

Minutes for November 17, 1965

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 proposed to place in the record of policy actions required to be kept under the provisions of section 10 of the Federal Reserve Act an entry covering the item in this set of minutes commencing on the page and dealing with the subject referred to below:

Page 17 Amendment to Regulation R, Relationships with Dealers in Securities under Section 32 of the Banking Act of 1933.

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 to indicate approval of the minutes.

Chm. Martin



Gov. Robertson

Gov. Balderston



Gov. Shepardson



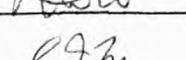
Gov. Mitchell

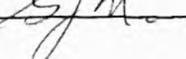


Gov. Daane



Gov. Maisel





Minutes of the Board of Governors of the Federal Reserve System on Wednesday, November 17, 1965. The Board met in the Board Room at 10:00 a.m.

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

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Miss Carmichael, Assistant Secretary
Mr. Young, Senior Adviser to the Board and
Director, Division of International Finance
Mr. Fauver, Assistant to the Board
Mr. Hackley, General Counsel
Mr. Solomon, Director, Division of Examinations
Mr. Shay, Assistant General Counsel
Mr. Hooff, Assistant General Counsel
Mr. Sammons, Associate Director, Division of
International Finance
Mr. Goodman, Assistant Director, Division of
Examinations
Mr. Leavitt, Assistant Director, Division of
Examinations
Mr. Thompson, Assistant Director, Division of
Examinations
Messrs. Heyde and Robinson, Attorneys, Legal
Division
Mr. Dahl, Chief, Special Studies and Operations
Section, Division of International Finance
Messrs. Egertson and McClintock, Supervisory
Review Examiners, Division of Examinations
Messrs. Goodfellow, Lyon, Poundstone, and White,
Review Examiners, Division of Examinations
Mr. Harris, Assistant Review Examiner, Division
of Examinations

Discount rates. The establishment without change by the Federal Reserve Bank of Atlanta on November 15 and by the Federal Reserve Bank of Minneapolis on November 16, 1965, of the rates on

11/17/65

-2-

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

Reports on competitive factors. There had been distributed a
draft of report to the Comptroller of the Currency on the competitive
factors involved in the proposed merger of Amite County Bank, Gloster,
Mississippi, The Commercial National Bank of Greenville, Greenville,
Mississippi, The First National Bank of McComb City, McComb City,
Mississippi, and Tylertown Bank, Tylertown, Mississippi, into First
National Bank of Jackson, Jackson, Mississippi. As drafted, the final
sentence in the conclusion of the report indicated that the effect of
the proposed transaction on competition would not be significantly
adverse.

During discussion Governor Robertson expressed the view that
an opposite conclusion should be stated. At the present time the two
largest banks in Mississippi held about 22 per cent of the total State
deposits, and this would be increased to about 27 per cent if this
proposal and other pending proposals were consummated. This, he felt,
was an adverse competitive factor in itself. In Mississippi practically
all of the banks other than the two largest banks were small institu-
tions, and the whole competitive situation in the State would be changed
by transactions of this kind.

Governor Shepardson said he believed the change in competition
that would result from this and other currently proposed mergers would

11/17/65

-3-

be beneficial. There had been inadequate banking service in many areas of Mississippi for a long time, and he felt that the merger would improve the competitive picture in the State. He also referred to his understanding that some banking business was presently going to large banks in surrounding States.

Governors Mitchell and Daane indicated general agreement with the views expressed by Governor Shepardson, the former commenting that the system of small unit banks in Mississippi may have had something to do with the State's lagging position economically.

A question was raised by Governor Maisel as to the criterion that might be used in determining what degree of banking concentration could be considered proper. Mr. Solomon responded that it would be difficult to arrive at such a criterion. However, the degree of concentration in the two largest banks in Mississippi was not high in comparison with the situation prevailing in numerous other States.

After further discussion, Governor Balderston indicated his agreement with the conclusion reached by the Division of Examinations. He suggested, however, that the wording of the conclusion of the report be changed for the purpose of clarification.

The report was then approved for transmittal to the Comptroller, Governor Robertson dissenting, in a form in which the conclusion read as follows:

11/17/65

-4-

While there appears to be no significant competition existing between First National Bank of Jackson and the four banks which it proposes to acquire (Amite County Bank, Gloster; The Commercial National Bank of Greenville; The First National Bank of McComb City; and Tylertown Bank), consummation of the proposed merger would eliminate some competition existing between the McComb bank and Tylertown bank and the McComb bank and Gloster bank.

While consummation of this proposed merger and the proposed mergers involving Deposit Guaranty National Bank, Jackson, would result in the remaining banks in Amite-Wilkinson, Pike and Washington Counties competing with the two largest banks in the State, and thus, change the nature of competition in such areas, the overall effect of the proposed transaction on competition would not be significantly adverse.

There had also been distributed a draft of report to the Comptroller of the Currency on the competitive factors involved in the proposed merger of Douglas County State Bank, Roseburg, Oregon, into First National Bank of Oregon, Portland, Oregon. The report, in which the conclusion read as follows, was approved unanimously for transmittal to the Comptroller:

There appears to be no significant competition existing between First National Bank of Oregon, Portland, Oregon, a subsidiary of Western Bancorporation, Los Angeles, California, a registered bank holding company, and Douglas County State Bank, Roseburg, Oregon.

The two large Oregon banks now dominate banking in the State through control of nearly 80 per cent of the total banking deposits in the State and operation of approximately two-thirds of all banking offices in Oregon. Consummation of this proposed merger would eliminate the fifth largest commercial bank headquartered in Oregon and increase an already unduly heavy concentration of banking resources in these two large banks. The effect of the proposed transaction on competition would be substantially adverse as it would increase the tendency toward duopoly to the strong detriment of the public interest over the long term.

11/17/65

-5-

Request of Franklin National Bank (Item No. 1). There had been distributed a memorandum from the Division of Examinations dated November 1, 1965, relating to a request of Franklin National Bank, Mineola, New York, for permission to accept drafts or bills of exchange drawn for the purpose of furnishing dollar exchange. A draft of letter that would grant the permission was attached.

