

The attached minutes of the meeting of the Board of Governors of the Federal Reserve System on August 24, 1966, have been amended at the request of Governor Brimmer by inserting a new paragraph following the first complete paragraph on page 9.

Minutes for August 24, 1966

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

M

Gov. Robertson

R

Gov. Shepardson

TSMS

Gov. Mitchell

MT

Gov. Daane

DD

Gov. Maisel

BGM

Gov. Brimmer

CB

Minutes of the Board of Governors of the Federal Reserve System on Wednesday, August 24, 1966. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Shepardson, Acting Chairman  
Mr. Mitchell 1/  
Mr. Daane  
Mr. Maisel  
Mr. Brimmer

Mr. Sherman, Secretary  
Mr. Kenyon, Assistant Secretary  
Mr. Bakke, Assistant Secretary  
Mr. Holland, Adviser to the Board  
Mr. Molony, Assistant to the Board  
Mr. Cardon, Legislative Counsel  
Mr. Fauver, Assistant to the Board  
Mr. Brill, Director, Division of Research and Statistics  
Mr. Farrell, Director, Division of Bank Operations  
Mr. Johnson, Director, Division of Personnel Administration  
Mr. Hexter, Associate General Counsel  
Mr. Shay, Assistant General Counsel  
Mr. Partee, Associate Director, Division of Research and Statistics  
Mr. Kiley, Assistant Director, Division of Bank Operations  
Mr. Goodman, Assistant Director, Division of Examinations  
Mr. Leavitt, Assistant Director, Division of Examinations  
Mr. Smith, Assistant Director, Division of Examinations  
Miss Wolcott, Technical Assistant, Office of the Secretary  
Mr. Ettin, Economist, Division of Research and Statistics  
Mr. Dahl, Chief, Special Studies and Operations Section, Division of International Finance  
Messrs. Goodfellow and McClintock of the Division of Examinations

1/ Withdrew at point indicated in minutes.

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Approved items. The following items were approved unanimously after consideration of background information that had been made available to the Board. Copies are attached under the respective numbers indicated.

	<u>Item No.</u>
Letter to Bloomsburg Bank-Columbia Trust Company, Bloomsburg, Pennsylvania, approving the establishment of a branch in Catawissa.	1
Letter to the Federal Deposit Insurance Corporation regarding the application of The Bank of Crane, Crane, Missouri, for continuation of deposit insurance after withdrawal from membership in the Federal Reserve System.	2
Letter to the Federal Deposit Insurance Corporation regarding the application of Smackover State Bank, Smackover, Arkansas, for continuation of deposit insurance after withdrawal from membership in the Federal Reserve System.	3
Letter to Bamerical International Financial Corporation, New York, New York, granting permission to acquire additional stock of Centrale Credit GmbH, Teilzahlungsbank, Moenchengladbach, Federal Republic of Germany.	4
Letter to Morgan Guaranty International Finance Corporation, New York, New York, granting permission to acquire additional shares of Euramerica-Finanziaria Internazionale S.p.A., Rome, Italy.	5
Letter to International Banking Corporation, New York, New York, noting the desire of the Corporation to activate its San Francisco office and operate under the terms of Regulation K and its license from the State of California, and requesting that the Board be kept informed as plans developed.	6
Letter to the Chairman of the Legal and Monetary Affairs Subcommittee of the House Committee on Government Operations responding to a request for comments on efforts to combat the problem of the continuing increase in bank robberies.	7

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In connection with Item No. 6, Mr. Goodfellow said he understood that International Banking Corporation, an "agreement" subsidiary of First National City Bank, New York, New York, had been given 90 days by the State of California within which to activate its San Francisco office or face the loss of its franchise. The Corporation did not yet know exactly what it might do in San Francisco, but did not want to lose its franchise without having had an opportunity to investigate the matter.

During discussion, a consensus emerged that it could be assumed International Banking Corporation would conduct any operations in California within the scope of pertinent provisions of Regulation K, and it was suggested that the Corporation simply be requested to keep the Board advised of developments. The letter, in the form approved, reflected these views.

Bank lending practices survey. Continuation of a modified version of the quarterly survey of changes in bank lending practices had been approved at the meeting on August 8, 1966, with the understanding that further consideration would be given to the question of possible release of survey results following receipt of staff recommendations.

