

9/63

Minutes for December 27, 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

[Signature]

Gov. Robertson

R.

Gov. Balderston

CB

Gov. Shepardson

[Signature]

Gov. Mitchell

[Signature]

Gov. Daane

[Signature]

Minutes of a meeting of the available members of the Board of Governors of the Federal Reserve System on Friday, December 27, 1963.

The meeting was held in the Board Room at 10:00 a.m.

PRESENT: Mr. Robertson, Acting Chairman
Mr. Mitchell
Mr. Daane

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Molony, Assistant to the Board
Mr. Cardon, Legislative Counsel
Mr. Fauver, Assistant to the Board
Mr. Hackley, General Counsel
Mr. Farrell, Director, Division of Bank
Operations
Mr. Solomon, Director, Division of Examinations
Mr. Johnson, Director, Division of Personnel
Administration
Mr. Hexter, Assistant General Counsel
Mr. Hooff, Assistant General Counsel
Mr. Goodman, Assistant Director, Division of
Examinations
Mr. Spencer, General Assistant, Office of the
Secretary

The following actions were taken subject to ratification at the next meeting of the Board at which a quorum was present:

Discount rates. The establishment without change by the Federal Reserve Banks of Cleveland, Richmond, Atlanta, St. Louis, Minneapolis, Kansas City, and Dallas on December 26, 1963, of the rates on discounts and advances in their existing schedules was approved unanimously, with the understanding that appropriate advice would be sent to those Banks.

Report on competitive factors (Claysburg-Williamsburg, Pennsylvania). There had been distributed a draft of report to the Comptroller of the Currency regarding the competitive factors involved

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in the proposed merger of The Farmers and Merchants National Bank of Williamsburg, Williamsburg, Pennsylvania, into The First National Bank of Claysburg, Claysburg, Pennsylvania. The conclusion in the report read as follows:

The Farmers and Merchants National Bank of Williamsburg and The First National Bank of Claysburg serve different sections of Blair County, and there is virtually no competition between them. The instant proposal would not have adverse competitive effects on other banks.

The report was approved unanimously for transmittal to the Comptroller.

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

	<u>Item No.</u>
Telegram to the Federal Reserve Agent at Minneapolis authorizing the issuance of a limited permit to Bancorporation of Montana, Great Falls, Montana, to vote its stock of Liberty County Bank, Chester; Citizens Bank of Montana, Havre; and Central Bank of Montana, Great Falls, Montana.	1
Telegram to the Federal Reserve Agent at Richmond authorizing the issuance of a limited permit to Virginia Commonwealth Corporation, Richmond, Virginia, to vote its stock of The Peoples National Bank of Pulaski, Pulaski, Virginia.	2
Letter to County Trust Company, Tenafly, New Jersey, approving an extension of time to establish a branch at 2 West Clinton Avenue.	3
Letter to International Banking Corporation, New York, New York, granting an extension of time to acquire shares of a French holding company.	4

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	<u>Item No.</u>
Letter to The Provident Bank, Cincinnati, Ohio, approving the establishment of a branch at Vine and Seventh Streets coincident with the relocation of the bank's main office.	5
Letter to Union Trust Company of Maryland, Baltimore, Maryland, approving the establishment of a branch in the Frankford Plaza Shopping Center.	6
Letter to the Federal Reserve Bank of Richmond authorizing waiver of a deficient reserve penalty incurred by Loudoun National Bank of Leesburg, Leesburg, Virginia.	7
Letter to Bexar County National Bank of San Antonio, San Antonio, Texas, granting its request for permission to maintain reduced reserves.	8
Letters to Wells Fargo Bank, San Francisco, California, approving the establishment of branches in Anderson, Corning, El Cerrito, and Santa Rosa.	9-12
Letter to Wells Fargo Bank, San Francisco, California, granting an extension of time to establish a branch at 20th and Franklin Streets, Oakland.	13
Letter to the Federal Reserve Bank of San Francisco authorizing waiver of deficient reserve penalties incurred by Golden Gate National Bank, San Francisco, California.	14
Letter to the Federal Reserve Agent at Kansas City approving the appointment of Donald L. Alexander and Cecil B. Foley as Alternate Assistant Federal Reserve Agents.	15

Request from Chairman Patman regarding certain Reserve Bank expenditures. In a letter dated December 14, 1963, Chairman Patman of the House Committee on Banking and Currency asked that the Federal Reserve Banks furnish certain information regarding expenditures

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(1) for tuition and other costs for Bank employees to attend schools, seminars, conferences, and conventions, and (2) for "imparting information." Attached to Chairman Patman's letter was a list of specific topics on which information was requested.

