring up at the meeting of the Board on March 11 any points they felt would be helpful.

Annual Report of the Board for 1962. It was agreed unani-  
mously that, pursuant to the requirement of section 10 of the Federal Reserve Act, the Board's Annual Report for 1962 would be transmitted today to the Speaker of the House of Representatives. It was understood that the Report also would be transmitted to the President of the Senate and that distribution to others would be made in accordance with customary procedures.

The meeting then adjourned.

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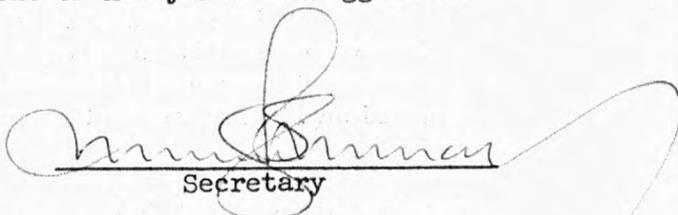
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Secretary's Note: On March 5, 1963,  
Governor Shepardson approved on behalf  
of the Board the following items:

Memorandum dated March 4, 1963, from Miss Carmichael, Deputy Employment Policy Officer, recommending amendment of section 7 of the Board's regulations and procedures relating to nondiscrimination in order to conform with the amended Rules and Regulations of the President's Committee on Equal Employment Opportunity. A copy of the memorandum is attached as Item No. 8. (Copies of the Board's regulations and procedures, as amended, were distributed to all members of the Board's staff under date of March 11, 1963.)

Letter to the Federal Reserve Bank of New York (attached Item No. 9) approving the reappointment of James W. Butler as assistant examiner.

Letter to the Federal Reserve Bank of San Francisco (attached Item No. 10) approving the appointment of Harry Robert Leggett as assistant examiner.

  
Secretary

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

Item No. 1  
3/6/63



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

March 6, 1963.

Comptroller of the Currency,  
Treasury Department,  
Washington 25, D. C.

Dear Mr. Comptroller:

The Board of Governors has considered the supplemental information forwarded by your office in connection with the proposed merger of The City National Bank & Trust Company of Columbus, Columbus, Ohio and The Reynoldsburg Bank, Reynoldsburg, Ohio.

It is the opinion of the Board that the information contained in the supplement is not such as to justify any change in the conclusion as expressed in the report on competitive factors forwarded to you on January 7, 1963.

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  
3/6/63

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

March 6, 1963



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

Dear Mr. Hughes:

This is in response to your request of February 7, 1963, for the views of the Board on a draft bill, proposed by the Federal Home Loan Bank Board, to amend section 5 of the Home Owners Loan Act of 1933. This proposal would permit Federal savings and loan associations and certain other members of the Federal Home Loan Bank System to act as trustees of stock bonus, pension, retirement, and profit-sharing plans of the type set forth in section 401 of the Internal Revenue Code of 1954, as amended by the Self-Employed Individuals Tax Retirement Act of 1962.

If it may be properly assumed that the intended effect of this proposed legislation is to permit savings and loan associations to create trustee share accounts on behalf of self-employed persons pursuant to the 1962 Act, it would seem to the Board desirable that the statutory authority be so limited. The provisions of the draft bill would empower a savings and loan association to accept and administer appointments as trustee of any stock bonus, pension, or profit-sharing trust which had qualified under the provisions of section 401 of the Internal Revenue Code. Fiduciary appointments of such kinds frequently impose difficult administrative responsibilities demanding special experience and skills on the part of the trustees.

Furthermore, full power to act as trustee of such appointments would be conferred upon savings and loan associations directly by statute, unlimited by any requirement that control over the exercise of the authority be reposed in an appropriate supervisory agency which, before permitting the exercise of statutory trust powers, would be required to consider the

Mr. Phillip S. Hughes

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qualification of each association to discharge satisfactorily the related fiduciary functions and investment responsibilities. Supervisory control of such nature is a common legal requirement with respect to commercial banks which seek to exercise statutory fiduciary powers. There appears no sound reason for treating savings and loan associations differently.

For the above reasons, the Board would not favor the proposed bill.

Very truly yours,



Merritt Sherman,  
Secretary.

Item No. 3  
3/6/63

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

OFFICE OF THE CHAIRMAN

March 6, 1963.