There had now been distributed a memorandum dated August 22, 1966, from the Division of Research and Statistics listing the advantages and disadvantages of publication and recommending: (1) that the Board publish aggregate results of the February, May, August, and November surveys

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beginning with the March 1967 Bulletin, and quarterly thereafter; (2) that results of the September and December 1966 surveys be made available, as before, only to respondents and the American Bankers Association; and (3) that requests from scholars and others for more detailed data be honored, within certain limitations, at the discretion of the staff. A suggested tabular format for publication was attached.

Following supplementary remarks by Mr. Ettin, Governor Mitchell stated reasons why publication on a yearly basis, with a time lag from year end to March, appealed to him. He would, however, continue to furnish data to respondents from each survey.

Governor Daane expressed agreement with Governor Mitchell's suggestions, noting reservations about publication of results on a current basis, even with a time lag of four to six weeks, because of possible misinterpretation of the information, the usefulness of which had not been fully demonstrated. Publication on a yearly basis would take the data out of the category of current use, and still make the information available to scholars.

Governor Brimmer said that while he was not convinced the usefulness of the survey information to persons outside the System had been demonstrated, he would not object to annual publication of the data on a basis whereby the identity of respondent banks would be reasonably well protected.

Mr. Brill noted that the American Bankers Association had been the recipient of survey information in the past, which raised the question

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whether the Board might be subject to criticism for giving preferential treatment to the respondent banks and the Association.

Governor Daane observed that this would not appear to be a problem. Apart from the fact that the summary form in which the data would be furnished could not provide the recipients with any competitive advantage, furnishing data to the respondent banks in advance of general release was merely a quid pro quo for cooperating.

Discussion then turned to the question whether receipt of the survey results by banks might be regarded as an intra-industry exchange of information that could later become the basis for antitrust action. Mr. Hexter said that while the Legal Division had not looked into the matter, his reaction was that no legal problem was likely. However, there was agreement that the Board might be in a better position if the American Bankers Association did not continue to receive survey results before that information became generally available.

At the conclusion of the discussion, it was agreed that (1) the respondents would continue to receive summary data following each survey, with a minimum time lag of four weeks; (2) beginning with the 1967 quarterly surveys, results would be published annually with a three-month lag; and (3) the American Bankers Association would be advised informally that the results of the surveys would no longer be furnished by the Board in advance of publication.

Discount rates. A telegram had been received from the Federal Reserve Bank of Minneapolis stating that at a meeting on August 19, 1966,

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the executive committee of the Bank's Board of Directors had established a rate of 5-1/2 per cent on discounts for and advances to member banks under sections 13 and 13a of the Federal Reserve Act, a rate of 6 per cent on advances to member banks under section 10(b), and a rate of 7 per cent on advances to individuals, partnerships, and corporations other than member banks under the last paragraph of section 13, such action being subject to review and determination by the Board of Governors.

After discussion, it was agreed unanimously that the Reserve Bank should be advised that the Board was not prepared at this time to approve the proposed rates, which meant that the rates in the Bank's existing schedule automatically continued in effect.

Governor Mitchell withdrew from the meeting at this point.

Request of Central Bank of Iran. Governor Shepardson reported that the Central Bank of Iran had requested the services of John P. Jensen, General Auditor, Federal Reserve Bank of New York, for a period of about a week to advise the central bank on the adequacy of its vault security measures. The central bank would pay Mr. Jensen's travel and out-of-pocket expenses, but the Federal Reserve Bank would not seek reimbursement for his salary.

The Board interposed no objection to the foregoing arrangement.

Farm loan survey (Item No. 8). Governor Shepardson referred to the 1956 survey of agricultural lending conducted jointly by the Federal Reserve System, the Federal Deposit Insurance Corporation, the Farm Credit

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Administration, and the U.S. Department of Agriculture. He noted that a survey of loans of insured commercial banks to farmers as of June 30, 1966, was in process. The Farm Credit Administration was undertaking a study of loans made by Production Credit Associations and was discussing with the Federal Land Banks the availability of data on loans outstanding by the Land Banks. A comparable survey of farm mortgage loans of life insurance companies was also desired.

In connection with the 1956 survey, the Board had sent letters to leading life insurance companies inviting their participation, and the Board had been requested to do this again in connection with the current survey. The Department of Agriculture would process and tabulate the data.

