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Minutes for March 18, 1963

To: Members of the Board

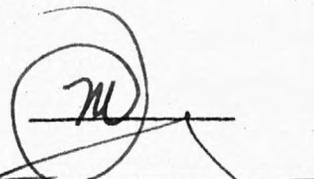
From: Office of the Secretary

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

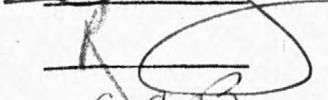
It is not proposed to include a statement with respect to any of the entries in this set of minutes in the record of policy actions required to be maintained pursuant to section 10 of the Federal Reserve Act.

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.

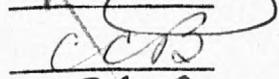
Chm. Martin



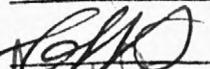
Gov. Mills



Gov. Robertson



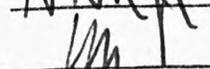
Gov. Balderston



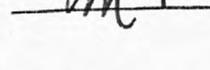
Gov. Shepardson



Gov. King



Gov. Mitchell



Minutes of the Board of Governors of the Federal Reserve System on Monday, March 18, 1963. The Board met in the Board Room at 10:00 a.m.

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

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Young, Adviser to the Board and Director, Division of International Finance
Mr. Fauver, Assistant to the Board
Mr. Hackley, General Counsel
Mr. Farrell, Director, Division of Bank Operations
Mr. Solomon, Director, Division of Examinations
Mr. Johnson, Director, Division of Personnel Administration
Mr. Hexter, Assistant General Counsel
Mr. Shay, Assistant General Counsel
Mr. Hooff, Assistant General Counsel
Mr. Conkling, Assistant Director, Division of Bank Operations
Mr. Daniels, Assistant Director, Division of Bank Operations
Mr. Masters, Associate Director, Division of Examinations
Mr. Benner, Assistant Director, Division of Examinations
Mr. Leavitt, Assistant Director, Division of Examinations
Mrs. Semia, Technical Assistant, Office of the Secretary
Mr. Collier, Chief, Current Series Section, Division of Bank Operations

Discount rates. The establishment without change by the Federal Reserve Banks of Cleveland, Richmond, Chicago, St. Louis, Minneapolis, Kansas City, and Dallas on March 14, 1963, of the rates on discounts

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and advances in their existing schedules was approved unanimously, with the understanding that appropriate advice would be sent to those Banks.

Circulated or distributed items. The following items, copies of which are attached to these minutes under the respective item numbers indicated, were approved unanimously:

	<u>Item No.</u>
Letter to Bankers Trust Company, New York, New York, approving an extension of time to establish a branch at 2 Lafayette Street, Borough of Manhattan.	1
Letter to Mr. Harvey L. Williams, Philadelphia, Pennsylvania, granting permission for the organization of a corporation under section 25(a) of the Federal Reserve Act to be known as "The Company for Investing Abroad," 123 South Broad Street, Philadelphia, and transmitting a preliminary permit authorizing that corporation to exercise powers incidental and preliminary to its organization.	2
Letter to the Federal Reserve Bank of Chicago approving the payment of salaries to the Bank's painters at specified rates.	3
Letter to Trinity National Bank of Dallas, Dallas, Texas, granting its request for permission to carry reduced reserves.	4
Letter to the Presidents of all Federal Reserve Banks and all Federal Reserve Agents amending the "Plan for Securing Federal Reserve Notes by Pledge of Participations (Undivided Interests) in Direct Obligations of the United States in System Open Market Account." (No adverse comments had been received on the draft letter, in the same form, that was sent to the Presidents and Federal Reserve Agents pursuant to Board action on February 7, 1963.)	5
Memorandum from Mr. Masters dated March 8, 1963, regarding the transfer to the Office of the Comptroller of the Currency of Board files relating to trust powers of national banks.	6

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In connection with Item No. 2 it was noted that Mr. Goodman, Assistant Director, Division of Examinations, had expressed reservations with respect to the name of the proposed Edge Act corporation. However, after a discussion during which it was pointed out that there was no objection to the proposed name from a legal standpoint, it was agreed that no question would be raised as to its appropriateness.

Mr. Johnson then withdrew from the meeting.

Report on competitive factors (Portland-York, Maine). There had been distributed a draft of report to the Comptroller of the Currency on the competitive factors involved in the proposed merger of Community Trust Company, York, Maine, into First National Bank of Portland, Portland, Maine.

After a discussion of the degree of banking concentration in the State of Maine during which certain changes in the wording of the conclusion of the report were agreed upon, the report was approved unanimously for transmission to the Comptroller of the Currency in a form in which the conclusion read as follows:

The proposed merger would eliminate the slight amount of competition existing between the two banks and somewhat increase the size of the second largest commercial bank in Maine. It would probably not have undesirable competitive effects on other banks operating in the service areas involved.

Mr. Cardon, Legislative Counsel, joined the meeting at this point.

Report on competitive factors (Farmingdale, New York) (Item No. 7).

There had been distributed a draft of report to the Comptroller of the Currency on the competitive factors involved in the proposed purchase of

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assets and assumption of liabilities of The First National Bank of Farmingdale by First National Bank of Farmingdale, both of Farmingdale, New York. The latter was to be a new bank, organized for the purpose of acquiring the assets of the former. The conclusion of the draft report read as follows:

No competition exists between The First National Bank of Farmingdale and First National Bank of Farmingdale as the latter is being organized to succeed the former which, under the proposal, will be liquidated. However, all the capital stock of the latter (except directors' qualifying shares) would be owned by BT New York Corporation, a wholly-owned affiliate of Bankers Trust Company, a State member bank. The proposal would eliminate the modest amount of competition now existing, as well as potential for more competition, between The First National Bank of Farmingdale and Bankers Trust Company, and inject indirectly into the Farmingdale area the competitive ability of a large New York City bank.

There is to be submitted to the Board of Governors an application to merge Bank of Rockville Centre Trust Company, Rockville Centre, New York, into Chemical Bank New York Trust Company, New York City, New York, which may be similar to the Bankers Trust-Farmingdale application. In view of the fact that the Board's investigation of the Chemical-Rockville Centre proposal will not be limited to 30 days as it is in this case where it is reporting only on the competitive factors involved, the Board may conclude from its investigation that a conclusion different from the one herein expressed is indicated. In this event, a supplemental report on competitive factors will be provided should this case still be pending in your office.