On December 19, 1963, a letter was sent by the Board to each Federal Reserve Bank enclosing a copy of the letter from Chairman Patman and asking that it be reviewed and an indication given of the approximate date on which the information requested might be expected to reach the Board.

It was reported at this meeting that advice from some of the Reserve Banks indicated that, in the absence of working overtime and deferring other matters, it would be difficult to furnish the information requested until around the end of January or early February.

In discussion, it was the consensus that consideration should be given to a reply to Chairman Patman next week that would advise of the prospective dates on which the information would be made available.

Capital notes and debentures. There had been distributed a memorandum dated December 27, 1963, from the Legal Division in connection with an interpretation by the Comptroller of the Currency dated December 17, 1963, and published in the Federal Register for December 24, 1963, that the proceeds of capital notes, capital debentures, or other similar obligations issued by a national bank,

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subordinate in right of payment to the prior payment in full of deposit liabilities, may be included as part of such bank's unimpaired capital stock and unimpaired surplus funds for the purpose of computing the limits on loans to individual borrowers prescribed by 12 U.S.C. 84 (Sec. 5200, Revised Statutes).

It was understood that a memorandum from the Legal Division would be distributed later in the day on the subject of another published interpretation by the Comptroller, relating to loans to executive officers of national banks.

It was suggested, in connection with the interpretation on capital notes and debentures, that a memorandum be prepared for the Board's consideration that would spell out the legal points involved and also policy questions with respect to the use of debentures.

The meeting then adjourned.

Secretary's Note: Acting in the absence of Governor Shepardson, Governor Robertson today approved on behalf of the Board the following items:

Letter to the Federal Reserve Bank of Richmond (attached Item No. 16) regarding its advice to the Board concerning indebtedness of two examiners to a national bank.

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

Appointment

Jewell I. Seay as Indexing and Reference Assistant, Office of the Secretary, with basic annual salary at the rate of \$4,565, effective the date of entrance upon duty. (\$4,690 under salary schedule effective January 5, 1964.)

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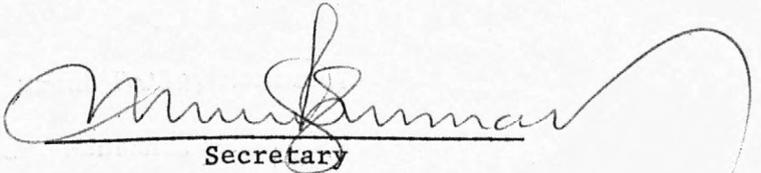
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Salary increase

Anne T. Roberson, Secretary, Division of Research and Statistics, from \$6,055, to \$6,465 per annum, effective January 5, 1964. (\$6,770 under salary schedule effective January 5, 1964.)

Change in headquarters

Edward W. Healey, Assistant Federal Reserve Examiner, Division of Examinations, from Washington, D. C., to San Francisco, California, effective January 3, 1964.



Secretary

T E L E G R A M
LEASED WIRE SERVICE

Item No. 1
12/27/63

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

December 27, 1963.

BEAN -- MINNEAPOLIS

KECEA

- A. Bancorporation of Montana, Great Falls, Montana.
- B. Liberty County Bank, Chester, Montana.
Citizens Bank of Montana, Havre, Montana.
Central Bank of Montana, Great Falls, Montana.
- C. None.
- D. At any time prior to May 1, 1964, at the annual meetings of shareholders of such banks, or any adjournments thereof, to elect directors, and to act thereat upon such matters of a routine nature as are ordinarily acted upon at the annual meetings of such banks.

(Signed) Elizabeth L. Carmichael

CARMICHAEL

Definition of KECEA:

The Board authorizes the issuance of a limited voting permit, under the provisions of section 5144 of the Revised Statutes of the United States, to the holding company affiliate named below after the letter "A", entitling such organization to vote the stock which it owns or controls of the bank(s) named below after the letter "B", subject to the condition(s) stated below after the letter "C". The permit authorized hereunder is limited to the period of time and the purposes stated after the letter "D". Please proceed in accordance with the instructions contained in the Board's letter of March 10, 1947, (8-964).

