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Minutes for December 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. Mitchell _____

Gov. Daane _____

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

PRESENT: Mr. Martin, Chairman
Mr. Mills
Mr. Robertson
Mr. Shepardson
Mr. Mitchell
Mr. Daane

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Molony, Assistant to the Board
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. Shay, Assistant General Counsel
Mr. Hooff, Assistant General Counsel
Mr. Dembitz, Associate Adviser, Division of Research and Statistics
Mr. Daniels, Assistant Director, Division of Bank Operations
Mr. Kiley, Assistant Director, Division of Bank Operations
Mr. Leavitt, Assistant Director, Division of Examinations
Mrs. Semia, Technical Assistant, Office of the Secretary
Mr. Achor, Review Examiner, Division of Examinations
Mr. Poundstone, Review Examiner, Division of Examinations

Circulated or distributed 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 Farmers and Merchants Trust Company of Chambersburg, Chambersburg, Pennsylvania, approving the establishment of a branch in Guilford Township.	1
Letter to Nevada Bank of Commerce, Reno, Nevada, approving the establishment of a branch in Las Vegas.	2
Letter to Wilmington Trust Company, Wilmington, Delaware, approving (1) the establishment of a temporary limited-service branch at 436 Loockerman Street, Dover, and (2) an investment in bank premises.	3
Letter to Industrial State Bank of Kalamazoo, Kalamazoo, Michigan, approving the establishment of a branch in Cooper Township.	4
Letter to International Banking Corporation, New York, New York, granting consent to purchase and hold additional capital stock of The First National City Bank of New York (South Africa) Limited, Johannesburg, Republic of South Africa.	5
Letter to First State Bank and Trust Company, Bryan, Texas, approving an investment in bank premises subject to two conditions with respect to capital funds.	6
Letter to the Federal Deposit Insurance Corporation regarding the application of First State Bank, Belmond, Iowa, for continuation of deposit insurance after withdrawal from membership in the Federal Reserve System.	7
Letter to Valley Bank of Nevada, Reno, Nevada, approving its application for membership in the Federal Reserve System, effective if and when the bank opens for business under appropriate State authorization.	8
Letter to the Federal Reserve Bank of Richmond approving the payment of salary to R. Henry Smart as Examining Officer at the rate fixed by the Bank's Board of Directors.	9
Letter to the Federal Reserve Bank of Kansas City approving a revision of Grades 12 through 16 of the employees' salary structure applicable to the head office and Denver Branch and a special maximum of $17,500 for Grade 16 at the head office.	10

Item No.

Letter to the Presidents of all Federal Reserve Banks indicating that the Board would have no objection to a certain proposed change in the method of allocating gold certificate reserves and computing reserve ratios. (With copies to all Federal Reserve Agents.) 11

Reports on competitive factors. A report to the Federal Deposit Insurance Corporation on the competitive factors involved in the proposed acquisition of assets and assumption of liabilities of the Tokyo and Osaka, Japan, branches of Nationale Handelsbank, N. V., Amsterdam, The Netherlands, by Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois, was approved unanimously for transmittal to the Corporation. The conclusion read as follows:

> The acquisition of the assets and the assumption of the liabilities of the Tokyo and Osaka, Japan, branches of Nationale Handelsbank, N. V. by Continental Illinois National Bank and Trust Company of Chicago should provide increased competition in the international field and to some extent with respect to indigenous business, particularly in relation to the operations of other large United States banks with overseas branches.

A report to the Federal Deposit Insurance Corporation on the competitive factors involved in the proposed merger of Bank of Yanceyville, Yanceyville, North Carolina, with The Northwestern Bank, North Wilkesboro, North Carolina, was approved unanimously for transmittal to the Corporation in a form incorporating changes suggested by Governor Mills. The conclusion of the report, as transmitted, read as follows:

> The Northwestern Bank, North Wilkesboro, and Bank of Yanceyville serve different areas, and there is virtually no competition between them. The instant proposal would not significantly alter Northwestern's competitive capacity

in relation to other banks in the State; however, this merger represents the continuance of a trend toward concentration of banking resources in North Carolina. Northwestern is the only bank represented in 23 of the 36 communities in which it operates; it is the sole bank operating in 5 of the 20 counties in which it has offices. Effectuation of the merger would probably intensify competition for banking business in Caswell County without significant adverse effects on other banks.

Messrs. Daniels and Poundstone then withdrew from the meeting.

Application of County Trust Company (Items 12 and 13). Pursuant to the decision reached at the meeting of the Board on December 11, 1963, there had been distributed a proposed order and statement reflecting approval of the application of The County Trust Company, White Plains, New York, to merge with The First National Bank of Brewsters, Brewster, New York.

After discussion, the issuance of the order and statement was authorized. Copies of the order and statement, as issued, are attached as Items 12 and 13.

Application of Old Kent Bank and Trust Company. There had been distributed a memorandum dated December 13, 1963, from the Division of Examinations and other pertinent papers regarding the application of Old Kent Bank and Trust Company, Grand Rapids, Michigan, to consolidate with Community State Bank, Grandville, Michigan. The Division recommended approval.

Governor Daane presented information relating to his family's former activities in banking in the Grand Rapids area and raised

the question whether there was any feeling that he should refrain from participating in the decision on the Old Kent application. Responses by other members of the Board and by the Legal Division reflected the view that the circumstances reported by Governor Daane clearly were not such as to suggest that he should withdraw from participation in the case.