In discussion reference was made to the possible effect from a balance of payments standpoint of granting the requested permission, and it was noted that the bank's claims on foreigners were now somewhat above the guideline established under the voluntary foreign credit restraint effort. Governor Robertson stated that he would favor granting the request, but that he would use the Board's letter to Franklin National Bank as a medium for urging the bank to operate within the guideline.

There was general agreement with Governor Robertson's suggestion, and it was understood that the letter would be revised accordingly. A copy of the letter in the form in which it was sent is attached as Item No. 1.

Membership application. There had been distributed a memorandum from the Division of Examinations dated November 12, 1965, with reference to the application of Summit State Bank of Richfield-Bloomington, Richfield, Minnesota, a newly-organized bank not yet in operation, for admission to membership in the Federal Reserve System. The Federal Deposit Insurance Corporation had reported unfavorably on the factors of financial history and condition,

11/17/65

-6-

adequacy of capital structure, and general character of management, and had recommended denial of the application.

Both the Federal Reserve Bank of Minneapolis and the Board's Division of Examinations, after analyzing the application, concluded that the three factors questioned by the Federal Deposit Insurance Corporation could be resolved as reasonably favorable. Also, it was concluded that the bank would provide an alternative source of banking service that would be more convenient for some customers, and some degree of need for the bank was evidenced by its favorable earnings prospects. Accordingly, approval of the application was recommended.

After Mr. Leavitt had reported on the application, Governor Robertson stated that he would not approve it at this time. This was a case where the Federal Deposit Insurance Corporation had taken an adverse position, and it was being recommended that the insuring agency's position be overruled on the basis of analysis of the application by the staff of the Reserve Bank and the Board. In his judgment it would be appropriate to confer further with the Corporation before deciding whether to admit the bank to membership.

Governor Balderston commented that the Board should not abdicate control of membership applications. However, the insurable risks of the Federal Deposit Insurance Corporation were increased by admission of uninsured banks to System membership, and for this reason the Corporation had a valid interest in the application.

11/17/65

-7-

Governor Daane said that in his view the conclusion of the Division of Examinations probably was correct. In the circumstances, however, he thought that it would be desirable to have some further consultation with the Corporation in order to determine whether an agreement could be reached.

Governor Mitchell indicated that he would have no objection to negotiations, but if an agreement could not be reached he was not convinced that the Board should necessarily deny the application for membership.

Question was raised as to whether further discussion should be held with members of the Corporation's staff or with Chairman Randall. Since the Board's staff had already conferred with the staff of the Corporation at some length, it was the consensus that the matter should be discussed with Chairman Randall.

The discussion concluded with an understanding that Governor Mitchell would discuss the membership application with Chairman Randall and report back to the Board.

Request of Mellon Bank International (Item No. 2). There had been distributed memoranda from the Division of Examinations and the Legal Division dated November 12 and November 15, 1965, respectively, with reference to an application by Mellon Bank International, Pittsburgh, Pennsylvania, a section 25(a) corporation, for permission (1) to amend its Articles of Association to increase the capital stock to \$4,940,000,

11/17/65

-8-

consisting of 49,400 shares of the par value of \$100 each, and (2) to purchase approximately 14.3 per cent of the shares of Bank of London & South America Limited, London, England, at a cost of approximately \$14,700,000.

A draft of letter granting permission in both respects was attached to the Division of Examinations' memorandum. The letter would indicate that the Board's consent to the proposed purchase and holding of shares of Bank of London & South America Limited was granted subject to the condition that the bank, which operated a branch in New York City, would not engage in any activity in the United States not permissible for a corporation organized under section 25(a) of the Federal Reserve Act engaged in banking; provided, however, that no objection would be interposed if Bank of London & South America invested temporarily idle funds derived from foreign sources in brokers' loans, prime commercial paper, Federal funds, and short-term obligations of United States banks. With reference to the activities of subsidiaries of the bank, the letter would indicate that the Board's consent was granted subject to the condition that the bank would cause any of its subsidiary companies conducting operations in the United States to terminate any of such activities that might be regarded as being "engaged in the general business of buying or selling goods, wares, merchandise or commodities in the United States, . . . (or) transacting any business in the United States except such as in the judgment of the Board of Governors. . . may be incidental to its

11/17/65

-9-

international or foreign business," such termination of such activities to be accomplished within three years from the date of the first acquisition of shares of Bank of London & South America by Mellon Bank International. The letter would state further that the Board's consent was given with the understanding that the total amount of foreign loans and investments of Mellon Bank International, combined with those of Mellon National Bank and Trust Company, including the investment now being approved, would not be affected by this transaction. A possible additional paragraph would contain a condition that when required by the Board of Governors, Mellon Bank International would cause Bank of London & South America (a) to permit examiners selected or approved by the Board of Governors to examine the New York branch of the bank, and (b) to furnish the Board of Governors with such reports regarding the New York branch as it might require from time to time.

At the Board's request Mr. Poundstone and Mr. Goodman commented on the application, their remarks being based mainly on the memorandum from the Division of Examinations. During his remarks Mr. Goodman referred to the position taken by the Board in a number of other cases involving the purchase by Edge corporations of minority interests in foreign banking corporations engaged in activities in the United States.

A discussion followed relating to the conditions under which the Board's consent might be granted, as set forth in the draft of letter.

11/17/65

-10-

With respect to the condition that would restrict the foreign banking corporation's activities to those permissible for a corporation organized under section 25(a) of the Federal Reserve Act engaged in banking, but would interpose no objection if the corporation invested temporarily idle funds derived from foreign sources in brokers' loans, prime commercial paper, Federal funds, and short-term obligations of United States banks, Governor Mitchell referred to the 1963 revision of Regulation K, Corporations Engaged in Foreign Banking and Financing under the Federal Reserve Act. The revision permitted Edge corporations to invest temporarily idle funds in bank deposit balances, bankers' acceptances, and Government obligations. He wondered whether this restriction was not hostile to the interests of the U.S. from the balance of payments standpoint and whether it might not be desirable to amend Regulation K to permit Edge corporations to invest in anything in the money or capital market areas. He believed there would be merit in so amending the regulation and in then permitting the activities in the U.S. of foreign corporations partially or totally owned by Edge corporations to be consistent with those of Edge corporations engaged in banking.