At its meeting on March 6, 1963, the Board had discussed the fact that all of the stock of the proposed new bank was to be purchased by BT New York Corporation. This raised the question whether the proposed acquisition by Bankers Trust Company's subsidiary would violate section 5136 of the Revised Statutes, which (in conjunction with paragraph 20

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of section 9 of the Federal Reserve Act) in effect forbids the "purchase" of corporate stock by member State banks. In a letter of March 6, 1963, the Board informed the Comptroller of the Currency that the competitive factor report he had requested would be forthcoming promptly, and that the Board was studying the legality of the acquisition of the stock of the proposed new bank by a subsidiary of Bankers Trust Company.

In response to an inquiry from Chairman Martin, Mr. Hackley said that after a conference between representatives of the Board's legal staff and Counsel for Bankers Trust Company, Bankers Trust Company had submitted an extensive memorandum, which the Board's legal staff was now analyzing. The matter involved not only the applicability of the statutory provision prohibiting the purchase of corporate stock by member State banks but also the jurisdictional question whether the Board or the Comptroller of the Currency should interpret the provisions of the National Bank Act as they applied to State member banks. The Comptroller of the Currency, in a letter dated March 11 responding to the Board's letter of March 6, had asked if he was correct in his understanding that the Board reserved to itself the right to interpret all sections of the national banking laws and regulations issued by the Comptroller of the Currency in their application to State member banks, "as it reserves the right to interpret Section 5136 of the Revised Statutes by virtue of the twentieth paragraph of Section 9 of the Federal Reserve Act, as it applies to state member banks." That understanding was not strictly accurate, Mr. Hackley continued; it was not the position the Board had taken. The question tied into the

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present case, he pointed out, because Bankers Trust Company continued to maintain that it was for the Comptroller to interpret the provisions of section 5136 as they applied to State member banks, particularly in a case in which the Comptroller must pass upon a proposed merger of two national banks. Thus, a difficult problem was involved; the Legal Division hoped to have a memorandum available shortly for the Board's consideration.

Inquiry was made as to whether the Board's report on competitive factors in the proposed Farmingdale merger could be considered in any sense to prejudice the outcome of the study being made of the question involved in BF New York Corporation's proposed acquisition of the stock of the Farmingdale bank.

Mr. Hackley replied that the competitive factor report now under consideration would not preclude an adverse finding by the Board on the stock acquisition question. However, it might be well, for the record, to transmit the report with a letter reiterating that the Board was making a study of the applicability of section 5136 of the Revised Statutes and paragraph 20 of section 9 of the Federal Reserve Act to the proposed acquisition of stock by BF New York Corporation. Mr. Hexter also expressed the view that the Board's competitive factor report on the Farmingdale merger in no way blocked consideration of the stock acquisition question. He went on to bring out that if the Board were to decide that the proposed acquisition of stock would involve a violation of section 5136 and the twentieth paragraph of section 9, and advice to such effect was

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transmitted to the Comptroller, the Comptroller would be confronted with the question whether to approve the proposed merger under the Bank Merger Act despite the prospective violation of law. Further, even if the Comptroller approved the merger, Bankers Trust Company would be faced with the question whether it wanted to go ahead with the proposed acquisition of stock of the national bank by its wholly-owned subsidiary, which the Board would have held to involve a violation of law.

Question then was raised as to how the competitive aspects of the proposed Farmingdale merger compared with the situations presented by the Chase Manhattan-Hempstead Bank and Chemical Bank New York Trust-Long Island Trust mergers (denied by orders of the Board dated April 30, 1962).

Mr. Leavitt brought out that in preparing the report on the Farmingdale merger the staff had suggested a relatively neutral conclusion, not only in the light of last year's Chase and Chemical decisions but also in view of the pending application of Chemical Bank New York Trust Company to acquire by merger a bank in Rockville Centre, Long Island.

During further discussion, which reflected consideration of the aforementioned factors, several changes were suggested in both the body of the report and in its conclusion. There was general agreement that it would be advisable to avoid, in this matter in which the Board did not have the primary responsibility, taking a position that might inhibit the Board's judgment following full study of the pending Chemical-Rockville Centre application, in which the Board would have the decision-making responsibility.

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At the conclusion of the discussion the report was approved unanimously for transmission to the Comptroller of the Currency in a form in which the conclusion read as follows:

No competition exists between The First National Bank of Farmingdale and First National Bank of Farmingdale as the latter is being organized to succeed the former which, under the proposal, will be liquidated. However, all the capital stock of the latter (except directors' qualifying shares) would be owned by BF New York Corporation, a wholly-owned affiliate of Bankers Trust Company, a State member bank. The proposal would eliminate the modest amount of competition now existing between The First National Bank of Farmingdale and Bankers Trust Company, and bring into the Farmingdale area the competitive ability of a large New York City bank.

A copy of the letter with which the report was transmitted to the Comptroller of the Currency is attached as Item No. 7.

Report on competitive factors (Roanoke-Wytheville, Virginia).

There had been distributed a draft of a report to the Comptroller of the Currency with respect to the competitive factors involved in the proposed merger of The First National Farmers Bank of Wytheville, Wytheville, Virginia, into The First National Exchange Bank of Virginia, Roanoke, Virginia.

After a discussion during which a change in the wording of the conclusion was agreed upon, the report was approved unanimously for transmission to the Comptroller of the Currency. The conclusion of the report, as approved, read as follows:

The nearest offices of The First National Exchange Bank of Virginia and The First National Farmers Bank of Wytheville are 55 miles apart and are not directly competitive. However, some competition does exist between them since Exchange

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National, the largest bank in the southwestern section of Virginia, attracts correspondent business from a wide range and solicits business from large local concerns in Wytheville, as well as from national and regional corporations that operate in the service areas of both banks.

While the proposed merger would not significantly alter Exchange National's competitive capacity in the areas in which it currently operates, nor alter its position in relation to other large banks in the State, it would expand the geographical area served by the bank which now extends from Roanoke to Bristol. It would also expose the remaining independent bank in Wytheville to the direct competitive capabilities of a larger regional bank and continue a trend toward the State-wide concentration of commercial banking resources by way of mergers and bank holding company acquisitions.