Mr. Leavitt then reviewed the circumstances surrounding the application, basing his remarks on the material that had been distributed, following which members of the Board asked several questions based upon the statement in the Division's memorandum that the Michigan State Bank Commissioner had tried to find some solution to the unsatisfactory situation at Community State Bank other than allowing the largest bank in the area (Old Kent) to acquire the smaller bank through consolidation. Question was asked whether banks other than Old Kent had been approached, but it was reported that there was no available information to such effect.

The members of the Board then expressed their views, beginning with Governor Mills, who stated that his study of the application left him undecided. He was troubled as to why Old Kent appeared to be the only bank interested in taking over Community State Bank. Obviously, consummation of the merger would enhance the concentration of area banking resources in Old Kent. While the Division of Examinations had concluded that the importance of the banking factors in this case transcended the

adverse competitive factors, he had not come to that balance quite so readily as the Division. If Community was in as serious a condition as reported, Old Kent was offering too much for the property, or else it saw a value that would indicate that Community State Bank was otherwise saleable. In other words, Old Kent was paying a premium that did not seem reasonable if the small bank was almost in a failing condition.

There followed further discussion of the condition of Community State Bank and its prospective earning capacity.

Governor Robertson then expressed the view that the situation confronting the Board reflected supervisory inadequacies. The condition of the Grandville bank had apparently been recognized for some time, but steps taken toward its correction had been ineffective. The failure of those steps left the Board confronted simply with the question whether this was a type of merger contemplated for approval by the Bank Merger Act. There seemed to be nothing the Board could do but approve. However, he thought it unfortunate that such a situation had been allowed to develop.

Governor Shepardson indicated that he also had been troubled as to why Old Kent appeared to be the sole bidder. On the basis of the information before the Board, it appeared to him that there was little alternative except to follow the recommendation of the Division. It was unfortunate that there did not seem to be a more palatable remedy. Even if one of the other large Michigan banks had bid for the Grandville bank,

however, he did not see that a much better remedy would have been presented from the competitive standpoint. He would follow the recommendation of the Division and approve on the basis of the banking factors.

Governor Mitchell likewise commented on the unfortunate nature of the situation presented. He noted that apparently Michigan National Bank, Lansing, had not been approached. It was a large and an aggressively-operated bank, but in the Grand Rapids area it was not so dominant as Old Kent. There was no requirement in the Bank Merger Act, however, that a bank solicit more than one bid for a merger.

Governor Daane remarked that he also had mixed feelings. The application presented a bad situation at the Grandville bank and offered a questionable solution. However, since there seemed to be no better alternative available, he would approve.

Chairman Martin also expressed distaste for the circumstances of the application, but he added that the Board could hardly endeavor to pick up the pieces at this juncture. Under the circumstances, he suspected that the public interest would be endangered by denial, and therefore he would approve.

Governor Mills indicated at this point that he also would approve.

The application of Old Kent Bank and Trust Company was thereupon approved unanimously. It was understood that an order and statement reflecting this decision would be drafted for the Board's consideration.

Mr. Achor then withdrew from the meeting.

Reserve Bank budgets for first half of 1964 (Item No. 14). There had been distributed a memorandum from the Division of Bank Operations dated December 17, 1963, summarizing the proposed budgets of the Federal Reserve Banks for the first half of 1964. The Reserve Banks had budgeted total expenses of $110.7 million for the first six months of 1964, which was $6.1 million (5.8 per cent) more than expenses during the base period. (At seven Reserve Banks the base was the current operating rate, that is, actual expenses during the last half of 1963, estimated and projected to the extent necessary, and at the remaining five Banks the base was actual expenses for the first half of 1963.) Approximately half of the increase in gross expenses was in the noncontrollable expense category, including assessment for Board expenses, cost of Federal Reserve currency, and taxes on real estate; in a letter of September 19, 1963, the Board had asked that expenses not directly controlled by the Reserve Banks be shown separately and had relieved the Banks of the responsibility for explaining such expenses. After allowing for the noncontrollable items, the budgets totaled $93 million, an increase of $3.1 million, or 3.4 per cent, over the base period.

In commenting on the memorandum, the Division of Bank Operations noted that the increase in noncontrollable expenses was largely accounted for by increases in the cost of Federal Reserve currency - primarily for printing and shipping $1 Federal Reserve notes. The budgets reflected a continued transition to high-speed check equipment; four offices were

providing for equipment changes and six offices expected to expand high-speed processing.

One member of the Board noted that during a time of transition it was normal that expenses might be somewhat higher as new machines were acquired and put into use, with the increase hopefully being offset later by resulting decreases in personnel. However, the budgets presented did not seem to reflect decreases in personnel expenditures. Response was made that to some extent the decreases in personnel that might have been expected to result from the use of high-speed equipment were being offset by increases in the total volume of checks handled. However, some Federal Reserve offices had been able to cut back personnel to some degree. It was observed that during a transition period it was typical that there was an overlap when both old and new systems were in use, which could result in a bulge in expenses before savings were realized through improved methods. Comment was also made that, in order to promote the use of high-speed equipment, some Reserve Banks were maintaining rather costly proof machines with encoding devices. To the extent that commercial banks increasingly encoded their own checks, the need for such equipment would diminish.

Another class of expenditure that elicited comment was allowance at some of the Reserve Banks for publications to mark the 50th anniversary of the Federal Reserve System. There was general agreement that it would seem well to coordinate such plans in order to avoid duplication and to

maintain an appropriate relationship between the observances planned by the Board and the Banks. It was suggested that additional information on contemplated expenses in this area be obtained for the Board's information.