In discussion, it was the general view of the staff that the proposal to which Governor Mitchell referred should have a helpful effect from the balance of payments standpoint.

Mr. Shay noted that, in considering requests similar to that of Mellon Bank, the Board had in a number of instances followed the

11/17/65

-11-

practice of equating the activities of the foreign banking corporation in which the Edge corporation invested with those of the Edge corporation itself. This was not legally necessary, however. The test was whether the activities of the foreign corporation in the U.S. were incidental to its international or foreign business. If the Board should as a matter of policy take the position that the activities of the New York branch of Bank of London & South America Limited should be restricted to those permitted an Edge corporation engaged in banking, but that an exception should be made to permit the branch to invest its funds in certain prescribed ways, it would seem that the exception should also be extended to Edge corporations by amending section 211.7(b) of Regulation K.

With reference to the imposition of the condition that would require the foreign corporation to terminate within three years certain activities of its subsidiary companies conducting business in the United States, Mr. Goodman mentioned a number of activities that apparently would need to be discontinued because they were not incidental to international and foreign business.

Mr. Shay stated that it might be argued that under section 25(a) of the Federal Reserve Act the Board could not legally consent to the proposed investment until the foreign corporation submitted proof that its subsidiaries were not engaged in activities in the U.S. unrelated to international and foreign business. However, he thought the Board

11/17/65

-12-

was justified in permitting the investment subject to the condition set forth in the letter.

The discussion then turned to the condition that the foreign corporation agree to permit examination of its New York branch. Mr. Goodman stated that he would prefer not to include such a condition. On the other hand, Mr. Solomon said he considered it not unreasonable to accept the recommendation of the New York Reserve Bank to impose this condition.

Governor Robertson commented that the New York branch of the foreign corporation was already subject to examination by State examiners, and he doubted that it would raise any question to include provision for examination of the branch by examiners designated by the Board of Governors. He went on to say that he would follow the recommendation of the Division of Examinations and allow three years for the foreign corporation to cause any of its subsidiary corporations conducting operations in the United States to terminate activities not incidental to international or foreign business. He believed that such a provision fell within the realm of administrative discretion. He would not amend Regulation K at this time, his thought being that it would be preferable to consider a possible amendment after the current study of foreign operations of U.S. banks had been completed. He also noted that the transaction immediately involved would not affect the U.S. balance of payments since it was an exchange of foreign loans for a foreign investment.

11/17/65

There was, however, also a repurchase option involved which, if executed, would at some point create foreign loans and investments that were subject to the guideline established under the voluntary credit restraint effort, and Mellon Bank and its parent, on a combined basis, were currently over the 105 per cent target. Accordingly, he would include in the Board's letter to Mellon Bank a paragraph indicating that it was understood that the bank and its parent would take whatever steps might be necessary to keep within the established guidelines.

Governor Mitchell questioned whether the Board would not be taking a position that was contrary to law if it permitted the Edge corporation to invest in a foreign corporation the subsidiaries of which were engaged in activities not permitted under Regulation K.

Governor Balderston said that he thought an administrative body such as the Board should operate with a certain degree of latitude, as Governor Robertson had suggested. This application had been received at the Board some time ago, and it would not be reasonable to expect the subsidiaries of the foreign corporation to divest themselves immediately of various activities not incidental to international or foreign business.

Mr. Shay observed that where discretionary types of action were involved, as in this case, the Board's consent might be given subject to certain conditions or restrictions. There was leeway, he thought, in spite of the letter of the law, for the exercise of administrative

11/17/65

-14-

judgment. If desired, for example, the Board's letter might indicate that the termination of restricted activities of subsidiaries should be accomplished as promptly as practicable but not later than within three years.

Mr. Hackley commented that on the basis of a reading of the law it seemed necessary to conclude that the Board could not consent to the purchase by an Edge corporation of stock of a foreign corporation that was engaged in forbidden activities in the United States. In this instance, however, the foreign corporation was not itself directly engaged in any business of that type. The corporate entity was entitled to be respected unless being used to evade the law, and it was difficult to say in this case that there was an attempt to evade any statutory provision. But since subsidiaries of the foreign corporation were engaged in forbidden activities, it would be appropriate, and in keeping with the spirit of the statute, to require those subsidiaries to divest themselves of such activities, with a reasonable amount of time allowed to accomplish the divestment.

A suggestion was made that the activities of subsidiaries of the foreign corporation engaged in businesses in the United States that it would seem necessary to divest, under the provisions of the law, be referred to more specifically in the Board's letter to Mellon Bank International.

The letter granting the Board's consent was then approved with the understanding that it would be revised along the lines that had

11/17/65

-15-

been suggested. A copy of the letter in the form sent is attached as Item No. 2.

Request of Chase Manhattan Bank (Item No. 3). There had been distributed a memorandum from the Division of Examinations dated November 12, 1965, regarding an objection of The Chase Manhattan Bank (National Association), New York, New York, to a condition in the Board's letter of March 24, 1965, granting consent to Chase Manhattan Overseas Banking Corporation to acquire not more than 20 per cent of the shares of a bank resulting from the merger of Standard Bank Limited and Bank of West Africa Limited, both of London, England. The objection related to the condition that neither Standard Bank Limited-Bank of West Africa nor any subsidiary bank or other affiliated company should engage in any activity in the United States not permissible for a corporation organized under section 25(a) of the Federal Reserve Act engaged in banking.

Chase Manhattan Bank had indicated that, as an incident to its international and foreign business, the New York agency of Standard Bank engaged in certain activities--examples of which were cited--that might not be permitted an Edge corporation under Regulation K. Accordingly, the bank requested that the relevant paragraph of the Board's letter of March 24, 1965, be amended to indicate that the Board's consent was granted subject to the condition that such shares would be disposed of as promptly as practicable if Standard Bank Limited-Bank of West

11/17/65

-16-

Africa Limited should engage in the business of underwriting, selling, or distributing securities in the United States or if Chase Manhattan Overseas Banking Corporation was advised by the Board of Governors that the holding of such shares was inappropriate under section 25(a) of the Federal Reserve Act or Regulation K.