The Honorable James J. Saxon,  
Comptroller of the Currency,  
Treasury Department,  
Washington 25, D..C.

Dear Jim:

In the course of our conversation on Thursday, February 28, mention was made of the question whether the proposed acquisition of the stock of the new First National Bank of Farmingdale, Farmingdale, New York, by BT New York Corporation, a subsidiary of Bankers Trust Company, might violate the twentieth paragraph of section 9 of the Federal Reserve Act and section 5136 of the Revised Statutes.

This question is being studied by the Board's staff, and Bankers Trust Company is being afforded an opportunity to submit arguments in support of the position that the proposed acquisition of stock would not be in violation of the statutes cited. After the Board has considered the question, its conclusion will be communicated not only to Bankers Trust Company but also to your office, in view of the possible relationship to the pending application by the Farmingdale bank under the Bank Merger Act of 1960.

The competitive factors report of the Board of Governors will be transmitted to your office as promptly as possible. It is understood that Chemical Bank New York Trust Company is about to apply for the Board's approval of the merger into that bank of a Nassau County bank about 20 miles from Farmingdale. The Board's analysis of the competitive factors involved in that application may be relevant to the Farmingdale case; if so, the Board may wish to supplement its report to you on the Farmingdale case, in the event it is still pending in your office.

Sincerely yours,

*Bill*

Wm. McC. Martin, Jr.

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

Item No. 4  
3/6/63



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

March 6, 1963

Bankers Trust Company,  
16 Wall Street,  
New York 15, New York.

Gentlemen:

Pursuant to the Bank Merger Act of 1960 (12 U.S.C. 1828(c)), the Comptroller of the Currency has asked the Board of Governors for a report on the competitive factors involved in the proposed acquisition of the assets of The First National Bank of Farmingdale, New York, by First National Bank of Farmingdale.

In connection with the preparation of such report, it has been noted that the stock of First National Bank of Farmingdale is to be purchased by BT New York Corporation, a wholly-owned subsidiary of Bankers Trust Company. The question arises whether such a purchase would violate the twentieth paragraph of section 9 of the Federal Reserve Act and section 5136 of the Revised Statutes (12 U.S.C. 336 and 24), which in effect forbid member State banks to purchase shares of corporate stock except as provided in section 5136 "or otherwise permitted by law".

Before it reaches a conclusion regarding this question, the Board will be glad to consider any views your bank may wish to submit. In view of the possible relationship of that question to the Farmingdale bank application under consideration by the Comptroller of the Currency, it is hoped that any such views will be presented as promptly as possible.

Very truly yours,

Merritt Sherman,  
Secretary.

Item No. 5  
3/6/63

## UNITED STATES OF AMERICA

BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

WASHINGTON, D. C.

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In the Matter of the Application of  
DENVER U. S. BANCORPORATION, INC.,  
Denver, Colorado,  
pursuant to Section 3 of the  
Bank Holding Company Act of 1956

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## ORDER FOR HEARING

On December 6, 1962, there was published in the Federal Register (27 F.R. 12080) a notice of receipt by the Board of Governors of an application filed pursuant to section 3(a) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842) by Denver U.S. Bancorporation, Denver, Colorado, for the Board's prior approval of action whereby Applicant would become a bank holding company through acquisition of a minimum of 67 per cent of the voting shares of Denver United States National Bank, Denver, and of Arapahoe County Bank, Littleton, both in Colorado, and of a minimum of 75 per cent of the voting shares of Bank of Aurora, Aurora, Colorado.

It appears to the Board of Governors that it is appropriate in the public interest that a hearing be held with respect to this application. Accordingly,

IT IS HEREBY ORDERED, That, pursuant to section 222.7(a) of the Board's Regulation Y (12 CFR Part 222.7(a)), promulgated under the Bank Holding Company Act of 1956, a public hearing with respect to this application be held, commencing April 23, 1963, at 10 a.m., in the Post Office Building, 2nd floor, 18th St. between Stout and Champa Sts., Denver, Colorado, before a duly designated hearing examiner, such hearing to be conducted in accordance with the Board's Rules of Practice for Formal Hearings [12 CFR Part 263].