Governor Mills stated that because of his dissatisfaction with the current budgetary procedures he would abstain from participating in the decision on the Reserve Bank budgets. He then read the following statement:

> The memorandum from the Division of Bank Operations on this subject is dated December 17, 1963, with the thought that Board approval, with or without recommended changes, would follow at its regular meeting on December 18. This scheduling is illustrative of the writer's concern about the superficial investigation and treatment accorded Federal Reserve Bank budgets going back one year when the present program was established.
>
> The statutory requirement that the Federal Reserve Board exercise general supervision over the Federal Reserve Banks implies that it should have full knowledge of their budgeted costs and an accompanying per-item veto right. Under the newly adopted procedures, however, the Federal Reserve Bank budgets are submitted on an over-all basis, excluding any presentation of the various items composing the budget totals. The program now in force, by setting a base period on which a Federal Reserve Bank budget is calculated, in effect constructs a launching pad from which additional expenses about the base period are raised. The effect of this procedure is to establish a built-in escalator in the total of a Federal Reserve Bank's expenses and to invite extravagance rather than economy. Under this program the control over Federal Reserve Bank budgeted expenditures is skimpy at best, and it would be extremely difficult to explain to the Congress on what justification the Federal Reserve Board in reality relinquishes its general supervision over Federal Reserve Bank budgeted expenditures to the discretion of the individual Federal Reserve Banks over whose operations it holds a statutory responsibility for general supervision.

As indicated at the outset, the submission and review of the Federal Reserve Bank budgets for the first half of 1964 over an inclusive period of only two days exemplifies an improper exercise of the Federal Reserve Board's responsibility in this area.

Governor Mitchell expressed agreement with Governor Mills that the Board should have ample time to consider the budgets. He felt, however, that it was a tribute to the current budget procedure that within a relatively short reading time so much information could be obtained from the documentation as to what the Reserve Banks were intending to do. The documentation pinpointed, for any further investigation that might be considered necessary, the exact reasons for changes in the level of expenditures at each of the Banks. He did not think anything was wrong with the format in terms of placing appropriate material before the Board in order for it to decide whether proposed budgets should be accepted.

Mr. Farrell also agreed that the matter of providing sufficient time for consideration of the budgets was important. However, this tied into the question of minimizing guesswork at the Reserve Banks by allowing the budgets to be prepared as currently as possible. The theory of the present budget procedure started with the assumption that all department managers should know what they were spending as of any given moment. They were asked to explain how their current expenditures were expected to change in the budget period. If that question could be posed as close to the beginning of the budget period as possible, there should be fewer deviations from the estimates than under the former budget procedure.

After further discussion, Chairman Martin said he was inclined to feel that the budget procedure had been quite good. However, he also felt that Governor Mills had made a good point: no one should be asked to accept the budgets without having all the time he needed to review them. Further, there had been reference during today's discussion to certain sensitive areas of expenditure that might call for additional study. In the circumstances, he felt that it would be desirable to hold the budgets over for further consideration by the Board.

There was general agreement with this suggestion. It was understood that in the meantime, if members of the Board had particular questions regarding the budgets they might take them up with the Division of Bank Operations, which would obtain additional information from the Reserve Banks if necessary.

Chairman Martin inquired whether Governor Mills would want to furnish a memorandum of recommended changes in budget procedures, to which Governor Mills responded that he would favor returning to the procedures that had been in effect previously. His reasons for indicating that he would abstain from voting on whether to accept the budgets related to his disagreement in principle with the present budget procedures; and his position therefore would not be altered by holding the budgets over for further consideration.

Secretary's Note: Attached as Item No. 14 is a copy of the letter sent to the Presidents of the Federal Reserve Banks later in the day advising them that Board action on the budgets

would not be completed until after the first of the year 1964, that for regular day-to-day expenses the Banks should operate in the meantime under the budgets as submitted, but that no commitments for unusual projects were to be undertaken until the Board had acted on the budgets.

Definition of savings deposit. At the Board's invitation, Mr. Hackley reported on a meeting at the Federal Deposit Insurance Corporation attended by representatives of the three bank supervisory agencies to discuss a resolution of the New Jersey Bankers Association recommending a change in the definition of savings deposit in the regulations of the Board and the Corporation so as to enable anyone to hold a savings deposit up to a maximum of $50,000. There had been presented for discussion at the meeting a draft of an amendment, prepared by Counsel for the Corporation, that would go even further and permit anyone to hold a savings deposit without limit on amount. The draft also eliminated the present maximum interest rate of 3-1/2 per cent on savings that had been on deposit for less than a year. Under the draft, there would be only two maximum rates - 4 per cent for deposits held for more than 90 days, and 1 per cent for funds held less than 90 days but more than 30 days. It appeared that this proposal was being promoted by the Office of the Comptroller of the Currency; representatives of the Federal Deposit Insurance Corporation, while not directly opposing the suggestion, expressed reservations and the feeling that it would be contrary to the intent of the statutory prohibition against payment of interest on demand deposits.

Their feeling appeared to be that, under the proposed definition, the term "savings" would become almost a misnomer and there would be left very little distinction between demand and savings deposits.

The other main subject discussed at the meeting, Mr. Hackley continued, was the possible effect of such a change in definition on the volatility of savings deposits. It had been observed that if profit-making corporations could have savings deposits, there would probably be wholesale transfers of demand deposits to savings deposits, and conversion of time certificates to savings, because interest-bearing savings deposits would be payable practically on demand. Mr. Hackley had expressed no firm position, but had expressed the attitude that such a change could be viewed as contrary to the intent of Congress. He had pointed out that the Board limits savings to deposits by individuals and by certain types of organizations not operated for profit. That definition had given rise to questions of interpretation, there had been suggestions for liberalizing it, and the Board had the matter under study. It had been suggested at the meeting that the current draft proposal be sent to selected bankers associations for comment, but Mr. Hackley had indicated a personal feeling that this probably would not result in any very helpful advice or recommendations. He had indicated that he was not in any sense speaking for the Board, and did not know what the Board's position would be.