After analyzing the examples of types of business that might be affected by the condition imposed by the Board, the Division of Examinations concluded that only the following would be inappropriate for an Edge corporation under Regulation K:

To the extent funds of the New York agency are not currently employed in its international or foreign business, such funds may be invested in brokers' loans or commercial paper as well as governmental obligations.

The Division recommended that the Board's letter of March 24, 1965, be modified to state that the Board's consent to the purchase and holding of shares of Standard Bank Limited-Bank of West Africa Limited was granted subject to the condition that the foreign corporation should not engage in any activity in the United States not permissible for a corporation organized under section 25(a) of the Federal Reserve Act engaged in banking; provided, however, that no objection would be interposed if the corporation invested temporarily idle funds derived from foreign sources in brokers' loans, prime commercial paper, Federal funds, and short-term obligations of United States banks. A draft of letter amending the Board's letter of March 24, 1965, along this line was attached to the memorandum.

11/17/65

After it had been noted that the proposed letter to Chase Manhattan Bank would be in line, in this respect, with the one to Mellon Bank International approved at this meeting, the letter was approved unanimously. A copy is attached as Item No. 3.

Application of Greenfield Banking Company. A memorandum from the Division of Examinations dated November 8, 1965, had been distributed with reference to an application by Greenfield Banking Company, Greenfield, Indiana, to merge with The First National Bank of Fortville, Fortville, Indiana. The Federal Reserve Bank of Chicago and the Division of Examinations recommended approval of the application.

Following comments by Mr. Egertson, the application was approved unanimously. It was understood that the Legal Division would prepare for the consideration of the Board drafts of an order and statement reflecting this decision.

Amendment to Regulation R (Items 4 and 5). There had been distributed memoranda from the Legal Division dated November 4 and 8, 1965, relating to a request of Discount Corporation, New York, New York, that the Board amend Regulation R, Relationships with Dealers in Securities under section 32 of the Banking Act of 1933, to permit interlocking relationships between member banks and securities firms dealing in or underwriting securities that member banks themselves may deal in or underwrite by virtue of section 5136 of the U.S. Revised Statutes and paragraph 20 of section 9 of the Federal Reserve Act.

The memoranda noted that section 32 of the Banking Act of 1933, as amended, forbids interlocking relationships between member banks and

11/17/65

firms primarily engaged in underwriting or dealing in securities except in situations in which the Board "by general regulation" may permit interlocking services where to do so will not, in the Board's judgment, unduly influence the investment policies of any such bank or the advice it gives its customers regarding investments.

Under Regulation R, the Board had permitted interlocking services between member banks and firms that confined their securities activities to U.S. Government securities and certain other named securities with similar characteristics. Discount Corporation's request would involve amending Regulation R to permit interlocking relations between member banks and firms dealing exclusively in the following additional securities specified in paragraph seventh of section 5136, R.S.:

- General obligations of any State or of any political subdivision thereof; obligations insured by the Federal Housing Administrator and obligations of local public housing agencies; obligations of the Tennessee Valley Authority; obligations of the Inter-American Development Bank; and obligations of the International Bank for Reconstruction and Development.

The Legal Division took the position that there was a substantial danger that the evils at which section 32 was directed might result from extending the exception in Regulation R to permit interlocking relationships between member banks and securities firms that dealt in general obligations of States and municipalities. This view led the Division to recommend that this aspect of Discount Corporation's proposal be denied, despite the apparent inconsistency in forbidding bank directors to serve on boards of directors of firms that underwrite only categories of securities that banks themselves may underwrite.

11/17/65

-19-

The Legal Division recommended further, however, that the Board give consideration to broadening Regulation R to include in the excepted list the remaining types of securities covered by section 5136 of the Revised Statutes and included in Discount Corporation's request. The reasons against including in the exception general obligations of States and municipalities did not seem to extend to the other types of securities. If the Board was inclined to favor this recommendation, the Legal Division suggested that it might wish to have the research staff analyze the categories of securities involved and compare them for investment quality and risk with the securities now included in the exception contained in the regulation. Also, the Board might want to ask the Federal Reserve Banks for their views. Attached to the November 8 memorandum was a letter to the Federal Reserve Bank of New York reflecting the Legal Division's recommendations and procedural suggestions.

Mr. Shay commented on the request of Discount Corporation, his remarks being based principally on the material that had been distributed by the Legal Division. During his comments Mr. Shay pointed out that the part of Discount Corporation's request on which the Legal Division recommended favorable consideration probably was not of great importance to Discount Corporation, for its request no doubt was aimed principally at having general obligations of States and municipalities added to the exception contained in Regulation R. As to the latter feature, he noted that the question had come up on a number of occasions in the past, as

11/17/65

-20-

described in Mr. Robinson's memorandum of November 4, 1965. Among the problems involved were interpretation of "general obligations" and also the fact that some State and municipal general obligations were not of sufficient investment quality to avoid criticism by bank examiners. Further, over the years the broad question had been one of maintaining Regulation R in such fashion as not to risk going contrary to the prophylactic purpose of the law. To make an exception for State and municipal general obligations would breach that wall in a way that the exception of the several specific securities mentioned in the Legal Division's memoranda would not.

Following a brief general discussion, Governor Robertson commented that denial of the principal part of Discount Corporation's request, as recommended by the Legal Division, would be in accord with the position that the Board had taken consistently in the past. He would be inclined to go along with that recommendation. As to the remaining part of the request, he doubted whether it was of particular concern to Discount Corporation, and he would be inclined to let the matter drop unless it was ascertained through the New York Reserve Bank that Discount Corporation wanted to press for action in that respect.

Governor Daane expressed a similar view.

Governor Maisel observed that the questions presented in the past had involved close decisions, and on many of them he would have taken a minority position. He felt that the Board should go along with

11/17/65

-21-

the request of Discount Corporation, thus excepting from Regulation R the complete list of securities indicated by the Congress in section 5136 as permissible for underwriting by member banks rather than only a part of the list. In other words, if the Board was going to make exceptions, it should make exceptions along the same lines that the Congress had made in section 5136.

Mr. Shay remarked that the law permitted a bank to make a judgment on whether to buy or underwrite certain classes of securities. However, section 32 said that the Congress did not want the bank to be influenced by an executive of a securities firm sitting on its board of directors, particularly where some State and municipal obligations were of doubtful quality.