It was agreed to comply with this request; a copy of one of the letters subsequently sent to a number of representative life insurance companies is attached as Item No. 8.

Legion parade. Governor Shepardson referred to the American Legion parade scheduled for Monday afternoon, August 29, 1966, and stated that the President had authorized the heads of executive departments and agencies to excuse from work, without charge to annual leave, those employees whose services could be spared after the first four hours of their tours of duty in order that as many employees as possible might watch the parade. He recommended that the Board excuse employees on the same basis.

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Unanimous approval was given to Governor Shepardson's recommendation.

Examination of Dallas Bank. Mr. Smith summarized information disclosed through the examination of the Federal Reserve Bank of Dallas made by the Board's staff as of January 28, 1966, his comments being based on the report of examination and related memoranda that had been circulated to the Board.

After discussion, it was agreed that there were no matters disclosed by the examination that appeared to warrant action on the part of the Board.

Examination of Philadelphia Bank. Mr. Smith summarized information disclosed through the examination of the Federal Reserve Bank of Philadelphia made by the Board's staff as of February 23, 1966, his comments being based on the report of examination and related memoranda that had been circulated to the Board.

Among other things, Mr. Smith commented on expenses incurred by First Vice President Hilkert in connection with a trip to Milwaukee, Wisconsin, for the purpose of speaking before the annual meeting of the United Community Services of Greater Milwaukee, Inc. In discussing the matter, President Bopp had informed the examiners that Mr. Hilkert had become a recognized figure in the social welfare field, and it was on that account that he was invited to speak in Milwaukee. Mr. Bopp was strongly of the opinion that Mr. Hilkert's leadership in the area of

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socio-economic developments exemplified the kind of public service that made a significant contribution to the resolution of problems currently of national importance, and that services in such an area could accomplish a great deal toward building the image of the Federal Reserve as a constructive force in helping to promote aspects of the national welfare.

In presenting this matter, Mr. Smith indicated that the examiners were desirous of obtaining the Board's views as to the propriety of Reserve Bank expenditures of this general description so they would have guidance for the future.

Governor Brimmer stated that during his recent visit to the Philadelphia Bank the matter referred to by Mr. Smith had come up on two or three occasions in conversations with President Bopp and Mr. Hilkert, both of whom were quite concerned. He (Governor Brimmer) found himself quite taken with the point of view expressed to him. As he understood it, Mr. Hilkert had a high professional standing in the personnel field and had made speeches around the country on personnel matters as well as social welfare problems or, as Mr. Hilkert termed them, socio-economic developments. Governor Brimmer said he came away with the feeling that the question was one the Board should discuss; he was glad it had been raised. The basic issue was whether such activities should appropriately be conducted on official time at Bank expense. In his opinion, the answer was in the affirmative. The Reserve Banks were quasi-public institutions, and their officers should play a leadership

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role in community affairs. Such functions seemed to him legitimate, and the costs incurred properly Bank expenses.

Comments by members of the Board indicated a sympathetic attitude toward encouraging leadership in civic affairs on the part of Reserve Bank officials, especially in areas in which they had a recognized professional competence, as was true in the case of Mr. Hilkert. However, the discussion led to certain questions regarding the general policy that should appropriately be followed when System professional staff members appeared on programs in which their presentations were not directly related to System assignments. A need was seen for clarification in this regard. Accordingly, it was agreed that the subject would be considered further at a time when additional members of the Board were present, prior to which a background memorandum should be made available to the members of the Board. In the circumstances, it was understood that no letter would be sent to the Philadelphia Bank at this time with regard to the specific expenditure occasioned by Mr. Hilkert's speech in Milwaukee.

Governor Maisel noted the frequency of reported cases where Reserve Bank officers with physical disabilities continued to serve in somewhat limited capacities. He inquired whether suitable retirement provisions were available for dealing with such cases and whether additional policy guidance to the Reserve Banks would seem desirable. In reply, Mr. Johnson described the options available under the Bank Plan

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of the Retirement System of the Federal Reserve Banks, which appeared to him to provide adequate latitude for working out cases of the kind referred to. He noted that there necessarily had to be some element of management discretion in determining the course to be followed in individual cases, depending on the extent of the disability and related factors.