Since the group expected to hold another meeting, perhaps before the end of the year, Mr. Hackley asked for any guidance the Board would

like to give him. Also, since several economists from the other agencies had attended the earlier meeting, Mr. Hackley suggested that a representative of the Board's research staff accompany him to the coming meeting.

Governor Mills commented that the definition of savings deposit was a highly sensitive subject, one on which it would be difficult to reach a meeting of the minds. He noted that there was no obligation upon the Board to be represented at the next meeting of the staff group.

Governor Daane commented that his own feelings were even more negative than those expressed by Mr. Hackley at the interagency meeting. The thesis that corporations should be allowed to hold savings deposits, to follow a first-in, first-out policy, and to get maximum rates at all times was something he would like to put himself on record as opposing strongly.

Governor Shepardson suggested that the subject of the definition of a savings deposit, along with related questions, be scheduled for consideration by the Board early in the new year, and there was general agreement with this suggestion.

Messrs. Fauver, Farrell, Johnson, Hooff, Dembitz, Kiley, and Leavitt then withdrew from the meeting.

Application of Lorain County Savings & Trust Company. On December 11, 1963, the Board considered the application of The Lorain County Savings & Trust Company, Elyria, Ohio, to merge with The Central Bank Company, Lorain, Ohio. Governors Robertson, Mitchell, and Daane

voted for denial, and Governors Balderston and Shepardson voted for approval.

Governor Mitchell commented on the discussion at the December 11 meeting and said that in controversial and close cases he had a general preference for having at least four members represented in the majority vote. He raised the question, therefore, whether the Elyria-Lorain case should be reopened for consideration by the full Board. While he did not expect to change his vote, he thought it might be desirable to give the two members of the Board who were present today but who had not been present at the earlier discussion an opportunity to participate in the decision.

Mr. Hackley commented that under the Board's rules of internal procedure a vote was not to be taken on an application until after all members had expressed their tentative views. Before the vote was taken a member might change his position or might suggest an oral presentation or deferment of the matter for further consideration. However, after the discussion of the Elyria-Lorain case a vote was taken, and the record so indicated. At present, and until the decision was announced, the matter was "in the bosom of the court," so to speak.

Governor Daane remarked that, although he had been on the side of the majority, he would support Governor Mitchell's suggestion.

Chairman Martin observed that somewhat similar situations had arisen in the past. It would be unfortunate, he thought, if the fact

that a case had been reopened should become public knowledge, for this might lead to speculation concerning the circumstances. The Board could, if it wished, decide upon a practice whereby a case would be held over for further consideration unless there were four votes on one side or the other. However, that had not been the Board's practice to date.

Governor Shepardson commented that as a member of the minority it had not seemed appropriate for him to request reconsideration, but he would not object to seeing the case reopened if other members of the Board so desired.

Governor Mills expressed the view that if a decision was reached by a quorum of the Board, the decision should stand as a matter of sound procedure.

Mr. Hackley stated that the staff had discussed a possible policy of requiring four votes, but at least for the moment he would feel reluctant to see such a policy adopted because it was contrary to the general principles governing operations of a body like the Board.

After further discussion of existing internal Board procedures and the reasons that had led to their adoption, Governor Mitchell withdrew his suggestion for reopening the Elyria-Lorain case.

The meeting then adjourned.

Secretary's Notes: There was sent today to the Chairman of the Federal Reserve Bank of Kansas City a letter (copy attached as Item No. 15) approving the payment of salaries

to President Clay and First Vice President Koppang for the period January 1 through December 31, 1964, at their current rates of $37,500 and $30,000 per annum, respectively, as fixed by the Bank's Board of Directors and reported in Chairman Scott's letter of December 12, 1963. The letter of approval was sent pursuant to the action taken by the Board at its meeting on December 9, 1963.

There was sent today to the Federal Reserve Bank of St. Louis a letter approving a special Grade 16 maximum of $17,500 applicable to the head office salary structure of the Bank, effective immediately. The letter, a copy of which is attached as Item No. 16, was sent under authority of the Board's action of November 13, 1963.

Attached as Item No. 17 is a copy of a letter sent today over the signature of Chairman Martin to the President of the United States relating to the latter's memorandum of November 30, 1963, to the heads of department and agencies regarding the management and administration of departments and agencies of the Government.

On December 17, 1963, Governor Shepardson approved on behalf of the Board the following items:

Letter to the Federal Reserve Bank of San Francisco (attached Item No. 18) approving the appointment of Robert N. Goff as assistant examiner.

Memorandum from the Division of Administrative Services recommending an increase in the basic annual salary of Herbert W. Young, Building Superintendent in that Division, from $9,256 to $9,487, effective December 22, 1963.

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

Memorandum from the Office of the Controller dated December 17, 1963, recommending, in addition to the previous approval of certain other overexpenditures, approval of expected overexpenditures in 1963 budget accounts of certain divisions and offices of the Board.

Memorandum from the Division of Bank Operations recommending an increase in the basic annual salary of Dorothy L. Werner, Analyst in that Division, from $6,225 to $6,650, effective December 22, 1963.

Letter to the Presidents of all Federal Reserve Banks (attached Item No. 19) regarding System participation in the Twelfth Technical Training Program of the Center for Latin American Monetary Studies.