Air courier service for Federal Reserve note shipments (Item No. 8).

There had been circulated a memorandum dated March 4, 1963, from the Division of Bank Operations regarding a proposal by the Federal Reserve Bank of Atlanta to ship \$12 million in fit \$50 Federal Reserve notes from the Jacksonville Branch to the Federal Reserve Bank of New York by air courier service and on the return trip to pick up \$9.6 million in new \$5 notes in Washington for delivery in Atlanta. The use of air courier service rather than registered mail would be about \$325 cheaper for the shipment to New York and about \$1,375 cheaper, in total, if the shipment from Washington to Atlanta was included. The memorandum recommended disapproval of the Reserve Bank's proposal, based principally on the fact that the Board and the Reserve Banks, through the Presidents' Conference Subcommittee on Cash, Leased Wire, and Sundry Operations, now had under study an offer from Brink's, Inc., to transport new Federal Reserve notes from Washington by armored car or by a combination of air

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express and armored car. The Division believed it best not to depart from the current practice of using registered mail for Federal Reserve note shipments from Washington until a decision had been reached in regard to the Brink's offer. As to the proposed shipment to New York, it was noted that only a nominal saving would result from the use of air courier service rather than registered mail. Attached to the memorandum was a draft of a letter to the Federal Reserve Bank of Atlanta reflecting the Division's recommendation.

After discussion the letter was approved unanimously. A copy is attached as Item No. 8.

Absorption of exchange charges. There had been circulated a memorandum dated March 4, 1963, from the Division of Examinations stating that the latest report of examination of Cass Bank and Trust Company, St. Louis, Missouri, showed that the bank had been absorbing exchange charges for certain customers in excess of the limitation of \$2 a month for any one account set by the Board in 1960. Specific instances of absorption of exchange charges in excess of \$2 were listed. Similar instances had been noted in the two preceding examination reports, and the Reserve Bank's letters to the member bank in regard to those reports had referred to the practice. The report of the most recent examination indicated that the President of Cass Bank "reiterated that he did not propose to lose any accounts by debiting the relatively small amount of nonpar charges to these profitable accounts and consequently no change is contemplated in the manner in which exchange charges are now being handled."

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One possible means of handling the matter was to send the bank a letter, a draft of which was attached to the memorandum, stating that the Board had noted the bank's practices with respect to absorption of exchange charges, and was calling attention to the matter so that appropriate action might be taken to correct the situation. Another means of dealing with the problem would be to have the Reserve Bank continue to investigate at each examination, and bring to bear as much supervisory influence as possible. The Division of Examinations recommended the latter course.

In commenting on the memorandum, Mr. Solomon stated that since the violations of the \$2 rule were only moderate and undoubtedly other banks were doing the same thing but were not so candid as to their intention to continue doing so, the Board might not want to issue a warning. The next step called for, if the bank continued the practice following such a warning, would be a proceeding for expulsion of the bank from the System, a recourse that seemed out of keeping with the circumstances involved.

Mr. Benner remarked that the situation in St. Louis was very touchy. Cass Bank and Trust Company was observing the \$2 rule in most instances, but it had a few large accounts in which it found it difficult to avoid absorbing more than \$2 per month because of the competitive situation. Other banks in St. Louis were reported also to be absorbing exchange charges in much the same manner, and Cass Bank might lose some large accounts to those banks if it did not do likewise. The St. Louis Reserve Bank believed that if an issue were made of the matter, Cass Bank might

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withdraw from the System, along with other State member banks confronted with the same problem.

After discussion of the matter, a view was expressed that the Board should not send Cass Bank and Trust Company a warning letter unless similar letters were sent to the other banks in the community that were guilty of violating the \$2 rule. There ensued comments as to the difficulty of enforcing the \$2 rule, particularly in the case of national banks, and of alternative courses that might be followed. A distinction was suggested between relatively trivial absorptions of exchange charges, on more or less a defensive basis, and flagrant violations of the \$2 rule as an aggressive tactic in the solicitation of business. At the same time, there was an expression of opinion that it would not be appropriate to condone violations of the \$2 rule as long as it remained in effect, particularly if there was evidence of substantial abuse.

Chairman Martin then suggested that the Board might await the issuance of the report of the President's Committee on Financial Institutions, following which a general review could be made of the question of absorption of exchange charges to determine what course of action seemed most feasible.

There was agreement with the Chairman's suggestion. Accordingly, it was understood that no letter would be written at this time in respect to the matter involving Cass Bank and Trust Company. This contemplated that the St. Louis Reserve Bank would be advised, in informal conversation,

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not to press unduly matters of this kind arising at banks in the area pending review of the exchange absorption problem by the Board on a broader basis.

Inquiry regarding float and Federal Reserve notes (Items 9 and 10).

In a letter dated March 5, 1963, Chairman Dante B. Fascell of the Legal and Monetary Affairs Subcommittee of the House Committee on Government Operations referred to responses made by the Board on April 14, 1961, December 22, 1960, and August 18, 1960, to questions that had been raised by Congressman Porter Hardy, then Chairman of the Foreign Operations and Monetary Affairs Subcommittee, regarding Federal Reserve float, one central issue of Federal Reserve notes, and local destruction of Federal Reserve notes. (Through a subsequent reorganization, jurisdiction over the matters to which the correspondence pertained was now lodged with Congressman Fascell's Subcommittee.) In view of the time that had elapsed since the Board's responses and the possibility that current data or circumstances might have altered the Board's earlier expressed views on the subjects, or on aspects of them, Chairman Fascell asked that the Board advise of its present thinking.

There had been distributed a draft of reply to Chairman Fascell in which it was noted that the Board had earlier expressed the view that the disadvantages of changing deferment schedules from a two-day to a three-day maximum to reduce float outweighed the advantages, but that the Board would continue to follow the question closely; that any change

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in the present form of Federal Reserve notes would be undesirable unless it were a part of a general program for simplifying the currency structure of the United States; and that the possible savings of about \$63,000 a year by destroying Federal Reserve notes at the Federal Reserve Banks were outweighed in importance by the risks inherent in such handling of higher denomination currency. The draft letter then pointed out that there had subsequently been a number of developments bearing on the three subjects, such as the proposal in current silver legislation for the issuance of \$1 denomination Federal Reserve notes. Because of the complexity of the matters, it would be necessary to study recent developments fully before reaching definite conclusions as to their significance, but it was expected that the Board would be able to give Chairman Fascell its further views by the first of July.