Another point touched upon during the discussion was the problem, exemplified by a situation at the Philadelphia Bank, of having qualified persons available to replace key officers, particularly in the research field; upon the retirement of the latter, it being pointed out that the problem was accentuated by frequent losses of junior personnel to employers outside the System. It was generally agreed that the problem was one that warranted continuing attention, particularly insofar as salary structures might be a factor.

At the conclusion of the discussion of the examination of the Philadelphia Bank, it was agreed that there were no additional matters that appeared to warrant action on the part of the Board.

The meeting then adjourned.

Secretary's Notes: On August 23, 1966,  
Governor Shepardson approved on behalf  
of the Board the following items:

Letter to the Federal Reserve Bank of Boston (copy attached as Item No. 9) approving the appointment of James F. Collier as assistant examiner.

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Letter to the Federal Reserve Bank of New York (copy attached as Item No. 10) approving the appointment of Henry DeVries and Liston M. Grider as examiners.

Letter to the Federal Reserve Bank of St. Louis (copy attached as Item No. 11) approving the appointment of Gerald L. Giffhorn as assistant examiner.

Letter to the Federal Reserve Bank of Kansas City (copy attached as Item No. 12) approving the appointment of Warren D. Clark as assistant examiner.

Governor Shepardson today approved on behalf of the Board memoranda recommending the following actions relating to the Board's staff:

Salary increase

Robert B. Sampson, Analyst, Division of Bank Operations, from \$5,867 to \$6,451 per annum, effective September 11, 1966.

Acceptance of resignations

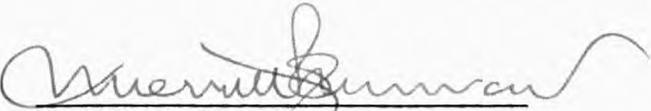
Harold C. Barnett, Summer Research Assistant, Division of International Finance, effective the close of business August 19, 1966.

Louis C. Baldanza, Summer Assistant, Division of Data Processing, effective the close of business August 24, 1966.

Charles K. Harley, Summer Research Assistant, Division of International Finance, effective the close of business August 26, 1966.

Permission to engage in outside activity

Johnnie D. Jones, Jr., Laborer, Division of Administrative Services, to work as a guard for a detective agency on a part-time basis.

  
Secretary

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

Item No.1  
8/24/66



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

August 24, 1966

Board of Directors,  
Bloomsburg Bank-Columbia Trust Company,  
Bloomsburg, Pennsylvania.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Bloomsburg Bank-Columbia Trust Company, Bloomsburg, Pennsylvania, of a branch in the vicinity of the intersection of Fourth and Main Streets, Catawissa, Pennsylvania, provided the branch is established within one year from the date of this letter.

It is understood that your bank's capital stock will be increased to at least \$350,000 in order that the establishment of the proposed branch will conform to the provisions of the Banking Code of the Commonwealth of Pennsylvania.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,  
Assistant Secretary.

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

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

Item No. 2  
8/24/66



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

August 24, 1966

Honorable K. A. Randall, Chairman,  
Federal Deposit Insurance Corporation,  
Washington, D. C. 20429

Dear Mr. Randall:

Reference is made to your letter of August 12, 1966, concerning the application of The Bank of Crane, Crane, Missouri, for continuance of deposit insurance after withdrawal from membership in the Federal Reserve System.

There have been no corrective programs urged upon the bank, or agreed to by it, which have not been fully consummated, and there are no programs that the Board would advise be incorporated as conditions of admitting the bank to membership in the Corporation as a non-member of the Federal Reserve System.

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  
8/24/66

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



August 24, 1966

Honorable K. A. Randall, Chairman,  
Federal Deposit Insurance Corporation,  
Washington, D. C. 20429

Dear Mr. Randall:

Reference is made to your letter of August 12, 1966, concerning the application of Smackover State Bank, Smackover, Arkansas, for continuance of deposit insurance after withdrawal from membership in the Federal Reserve System.

There have been no corrective programs urged upon the bank, or agreed to by it, which have not been fully consummated, and there are no programs that the Board would advise be incorporated as conditions of admitting the bank to membership in the Corporation as a non-member of the Federal Reserve System.

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. 4  
8/24/66



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

August 24, 1966.