Secretary

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

Item No. 1
12/18/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 18, 1963.

Board of Directors,
Farmers and Merchants Trust
Company of Chambersburg,
Chambersburg, Pennsylvania.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Farmers and Merchants Trust Company of Chambersburg, Chambersburg, Pennsylvania, of a branch at 1805 Lincoln Way East, Guilford Township, Chambersburg, Pennsylvania, provided the branch is established within one year from the date of this letter.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

(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, D. C. 20551

Item No. 2
12/18/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 18, 1963.

Board of Directors,
Nevada Bank of Commerce,
Reno, Nevada.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch by Nevada Bank of Commerce, Reno, Nevada, in the downtown business district of Las Vegas, Nevada, provided the branch is established within one year from the date of this letter.

It is understood that the Superintendent of Banks, State of Nevada, has approved the subject branch on the condition that capital stock of the bank will be increased $750,000 by the sale of new stock.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

(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
12/18/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 18, 1963.

Board of Directors,
Wilmington Trust Company,
Wilmington, Delaware.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch by Wilmington Trust Company, Wilmington, Delaware, at 436 Loockerman Street, Dover, Delaware, provided that branch operations are confined to granting and servicing consumer credit loans and provided further that operations at the branch will be discontinued within one year from the date of this letter. The Board also approves, under the provisions of Section 24A of the Federal Reserve Act, an investment of $15,000 in bank premises by Wilmington Trust Company to purchase property to be used as quarters for this branch.

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. 4
12/18/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 18, 1963

Board of Directors,
Industrial State Bank of Kalamazoo,
Kalamazoo, Michigan.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Industrial State Bank of Kalamazoo, Kalamazoo, Michigan, of a branch at 5024 North Riverview Drive, Cooper Township, Kalamazoo County, Michigan, provided the branch is established within six months from the date of this letter.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

(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. 5
12/18/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 18, 1963.

International Banking Corporation,
399 Park Avenue,
New York 22, New York.

Gentlemen:

On the basis of information furnished in your letter of December 13, 1963, the Board of Governors grants its consent to the purchase and holding by your Corporation of additional capital stock of The First National City Bank of New York (South Africa) Limited in the amount of 200,000 South African Rands (approximately US$280,000.)

From the information submitted, it is not apparent that the proposed additional investment would fall within the general consent provision of Section 211.8(a) of Regulation K. In the circumstances, specific consent has been granted.

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. 6
12/18/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 18, 1963.

Board of Directors,
First State Bank and Trust Company,
Bryan, Texas.

Gentlemen:

The Board of Governors of the Federal Reserve System approves, under the provisions of Section 24A of the Federal Reserve Act, an investment in bank premises of not to exceed $700,000 by First State Bank and Trust Company, Bryan, Texas, for the purpose of purchasing a site, constructing new banking quarters and purchasing a parcel of land to be used as a parking lot. This approval is subject to the numbered conditions hereinafter set forth.

1. Such bank shall increase capital funds by $500,000 through the sale of capital stock for cash prior to December 31, 1964.

2. The net proceeds from the sale of present quarters shall be added to capital funds.

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. 7
12/18/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 18, 1963.

Mr. Jesse P. Wolcott, Director,
Federal Deposit Insurance Corporation,
Washington, D. C. 20429

Dear Mr. Wolcott:

Reference is made to your letter of December 2, 1963, concerning the application of First State Bank, Belmond, Iowa, for continuance of deposit insurance after withdrawal from membership in the Federal Reserve System.

No corrective programs which the Board of Governors believes should be incorporated as conditions to the continuance of deposit insurance have been urged upon or agreed to by the bank.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

Item No. 8
12/18/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 18, 1963.

Board of Directors,
Valley Bank of Nevada,
Reno, Nevada.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the application made on behalf of Valley Bank of Nevada, Reno, Nevada, for stock in the Federal Reserve Bank of San Francisco, effective if and when the bank opens for business under appropriate State authorization, subject to the numbered conditions hereinafter set forth.

1. Such bank at all times shall conduct its business and exercise its powers with due regard to the safety of its depositors, and except with the permission of the Board of Governors of the Federal Reserve System, such bank shall not cause or permit any change to be made in the general character of its business or in the scope of the corporate powers exercised by it at the time of admission to membership.

2. The net capital and surplus funds of such bank shall be adequate in relation to the character and condition of its assets and to its deposit liabilities and other corporate responsibilities.

3. At the time of admission to membership, such bank shall have paid-in and unimpaired capital stock of not less than $600,000, and other capital funds of not less than $216,000.

In connection with the foregoing conditions of membership, particular attention is called to the provisions of the Board's Regulation H, regarding membership of State banking institutions in the Federal Reserve System, with especial reference to Section 208.7 thereof. A copy of the regulation is enclosed.

It is noted that under its articles of incorporation the bank may exercise fiduciary powers but that it does not plan to exercise such powers at this time. Should the bank at any future time desire to exercise any powers not exercised at the time of admission to membership it will be necessary, under condition of membership numbered 1, to obtain permission of the Board of Governors.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

If at any time a change in or amendment to the bank's charter is made, the bank should advise the Federal Reserve Bank, furnishing copies of any documents involved, in order that it may be determined whether such change affects in any way the bank's status as a member of the Federal Reserve System.

Acceptance of the conditions of membership contained in this letter should be evidenced by a resolution adopted by the board of directors after the bank's Certificate of Authority to Commence Business has been issued. A certified copy of such resolution, together with advice of compliance with the provisions of condition numbered 3, should be transmitted to the Federal Reserve Bank of San Francisco. Arrangements will thereupon be made to accept payment for an appropriate amount of Federal Reserve Bank stock, to accept the deposit of the required reserve balance, and to issue the appropriate amount of Federal Reserve Bank stock to the bank.

