R 609
Rev. 9/61

Minutes for August 13, 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 _____ WM

Gov. Mills _____

Gov. Robertson _____ R

Gov. Balderston _____ CCB

Gov. Shepardson _____ COS

Gov. King _____ ✓

Gov. Mitchell _____ GM

Minutes of the Board of Governors of the Federal Reserve System on Tuesday, August 13, 1963. The Board met in the Board Room at 10:00 a.m.

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

Mr. Kenyon, Assistant Secretary
Mr. Fauver, Assistant to the Board
Mr. Hackley, General Counsel
Mr. Farrell, Director, Division of Bank Operations
Mr. O'Connell, Assistant General Counsel
Mr. Daniels, Assistant Director, Division of Bank Operations
Mr. Leavitt, Assistant Director, Division of Examinations
Mr. Sprecher, Assistant Director, Division of Personnel Administration
Mr. Mattras, General Assistant, Office of the Secretary

Discount rates. The establishment without change by the Federal Reserve Bank of Atlanta on August 12, 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.

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

	Item No.
Letter to the Federal Reserve Bank of New York interposing no objection to arrangements whereby Miss Janet Bogardus, Chief Librarian, would serve as a consultant to the Organization for Economic Cooperation and Development, Paris, France.	1

Item No.

Letter to The Detroit Bank and Trust Company, Detroit, Michigan, approving the establishment of a branch at 46 State Street, concurrently with the relocation of its main office to 201-211 West Fort Street.	2
Letter to the Federal Reserve Bank of Chicago approving an upward adjustment in the employees' salary structure applicable to the Detroit Branch.	3

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

Report on competitive factors (Norfolk-Abingdon, Virginia). There had been distributed a draft of report to the Comptroller of the Currency on the competitive factors involved in the proposed merger of Farmers Exchange Bank, Abingdon, Virginia, into Virginia National Bank, Norfolk, Virginia.

There was a general discussion on the banking structure in the State of Virginia, particularly the trend toward State-wide branch and holding company systems, and the relationship of those developments to the report on competitive factors in the present case. It was noted that, although the order and statement had not yet been released, the Board had recently approved an application by Virginia Commonwealth Corporation to acquire a bank in Bristol. Thus, through this and other actions, the Board had permitted the formation and expansion of bank holding company systems in the State, which raised the question whether the Board could consistently report adversely in competitive factor reports where similar expansion was being sought by national banks through the merger route. Governors Mills and Mitchell suggested calling attention to the trend toward State-wide expansion on the part of a few large banking institutions, thus indicating the Board's awareness of the trend, but without necessarily presenting this factual statement in terms of an adverse conclusion.

The report was then approved unanimously for transmission to the Comptroller with the understanding that the conclusion would be revised to read as follows:

> The nearest offices of Virginia National Bank and Farmers Exchange Bank are 226 miles apart and are not directly competitive.
>
> This would continue the trend of a few large banking organizations in Virginia to expand their operations to all areas of the State.

Check float and Federal Reserve notes (Item No. 4). There had been distributed copies of a letter received from the Secretary of the Treasury under date of August 8, 1963, regarding replies to be made by the Board to two questions propounded by the Legal and Monetary Affairs Subcommittee of the House Government Operations Committee.

On July 10, 1963, the Board had tentatively approved replies to three questions from the Subcommittee that related to check float, one central issue of Federal Reserve notes, and local destruction of Federal Reserve notes. It had been agreed at that meeting that before the replies were transmitted to the Subcommittee all Federal Reserve Bank

Presidents would be given an opportunity to comment regarding the replies. It had also been agreed that the Treasury Department would be given an opportunity to review the replies to the questions relating to the issuance and destruction of notes.

The questions previously had been discussed at a joint meeting of the Board and the Conference of Presidents on June 18, 1963, at which time a majority of the Presidents favored limiting local destruction of notes to the $1 denomination until experience was gained. At the meeting of July 10, however, the Board took the position that steps toward local destruction of $1, $5, and $10 Federal Reserve notes would be warranted.