Bamerical International  
Financial Corporation,  
41 Broad Street,  
New York, New York. 10015

Gentlemen:

As requested in your letter of July 28, 1966, the Board of Governors grants consent for Bamerical International Financial Corporation to purchase and hold additional share capital of Centrale Credit GmbH, Teilzahlungsbank, Moenchengladbach, Federal Republic of Germany, at a cost of approximately US\$25,000, making your total ownership in the company 100 per cent, provided such additional stock is acquired within one year from the date of this letter.

The Board's consent is granted subject to the same conditions prescribed in the Board's letter of November 17, 1964, granting consent to the purchase of shares of Curt Briechle GmbH, now known as Centrale Credit GmbH, Teilzahlungsbank.

The Board also approves the purchase and holding of shares of Centrale Credit GmbH within the terms of the above consent in excess of 15 per cent of your Corporation's capital and surplus.

The foregoing consent is given with the understanding that the investment now being approved, combined with other foreign loans and investments of your Corporation, will not cause the total of such loans and investments to exceed the guidelines established under the voluntary foreign credit restraint effort now in effect and that due consideration is being given to the priorities contained therein. The Board considers that compliance with the priorities expressed in Guideline 4 would require that total nonexport credits to developed countries in Continental Western

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Bamerical International  
Financial Corporation

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Europe not exceed the amount of such loans and investments as of the end of 1965, unless this can be done without inhibiting the Corporation's ability to meet all reasonable requests for priority credits within the over-all target.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,  
Assistant Secretary.



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

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Item No. 5  
8/24/66

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

August 24, 1966.

Morgan Guaranty International  
Finance Corporation,  
23 Wall Street,  
New York, New York. 10008

Gentlemen:

As requested in your letter of August 3, 1966, the Board of Governors grants consent for Morgan Guaranty International Finance Corporation to purchase and hold up to 6,000 additional shares of Euramerica-Finanziaria Internazionale S.p.A., Rome, Italy, at a cost of approximately US\$50,000, provided such stock is acquired within one year from the date of this letter.

The Board's consent is granted subject to the same conditions prescribed in the Board's letter of January 31, 1963, as amended May 1, 1964, granting consent to the purchase of shares of Euramerica-Finanziaria Internazionale S.p.A.

The foregoing consent is given with the understanding that the investment now being approved, combined with other foreign loans and investments of your Corporation, Morgan Guaranty Trust Company of New York, and Morgan Guaranty International Banking Corporation, will not cause the total of such loans and investments to exceed the guidelines established under the voluntary foreign credit restraint effort now in effect and that due consideration is being given to the priorities contained therein. The Board considers that compliance with the priorities expressed in Guideline 4 would require that total nonexport credits to developed countries in Continental Western Europe not exceed the amount of such loans and investments as of the end of 1965, unless this can be done without inhibiting the bank's ability to meet all reasonable requests for priority credits within the over-all target.

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. 6  
8/24/66



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

August 24, 1966.

Mr. B. T. Stott, Comptroller,  
International Banking Corporation,  
399 Park Avenue,  
New York, New York. 10022

Dear Mr. Stott:

This will acknowledge your letter of August 3, 1966, in which you state that the San Francisco Office of your Corporation has been continuously in existence from 1918 until the present date. However, it is understood that the Office has not operated actively since 1931.

It is noted that it is now your desire to activate this Office and to operate under the terms of Regulation K and the license which you hold from the State of California as it may exist or be amended from time to time. You state that the original license which is still in force authorizes your Corporation "to transact the business of buying or selling, paying or collecting bills of exchange, or of issuing letters of credit, or of receiving money for transmission or transmitting the same by draft, check, cable or otherwise, or making loans in the City and County of San Francisco."

It is also noted that your present plans are to acquire office space and to locate a representative of your Corporation in San Francisco, and that during his initial period there he will be authorized and instructed to determine to what extent the San Francisco Office may be useful in facilitating the international business of your Corporation and First National City Bank. You state that you would expect to expand the staff in order to provide those services for which there is a demand within the scope of the authority under which the San Francisco Office will operate.

It is assumed that such activities as you may contemplate for the office in San Francisco will be appropriate for an agency under section 211.6 of Regulation K and the other applicable terms

Mr. B. T. Stott

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and restrictions of the Regulation. The Board will appreciate your keeping it informed as plans for the San Francisco Office develop.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.



BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

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Item No. 7  
8/24/66

CHAS. N. SHEPARDSON  
MEMBER OF THE BOARD

August 26, 1966

The Honorable Dante B. Fascell, Chairman,  
Legal and Monetary Affairs Subcommittee,  
Committee on Government Operations,  
House of Representatives,  
Washington, D. C. 20515

Dear Mr. Chairman:

This is in response to your letter of August 1, 1966, in which you requested comments on the problem of the continuing increase in bank robberies and on the efforts that the Federal Reserve System, alone or in conjunction with the other supervisory agencies, has taken, or is planning to take, to assist in combating this problem.

We have read with interest the 1965 report of the Federal Bureau of Investigation entitled "Crime in the United States" which you forwarded with your letter. As you observed this report indicated that a 19 per cent increase in bank\* robberies occurred during 1965. While we, of course, deplore any increase in crimes in general, and are particularly concerned about the increase in crimes against banking institutions, it seems significant to note that the rate of increase in bank robberies in the Bureau's report declined from 26 per cent during the 1963-1964 period to 19 per cent in the 1964-1965 period. In addition, as indicated in the data below which were obtained directly from the Bureau, the rate of increase for all external crimes against banks and other financial institutions during the past few years has also declined substantially.

Fiscal Year	Robberies, burglaries, and larceny against banks, savings and loans, credit unions, etc.	Increase	
		No.	Per cent change
1961-62	1074	-	-
1962-63	1371	297	+ 27.7
1963-64	1624	253	+ 18.5
1964-65	1776	152	+ 9.4

\* The Bureau's classification "Bank" includes savings and loan associations, credit unions, and other similar organizations which are not generally regarded as banks.

The Honorable Dante B. Fascell -2-

The Federal Reserve System's examiners are alert to the situation. They urge the management at banks, when necessary or desirable, to adopt various preventive measures which may deter bank robberies, and encourage them to take steps which could assist in the conviction of criminals when apprehended. During each examination of the 1,371 State member banks, the System's examiners discuss with management the bank's security and controls against external crimes. Examiners attempt to evaluate the controls, alarm systems, and other preventive measures utilized by the bank. Apparent weaknesses are discussed and management is encouraged to strengthen procedures where possible. If there are no controls in existence, management is urged to assign to some individual specific responsibility for the development of security measures.

As indicated in previous correspondence with your Subcommittee (letters dated June 25, 1964, and October 14, 1965), in July of 1964, the Federal Reserve System and the Federal Deposit Insurance Corporation jointly formulated and placed in use a questionnaire entitled "Controls Against External Crimes" which spells out 21 specific points to be considered by the examiner in appraising a bank's security program. The questionnaire is completed for each bank and a copy is forwarded either to the Board's or the Corporation's offices in Washington. After a sufficient period of time has elapsed, it is planned to tabulate the data from the questionnaires to determine both the extent to which State banks have established security measures against external crimes and the success of our efforts to encourage management to establish new, or improve existing, procedures and controls in this area.

As also indicated in previous correspondence with your Subcommittee, the Federal Reserve System and the Federal Deposit Insurance Corporation jointly operate schools in Washington designed to assist in the education of apprentice assistant examiners as well as experienced examiners employed by both agencies. The curriculums of these schools continue to include lectures on external crimes against banking institutions.

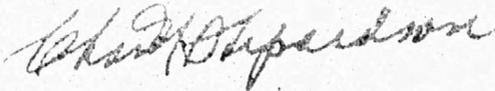
As Governor Robertson indicated in October 1963 in his testimony before the Legal and Monetary Affairs Subcommittee and the Committee on Government Operations that bankers, law enforcement agencies, bankers associations, and bank supervisory agencies have long been concerned about the problem of crimes against banks.

The Honorable Dante B. Fascell -3-

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The System has taken steps designed to reduce the extent of crimes against banking institutions and this matter will receive our continued and close attention.

Sincerely yours,



Chas. N. Shepardson,  
Acting Chairman.



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

Item No. 8  
8/24/66

CHAS. N. SHEPARDSON  
MEMBER OF THE BOARD

August 26, 1966

In 1956 your company cooperated in a study of all farm credits extended by institutional lenders and outstanding as of June 30, 1956. This study was part of a joint survey by the Federal Reserve System, Federal Deposit Insurance Corporation, Farm Credit Administration, and the U.S. Department of Agriculture.