In commenting on the matter, Mr. Farrell cited a number of reasons that led him to the conclusion that it would be desirable to reply to Chairman Fascell in terms that the Board proposed to study comprehensively, on a current basis, all three of the questions referred to in Chairman Fascell's letter. If this approach was favored by the Board, he would suggest that a letter be sent to the Chairman of the Conference of Presidents of the Federal Reserve Banks asking that these questions be placed on the agenda for discussion at the next meeting of the Conference.

There being general agreement with the approach suggested by Mr. Farrell, the letter to Chairman Fascell was approved unanimously. A copy

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is attached as Item No. 9. Attached as Item No. 10 is a copy of the letter sent to the Chairman of the Presidents' Conference.

Messrs. Cardon and Daniels then withdrew from the meeting.

Trust powers of national banks (Item No. 11). There had been distributed a memorandum dated March 5, 1963, from the Division of Examinations and the Legal Division regarding a proposed revision of the Comptroller of the Currency's Regulation 9, under the title Fiduciary Powers of National Banks and Collective Investment Funds. The proposed revision, which was published for comment in the Federal Register of February 5, 1963, constituted an extensive liberalization of the regulation first issued by the Comptroller after the transfer from the Board to his Office of the regulatory authority over trust powers of national banks, effective September 28, 1962. The regulation first issued paralleled the Board's Regulation F, Trust Powers of National Banks. The more significant proposed amendments were set out in the memorandum, followed by comments. The Board had received no official request for comment on the proposed amendments, although Mr. Masters had received a letter from a "Representative in Trust" attached to the Comptroller's Office, written on behalf of Deputy Comptroller Miller, stating that Mr. Miller would "appreciate receiving any views or comments you may wish to make." The memorandum concluded by raising the question whether the Board would wish to transmit views to the Comptroller of the Currency regarding the proposed regulation, perhaps with particular emphasis on those features affecting

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collective investment funds because of their bearing on State as well as national banks. A draft of possible letter to the Comptroller was submitted with the memorandum.

There had also been distributed a memorandum dated March 5, 1963, from Mr. Hexter presenting arguments in favor of the liberalization of the Comptroller's regulation.

At the beginning of a discussion of the matter, Governor Mills raised the question whether there should be any communication of views to the Comptroller of the Currency.

Several members of the staff commented in response to this question. Mr. Solomon noted that the Board was under no compulsion to express its views. However, the Board had a general interest in the subject, and it had experience in the field over a long period of time. If the Board remained silent, and if a regulation were adopted containing provisions that were deemed undesirable, the Board might feel later that it should have gone on record with an expression of its views. Mr. Hexter expressed the view that the Board should comment in one way or another. The current proposal was to revise a regulation that the Board had originated and administered over a period of time. The proposed revision had been published for comments, and if a Government agency with unique experience in the field did not comment, there might be a question whether it had fulfilled its duty. Mr. Masters observed that the thought had not been for the Board to reply to the letter addressed to him. Instead, the

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thought had been that in the light of the Board's experience in the field of the regulation of trust powers it might be appropriate to make some comment following the publication of the proposed regulation in the Federal Register. Mr. Hooff noted that the proposed regulation would have some applicability to State member banks as well as national banks. Also, national banks were, of course, members of the Federal Reserve System.

After some discussion of this point, Chairman Martin suggested that the two staff memoranda, with certain appropriate editing as to form, be transmitted to the Comptroller with a note from him (Chairman Martin) indicating that they were being sent as a matter of possible interest and that the Board had taken no position with respect to the proposal to amend Regulation 9 or as to the comments of its staff reflected in the memoranda.

Governor Mills, who had expressed his preference against communicating views to the Comptroller with respect to the proposed regulation, indicated that he would not object to the procedure suggested by the Chairman if the memoranda were clearly submitted as reflecting staff study, and without committing the members of the Board. In his view, he added, the liberalizations proposed by the Comptroller would involve the banks in endless difficulties and were contradictory to sound fiduciary practices. They represented a departure from principles that the Board had upheld over a period of time, and in his opinion with justification.

Chairman Martin commented that the sending of both of the staff memoranda would show that there were differences of opinion within the

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Board's staff. In his opinion, the memorandum from the Legal and Examinations Divisions pointed up most of the questions concerning which there might be legitimate criticisms. It seemed to him, however, that the Board ought not try to hammer out a position; there would be difficulty in reaching full agreement on a number of the matters covered in the proposed regulation.

There developed to be general agreement with the procedure suggested by the Chairman. Governor Mills indicated that he would be agreeable if the record showed that personally he would have preferred not to submit any comments. He saw some danger, however, in submitting the two staff memoranda. The memoranda seemed to support certain of the proposals reflected in the proposed regulation with which he would disagree, and it might appear that the staff comments had the Board's general support. Also, where the Board had taken positions adverse to some of the proposals in the proposed regulation, objection to them might be regarded as pique on the part of a former administering agency that had thought it best not to adopt proposals such as were now before the financial community.

At the conclusion of the discussion it was understood, Governor Mills' views having been noted, that the staff memoranda would be sent to the Comptroller with a transmittal note from Chairman Martin phrased along the lines indicated earlier by the Chairman.

A copy of the Chairman's transmittal letter, sent to the Comptroller on March 19, 1963, is attached at Item No. 11.

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Messrs. Young, Hexter, and Benner then withdrew from the meeting.

Eligibility to maintain savings deposit. There had been distributed a memorandum dated March 8, 1963, from Mr. Hooff in regard to a letter addressed by the Comptroller of the Currency on March 4, 1963, to an officer of a national bank expressing the opinion that Associated Hospital Service of Philadelphia, Pennsylvania, was eligible to maintain a savings deposit in a national bank notwithstanding an interpretation by the Board holding that the association was ineligible to maintain a savings deposit in a member bank. The Board's interpretation of October 5, 1960, which was published in the Federal Reserve Bulletin and in the Federal Register, held that Associated Hospital Service was ineligible to maintain a savings deposit because there was no indication that it was operated for charitable purposes even though its organic act declared it to be a charitable institution. The basis for the position taken by the Comptroller in the letter to the national bank was explained to Mr. Hooff in a telephone conversation with a member of the Comptroller's legal staff. The contention was that a former Comptroller of the Currency, who had had difficulty in carrying out the provisions of section 19 of the Federal Reserve Act prohibiting payment of interest on demand deposits, proposed the addition of a provision to what became the Banking Act of 1935 authorizing the Board to define terms such as "demand deposits," "time deposits," and "savings deposits," for the purposes of that section, namely, reserves and payment of interest. It was now maintained that under that authority the Board was not authorized to rule on who could maintain

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a savings deposit and was authorized only to define a savings deposit, and that the Board went beyond its authority when it said, by interpretation, that Associated Hospital Service could not have a savings account.