The comments of the Secretary of the Treasury on the replies to the two questions referred to the Department were favorable but some minor changes in phraseology were suggested in the reply to the question on local destruction.

Certain other changes in wording were suggested at this meeting by the Division of Bank Operations.

Governor Mills raised a question regarding the advisability of eliminating from the reply, as the Treasury had suggested, mention of the possibility of misappropriation of unfit notes under a local destruction procedure. Even though the danger might be minimal, he felt that perhaps some recognition should be given to the possibility.

Mr. Farrell stated that effective procedures had been developed to minimize the possibility of collusive practices in the destruction of Treasury currency and that a continuous review was being made to determine if present procedures could be further improved. He then outlined techniques presently employed in destroying such currency.

Governor Mitchell suggested eliminating an expression in the proposed reply to the effect that experience should be gained before undertaking local destruction of higher-denomination notes. In his opinion, System procedures, including auditing techniques, developed in the destruction of Treasury currency at the Reserve Banks were sufficiently proven to warrant omitting any indication of lack of confidence about moving toward local destruction of Federal Reserve notes of all denominations.

Governor Shepardson indicated that he was inclined to agree with Governor Mitchell. At his request, Mr. Farrell discussed the advantages, in terms of security, that had been claimed for the procedure of sending notes to Washington for destruction. Mr. Farrell understood that few of the Reserve Bank auditors would argue strongly against local destruction. He felt there was little doubt but that at present the safeguards used in the destruction of Treasury currency were adequate. However, they might be tightened even further in dealing with higher-denomination notes.

Governor Mitchell then suggested that the Board's reply on this point be phrased along the lines that for a number of years the Federal Reserve Banks had been destroying Treasury currency of $1, $5, and $10 denominations and that the Board saw no reason for not moving gradually toward local destruction of Federal Reserve notes of higher denominations.

After further discussion, a consensus developed that, as Governor Mitchell had suggested, local destruction of Federal Reserve notes might well gradually be extended to include notes of all denominations, and that the Board's reply to the Subcommittee should be phrased so as to express such a view.

There followed further discussion of the question raised originally by Governor Mills, who stated that he had no strong feeling on that point. However, he sensed that the Board, for its own protection, should include some reference to the fact that there were risks involved, even though they might be minimal.

A suggestion was made as to how this point might be accommodated, and agreement was reached on it.

The Board then approved unanimously the transmittal of the three replies to Chairman Fascell with the understanding that the reply on local destruction of Federal Reserve notes would be revised to reflect the changes agreed upon at the meeting. Copies of the letter and enclosures, as transmitted to Chairman Fascell, are attached to these minutes under Item No. 4.

Pending litigation on merger and holding company cases. At the Board's request, Mr. O'Connell reported on the current status of pending litigation with respect to certain bank holding company and bank merger cases.

Dinner for Working Party 3. Governor Shepardson noted that a meeting of Working Party 3 of the Economic Policy Committee of the Organization for Economic Cooperation and Development would be held in Washington in September prior to the annual meetings of the International Monetary Fund and the International Bank for Reconstruction and Development. He recalled that the Board had held a dinner at the Federal Reserve Building for the group in 1962, and he proposed that a similar courtesy be extended this year. The dinner would be held on September 27, 1963, and the arrangements would be similar to those in connection with the dinner given on September 14, 1962.

The Board approved the suggestion made by Governor Shepardson.

The meeting then adjourned.

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

Letter to the Federal Reserve Bank of Richmond (attached Item No. 5) approving the designation of William E. Pascoe, III, as special assistant examiner.

Letter to the Federal Reserve Bank of Chicago (attached Item No. 6) approving the appointment of John E. Schmitt and John E. Ryan as examiners.

Letter to the Administrator of General Services Administration advising that M. H. Schwartz, Director, Division of Data Processing, had been designated as the Board's liaison in the field of electronic data processing.