The time within which admission to membership in the Federal Reserve System in the manner described may be accomplished is limited to 45 days from the date of this letter, unless the bank applies to the Board and obtains an extension of time. When the Board is advised that all of the requirements have been complied with and that the appropriate amount of Federal Reserve Bank stock has been issued to the bank, the Board will forward to the bank a formal certificate of membership in the Federal Reserve System.

The Board of Governors sincerely hopes that you will find membership in the System beneficial and your relations with the Reserve Bank pleasant. The officers of the Federal Reserve Bank will be glad to assist you in establishing your relationships with the Federal Reserve System and at any time to discuss with representatives of your bank means for making the services of the System most useful to you.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

Enclosure.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

Item No. 9
12/18/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 18, 1963.

CONFIDENTIAL (FR)

Mr. Edwin Hyde, Chairman,
Federal Reserve Bank of Richmond,
Richmond, Virginia.

Dear Mr. Hyde:

The Board of Governors approves payment of salary to Mr. R. Henry Smart as an Examining Officer of the Federal Reserve Bank of Richmond at the rate of $13,500 per annum, for the period January 1 through December 31, 1964. The rate approved is that fixed by the Board of Directors, as reported in your letter of December 12, 1963.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

Item No. 10
12/18/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 18, 1963.

CONFIDENTIAL (FR)

Mr. George H. Clay, President,
Federal Reserve Bank of Kansas City,
Kansas City, Missouri 64106.

Dear Mr. Clay:

The Board of Governors has approved the following minimum and maximum salaries for Grades 12 through 16 of the salary structure applicable to employees at the Head Office and Denver Branch of the Federal Reserve Bank of Kansas City, effective September 1, 1963:

Grade	Minimum	Maximum
12	$ 7,774	$10,504
13	8,567	11,570
14	9,451	12,753
15	10,439	14,092
16	11,570	15,613

The Board has also approved a special Grade 16 maximum of $17,500 applicable to the Head Office, effective as of the same date.

The ranges approved are those fixed by your Board of Directors, as reported in your letter of November 27, 1963.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

S-1903

Item No. 11
12/18/63.

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

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 18, 1963.

Dear Sir:

Section 16 of the Federal Reserve Act requires the Federal Reserve Banks to maintain reserves in gold certificates of not less than 25 per cent of their deposits and their note liability. These are separate requirements. Furthermore, the Act provides that both gold certificates pledged as collateral for Federal Reserve notes and the redemption fund for Federal Reserve notes shall be counted as part of the reserve against notes. The remainder of a Bank's gold certificate reserves may be allocated as reserve against notes or reserve against deposits (Board's letter of April 10, 1920, X-1894; F.R.L.S. #5880).

The balance sheet of the Federal Reserve Banks, form FR 34, provides for reporting three reserve ratios--(1) gold certificate reserves to deposit and note liabilities combined, (2) Federal Reserve note reserve ratio, and (3) deposit reserve ratio. The first is the reserve ratio that is published; the other two relate to the legal requirements.

It has been customary for the Reserve Banks to pledge a substantial portion of their total gold certificate reserves as collateral, and established practice has been to consider gold certificate collateral and the redemption fund together as the reserve against notes and all unpledged gold certificates as the reserve against deposits.

This practice caused no problems in allocating gold certificate reserves so long as total reserves were well above 25 per cent of note and deposit liabilities combined. Because of declining gold certificate reserves and increasing note liabilities, gold certificate collateral has been reduced at all Reserve Banks to a practicable minimum under present procedures of allocating gold certificate reserves, and several Reserve Banks have found it necessary to make occasional transfers from the Federal Reserve Agents' Fund to the Interdistrict Settlement Fund, applicable to these accounts the preceding day, in order to prevent a deficiency in the reserve against deposits.

To avoid having to make such adjustments and to provide maximum flexibility in allocating gold certificate reserves, gold certificate collateral can be reduced to a point at which it becomes necessary to allocate a part of unpledged gold certificates in order to meet the minimum 25 per cent reserve against notes. The Board would have no objection to your Bank's taking such action if sufficient other eligible collateral for Federal Reserve notes is available. (At present, only one Reserve Bank, Richmond, due to its relatively high proportion of note liability, would not have sufficient substitute collateral.)

After effecting such a reduction in gold certificate collateral, the note reserve ratio would be reported on the daily balance sheet, form FR 34, as 25.0 per cent, and the deposit reserve ratio would be computed as follows:

1. First, ascertain that gold certificate collateral plus the redemption fund for Federal Reserve notes (BIRR + BLAB + BELT) does not exceed 25.0 per cent of Federal Reserve note liability (TRIM)

2. From total gold certificate reserves (TAGG)

3. Deduct 25.0 per cent of Federal Reserve note liability (TRIM)

4. The remainder (2 - 3) will be the reserve against deposits

5. The reserve ratio against deposits will be the amount of item 4 divided by total deposits (TUBB)

A copy of this letter is being sent to the Federal Reserve Agent at your Bank for his information.

Very truly yours,

Merritt Sherman,
Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS

Item No. 12
12/18/63

UNITED STATES OF AMERICA

BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

WASHINGTON, D. C.