Governor Mitchell commented that such reasoning would seem to suggest that a bank was presumed to do right, except if there was a securities firm executive on its board of directors it was presumed to do wrong.

After further discussion along these lines, Mr. Shay responded to a question by confirming that the Legal Division would only object to the inclusion in the exception contained in Regulation R of general obligations of States and municipalities. The other securities involved in Discount Corporation's request were so similar in character to the securities currently listed in the exception to the regulation that it would be difficult to say that the one group should be excepted and the other group should not be excepted. Governor

11/17/65

-22-

Daane again commented that he doubted whether Discount Corporation actually cared very much about the excepting of the securities other than general obligations of States and local governments, but Governor Mitchell noted that in general principle there would seem to be something invidious about making a distinction between the securities currently excepted and those now under discussion.

A consensus then developed in favor of adding to the list of excepted securities the following categories of obligations specified as eligible for underwriting by member banks in paragraph seventh of section 5136, R.S., and paragraph 20 of section 9 of the Federal Reserve Act: obligations of the Tennessee Valley Authority; obligations of the Inter-American Development Bank; obligations of the International Bank for Reconstruction and Development; obligations insured by the Federal Housing Administrator; and obligations of local public housing agencies. It was further the consensus that there was no need to solicit the views of the Federal Reserve Banks on thus amending Regulation R; that there was no need to have the research staff analyze such securities for quality and risk; and that there was no need for publication of a proposed amendment to Regulation R in the Federal Register for comment or to defer the effective date.

Accordingly, approval was given to amendment of Regulation R, effective November 17, 1965, in the manner set forth in the attached copy (Item No. 4) of a notice published in the Federal Register. While

11/17/65

-23-

Governor Maisel did not disagree with the action taken, so far as it went, he believed that the regulation should have been further amended so as also to include in the excepted list general obligations of any State or of any political subdivision thereof.

A copy of a letter sent to the Federal Reserve Bank of New York reflecting the Board's action on Discount Corporation's request is attached as Item No. 5.

Requests for section 301 determinations. At the Board meeting on August 3, 1965, consideration was given to the application of Citizens Capital Corporation, Chicago, Illinois, for a determination exempting it from all holding company affiliate requirements except for the purposes of section 23A of the Federal Reserve Act. The corporation owned 10,001 of the 20,000 outstanding shares of capital stock of Citizens National Bank of Chicago, but did not own or control stock of any other bank. Since material had been distributed looking toward a reappraisal of the Board's policy in "one-bank" cases and since a number of applications were being held awaiting that review, action on the application of Citizens Capital Corporation was deferred.

Prior to today's meeting a memorandum from the Division of Examinations dated July 29, 1965, relating to the application was redistributed.

Mr. Solomon commented on the application and indicated that the Chicago Reserve Bank was finding it increasingly difficult to explain to the corporation the reason for the delay in acting on its application.

11/17/65

-24-

A discussion followed during which there were indications that members of the Board favored deferral of action on this and similar applications until the Board's policy in regard to "one-bank" cases had been reappraised.

Question was raised as to the type of response that should be made to the Chicago Reserve Bank regarding this application and a similar one from K-J Investment Company, Moline, Illinois (covered by a distributed memorandum from the Division of Examinations dated July 22, 1965).

Governor Robertson expressed the view that the Reserve Bank should be advised that the Board had not yet reached a decision regarding its policy in "one-bank" cases and, if there was need for some affirmative action by the Board at this time, the two corporations could be invited to submit voting permit applications to the Board without precluding their chances of obtaining section 301 determinations after the Board's review was completed.

At the conclusion of the discussion it was agreed to defer action on the applications of Citizens Capital Corporation and K-J Investment Company for section 301 determinations. It was understood that it would be indicated to the Federal Reserve Banks that these and other applicants for section 301 determinations whose applications were being held pending a reappraisal of the Board's policy in regard to "one-bank" cases might be invited to apply for voting permits if they so desired, as suggested by Governor Robertson.

11/17/65

-25-

The meeting then adjourned.

Secretary's Notes: The responses of the Federal Reserve Banks to the Board's request of October 8, 1965, for their comments on a proposed survey and evaluation of the Protection Departments at the Reserve Banks having been generally favorable, a letter (attached Item No. 6) was sent on November 16, 1965, to the Director of the U.S. Secret Service requesting the services of that organization in conducting surveys at the respective Reserve Banks.

Acting in the absence of Governor Shepardson, Governor Robertson approved on behalf of the Board on November 16, 1965, the following items:

Letter to the Federal Reserve Bank of New York (attached Item No. 7) approving the appointment of Joseph F. Gutowski, Jr., as examiner.

Letter to Mrs. Renee Mikus of Washington, D. C., confirming arrangements for her to conduct a course in Conversational French for members of the Board's staff as an activity of the Board's Employee Training and Development Program, a fee of \$10 to be paid for each session conducted.

Memorandum from the Division of Research and Statistics dated November 9, 1965, recommending that dual occupancy be authorized for a position in the Research Library for a temporary period.

Memorandum from the Division of Administrative Services recommending acceptance of the resignation of Sanford Johnson, Guard in that Division, effective at the close of business December 22, 1965.

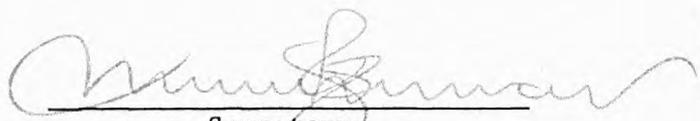
Governor Shepardson today approved on behalf of the Board the following items:

Memorandum from Mr. Partee, Associate Director of the Division of Research and Statistics, dated November 10, 1965, recommending that the Board pay the cost of a breakfast in New York City on December 30, 1965, that would be attended by representatives of the Associated University Bureaus of Business and Economic Research and representatives of the Federal Reserve System. It was understood that a deduction of \$1.30 would be made from the per diem paid to Board employees in attendance.

11/17/65

Memorandum from the Office of the Controller dated November 17, 1965, recommending approval of requests from Mr. Holland, Adviser to the Board, and from the Division of Research and Statistics for the establishment of two new secretarial positions, one being a secretary in the Board Members' Offices (Secretary to Mr. Holland) and the other being a secretary in the Administration grouping in the Division of Research and Statistics.