IT IS FURTHER ORDERED, That the following matters will be the subject of consideration at said hearing, without prejudice to the designation of additional related matters and questions upon further examination:

- (1) the financial history and condition of the company and the banks concerned;
- (2) the prospects of said company and banks;
- (3) the character of their management;
- (4) the convenience, needs, and welfare of the communities and area concerned;
- (5) whether or not the effect of such acquisitions would be to create a bank holding company system the size or extent of which would exceed limits consistent with adequate and sound banking, the public interest, and the preservation of competition in the field of banking.

IT IS FURTHER ORDERED, That, any person desiring to give testimony, present evidence, or otherwise participate in these proceedings should file with the Secretary, Board of Governors of the Federal Reserve System, Washington 25, D. C., on or before April 8, 1963, a written request containing a statement of the nature of the petitioner's interest in the proceedings, the extent of the participation desired, a summary of the matters concerning which petitioner wishes to give testimony or submit evidence, and the names and identity of the witnesses who will be offered. Such requests will be presented to the designated hearing examiner for his determination, and persons submitting them will be notified of his decision.

Dated at Washington, D. C., this 14th day of March, 1963.

By order of the Board of Governors.

(Signed) Merritt Sherman

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Merritt Sherman,  
Secretary.

(SEAL)

Item No. 6  
3/6/63

## UNITED STATES OF AMERICA

BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

WASHINGTON, D. C.

-----  
 In the Matter of the Application of  
 FIRST COLORADO BANKSHARES, INC.,  
 Englewood, Colorado,  
 pursuant to Section 3 of the  
 Bank Holding Company Act of 1956  
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## ORDER FOR HEARING

On December 11, 1962, there was published in the Federal Register (27 F.R. 12233) a notice of receipt by the Board of Governors of an application filed pursuant to section 3(a) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842) by First Colorado Bankshares, Inc., Englewood, Colorado, a registered bank holding company, for the Board's prior approval of the acquisition by Applicant of a minimum of 67 per cent of the voting shares of Security National Bank, a proposed new bank to be located in Denver, Colorado.

It appears to the Board of Governors that it is appropriate in the public interest that a hearing be held with respect to this application. Accordingly,

IT IS HEREBY ORDERED, That, pursuant to section 222.7(a) of the Board's Regulation Y (12 CFR Part 222.7(a)), promulgated under the Bank Holding Company Act of 1956, a public hearing with respect to this

application be held, commencing April 26, 1963, at 10 a.m., in the Post Office Building, 2nd floor, 18th Street between Stout and Champa Streets, Denver, Colorado, before a duly designated hearing examiner, such hearing to be conducted in accordance with the Board's Rules of Practice for Formal Hearings [12 CFR Part 263]. The right is reserved to the Board or the hearing examiner to designate any other place or date for such hearing or any part thereof which may be determined to be necessary or appropriate for the convenience of the parties.

IT IS FURTHER ORDERED, That the following matters will be the subject of consideration at said hearing, without prejudice to the designation of additional related matters and questions upon further examination:

- (1) the financial history and condition of the company and the banks concerned;
- (2) the prospects of said company and banks;
- (3) the character of their management;
- (4) the convenience, needs, and welfare of the communities and area concerned;
- (5) whether or not the effect of such acquisition would be to expand the size or extent of the bank holding company system involved beyond limits consistent with adequate and sound banking, the public interest, and the preservation of competition in the field of banking.

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IT IS FURTHER ORDERED, That, any person desiring to give testimony, present evidence, or otherwise participate in these proceedings should file with the Secretary, Board of Governors of the Federal Reserve System, Washington 25, D. C., on or before April 8, 1963, a written request containing a statement of the nature of the petitioner's interest in the proceedings, the extent of the participation desired, a summary of the matters concerning which petitioner wishes to give testimony or submit evidence, and the names and identity of the witnesses who will be offered. Such requests will be presented to the designated hearing examiner for his determination, and persons submitting them will be notified of his decision.

Dated at Washington, D. C. this 14th day of March, 1963.

By order of the Board of Governors.

(Signed) Merritt Sherman

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Merritt Sherman,  
Secretary.

(SEAL)

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

Item No. 7  
3/6/63

OFFICE OF THE CHAIRMAN

March 6, 1963



The Honorable A. Willis Robertson,  
Chairman,  
Committee on Banking and Currency,  
United States Senate,  
Washington 25, D. C.