In discussion of the matter, Governor Robertson expressed the view that the Board should go on record with the Comptroller of the Currency that it regarded its authority to define a savings deposit as including authority to declare who may have a savings account.

There being general agreement with this approach, it was understood that the Legal Division would prepare for the Board's consideration a draft of letter to the Comptroller of the Currency.

Foreign travel. Governor Shepardson stated that Mr. Young, Adviser to the Board and Director, Division of International Finance, had recommended that Robert F. Gemmill, Economist in the Division of International Finance, be authorized to travel to England, the Netherlands, France, Germany, and Switzerland for a period of approximately five weeks beginning on or about June 1, 1963. Mr. Gemmill would accompany Mr. Young to the regular meetings of the Economic Policy Committee and Working Party 3 of the Organization for Economic Cooperation and Development to be held in Paris sometime during the latter half of June. In addition, he would visit central banks, commercial banks, and investment bankers in each of the countries listed for the purpose of making a study of European capital markets, with particular reference to access of nonresidents to such markets.

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The recommendation of Mr. Young was approved unanimously.

The meeting then adjourned.

Secretary's Notes: Pursuant to the understanding at the meeting of the Board on March 1, 1963, a letter was sent to the President of each Federal Reserve Bank on March 13, 1963, regarding the designation of Charles Molony, Assistant to the Board, to prepare a history of the Federal Reserve System in connection with the observance of the 50th anniversary of the System. A copy of the letter is attached as Item No. 12.

Acting in the absence of Governor Shepardson, Governor Balderston approved on behalf of the Board on March 14, 1963, the following items:

Letter to the Federal Reserve Bank of Atlanta (attached Item No. 13) approving the designation of 16 employees as special assistant examiners.

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

Appointment

Michael A. Gomez as Economist, Division of International Finance, with basic annual salary at the rate of \$10,105, effective the date of entrance upon duty.

Salary increase

Helen Bennett, Secretary, Division of Bank Operations, from \$5,525 to \$5,885 per annum, effective March 17, 1963.

Outside activity

Thomas M. Klein, Economist, Division of International Finance, to teach a course in Money and Banking at Georgetown University during the summer session.

Acceptance of resignation

Betty Bert Schieman, Statistical Assistant, Division of Research and Statistics, effective at the close of business March 22, 1963.

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On March 14, 1963, Governor Balderston noted on behalf of the Board a memorandum advising that application for retirement under the Civil Service Retirement System had been filed by Francis R. Pawley, Economist, Division of Research and Statistics, effective at the close of business March 22, 1963.

On March 15, 1963, Governor Balderston, acting in the absence of Governor Shepardson, approved on behalf of the Board the following items:

Letter to the Federal Reserve Bank of New York (attached Item No. 14) approving the appointment of Bruce J. Calder as assistant examiner.

Letter to the Federal Reserve Bank of Chicago (attached Item No. 15) approving the appointment of Charles W. Elbers as assistant examiner.

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

Establishment of new position

Additional position of Key Punch Operator in the Division of Data Processing, for which no provision was made in the 1963 budget of the Division.

Salary increases, effective March 17, 1963

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
<u>Board Members' Offices</u>			
Athens J. Messick, Secretary to Mr. Mitchell		\$8,045	\$8,310
<u>Office of the Secretary</u>			
John J. Mattras, General Assistant		6,675	6,900
Mary L. Scott, Indexing and Reference Assistant (change in title from Records Clerk)		4,390	4,725
George L. Spencer, Jr., General Assistant		8,025	8,515

3/18/63

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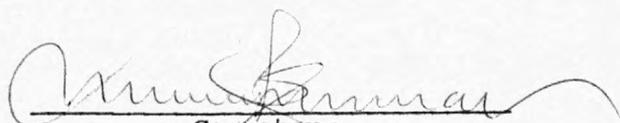
Salary increases, effective March 17, 1963 (continued)

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
<u>Research and Statistics</u>			
Phyllis J. Featherstone, Statistical Clerk		\$4,250	\$4,390
Edward R. Fry, Economist		9,475	9,790
Claudia A. Mahoney, Secretary		4,885	5,045
<u>Examinations</u>			
Patricia A. Kilroy, Secretary		5,375	5,545
Robert N. Westmoreland, Jr., Assistant Federal Reserve Examiner		6,900	7,125

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

Memoranda from the Division of Bank Operations recommending acceptance of the resignations of Patricia A. Leonard, Statistical Clerk, and Evert F. Nowak, Analyst, both effective at the close of business March 29, 1963.

Letter to the Federal Reserve Bank of Cleveland (attached Item No. 16) approving the designation of Dale A. Cashin, Dale C. Durkee, and Richard T. Goodwin as special assistant examiners.


Secretary

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

Item No. 1
3/18/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 18, 1963

Board of Directors,
Bankers Trust Company,
New York, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System extends to August 1, 1963, the time within which Bankers Trust Company may establish a branch at 2 Lafayette Street, Borough of Manhattan, New York, New York. The establishment of this branch was authorized in a letter dated August 3, 1961.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.



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

Item No. 2
3/18/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 18, 1963

Mr. Harvey L. Williams,
123 South Broad Street,
Philadelphia 9, Pennsylvania.