Memorandum from Gayle F. Jamison, Records Clerk, Office of the Secretary, requesting permission to work for a local department store on a part-time basis.


Secretary

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Item No. 1
11/17/65

WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 17, 1965.



Franklin National Bank,
199 Second Street,
Mineola, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System authorizes your bank to accept drafts or bills of exchange drawn for the purpose of furnishing dollar exchange as required by the usages of trade in such countries, dependencies, or insular possessions of the United States as may have been designated by the Board of Governors, subject to the provisions of Section 13 of the Federal Reserve Act and the Board's Regulation C.

Enclosed is a list of the countries with respect to which the Board of Governors has found that the usages of trade require the furnishing of dollar exchange.

The foregoing authorization has been given with the understanding that the foreign loans and investments of Franklin National Bank will not exceed the guidelines established under the voluntary foreign credit restraint effort now in effect, or that steps have been established to bring total claims on foreigners to a level consistent with the guidelines as soon as possible. Your attention is also directed to the priorities established under the restraint effort and to the fact that dollar exchange acceptance financing does not represent export credit.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.

Enclosure

Countries with Respect to Which
Dollar Exchange Drafts or
Bills May Be Accepted 1/

3740

The Board has designated the following as countries whose usages of trade require the furnishing of dollar exchange, so that member banks may accept drafts drawn upon them by banks or bankers in such countries:

Australia, New Zealand, and other 2/ Australasian dependencies; Argentina, Bolivia, Brazil, British Guiana, British Honduras, Chile, Colombia, Costa Rica, Dutch East Indies 3/, Dutch Guiana 4/, Ecuador, French Guiana, French West Indies, Guatemala, Honduras, Nicaragua, Panama, Paraguay, Peru, Puerto Rico, Salvador, Santo Domingo 5/, Trinidad, Uruguay, and Venezuela.

1/ Source: Interpretations of the Board of Governors of the Federal Reserve System (as of January 1, 1961), page 80.

2/ Now delete "other".

3/ Now the Republic of Indonesia and the Netherlands dependency of Netherlands New Guinea.

4/ Now Surinam.

5/ Now the Dominican Republic.

3741
Item No. 2
11/17/65

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 17, 1965.



Mellon Bank International,
Mellon Square,
Pittsburgh, Pennsylvania.

Gentlemen:

Reference is made to your letter dated November 2, 1965, enclosing a copy of a resolution of the shareholders amending the Articles of Association of your Corporation to increase the capital stock to \$4,940,000 consisting of 49,400 shares of the par value of \$100 each. The Board of Governors approves the amendment to Article SEVENTH of your Articles of Association. Please advise the Board of Governors when the capital increase has been effected.

As requested in your letter of September 24, 1965, the Board of Governors grants consent for Mellon Bank International ("MBI") to purchase and hold 3,000,000 shares of Bank of London & South America Limited ("BOLSA"), London, England, at a cost of approximately \$14,700,000, provided such shares are acquired by December 31, 1967. In this connection, the Board also approves the purchase and holding of such shares in excess of 15 per cent of MBI's capital and surplus.

It is noted from your letter of September 24, 1965, that BOLSA operates a branch in New York. The Board's consent to the proposed purchase and holding of shares of BOLSA by your Corporation is granted subject to the condition that BOLSA shall not engage in any activity in the United States not permissible for a Corporation organized under Section 25(a) of the Federal Reserve Act engaged in banking; provided, however, that no objection will be interposed if BOLSA invests temporarily idle funds derived from foreign sources in brokers' loans, prime commercial paper, Federal Funds, and short-term obligations of United States banks.

The Board's consent is granted subject to the condition also that when required by the Board of Governors, MBI will cause BOLSA (a) to permit examiners selected or approved by the Board of Governors to examine the New York Branch of BOLSA and (b) to furnish the Board of Governors with such reports regarding the New York Branch as it may require from time to time.

On the basis of information furnished concerning the activities of United States subsidiaries in the Balfour, Williamson group, namely:

- Balfour, Williamson Inc., New York;
- Jardine, Balfour Inc., New York;
- Balfour, Gibbs, Inc., New York;
- Balfour, Maclaine Inc., New York;
- Balfour, Guthrie & Co., Limited, San Francisco;
- Balfour-Guthrie Insurance Company, San Francisco;

there are numerous activities which would seem to be inconsistent with the statutory prohibition in Section 25(a) against the acquisition by a Section 25(a) corporation of stock in a corporation "engaged in the general business of buying or selling goods, wares, merchandise or commodities in the United States, . . .". Accordingly, the Board's consent is granted subject to the further condition that BOLSA will cause any of its subsidiary companies directly or indirectly conducting operations in the United States to terminate any of such activities that may be regarded as being "1" engaged in the general business of buying or selling goods, wares, merchandise or commodities in the United States, . . . "or 2" transacting any business in the United States except such as in the judgment of the Board of Governors . . . may be incidental to its international or foreign business," such terminations of such activities to be accomplished as promptly as practicable but in no event later than three years from the date of the first acquisition of shares of BOLSA by MBI.

The foregoing consent is given with the understanding that the total amount of foreign loans and investments of MBI, combined with those of Mellon National Bank and Trust Company, including the investment now being approved, will not be affected by this transaction. In this connection, it has been noted from BOLSA's letter of October 8, 1965, to Mellon Bank regarding the purchase of participating certificates in loans made by Mellon Bank or promissory notes held by Mellon Bank that each individual purchase of participating certificates will be for a period of one year, at the end of which they will automatically be repurchased at face value by Mellon Bank unless "both sides agree to renew the arrangement for a further year or a part thereof." Accordingly, this consent has been given with the further understanding that Mellon Bank will take steps to avoid any such repurchases causing the then foreign loans and investments to exceed the guidelines established under the voluntary foreign credit restraint effort now in effect and that due consideration will be given to the priorities contained therein.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.

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

Item No. 3
11/17/65

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 17, 1965.