Memorandum from the Division of Research and Statistics recommending that Jo Ann C. Corrado be transferred from the position of Clerk-Stenographer in the Division of Personnel Administration to the position of Clerk-Stenographer in the Division of Research and Statistics, with no change in basic annual salary at the rate of $4,110, effective August 18, 1963.

Governor Shepardson today noted on behalf of the Board a memorandum advising that application for retirement had been filed by Frank W. Constable, Foreman-Operator, Division of Administrative Services, effective September 1, 1963.

Kenneth A. Kenyon
Assistant Secretary

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

2708

Item No. 1
8/13/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 13, 1963

Mr. Thomas M. Timlen, Jr.,
Secretary,
Federal Reserve Bank of New York,
New York 45, New York.

Dear Mr. Timlen:

Receipt is acknowledged of your letter dated August 2, 1963, in which you indicated that the directors of your Bank had approved a request from the Organisation for Economic Co-operation and Development that Miss Janet Bogardus, Chief Librarian, serve as a consultant in Paris, France, and that they had granted Miss Bogardus a leave of absence without pay for two months beginning on or about September 12, 1963. The Board of Governors has no objection to this proposal.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

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

Item No. 2
8/13/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 13, 1963

Board of Directors,
The Detroit Bank and Trust Company,
Detroit, Michigan.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch by The Detroit Bank and Trust Company, Detroit, Michigan, at 46 State Street, Detroit, Michigan, concurrently with the relocation of its main office facilities at*201-211 West Fort Street, provided the branch is established within six months from the date of this letter.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

* Should be "to" - head office presently at 46 State Street

(The letter to the Reserve Bank stated that the Board also had approved a six-month extension of the period allowed to establish the branch; and that if an extension should be requested, the procedure prescribed in the Board's letter of November 9, 1962 (S-1846), should be followed.)

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

Item No. 3
8/13/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 13, 1963

CONFIDENTIAL (FR)

Mr. Harold J. Newman,
Vice President,
Federal Reserve Bank of Chicago,
Chicago, Illinois. 60690

Dear Mr. Newman:

Reference is made to your letter of August 1, 1963, requesting the Board's approval of an upward adjustment in the employees' salary structure applicable to the Detroit Branch. The Board of Governors approves the following minimum and maximum salaries for the respective grades for the Detroit Branch of the Federal Reserve Bank of Chicago to be effective immediately.

Grade	Minimum	Maximum
1	$ 2,800	$ 3,750
2	3,100	4,150
3	3,300	4,450
4	3,650	4,900
5	4,100	5,500
6	4,500	6,050
7	4,950	6,650
8	5,450	7,350
9	5,950	8,050
10	6,450	8,700
11	7,050	9,500
12	7,650	10,300
13	8,350	11,250
14	9,100	12,300
15	10,050	13,550
16	11,050	14,900

The Board approves the payment of salaries to the employees within the limits specified for the grades in which the positions of the respective employees are classified.

In accordance with the request in your letter, it is also understood that all employees whose salaries are below the minimums of their grades will be brought within the appropriate ranges within six months of the effective date of this new structure.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

2712

Item No. 4
8/13/63

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

OFFICE OF THE VICE CHAIRMAN

August 15, 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 refers to your letter of March 5, 1963, asking for our present thinking with regard to questions that had been discussed two or three years ago concerning float, one central issue of Federal Reserve notes, and local destruction of Federal Reserve notes.

In the light of the studies mentioned in our letter of March 19, 1963, the Board believes that--

(1) It would not be appropriate at this time to reduce float by raising the maximum deferment time for check credits from two to three days.

(2) Economies inherent in a single issue of Federal Reserve notes can be realized through a plan, now under consideration, which would permit elimination of the requirement to sort unfit notes by the Bank of issue.

(3) There are no reasons for not moving toward local destruction of Federal Reserve notes.