Dear Mr. Williams:

The Board of Governors has approved the Articles of Association and the Organization Certificate, dated February 11, 1963, of The Company for Investing Abroad, and there is enclosed a preliminary permit authorizing that Corporation to exercise such of the powers conferred by Section 25(a) of the Federal Reserve Act as are incidental and preliminary to its organization. The Corporation may not exercise any of the other powers conferred by Section 25(a) until it has received a final permit from the Board authorizing it generally to commence business. The steps which must be taken prior to issuance of a final permit are enumerated in Section 211.3(c) of the Board's Regulation K.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

Enclosure

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

March 18, 1963

Preliminary Permit

IT IS HEREBY CERTIFIED that the Board of Governors of the Federal Reserve System, pursuant to authority vested in it by Section 25(a) of the Federal Reserve Act, as amended, has this day approved the Articles of Association and Organization Certificate, dated February 11, 1963, of THE COMPANY FOR INVESTING ABROAD duly filed with said Board of Governors, and that THE COMPANY FOR INVESTING ABROAD is authorized to exercise such of the powers conferred upon it by said Section 25(a) as are incidental and preliminary to its organization pending the issuance by the Board of Governors of the Federal Reserve System of a final permit generally to commence business in accordance with the provisions of said Section 25(a) and the rules and regulations of the Board of Governors of the Federal Reserve System issued pursuant thereto.

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM

By (Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

(SEAL)



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

Item No. 3
3/18/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 18, 1963

CONFIDENTIAL (FR)

Mr. H. J. Newman, Vice President,
Federal Reserve Bank of Chicago,
Chicago 90, Illinois.

Dear Mr. Newman:

As requested in your letter of March 4, 1963, the Board of Governors approves the payment of salaries by the Federal Reserve Bank of Chicago to the incumbents of the positions shown below at the rates indicated effective April 1, 1963:

<u>Title</u>	<u>Annual Salary</u>
Head Painter	\$8,320.00
Painter	7,488.00

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 4
3/18/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 18, 1963

Board of Directors,
Trinity National Bank of Dallas,
Dallas, Texas.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Dallas, the Board of Governors, acting under the provisions of Section 19 of the Federal Reserve Act, grants permission to the Trinity National Bank of Dallas 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) Merritt Sherman

Merritt Sherman,
Secretary.

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

S-1867
Item No. 5
3/18/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 26, 1963



Dear Sir:

The "Plan for Securing Federal Reserve Notes by Pledge of Participations (Undivided Interests) in Direct Obligations of the United States in System Open Market Account" (S-683; F.R.L.S. #5827.1) contains a provision in paragraph (2) that each Reserve Bank shall "whenever practicable" leave unpledged at least 5 per cent of its participation and "take such steps as may be practicable" to restore this margin when the unpledged portion becomes less than 5 per cent.

This provision was designed to allow for ease of transactions in securities, and the Board's files indicate that the 5 per cent margin would, at the time of its adoption, have permitted net sales from the System Account of approximately \$225 million in the course of a day's operations without resort by the New York Reserve Bank to paragraph (7) of the Plan. At the present time, a margin of 2 per cent (in lieu of the 5 per cent prescribed by the Plan) would allow for approximately \$600 million in net sales of securities on any day, which would make it unlikely that a Reserve Bank's pledge of System Open Market Account securities would have to be disturbed by a day's transactions in the System Account (including any reallocation of the securities).

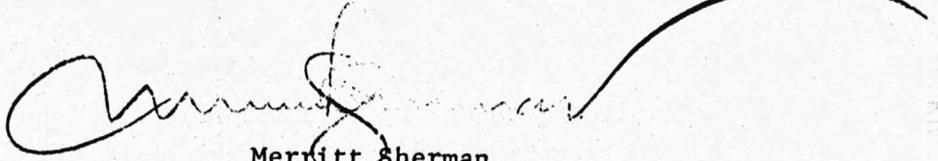
Recently, one of the Reserve Banks has had particular difficulty in conforming to the provision in paragraph (2) of the Plan and at the same time avoiding a deficiency in its reserves against deposits. In doing so, transfers from the Federal Reserve Agents' Fund to the Interdistrict Settlement Fund "as of" the preceding day, made to avoid a deficiency in reserves against deposits, have been followed later the same day by transfers in the opposite direction, in order to release Government securities pledged as collateral and restore the 5 per cent margin of unpledged participation.

The Board, the Presidents of the Reserve Banks, and the Federal Reserve Agents have approved amending the Plan for pledging participations in the System Open Market Account as collateral for Federal Reserve notes

by substitution of the figure "2" for the figure "5" where it appears in paragraph (2) of the Plan. The change is effective on the date of this letter.

This letter is being sent to the Presidents of all Federal Reserve Banks and to all Federal Reserve Agents.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Merritt Sherman", with a long, sweeping flourish extending to the right.

Merritt Sherman,
Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS AND ALL FEDERAL RESERVE AGENTS

Item No. 6
3/18/63

March 8, 1963.

TO: Board of Governors
FROM: R. C. Masters

The Board will recall that on transfer to the Comptroller of the Currency, effective September 28, 1962, of the statutory authority to grant trust powers to national banks and to regulate the exercise of such powers, the Comptroller requested that his office be furnished with all records and files "without reservation or exception" which had been developed and maintained by the Board in connection with the exercise of this function. Shortly thereafter, the Board authorized transfer to the Comptroller of (1) "national bank fiduciary files" which contained, for each active national bank to which the Board had granted trust authority, the application, correspondence and related material and (2) subsidiary card records, pertaining to the exercise of trust powers by national banks, which had been maintained by the Division of Examinations. When these files and records were transferred, the Comptroller was advised in a letter dated October 22:

"The Board's general files related to the exercise of trust powers, and the trust power subject files maintained in the Board's Legal Division, contain a considerable body of material related solely to the fiduciary activities of State member banks. A review of these files is now under way to separate this material from that concerned with the exercise of trust powers by national banks. Also, a considerable portion of the material which these files contain has a significant bearing on fiduciary activities of State member banks even though it arose in connection with the Board's administration of the national bank trust power regulation. Consequently, arrangements are under way for copying such material as will have usefulness to the Board in connection with its continuing State member bank supervisory responsibilities."

The Board's general (subject) files, captioned Trust Powers of National Bank, comprise 16 running feet of material which is contained in eight file drawers. As the Board requested, a careful review and reclassification of all this material has been completed, with the following findings -

To: Board of Governors

- 2 -

Approximate
footage
file content

- (1) Material which pertains solely to trust activities of member State banks, or to trust business in general not related directly to exercise of Section 11(k) authority.

1

Recommended Disposition:

Retain in Board's general files.