Dear Mr. Chairman:

This is in response to your request of February 21, 1963, for the Board's comments on a bill now pending before the Senate Banking and Currency Committee, S. 874, "To authorize the construction and equipping of buildings required in connection with the operations of the Bureau of the Mint".

The Federal Reserve System has been concerned for several years about recurring coin shortages. Since 1959 the Reserve Banks have experienced more or less continuous difficulty in getting enough coin from the Mints to meet the increasing demand of the business community for coins of various denominations. Last year, for example, just before Christmas the stocks of small coins of more than half of all of the Federal Reserve Banks and Branches were alarmingly low, and a considerable number of the Banks and Branches found it necessary to ration coin supplies to their customers.

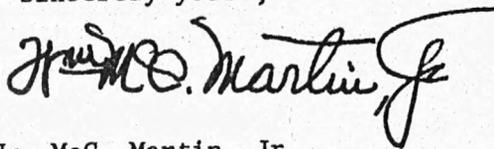
The increase during recent years in the demand for coin is due in part to normal business growth. The problem, however, is compounded by various factors, particularly the use of vending machines.

When the Mints are unable to furnish the amounts of coin requested by the Reserve Banks and Branches, the resulting shortages feed on themselves. This is because whenever it is apparent that coins are becoming scarce, commercial banks and other large users of coin tend to hold what they have, rather than deposit such accumulations in the Federal Reserve Banks for recirculation. As a consequence, a shortage in one denomination soon spreads to other denominations.

The Honorable A. Willis Robertson -2-

There is no indication that the factors that are causing the shortages will abate themselves, and it is believed that the problem can be overcome only by a large increase in productive capacity. The Board therefore strongly urges favorable consideration of the proposed legislation.

Sincerely yours,



Wm. McC. Martin, Jr.

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

Item No. 8

3/6/63

Date March 4, 1963

Office Correspondence

To Governor Shepardson

Subject:

From Elizabeth L. Carmichael

*E.L.C.*

As of November 28, 1961, the Board's regulations and procedures relating to nondiscrimination were revised to conform with the Rules and Regulations of the President's Committee on Equal Employment Opportunity. Since that time the Rules and Regulations of the Committee have been amended to change the period within which Government agencies file reports with the Executive Vice President of the Committee covering final disposition of discrimination complaints.

In order to conform with the amended Rules and Regulations of the Committee, it is recommended that the quoted portion of Section 7 of the Board's regulations be changed as indicated below:

"Section 7. Report of Disposition of Complaints. The Employment Policy Officer shall submit to the Executive Vice Chairman of the Committee a summary report regarding the final disposition of each written complaint filed under the Executive Order. Unless an extension of the period is authorized by the Executive Vice Chairman of the Committee, the report covering final disposition of each complaint filed must be submitted within 30 60 days of the receipt of the complaint. Where the complainant requests a hearing, the report may be submitted within 60 90 days. Each report shall cover the following items:"

If agreeable with you, these changes will be incorporated in the regulations and a note will be entered in the minutes of the Board indicating that the two amendments were approved by you on behalf of the Board. It would then be proposed to distribute the amended regulations to all employees with a covering memorandum from Mr. Sherman as the Board's Employment Policy Officer.

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

Item No. 9  
3/6/63

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

March 6, 1963



Mr. Howard D. Crosse, Vice President,  
Federal Reserve Bank of New York,  
New York 45, New York.

Dear Mr. Crosse:

In accordance with the request contained in Mr. Pierce's letter of February 26, 1963, the Board approves the reappointment of James W. Butler as an assistant examiner for the Federal Reserve Bank of New York, effective March 7, 1963.

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  
3/6/63



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

March 6, 1963

AIR MAIL

Mr. P. W. Cavan, Vice President,  
Federal Reserve Bank of San Francisco,  
San Francisco 20, California.

Dear Mr. Cavan:

In accordance with the request contained in your letter of February 20, 1963, the Board approves the appointment of Harry Robert Leggett 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. Leggett is indebted to National Commercial Bank and Trust Company, Plattsburgh, New York, Federal Reserve District No. 1, but that he will not participate in any examination of that bank.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.