Mr. George Champion,
Chairman, Board of Directors,
The Chase Manhattan Bank (National Association),
1 Chase Manhattan Plaza,
New York, New York. 10015

Dear Mr. Champion:

Reference is made to your letter of April 8, 1965, regarding the Board's letter of March 24, 1965, to Chase Manhattan Overseas Banking Corporation ("CMOBC") granting consent for CMOBC to purchase and hold not more than 20 per cent of the shares of the banking corporation which would result from the merger of Standard Bank Limited and Bank of West Africa Limited ("SBL-BWA"), at a cost not to exceed US\$25,000,000.

You stated your objection to the condition imposed in the fifth paragraph of the Board's letter; reported that the New York Agency of Standard Bank engages in certain activities which may not be permitted an Edge Act Corporation under Regulation K and gave four examples of such activities; and requested that the fifth paragraph of the Board's letter be amended to read in substantially the form of the "Conditions" in Section 211.8(c)(1) of Regulation K. Upon reviewing the examples furnished, it would appear that only the fourth, marked as "(d)" on page 3 of your letter, would be inappropriate for an Edge Corporation under the current Regulation K.

Subsequent to the receipt of your letter, it was learned that Sir Cyril Hawker, Chairman of Standard Bank Limited, was expected in this country during the latter part of June or early July. It was understood that you desired that he have an opportunity to discuss this matter with Chairman Martin before the Board took action on your request. In deference to your request, the matter was not submitted to the Board until after the visit of Sir Cyril on September 30.

Your request has been reviewed in the light of information furnished and otherwise available and in connection with the review of another case involving somewhat similar facts and circumstances;

Mr. George Champion

-2-

and the Board has amended the fifth paragraph of the letter of consent of March 24, 1965, to read as follows:

"It is noted from your letter of February 26, 1965, that The Standard Bank Limited operates an agency in New York. The Board's consent to the proposed purchase and holding of shares of SBL-BWA by your Corporation is granted subject to the condition that SBL-BWA shall not engage in any activity in the United States not permissible for a Corporation organized under Section 25(a) of the Federal Reserve Act engaged in banking; provided, however, that no objection will be interposed if SBL-BWA invests temporarily idle funds derived from foreign sources in brokers' loans, prime commercial paper, Federal Funds, and short-term obligations of United States banks."

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

TITLE 12 - BANKS AND BANKING

CHAPTER II - FEDERAL RESERVE SYSTEM

SUBCHAPTER A - BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

[Reg. R]

PART 218 - RELATIONS WITH DEALERS IN SECURITIES
UNDER SECTION 32, BANKING ACT OF 1933

1a. Effective November 17, 1965, § 218.2 is amended to read as follows:

§ 218.2 - Exceptions.

Pursuant to the authority vested in it by section 32, the Board of Governors of the Federal Reserve System hereby permits the following relationships:^{2/}

Any officer, director, or employee of any corporation or unincorporated association, any partner or employee of any partnership, or any individual, not engaged in the issue, flotation, underwriting, public sale, or distribution, at wholesale or retail, or through syndicate participation, of any stocks, bonds, or other similar securities except bonds, notes, certificates of indebtedness, and Treasury bills of the United States, obligations fully guaranteed both as to principal and interest by the United States, obligations of Federal Intermediate Credit banks, Federal Land banks, Central Bank for Cooperatives, Federal Home Loan banks, the Federal National Mortgage Association, and the Tennessee Valley Authority, obligations of the International Bank for Reconstruction and Development and obligations of

the Inter-American Development Bank which are specified in paragraph Seventh of Section 5136, Revised Statutes (12 U.S.C. 24), obligations insured by the Federal Housing Administrator and obligations of any local public agency which are specified in paragraph Seventh of Section 5136, Revised Statutes (12 U.S.C. 24), and general obligations of Territories, dependencies and insular possessions of the United States, may be at the same time an officer, director, or employee of any member bank of the Federal Reserve System, except when otherwise prohibited.^{3/}

b. The footnotes to § 218.2 are unchanged.

2a. The purpose of this amendment is to add five categories of obligations eligible for underwriting by member banks to the obligations presently listed in this section, which exempts relationships with firms dealing only in certain types of obligations. Briefly, the five categories of obligations added by this amendment are those of the Tennessee Valley Authority, the Inter-American Development Bank, the International Bank for Reconstruction and Development, obligations insured by the Federal Housing Administrator, and the obligations of local public housing agencies, in each of the five cases as specified in paragraph Seventh of Section 5136, Revised Statutes (12 U.S.C. 24).

b. The notice, public participation, and deferred effective date described in section 4 of the Administrative Procedure Act are not followed in connection with this relaxing amendment for the reasons and good cause found as stated in paragraph (c) of § 262.1 of the Board's

Rules of Procedure (Part 262 of this chapter), and specifically because in connection with this amendment such procedures are unnecessary as they would not aid the persons affected and would serve no other useful purpose.

(Sec. 11(1), 38 Stat. 262; 12 U.S.C. 248(1). Interprets or applies sec. 32, 48 Stat. 194, as amended; 12 U.S.C. 78.)

(signed)--Merritt Sherman

Merritt Sherman,
Secretary.

(SEAL)

3748

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Item No. 5
11/17/65

WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 19, 1965.



Mr. Alfred Hayes, President,
Federal Reserve Bank of New York,
New York, New York. 10045

Dear Mr. Hayes:

This is in response to a request from Discount Corporation, New York, New York, that the Board amend Regulation R to permit interlocking relationships between member banks and securities firms dealing in or underwriting securities that member banks, themselves, may deal in or underwrite by virtue of section 5136 of the U. S. Revised Statutes and paragraph 20 of section 9 of the Federal Reserve Act.

Discount's request was contained in a memorandum dated January 26, 1965, and a letter to your Bank dated January 27, 1965, which was transmitted to the Board by your Bank under a covering letter dated January 29, 1965. Discount's request has also been the subject of correspondence from your Bank in letters dated March 5, 1965, and August 20, 1965, and was supplemented in a letter of June 30, 1965, transmitted to the Board with your Bank's letter of July 6, 1965.

As you know, similar requests have been made from time to time in the past and, with the exception of the limited change in Regulation R in 1959, uniformly have been rejected by the Board. On the present occasion the Board's staff made a fresh and extensive review of the legislative and administrative history of section 32 and the Board has given full consideration to the views of your Bank and those of Discount in an effort to determine whether an expansion of permissible interlocking service as proposed by Discount would "not unduly influence the investment policies of" any member bank "or the advice it gives its customers regarding investments".