- (2) Material arising directly from Board's exercise of its Section 11(k) authority but with subject matter of such general interest and broad applicability in the trust field that retention by Board highly desirable.

1-1/2

Recommended Disposition:

Transfer to Comptroller after copies made for retention in Board's general files.

- (3) Material pertaining solely to exercise of trust powers by national banks.

13-1/2

Recommended Disposition:

Transfer to Comptroller without preparation and retention of copies by Board.

If the Board agrees that the portion of the general files which arose in connection with administration of the former Section 11(k) authority should be properly lodged with the Office of the Comptroller of the Currency, a remaining question is whether the entire file should be transferred to the Comptroller under the assurance¹ of future access by the Board, or whether that portion which the staff has determined to be of continuing value and use to the Board should first be copied for permanent retention in the Board's files. The latter course is recommended.

¹ The Board has a letter dated October 26, 1962, in which the Comptroller states his office "will make available all files so transferred to us to the Board and its staff in the future should such access become necessary in carrying out the Board's functions in respect to member banks."

To: Board of Governors

- 3 -

It is estimated that each running inch of file space represents approximately 200 pieces; therefore, to preserve the file material recommended for retention it would be necessary to copy approximately 3,600 pieces at a per item cost of 5-1/2 cents if the photostat process (preferred) is used; total cost about \$200.

In the Comptroller's original request for the Board's files and records, reference was made to the subject files maintained in the Board's Legal Division. It is understood that at this writing the review of such files has not yet been completed.

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

Item No. 7
3/18/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 18, 1963.



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

Dear Mr. Comptroller:

As requested in your letter of February 12, 1962, 1/
there is enclosed the Board's report, under section 18(c)
of the Federal Deposit Insurance Act, on the competitive
factors involved in the proposed purchase of assets and assump-
tion of liabilities of The First National Bank of Farmingdale,
Farmingdale, New York, by First National Bank of Farmingdale,
Farmingdale, New York.

This report, of course, does not express any opinion
on the question whether the proposed acquisition of stock of
First National Bank of Farmingdale by BT New York Corporation,
a subsidiary of Bankers Trust Company, New York City, might
violate the 20th paragraph of section 9 of the Federal Reserve
Act and Section 5136 of the Revised Statutes. As indicated in
Chairman Martin's letter of March 6, 1963, to you, the Board's
conclusion on this question will be communicated to you as soon
as it has finished its study of the matter, in view of the pos-
sible relationship to the pending application by the First
National Bank of Farmingdale, which was the subject of your letter
of February 12.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

Enclosure

1/ Should have read February 12, 1963.

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

Item No. 8
3/18/63



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 18, 1963

Mr. Malcolm Bryan, President,
Federal Reserve Bank of Atlanta,
Atlanta 3, Georgia.

Dear Mr. Bryan:

This refers to Mr. Raisty's letter of February 18 containing a proposal by your Bank to ship \$12 million in \$50 fit Federal Reserve notes of other Reserve Banks from the Jacksonville Branch to the Federal Reserve Bank of New York by Brink's Air Courier Service, and on the return trip move some new notes from Washington to Atlanta.

As you know, the System has under consideration a proposal to transport Federal Reserve notes from Washington by armored car or by a combination of air express and armored car. While this proposal remains under consideration, the Board is of the opinion that it would be inadvisable to make any exception to the established procedures whereby all notes are shipped from Washington by registered mail. Only a nominal saving would be realized through use of air courier service in place of registered mail for shipping fit notes from Jacksonville to New York, without an accompanying movement of new notes from Washington to Atlanta.

For these reasons the Board disapproves your Bank's proposal. While there is no objection to the shipment of fit notes from Jacksonville to the Federal Reserve Bank of New York, the Board requests that the facilities of the Post Office Department be used for any such shipments instead of air courier service or armored car service. In this connection, the Board understands informally from representatives of the Post Office Department that there would be no objection to 3 shipments of \$4 million each, rather than 12 shipments of \$1 million each as specified in your Bank's proposal. On this basis, the saving through use of air courier service instead of registered mail would be about \$325 instead of \$800.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 9
3/18/63

OFFICE OF THE CHAIRMAN
March 19, 1963

The Honorable Dante B. Fascell, Chairman,
Legal and Monetary Affairs Subcommittee of the
Committee on Government Operations,
House of Representatives,
Washington 25, D. C.

Dear Mr. Chairman:

This is in response to your letter of March 5, 1963, concerning the Board's replies dated April 14, 1961, December 22, 1960, and August 18, 1960, to questions that had been asked by Congressman Hardy, then Chairman of the Foreign Operations and Monetary Affairs Subcommittee of the Committee on Government Operations, with regard to float, one central issue of Federal Reserve notes, and local destruction of Federal Reserve notes. Your letter noted that the lapse of time or other factors may have altered the views expressed in the Board's earlier replies on these subjects and asked for our present thinking.

At the time of its earlier replies, the Board indicated feelings that (1) the disadvantages of changing deferment schedules from a two-day to a three-day maximum to reduce float then outweighed the advantages, but that the Board would continue to follow the question closely; (2) any change in the present form of Federal Reserve notes would be undesirable unless it were a part of a general program for simplifying the currency structure of the United States; and (3) possible savings of about \$63,000 a year by destroying Federal Reserve notes at the Federal Reserve Banks were outweighed in importance by the risks inherent in such handling of higher denomination currency.

Since these views were sent to Chairman Hardy, there have been a number of developments that have a bearing on the three subjects, such as the proposal in current silver legislation for the issuance of \$1 denomination Federal Reserve notes. Because of the complexity of the matters, it will be necessary to study the recent developments fully before reaching definite conclusions as to their significance, but I hope that we will be able to give you our further views by the first of July.

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.

Item No. 10
3/18/63

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

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 19, 1963.



Mr. Watrous H. Irons, Chairman,
Conference of Presidents,
Federal Reserve Bank of Dallas,
Dallas 2, Texas.

Dear Mr. Irons:

Enclosed is a copy of a letter dated March 5, 1963, from Congressman Fascell, Chairman, Legal and Monetary Affairs Subcommittee of the House Committee on Government Operations, requesting the Board's current thinking with regard to questions previously asked concerning float, one central issue of Federal Reserve notes, and local destruction of Federal Reserve notes. Also enclosed is a copy of the Board's reply dated March 19, 1963, to Congressman Fascell.