The tremendous technical developments in agriculture during the last ten years have resulted in not only increased demand for financial assistance by farmers and farm owners but also in changes in the characteristics of farm financing. Therefore, we feel that a survey at this time to delineate the present characteristics of all institutional farm lending should be beneficial to all parties concerned.

The Federal Reserve System has already proceeded with a survey of the loans of insured commercial banks to farmers as of June 30, 1966. The Farm Credit Administration is again undertaking the study of loans made by the Production Credit Associations and is discussing with the Federal Land Banks the availability of data on loans outstanding by the Land Banks. It is our hope that you will be willing to cooperate again in making a comparable survey of the farm mortgage loans of life insurance companies.

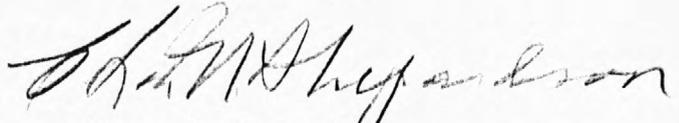
Enclosed is a preliminary outline prepared by Mr. Norman Wall of the Agricultural Finance Branch of the Department of Agriculture and the Federal Reserve staff of basic information proposed to be obtained in the life insurance company survey. Based on the experience with the 1956 survey the information contained in the preliminary outline would appear to be readily available. We hope that your company will agree to participate and will be able to provide the data requested. However, no company will be expected to undertake extensive research or analysis to provide data not readily available from the company's current records. As in the previous survey a sampling system will be used.

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Mr. Wall will again arrange for the processing and tabulation of the data provided by the insurance companies. As you probably know, Mr. Wall's staff is currently handling data reported quarterly by 20 life insurance companies for the National Agricultural Credit Committee. The data to be secured from the presently proposed survey would be handled in the same confidential way. Individual company data would be used only to compile totals, regional and/or State statistics.

Please let me know if your company is willing to participate in the survey. We would also appreciate any comments or suggestions which you may have concerning the basic data to be covered.

Sincerely yours,



Chas. N. Shepardson,  
Acting Chairman.

Enclosure

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

Item No. 9  
8/24/66

3143



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

August 24, 1966

Mr. Luther M. Hoyle, Jr., Vice President,  
Federal Reserve Bank of Boston,  
Boston, Massachusetts.

Dear Mr. Hoyle:

In accordance with the request contained in your letter of August 19, 1966, the Board approves the appointment of James F. Collier as an assistant examiner for the Federal Reserve Bank of Boston. Please advise the effective date of the appointment.

It is noted that Mr. Collier owns three shares of stock of The New Waterford Bank, New Waterford, Ohio. Accordingly, the Board's approval of the appointment of Mr. Collier is given on the condition that he will dispose of the stock prior to the effective date of the appointment.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,  
Assistant Secretary.

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

Item No. 10  
8/24/66

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

August 24, 1966

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 August 19, 1966, the Board approves the appointments of Henry DeVries and Liston M. Grider, at present assistant examiners, as examiners for the Federal Reserve Bank of New York. Please advise the salary rates and the effective dates of the appointments.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,  
Assistant Secretary.



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

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Item No. 11

8/24/66

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

August 24, 1966

Mr. O. O. Wyrick, Vice President,  
Federal Reserve Bank of St. Louis,  
St. Louis, Missouri. 63166

Dear Mr. Wyrick:

In accordance with the request contained in your letter of August 19, 1966, the Board approves the appointment of Gerald L. Giffhorn as an assistant examiner for the Federal Reserve Bank of St. Louis. Please advise the effective date of the appointment.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,  
Assistant Secretary.



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

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Item No. 12  
8/24/66

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

August 24, 1966

Mr. George D. Royer, Jr., Vice President,  
Federal Reserve Bank of Kansas City,  
Kansas City, Missouri. 64106

Dear Mr. Royer:

In accordance with the request contained in  
your letter of August 19, 1966, the Board approves  
the appointment of Warren D. Clark as an assistant  
examiner for the Federal Reserve Bank of Kansas City.

Please advise the salary rate and the  
effective date of the appointment.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,  
Assistant Secretary.