Enclosed are three statements discussing more fully the Board's views with regard to these matters.

Sincerely yours,

(Signed) C. Canby Balderston

C. Canby Balderston,
Vice Chairman.

Enclosures.

1. Whether it would not be of economic advantage to the Treasury, without substantial detriment to the banking community, to reduce the "float" by raising the maximum deferment time for check credits so that it more nearly coincides with the time required to complete the mechanical steps involved.

A recent survey of check float indicated that, on a daily average basis:

(1) Time schedule float on interdistrict country items amounted to about $742 million during the last quarter of 1962 as compared with $624 million during the last quarter of 1959, an increase of $118 million or approximately 19 per cent. Previous studies indicated that one day of time schedule float is assumed for substantially all country items forwarded to other Federal Reserve offices because of inability to collect such items in accordance with the present availability schedules.

(2) Holdover float amounted to $488 million during April 1963 as compared with $93 million during April 1958, an increase of $395 million or approximately 420 per cent. Holdover float arises whenever a Federal Reserve office passes credit for checks received prior to its closing hour in accordance with its time schedule, but does not clear or dispatch such checks on the day of receipt.

The percentage increase in the time schedule float corresponds closely with the percentage increase in the volume of country checks handled by the Federal Reserve Banks during the same period of time. Unless a change is made to increase the maximum deferment schedules of the Federal Reserve Banks from two to three days, it appears highly likely that time schedule float will continue to rise because (a) the float arising from interdistrict country items is closely related to the volume and average value of such items which continue to rise year after year, and (b) there is no reason to expect that in the foreseeable future interdistrict country items can be collected in less than three days.

In the light of present circumstances the Board is of the opinion that the present two-day deferment for interdistrict country items is not realistic. The Board feels, however, that the timing of a change is of paramount importance and that, for reasons subsequently discussed, the change should not be made at this time.

One of the factors counseling delay in changing the time schedules of the Reserve Banks is the sharp increase in and present magnitude of holdover float. Studies show that this type of float is significantly influenced by problems incident to the transition to high-speed electronic procedures for handling checks. There are strong indications, however, that this type of float can be and will be reduced as more and more commercial banks put themselves in a position to deposit with the Reserve Banks checks that are fully coded for high-speed handling. The Federal Reserve Banks are now directing their efforts to accomplish this objective and progress is being made despite the fact that the program may result initially in additional costs to at least some commercial banks.

Under present circumstances, a change in the time schedules of the Federal Reserve Banks (from a maximum of two days to a maximum of three days) would require an additional sort and additional expense on the part of many member banks. After the Federal Reserve Banks achieve substantial conversion to high-speed procedures, however, it should be possible to avoid requiring such an additional sort and perhaps even to reduce the number of sorts that member banks are now called upon to make. In summary, it appears on the one hand that a change now in the time schedules of the Federal Reserve Banks would impede the progress that is being made in conversion to high-speed handling of checks and would also hinder the prospects of reducing holdover float, while on the other hand such a change could possibly be made in the future without these attendant ill effects.

The other major factor underlying the Board's belief that a change in the time schedules would not be appropriate at this time is the effect that such a change might have on credit and money market conditions. In the Board's opinion it would be unwise now to risk disturbing the availability of reserves and credit to the extent that would be involved by the elimination of time schedule float.

August 13, 1963

2. Whether it would not be of economic advantage to the Treasury and the Federal Reserve System to reduce the varieties of United States currency, in particular through replacing the twelve issues of Federal Reserve notes with one central issue.

Any economic advantage in replacing the 12 separate issues of Federal Reserve notes with one central issue would result from the manner in which the notes were retired, rather than from the manner in which they were printed. The symbols distinguishing the 12 separate issues are placed on the notes through an "overprinting" process which would be necessary in any event because it includes the serial numbers and signatures. In the redemption process, however, the unfit notes are now sorted separately by the Bank of issue at a present annual cost of about $360,000. This sort would be eliminated if there were a single issue.

The present sorting procedure goes back to one of the early provisions of the Federal Reserve Act which stated: "Whenever Federal reserve notes issued through one Federal reserve bank shall be received by another Federal reserve bank, they shall be promptly returned for credit or redemption to the Federal reserve bank through which they were originally issued, or upon direction of such Federal reserve bank, they shall be forwarded direct to the Treasurer of the United States to be retired." The practical effect of this provision was to require that both fit and unfit Federal Reserve notes be sorted by Bank of issue.

The sorting and return to the Bank of issue of all of the millions of fit notes received from member banks was a very costly procedure, and, at the Board's request, the above-quoted provision was eliminated from the Act by Congress in 1954. The sort of fit notes was discontinued at that time, but the sort of the unfit notes has been maintained so that each of the Reserve Banks may reduce its liability for Federal Reserve notes outstanding in the light of its unfit notes that have been presented for redemption.

While a single issue of Federal Reserve notes would eliminate the sorting by Bank of issue, there would still be needed some means of distributing among the several Reserve Banks the liability for Federal Reserve notes issued and the credit for redemption of such notes. As was noted in the Board's 1960 reply to this question, most of the savings resulting from a single issue of Federal Reserve notes could be achieved by allocating credit for redemptions of unfit notes on the basis of a formula, instead of making a complete sort of such notes by Bank of issue.

The Board's 1960 reply to this question also noted that there was some hope for the development of electronic sorting equipment that would be able to handle the Bank of issue sort, along with other requirements, at a substantial savings in cost. However, a study recently completed indicates that the economic feasibility of adapting high-speed electronic equipment to the currency sorting and counting work of the Reserve Banks is, at best, highly doubtful in the foreseeable future. This conclusion adds to the significance of the savings that might result from the discontinuance of the present sorting arrangements.

Another development having a bearing on this question is the recently enacted Silver Legislation (Public Law 88-36) under which $1 silver certificates will be replaced with $1 Federal Reserve notes. It is expected that this substitution will begin within a year or two, and estimates indicate that, on the basis of 1962 volume and expenses, about $325,000 per year would be added to the cost of handling currency at the Reserve Banks if unfit $1 Federal Reserve notes had to be sorted by Bank of issue when returned for redemption.

In the light of these various factors, consideration is now being given to a plan under which the $1 Federal Reserve notes would bear the distinctive symbols of the 12 Federal Reserve Banks; each Reserve Bank would issue its own notes and set up its liability therefor at the time of issuance; and credit for redemptions would be allocated among the 12 Federal Reserve Banks on a formula basis, thus avoiding the additional cost of sorting unfit notes by Bank of issue. Studies are now underway to test the various formulas that might be used for this purpose.

The question of extending the formula procedure to cover the allocation of redemptions of currently existing denominations of Federal Reserve notes, $5 and up, will be reviewed in the light of these studies.

August 13, 1963

3. Whether it would not be of economic advantage to the Treasury and the System to provide for the local destruction of Federal Reserve notes, as is now the practice with U. S. Notes and Silver Certificates.

During 1962 slightly more than half a billion unfit Federal Reserve notes (in denominations ranging upward from $5) were redeemed by the Reserve Banks. Pursuant to paragraph (3) of section 16 of the Federal Reserve Act, these notes were forwarded to the Comptroller of the Currency in Washington for destruction. The cost of destroying them was about $900,000, including about $140,000 in shipping charges. A recent study indicates that if these notes had been destroyed at the Reserve Banks there would have been a savings in cost ranging from about $220,000 to about $735,000, depending upon whether they were sorted by Bank of issue, whether they were cut longitudinally as is the present practice, and what additional security procedures were instituted at the Reserve Banks in view of the loss of the protection afforded by the present arrangements.