Among the developments that lead the Board to believe that a comprehensive review of all three of these questions would be desirable at this time are the following:

- (1) Daily average float has continued to increase, for example, from \$991 million for the System as a whole during 1958 to \$1,603 million during 1962.
- (2) Experience with electronic check processing may now be sufficient to permit more informed judgments concerning the effect high-speed processing might have on check collection schedules and, conversely, the effect a change in the deferment schedules might have on high-speed processing.
- (3) Substitution of Federal Reserve notes for \$1 silver certificates, as proposed in H. R. 4413, will substantially change the currency handling procedures, particularly the sorting requirements, at the Reserve Banks; and will also necessitate a review of the procedures for destroying unfit Treasury currency and the establishment of procedures for destroying unfit \$1 Federal Reserve notes.

Mr. Watrous H. Irons

-2-

Accordingly, the Board requests that the three questions mentioned by Congressman Fascell be placed on the agenda for discussion at the meeting of the Conference of Presidents to be held in June.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

Enclosures.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

OFFICE OF THE CHAIRMAN

March 19, 1963.

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

Dear Jim:

With the thought that they may be of interest to you, I am sending over copies of two memoranda prepared by members of the Board's staff regarding the proposals you made to amend your Regulation 9 relating to fiduciary powers of national banks and collective investment funds. These include a memorandum prepared jointly by the Board's Division of Examinations and Legal Division commenting in some detail on a number of points in your proposed regulation, and a separate memorandum prepared by a member of the Board's Legal Division regarding the use of common trust funds as investment media.

The Board has taken no position with respect to the proposals you have made or the comments of the staff as reflected in the enclosed memoranda. It seemed to me, however, that you might be interested in these staff comments, and solely with that thought in mind they are being sent along to you.

Sincerely yours,

Bill

Wm. McC. Martin, Jr.

Enclosures



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

933

Item No. 12
3/18/63

OFFICE OF THE CHAIRMAN

March 13, 1963.

(Letter to the Presidents of all Federal Reserve Banks)

In considering ways in which to observe the Fiftieth Anniversary of the Federal Reserve System, the Board was interested in reviewing the discussions that had taken place in the Conference of Presidents, as reported in a letter of January 30 from Mr. Shuford, Chairman of the Committee on Bank and Public Relations. The memorandum of topics considered by the Presidents at their meeting on March 4 noted that Mr. Shuford reported to the Conference the designation by the Board of Mr. Charles Molony, Assistant to the Board, to prepare a history of the Federal Reserve System with a view to its publication during 1964.

Mr. Molony, who is an Associate of the Subcommittee on Bank and Public Relations of the Presidents' Conference, is being made available on a full-time basis beginning March 15 to work on the proposed history. It will be appreciated if you or members of your staff will furnish him with any suggestions, leads, or materials of a pertinent nature that might be of possible assistance in assembling data for this project.

The Board's records contain extensive data regarding the organization of the System and early meetings of System officials. The Reserve Banks no doubt also have items of significance in the development of the System generally, as distinguished from those of a more or less local nature. It is materials of this sort for which Mr. Molony would be grateful, if they can be identified for his possible use.

As a specific example of illustrative materials, it would be appreciated if you would have a descriptive list furnished of early photographs that your Bank may have of persons then connected with the System or of building quarters and the like. It is not desired that copies of such photographs be sent in unless Mr. Molony later requests that that be done.

While this letter is directed particularly toward helping to assemble information as to historical items, it should be understood that any relevant materials or suggestions as to the manner in which current or past developments might be used in this work would also be gratefully received.

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.

Item No. 13
3/18/63

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

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 15, 1963

AIR MAIL

Mr. J. E. Denmark, Vice President,
Federal Reserve Bank of Atlanta,
Atlanta 1, Georgia.

Dear Mr. Denmark:

In accordance with the request contained in Mr. Sheffer's letter of March 7, 1963, the Board approves the designation of the following employees as special assistant examiners for the Federal Reserve Bank of Atlanta for the purpose of participating in examinations of State member banks:

Newton A. Brown 1/
Joseph R. Hassan
Harry Hendrix
Arthur Moyland 1/
Robert O'Neal
Ronald J. Robinson
Addison A. Sawyer
Lloyd Walker

Richard Berry
B. W. Thomas
D. D. Wagor
Raymond Aucoin
Edward G. Brockhoeft
Charles J. Buckley
William W. Dykes
Roy J. Thibodaux

Appropriate notations have been made on our records of the names to be deleted from the list of special assistant examiners.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

1/ The Reserve Bank advised subsequently that the correct names were Newton M. Brown and Arthur Moylan.



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

935

Item No. 14
3/18/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 18, 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 your letter of March 8, 1963, the Board approves the appointment of Bruce J. Calder as an assistant examiner for the Federal Reserve Bank of New York. Please advise the effective date of the appointment.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

Item No. 15
3/18/63

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

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 18, 1963

AIR MAILCONFIDENTIAL - FR

Mr. Leland Ross, Vice President,
Federal Reserve Bank of Chicago,
Chicago 90, Illinois.

Dear Mr. Ross:

In accordance with the request contained in your letter of March 6, 1963, the Board approves the appointment of Charles W. Elbers as an assistant examiner for the Federal Reserve Bank of Chicago. Please advise the effective date of the appointment.

It is noted that Mr. Elbers is indebted to Frankenmuth State Bank, Frankenmuth, Michigan, a nonmember bank. Accordingly, the Board's approval of Mr. Elber's appointment is given with the understanding that he will not participate in any examination of that bank until his indebtedness has been liquidated.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.



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

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 19, 1963



AIR MAIL

Mr. Paul C. Stetzelberger, Vice President,
Federal Reserve Bank of Cleveland,
Cleveland 1, Ohio.

Dear Mr. Stetzelberger:

In accordance with the request contained in your letter of March 7, 1963, the Board approves the designation of Dale A. Cashin and Richard T. Goodwin as special assistant examiners for the Federal Reserve Bank of Cleveland for the purpose of participating in examinations of State member banks.

The Board also approves the designation of Dale C. Durkee as a special assistant examiner for your Bank for the purpose of participating in examinations of State member banks except The Elyria Savings & Trust Company, Elyria, Ohio.

The name of Robert Baughman is being removed from the list of special assistant examiners, as requested.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.