TELEGRAM
LEASED WIRE SERVICE

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 4562
12/27/63

HYDE -- RICHMOND

December 27, 1963

KECEA

- A. Virginia Commonwealth Corporation, Richmond, Virginia.
- B. The Peoples National Bank of Pulaski, Pulaski, Virginia.
- C. None.
- D. At any time prior to April 1, 1964, at the annual meeting of shareholders of such bank, or any adjournments thereof, (1) to elect directors for the ensuing year and act thereat upon such matters of a routine nature as are ordinarily acted upon at the annual meetings of such bank; and (2) to amend the Articles of Incorporation to: (a) provide for an increase in the board of directors by not more than two directors between annual meetings of shareholders, (b) change the par value of outstanding stock from \$25 to \$10 per share, (c) declare a 100 per cent stock dividend, (d) eliminate pre-emptive or preferential subscription rights of shareholders, and (e) take all action necessary in accomplishing items (2)(a) through (2)(d), provided that all action taken shall be in accordance with plans satisfactory to the Comptroller of the Currency. STOP. Please withhold issuance of the permit authorized herein until such time as you have been notified by Virginia Commonwealth Corporation that it has become a holding company affiliate of such bank. Meanwhile, you may assure Virginia Commonwealth Corporation that a limited voting permit will be issued upon such notification.

(Signed) Elizabeth L. Carmichael

CARMICHAEL

Definition of KECEA:

The Board authorizes the issuance of a limited voting permit, under the provisions of section 5144 of the Revised Statutes of the United States, to the holding company affiliate named below after the letter "A", entitling such organization to vote the stock which it owns or controls of the bank(s) named below after the letter "B", subject to the condition(s) stated below after the letter "C". The permit authorized hereunder is limited to the period of time and the purposes stated after the letter "D". Please proceed in accordance with the instructions contained in the Board's letter of March 10, 1947, (8-964).

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Item No. 3
12/27/63

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



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 27, 1963.

Board of Directors,
County Trust Company,
Tenafly, New Jersey.

Gentlemen:

The Board of Governors of the Federal Reserve System has approved an extension until December 30, 1964, of the time within which County Trust Company may establish a branch at 2 West Clinton Avenue, Tenafly, New Jersey. The establishment of this branch was authorized in a letter dated December 29, 1961.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

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

Item No. 4
12/27/63



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 27, 1963

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

Gentlemen:

This will acknowledge your letter of December 2, 1963, transmitted through the Federal Reserve Bank of New York, referring to the Board's letter of December 10, 1962, which granted consent for International Banking Corporation to purchase and hold capital stock of a French holding company, in an amount not to exceed \$800,000, subject to certain conditions and provided the shares were acquired within one year.

It is noted that, although the discussions are proceeding satisfactorily, your negotiations could not be completed by December 10, 1963, and you have requested a year's extension of the permission to consummate the transaction to December 10, 1964.

In accordance with your request, the time within which the shares of the French holding company may be acquired is hereby extended to December 10, 1964.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 5
12/27/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



December 27, 1963.

Board of Directors,
The Provident Bank,
Cincinnati, Ohio.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch by The Provident Bank, Cincinnati, Ohio, at the southeast corner of Vine and Seventh Streets, Cincinnati, Ohio, coincident with the relocation of The Provident Bank's main office from that location to the southeast corner of Vine and Fourth Streets, Cincinnati, Ohio. The Board has approved this branch provided the branch is established within 30 months from the date of this letter, and provided further that branch operations now conducted at Main and Fourth Streets, Cincinnati, Ohio, are discontinued simultaneously with the opening of the new main office.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
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. 6
12/27/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 27, 1963.



Board of Directors,
Union Trust Company of Maryland,
Baltimore, Maryland.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Union Trust Company of Maryland, Baltimore, Maryland, of a branch in the Frankford Plaza Shopping Center located at the southwest corner of Frankford Avenue and Moravia Road, Baltimore, Maryland, 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.

(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.)

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

Item No. 7
12/27/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 27, 1963.

Mr. Aubrey N. Heflin,
First Vice President,
Federal Reserve Bank of Richmond,
Richmond, Virginia. 23213

Dear Mr. Heflin:

This refers to your letter of December 13, 1963, regarding a penalty of \$73.08 incurred by the Loudoun National Bank of Leesburg, Leesburg, Virginia, on a deficiency in its required reserves for the biweekly computation period ended August 21, 1963.

It is noted that (1) the deficiency resulted from the subject bank's inadvertent failure to use the immediate credit symbol on drafts drawn on two of its correspondent banks for credit to its reserve account; (2) the omission was discovered too late to avoid the deficiency, although it could have been detected sooner had the member bank checked your Bank's daily statement of its account promptly upon receipt; and (3) the bank has a good record in maintaining its required reserves.

In the circumstances, the Board authorizes your Bank to waive the assessment of the penalty of \$73.08 for the period ended August 21, 1963.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.





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

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Item No. 8
12/27/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 27, 1963.

Board of Directors,
Bexar County National Bank
of San Antonio,
San Antonio, Texas.

Gentlemen:

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

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

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 9
12/27/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



December 27, 1963.

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

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch by Wells Fargo Bank, San Francisco, California, in the downtown business section of Anderson, California, 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.