The Board is aware of the apparent inconsistency in forbidding interlocking relationships between member banks and securities firms that confine their activities to classes of securities which

Mr. Alfred Hayes

member banks themselves may underwrite and in which the banks may deal. There is, however, a very wide range in the quality of securities embraced in the principal category to which Discount's request relates, that is to say, general obligations of States and of their political subdivisions. While member banks can, and do, underwrite many of these securities, there are many others which banks would not, in fact, underwrite. Moreover, relatively few member banks engage in underwriting and dealing in securities, even to the extent permitted by section 5136 and paragraph 20 of section 9 of the Federal Reserve Act. For these reasons, the Board believes that broadening the exception in Regulation R to permit interlocking service between member banks and securities firms that underwrite and deal in securities included in the category just described would open the door to the very abuses against which section 32 was directed. Nor does it seem feasible to delineate by general regulation (as the statute would require the Board to do) which issues were, and which were not, acceptable for this purpose, or to distinguish by general regulation between those member banks whose experience in this field is such as to render influences due to interlocking relationships harmless, and less knowledgeable institutions.

This conclusion is reinforced by the legislative history of section 32. As you recall, when the section was first enacted, the Board was given authority to grant permits for interlocking service in individual cases. The Board took the position that such permits should be granted only in "exceptional cases", that is to say, in cases which came within the literal terms of the statute but which were actually of a kind different from those at which the statute was directed. Applying this criterion, the Board refused to grant permits to individuals serving with firms that confined their securities activities to State and municipal issues. When the section was re-enacted in 1935 and authority to grant individual permits was withdrawn, the Board felt that Congress had approved, by implication, the general guidelines it had laid down, including this one.

In its letters and memorandum, Discount also remarks that the firm finds itself at a competitive disadvantage with respect to other securities firms, as well as to member banks that underwrite and deal in securities to the extent permitted under section 5136. This disadvantage appears to result, in large part, from the special position Discount occupies because of its desire to retain its present interlocking relationships with member banks. Other securities firms with which it competes, and which handle broader lists of securities, are not permitted to have bank directors on their boards, nor are member banks permitted to have directors of securities firms sitting on the boards of the banks. In addition, under section 8 of the Clayton Act and the Board's Regulation L, member banks located in the same city may not have interlocking relationships. Even were this not the case, however,

Mr. Alfred Hayes

-3-

inconvenience or competitive disadvantage to a securities firm or to a member bank is not among the factors the statute authorizes the Board to consider in creating exceptions to the prohibition in section 32 against interlocking relationships. As the Supreme Court remarked in the Agnew case, section 32 "is a preventive or prophylactic measure." Board of Governors v. Agnew 329 U.S. 441, 449 (1947).

On the other hand, the Board has concluded that the remaining categories of securities covered by Discount's request are such that Regulation R should be amended to include them in the exception thereto. Accordingly, there is enclosed a copy of an amendment to Regulation R giving effect to this conclusion that has been submitted for publication in the Federal Register.

It would be appreciated if you would communicate the Board's views and actions with respect to this matter to Discount Corporation.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

Enclosure

3751

Item No. 6
11/17/65

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 16, 1965.



Mr. James J. Rowley, Director,
U. S. Secret Service,
Treasury Department,
Washington, D. C. 20220

Dear Mr. Rowley:

As you perhaps know, the Board of Governors has general supervision over the 12 regional Federal Reserve Banks and their 24 Branches. In connection with this supervisory responsibility, the Board is interested in setting up a program for a survey and evaluation of the effectiveness of the Protection Departments in the various Reserve Bank offices. Because of the unique characteristics of the protection function and the special competence of the Secret Service in this field, the Board would appreciate it if it could have the services of your agency in conducting the proposed surveys.

The overall objective of the surveys is to appraise the effectiveness of the protection function in the Banks from the standpoint of the security provided and in relation to the staffing and other costs incurred. The attached outline illustrates in more detail at least some of the areas it is assumed would be covered in accomplishing the general objective.

As mentioned in preliminary discussions with Mr. Wildy of your staff, the Board would like to have at least two of its staff members join with the agent or agents you might assign to the project. It was thought that such an arrangement might be mutually beneficial in that the Board's staff people will be able to benefit from the expertise of your men and also be helpful to the latter in explaining and interpreting Reserve Bank practices, as well as giving special assistance in any matters that your agents may suggest.

While the Board would like to have the program accomplished as expeditiously as possible, it realizes that the controlling factor would be the availability of your manpower resources, and therefore would expect that the organizing and scheduling of the project would largely be a matter for you to determine.

If you feel that you can undertake this program, please let us know when it will be convenient for members of our staff to meet with your representatives to work out the arrangements in detail.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

Enclosure.

Suggested Scope of Proposed Survey of Protection Departments

1. Organization and administration of the Protection Department in each Reserve Bank office.
2. Quantitative and qualitative analysis of the guard force--
 - a. Number of guards on staff;
 - b. Prerequisites for appointment;
 - c. Age distribution of staff;
 - d. Physical fitness standards;
 - e. Training of guards in reacting to emergencies, use of firearms, etc.
3. Protection equipment to control access to building and secured areas, to protect guard stations, etc.
4. Communications and alarm systems, including tie-in to city police department or other outside protection services.
5. Deployment of guard force (1) during business hours, (2) after vaults are closed, (3) after business hours--
 - a. Control center and guard posts;
 - b. Criteria for the designation of guard posts;
 - c. Duty hours for the respective posts;
 - d. Rotational practices followed.
6. Firearms and other weapons.

3753

Item No. 7
11/17/65

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



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 16, 1965

Mr. Fred W. Piderit, Jr., Vice President,
Federal Reserve Bank of New York,
New York, New York. 10045

Dear Mr. Piderit:

In accordance with the request contained in your letter of November 9, 1965, the Board approves the appointment of Joseph F. Gutowski, Jr., at present an assistant examiner, as an examiner for the Federal Reserve Bank of New York. Please advise the salary rate and the effective date of the appointment.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.