In the Matter of the Application of

THE COUNTY TRUST COMPANY

for approval of merger with
The First National Bank of Brewsters

ORDER APPROVING MERGER OF BANKS

There has come before the Board of Governors, pursuant to the Bank Merger Act of 1960 (12 U.S.C. 1828(c)), an application by The County Trust Company, White Plains, New York, a State member bank of the Federal Reserve System, for the Board's prior approval of the merger of that bank and The First National Bank of Brewsters, Brewster, New York, under the charter and title of the former. As an incident to the merger, the sole office of The First National Bank of Brewsters would become a branch of The County Trust Company. Notice of the proposed merger, in form approved by the Board, has been published pursuant to said Act.

Upon consideration of all relevant material in the light of the factors set forth in said Act, including reports furnished by the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Department of Justice on the competitive factors involved in the proposed merger,

IT IS HEREBY ORDERED, for the reasons set forth in the Board's Statement of this date, that said application be and hereby is approved, provided that said merger shall not be consummated (a) within seven calendar days after the date of this Order or (b) later than three months after said date.

Dated at Washington, D. C., this 18th day of December, 1963.

By order of the Board of Governors.

Voting for this action: Vice Chairman Balderston, and Governors Robertson, Shepardson, and Daane.

Absent and not voting: Chairman Martin, and Governors Mills and Mitchell.

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

(SEAL)

Item No. 13
12/18/63

BOARD OF GOVERNORS

OF THE

FEDERAL RESERVE SYSTEM

APPLICATION BY THE COUNTY TRUST COMPANY
FOR APPROVAL OF MERGER WITH
THE FIRST NATIONAL BANK OF BREWSTERS

STATEMENT

The County Trust Company, White Plains, New York ("County Trust"), with deposits of $614 million,* has applied, pursuant to the Bank Merger Act of 1960 (12 U.S.C. 1828(c)), for the Board's prior approval of the merger of that bank with The First National Bank of Brewsters, Brewster, New York ("First National"), with deposits of $3.5 million,* under the charter and title of County Trust, and, as an incident thereto, a branch would be operated at the sole location of First National, increasing the number of offices of County Trust to 47.

Under the Act, the Board is required to consider, as to each of the banks involved, (1) its financial history and condition, (2) the adequacy of its capital structure, (3) its future earnings prospects, (4) the general character of its management, (5) whether its corporate powers are consistent with the purposes of 12 U.S.C., Ch. 16 (the Federal Deposit Insurance Act), (6) the convenience and needs of the community to be served, and (7) the effect of the transaction on competition (including

* Deposit figures as of June 29, 1963.

any tendency toward monopoly). The Board may not approve the transaction unless, after considering all these factors, it finds the transaction to be in the public interest.

Banking factors. - The financial histories of County Trust and First National are satisfactory. Each bank has a sound asset condition and an adequate capital structure, and this would be true also of the resulting bank. Each has a satisfactory earnings record and favorable future earnings prospects. The future earnings prospects of the resulting bank also would be favorable.

The active executive officer of First National is not in good health and desires to be relieved of his responsibilities of managing the bank. Interests identified with him own control of the bank, no provision has been made for management succession, and prospects of obtaining a competent successor from outside the bank are not favorable. The management of County Trust is competent, and consummation of the transaction would solve the smaller bank's management succession problem.

There is no indication that the corporate powers of the banks are, or would be, inconsistent with the purposes of 12 U.S.C., Ch. 16.

Convenience and needs of the communities. - First National serves principally the village of Brewster (1960 population 1,700), and town of Southeast (1960 population 6,800), both located in the southeastern part of Putnam County. Population of the bank's service area[1/] is

1/ Area from which the bank derives 75 per cent or more of its deposits of individuals, partnerships, and corporations.

estimated at 11,000. The population of Putnam County in 1960 was 31,700, reflecting a ten-year increase of 56 per cent. Putnam County is contiguous to Westchester County to the south, and the city nearest to Brewster is Danbury, Connecticut, which is about 10 miles to the east.

While in the past Putnam County has been essentially a rural summer resort area, there has been in recent years a substantial increase in the number of year-round residents due principally to the construction of important highways. Approximately half of the county's 27 manufacturing concerns are located in the Brewster area.

First National, the only banking office in Brewster, offers a limited range of banking services and no trust services. It does not accept time or savings accounts or special checking accounts. It makes no single payment loans to individuals, no loans to farmers, no FHA or GI real estate loans, no FHA Title 1 loans, and relatively few installment loans on automobiles or consumer goods. Loans are made only to customers with deposit balances at the time of application. Consequently, many residents of the Brewster area, including many of the bank's customers, must seek satisfaction of their credit needs from banks in surrounding towns or cities.

County Trust operates 46 offices, all located in Westchester County, where it currently serves 26 communities. It is a leading bank in the county, providing a broad range of banking services.

Consummation of the proposed merger would have virtually no effect on the convenience and needs of Westchester County, a rapidly

growing area with a population of over 800,000 in 1960. The principal effect would occur in Putnam County and, more particularly, in Brewster and its surrounding area. While there may be little or no demand in the Brewster area for some of the more specialized services now provided by County Trust in Westchester County, effectuation of the proposed merger would contribute significantly to the convenience and needs of the Brewster area since County Trust would accept at its Brewster office special checking accounts, savings and time deposits, offer all types of mortgage and installment loans, and provide trust services.

Competition. - The service areas of County Trust and First National do not overlap and the competition between them is of little consequence.