Last year the Reserve Banks also redeemed slightly more than one billion pieces of unfit Treasury currency, the vast majority of which were $1 bills. This currency was destroyed by the Reserve Banks, acting as fiscal agents for the Treasury, at a cost of about $285,000. If the $1 silver certificates had been in the form of Federal Reserve notes (as now provided by Public Law 88-36) and had been shipped to Washington for destruction, the recent study shows that there would have been an <u>increase</u> in annual cost ranging from about $175,000 to about $700,000, depending upon whether the unfit notes were sorted by Bank of issue, whether they were handled in whole-note form as is present practice with respect to $1 bills, or whether they were cut longitudinally as is the practice with respect to Federal Reserve notes.

The following table shows the estimated cost effect of the various alternatives mentioned in the preceding paragraphs.

Estimated Annual Cost Effect
of Alternative Procedures for
Destroying Federal Reserve Notes

	Sorted by Bank of Issue	Not Sorted by Bank of Issue
$5's and up		
Destroyed locally		
In half-note form	$- 220,000	$- 585,000
In whole-note form	- 370,000	- 735,000
$1 bills		
Destroyed in Washington		
In half-note form	+ 700,000	+ 380,000
In whole-note form	+ 500,000	+ 175,000
Destroyed locally		
In half-note form	+ 590,000	+ 265,000
In whole-note form	+ 325,000	*

* This is the present procedure with respect to $1 silver certificates and there would be no change in cost if $1 Federal Reserve notes were handled the same way.

There is general agreement that it would be undesirable to have unfit $1 Federal Reserve notes shipped to Washington for destruction. Because of the large volume and relatively low value of these notes, there would be no justification for incurring the additional expense that would be involved. It is understood that the Treasury is considering proposals for legislation to amend paragraph (3) of section 16 of the Federal Reserve Act to remove the requirement that Federal Reserve notes unfit for circulation shall be returned to the Comptroller of the Currency for destruction, and to substitute therefor a provision authorizing the Secretary of the Treasury to prescribe the regulations and procedures under which such currency would be destroyed.

For a number of years the Reserve Banks have been destroying all current issues of Treasury currency--i.e., silver certificates and United States notes. In performing this work for the Treasury, they have successfully developed safeguards against the danger, inherent in any currency destruction operation, that cancelled notes will be misappropriated and reintroduced into circulation. In the light of the satisfactory experience the Banks have had in destroying Treasury currency, the Board sees no reason for not moving gradually toward destruction of larger denominations of Federal Reserve notes.

The change to local destruction of Federal Reserve notes will require some time to make the necessary adjustments. Procedures will have to be worked out that are mutually satisfactory to the Treasury and to the Reserve Banks and their auditors. Some Federal Reserve offices are now destroying a large volume of Food Stamps for the Department of Agriculture and others may be called upon to do so. In certain cases this activity has resulted in the Reserve Bank incinerators being used to full capacity, and it is therefore probable that additional incinerators would be needed to destroy the $5 and $10 Federal Reserve notes.

August 13, 1963

Item No. 5
8/13/63

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

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 13, 1963

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

Dear Mr. Nosker:

In accordance with the request contained in your letter of August 5, 1963, the Board approves the designation of William E. Pascoe, III, as a special assistant examiner for the Federal Reserve Bank of Richmond for the purpose of participating in examinations of State member banks except The Bank of Virginia, Richmond, Virginia.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

Item No. 6
8/13/63

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

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 13, 1963

CONFIDENTIAL (FR)

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

Dear Mr. Ross:

In accordance with the requests contained in your letters of August 7, 1963, the Board approves the appointment of John E. Schmitt and John E. Ryan, at present assistant examiners, as examiners for the Federal Reserve Bank of Chicago, effective September 9, 1963.

It is noted that Mr. Ryan is indebted to Peoples Bank of Pana, Pana, Illinois and to Beverly Bank, Chicago, Illinois, nonmember banks. It is understood, of course, that Mr. Ryan will not participate in any examination of either bank so long as his indebtedness to the institution remains unliquidated.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.