(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. 10

12/27/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 27, 1963



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

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch by Wells Fargo Bank, San Francisco, California, in the downtown business section of Corning, Tehama County, California, provided the branch is established within one year from the date of this letter.

Very truly yours,
(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

(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. 11
12/27/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 27, 1963



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

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch by Wells Fargo Bank, San Francisco, California, in the vicinity of San Pablo Avenue and the Alameda-Contra Costa County line in El Cerrito, Contra Costa County, California, provided the branch is established within one year from the date of this letter.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael
Assistant Secretary.

(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

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Item No. 12
12/27/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 27, 1963

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

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch by Wells Fargo Bank, San Francisco, California, in the vicinity of the intersection of Edwards and Cleveland Avenues, Santa Rosa, California, provided the branch is established within six months from the date of this letter.

It is the Board's understanding that the new branch will be opened in temporary quarters in the vicinity of the intersection of Steele Lane and Range Avenue, an unincorporated area of Sonoma County, California (adjacent to the city limits of Santa Rosa, California), and that branch operations in the temporary quarters will be discontinued simultaneously with the opening of the branch in permanent quarters.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
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

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Item No. 13
12/27/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 27, 1963.

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

Gentlemen:

The Board of Governors of the Federal Reserve System extends to December 30, 1965, the time within which Wells Fargo Bank may establish a branch at the southwest corner of 20th and Franklin Streets, Oakland, provided that branch operations now conducted at 22nd and Webster Streets, Oakland, are discontinued simultaneously with the establishment of the new branch.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

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

Item No. 14
12/27/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 27, 1963

Mr. A. B. Merritt, Vice President,
Federal Reserve Bank of San Francisco,
San Francisco, California. 94120

Dear Mr. Merritt:

This refers to your letter of December 13, 1963, regarding the penalties of \$94.93 and \$270.03 incurred by the Golden Gate National Bank, San Francisco, California, on deficiencies in its required reserves for the computation periods ended December 4 and 11, respectively.

It is noted that (1) the deficiencies occurred because, through misunderstanding, the subject bank began maintaining reserves at the rate required of nonreserve city banks prior to the authorized effective date; (2) until that time the bank had maintained adequate reserves at the rate required for reserve city banks; and (3) your Bank feels it may have contributed to the misunderstanding by not informing the bank as to the exact date on which its permission to carry reserves at the lower rate became effective.

In the circumstances, the Board authorizes your Bank to waive the assessment of the penalties of \$94.93 and \$270.03 for the periods ended December 4 and 11, respectively.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Item No. 15
12/27/63

WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



December 27, 1963.

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

Dear Mr. Scott:

As requested in Mr. Mathews' letter of December 9, 1963, the Board of Governors approves the appointment of Messrs. Donald L. Alexander and Cecil B. Foley as Alternate Assistant Federal Reserve Agents to replace Messrs. Whitsitt and Blair.

This approval is given with the understanding that Messrs. Alexander and Foley will be solely responsible to the Federal Reserve Agent and the Board of Governors for the proper performance of their duties, except that, during the absence or disability of the Federal Reserve Agent or a vacancy in that office, their responsibility will be to the Assistant Federal Reserve Agent and the Board of Governors.

When not engaged in the performance of their duties as Alternate Assistant Federal Reserve Agents, Messrs. Alexander and Foley may, with the approval of the Federal Reserve Agent and the President, perform such work for the Bank as will not be inconsistent with their duties as Alternate Assistant Federal Reserve Agents.

It will be appreciated if Messrs. Alexander and Foley are fully informed of the importance of their responsibilities as members of the staff of the Federal Reserve Agent and the need for maintenance of independence from the operations of the Bank in the discharge of these responsibilities.

Please have Messrs. Alexander and Foley execute the usual Oath of Office which should be forwarded to the Board of Governors along with notification of the effective date of their appointment.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Item No. 16
12/27/63

WASHINGTON, D. C. 20551



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 27, 1963.

CONFIDENTIAL (FR)

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

Dear Mr. Nosker:

Reference is made to your letter of December 19, 1963, advising the Board that Examiners Douglas T. Hughes and Leonard A. Ross, Jr., have become indebted to First and Merchants National Bank, Richmond, Virginia, through the acquisition by that bank of their notes to the original nonbank lenders. It is understood, of course, that they will not be permitted to participate in any examination of First and Merchants National Bank until their indebtedness to that bank has been liquidated.

Your attention is called to the fact that the renewal of any such loan would be considered as the making of a new loan by the national bank and apparently would be prohibited by the Criminal Code, as discussed in the Board's letter S-1680 of November 20, 1958.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.