A merger with First National would increase deposit holdings of County Trust by an amount equal to only .2 per cent of Westchester County deposits. Thus, while County Trust is the largest bank headquartered in Westchester County, the proposed merger would have little effect on the competition presently existing among the 12 commercial banks in Westchester County which operate 132 offices. The leading position of County Trust in Westchester County has been lessened by a number of circumstances. The enactment of the State's Omnibus Banking Act in 1960 has permitted large New York City banks to open numerous branches in Westchester County, thus bringing them into direct competition with County Trust. This, of course, is in addition to the competition provided by other New York City banks which border the county to the south and which are in competition

with county-headquartered banks. County Trust's rate of growth in recent years has been below that of most other Westchester County banks.

First National is the smallest of the three commercial banks headquartered in Putnam County. The other two provide a reasonably complete line of services to distinctly local areas. Within a ten-mile radius of First National there are ten banks operating 13 offices, all of which are situated closer to First National than the nearest office of County Trust. Following consummation of the proposed merger, they would continue to offer alternative banking facilities to residents and businesses in the Brewster area. They include branches of banks with headquarters in Bridgeport and Stamford, Connecticut, that offer a range of services comparable to those offered by County Trust. In Brewster itself, there is only one institution, a savings bank, which accepts savings accounts. Consummation of the merger would provide competition in Brewster for savings funds. Otherwise, the competitive effects of the proposed merger in Putnam County should not be significant.

Summary and conclusion. - Consummation of the proposed merger would solve the management succession problem at First National and bring to the people of the growing Brewster area many important banking services which are not presently available there. At the same time, the proposed merger would have only a slight effect on competition.

Accordingly, the Board finds the proposed merger to be in the public interest.

December 18, 1963.

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

Item No. 14
12/18/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 18, 1963.

Dear Sir:

The Board has given tentative consideration to the budgets of the Federal Reserve Banks for the first half of 1964, but action on those budgets will not be completed by the Board until after the first of the year. In the meantime, it is understood that for regular day-to-day expenses the Reserve Banks will operate under their respective budgets as submitted to the Board, but that no commitments for unusual projects will be undertaken until the Board has acted upon the budgets.

Yours very truly,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 15
12/18/63

OFFICE OF THE CHAIRMAN

December 18, 1963.

CONFIDENTIAL (FR)

Mr. Homer A. Scott, Chairman,
Federal Reserve Bank of Kansas City,
Kansas City, Missouri 64106.

Dear Homer:

The Board of Governors approves the payment of salaries to Mr. George H. Clay as President and Mr. Henry O. Koppang as First Vice President of the Federal Reserve Bank of Kansas City for the period January 1 through December 31, 1964, at their current rates of $37,500 and $30,000 per annum, respectively. These rates, fixed by your Board of Directors, were reported in your letter of December 12, 1963.

Sincerely yours,

(Signed) Bill

Wm. McC. Martin, Jr.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

Item No. 16
12/18/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 18, 1963.

CONFIDENTIAL (FR)

Mr. Harry A. Shuford, President,
Federal Reserve Bank of St. Louis,
St. Louis, Missouri 63166.

Dear Mr. Shuford:

The Board of Governors has approved a special Grade 16 maximum of $17,500 applicable to the Head Office of the Federal Reserve Bank of St. Louis, effective immediately, as requested in your letter of December 13, 1963.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 17
12/18/63

OFFICE OF THE CHAIRMAN

December 18, 1963.

The President,
The White House.

Dear Mr. President:

This will acknowledge receipt of your memorandum of November 30, 1963, regarding the management and administration of departments and agencies of the Government.

Your memorandum has been presented at a meeting of the Board of Governors and, with the unanimous approval of all members, I assure you that the Board--though it does not operate with appropriated funds--is in complete accord with the principles you have set forth.

To implement these principles in a manner consistent with the steps outlined in your memorandum, the Board has directed that there be a special review of its procedures and that the content of your memorandum be discussed by a member of the Board with the staff. It is our objective to find additional ways of improving the performance of the Board's organization and at the same time of making certain that it is a model of good management and economical administration.

The Board appreciates this opportunity to assure you of its support of the program outlined in your memorandum.

Sincerely yours,

Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.

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

Item No. 18
12/18/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 18, 1963.

CONFIDENTIAL (FR)

Mr. E. H. Galvin, Vice President,
Federal Reserve Bank of San Francisco,
San Francisco, California. 94120

Dear Mr. Galvin:

In accordance with the request contained in Mr. Cavan's letter of December 9, 1963, the Board approves the appointment of Robert N. Goff as an assistant examiner for the Federal Reserve Bank of San Francisco. Please advise the effective date of the appointment and forward a photograph of Mr. Goff.

It is noted that Mr. Goff is indebted to Albuquerque National Bank, Albuquerque, New Mexico, and that he owns 73 shares of stock of that bank which he has agreed to dispose of within a reasonable period of time. Accordingly, the Board's approval of the appointment of Mr. Goff is given with the understanding that he will not participate in any examination of Albuquerque National Bank so long as he is indebted to, or owns stock of, that institution.

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. 19
12/18/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 18, 1963.

Dear Sir:

The Board has received the usual letter from the Center for Latin American Monetary Studies inviting the System to designate one or more persons to participate in the Twelfth Technical Training Program to be held in Mexico City, May 4 to August 28, 1964. As you will recall, the Federal Reserve Banks have been invited each year to nominate staff members to participate in this program.

If your Bank wishes to nominate any member of your staff for the 1964 program, please submit the nomination not later than January 16, 1964. Each nomination should be accompanied by a brief resumé of the candidate's training and experience. As you are aware, nominees should have sufficient command of Spanish to participate effectively in the program of the Center, both in the formal meetings and in informal discussions with other trainees.

The forms to be filled out by prospective participants will be supplied at a later date to those candidates who are nominated and accepted for attendance.

Very truly yours,

Merritt Sherman,
Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS.