FR 609

Minutes for November 9, 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 _____

Gov. Robertson _____

Gov. Shepardson _____

Gov. Mitchell _____

Gov. Daane _____

Gov. Maisel _____

Gov. Brimmer _____

Minutes of the Board of Governors of the Federal Reserve System on Wednesday, November 9, 1966. The Board met in the Board Room at 10:00 a.m.

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

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Molony, Assistant to the Board
Mr. Fauver, Assistant to the Board
Mr. Hackley, General Counsel
Mr. Brill, Director, Division of Research and Statistics
Mr. Farrell, Director, Division of Bank Operations
Mr. Solomon, Director, Division of Examinations
Mr. O'Connell, Assistant General Counsel
Mr. Daniels, Assistant Director, Division of Bank Operations
Mr. Leavitt, Assistant Director, Division of Examinations
Mr. Thompson, Assistant Director, Division of Examinations
Miss Eaton, General Assistant, Office of the Secretary
Mrs. Heller, Senior Attorney, Legal Division
Mr. Ring, Technical Assistant, Division of Bank Operations
Mr. Egertson, Supervisory Review Examiner, Division of Examinations

Approved items. The following items, copies of which are attached to these minutes under the respective numbers indicated, were approved unanimously after consideration of background material that had been made available to the Board and clarification of points of information about which members of the Board inquired:

	Item No.
Letter to State Street Bank and Trust Company, Boston, Massachusetts, granting an extension of time to establish a branch on Longwood Avenue.	1
Letter to Girard Trust Bank, Philadelphia, Pennsylvania, granting an extension of time to establish a branch in Fort Washington, Montgomery County.	2
Letter to the Commanding General, U.S. Army Engineer Center, Fort Belvoir, Virginia, regarding the resistivity to explosives of various kinds of materials that might be used in Federal Reserve Bank vaults.	3

Report on competitive factors. A report to the Federal Deposit Insurance Corporation on the competitive factors involved in the proposed acquisition of assets and assumption of liabilities of The Peoples Savings Association, Sandusky, Ohio, by The Western Security Bank, Sandusky, Ohio, was approved unanimously for transmittal to the Corporation in a form in which the conclusion was stated as follows:

> The proposed acquisition of The Peoples Savings Association, Sandusky, by The Western Security Bank, Sandusky, would eliminate competition existing between the two institutions with respect to mortgage loans and time deposits. However, with respect to other banking activities, there is no competition between them.

Form F.R. Y-5. A distributed memorandum from the Division of Examinations dated November 8, 1966, summarized the results of publication for comment of a proposed revision of Form F.R. Y-5, the registration statement required to be filed by new bank holding companies pursuant to section 5(a) of the Bank Holding Company Act. No comments or suggestions

had been received from parties other than Reserve Banks; two Banks had made suggestions that, with some technical modifications, were now proposed to be used. With these changes, it was recommended that the Board adopt the revised form and authorize its printing.

Pursuant to the staff recommendation, the revised Form F.R. Y-5 was approved unanimously.

Michigan National Bank matter. Mr. O'Connell reported to the Board on developments in connection with the hearing that had been scheduled for yesterday afternoon in connection with the complaint filed by certain Michigan banks against the Comptroller of the Currency, with the Board of Governors also named as a defendant, to prevent the proposed acquisition of Michigan Bank, National Association, Detroit, Michigan, by Michigan National Bank, Lansing. The scheduled hearing had not taken place because a stipulation was arranged under which the plaintiffs would be given a five-day notice prior to final approval of the transaction by the Comptroller of the Currency. It now appeared that the Department of Justice was hopeful that the matter could be worked out administratively and would never come to trial. It further appeared that if it seemed the two banks concerned were going ahead with the transaction after the stockholders' meetings on November 10, even without the issuance of a final approval by the Comptroller, the plaintiff banks would attempt to obtain a temporary restraining order.

Foreign travel. The Board approved travel by Mr. Katz of the Division of International Finance to Ottawa, Canada, on November 10, 1966, to attend a meeting of the U.S.-Canadian Balance of Payments Committee.

The meeting then adjourned.

Secretary

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

Item No. 1
11/9/66

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 9, 1966

Board of Directors,
State Street Bank and Trust Company,
Boston, Massachusetts.

Gentlemen:

The Board of Governors of the Federal Reserve System extends to February 11, 1967, the time within which State Street Bank and Trust Company, Boston, Massachusetts, may establish a branch on the southwestern side of Longwood Avenue near the corner of Longwood Avenue and Brookline Avenue, Boston, Massachusetts.

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. 2
11/9/66

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 9, 1966

Board of Directors,
Girard Trust Bank,
Philadelphia, Pennsylvania.

Gentlemen:

The Board of Governors of the Federal Reserve System extends to June 9, 1967, the time within which Girard Trust Bank, Philadelphia, Pennsylvania, may establish a branch at 1300 Virginia Drive, Fort Washington Industrial Park, Fort Washington, Montgomery County, Pennsylvania.

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
11/9/66

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 9, 1966

Major General F. J. Clarke,
Commanding General,
U. S. Army Engineer Center,
Fort Belvoir,
Fort Belvoir, Virginia. 22060.

Dear General Clarke:

From time to time in the past, and as far back as 1919, the Corps of Engineers of the Army has assisted the Board of Governors of the Federal Reserve System in appraising the resistivity to explosives of various kinds of materials that might be used in Federal Reserve Bank vaults.

The last information the Board had from the Corps of Engineers on this subject was in 1950 and was of a somewhat fragmentary nature. Because of the possibility of technological advances in the field of explosives, the Board would like to have its information on this subject brought up to date, and requests your assistance for this purpose.

The enclosure herewith gives the background of the basic information we have and indicates the additional information we would like to have. It may be pertinent to mention that the Board's interest at this time is in the effect of the kind of explosives that might come into the hands of the public and be used during a riot or other civil commotion. Under these terms of reference it is assumed that atomic devices may be ruled out of this inquiry.

If discussion of any of the matters covered by the enclosure would be helpful, it is suggested that inquiries be addressed to Mr. John R. Farrell, Director of the Board's Division of Bank Operations (Telephone: Republic 7-1100, or Government Code 147, Extension 371). In the event that classified information should be involved in this inquiry, this is to certify that both Mr. Farrell and I are cleared for Top Secret information based on full background investigation.

The cooperation of the Corps of Engineers in this undertaking will be very much appreciated.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

Enclosure.

RESISTIVITY OF FEDERAL RESERVE BANK VAULTS TO EXPLOSIVES

The only experiments that were ever specifically designed to test the relative resistivity to explosives of materials that might be used for construction of Federal Reserve Bank vaults were made over 40 years ago. One series of such tests was conducted in 1919 on the grounds of the Bureau of Standards in Washington, and another series of tests was conducted at the Sandy Hook Military Reservation in 1921.

One of the assumptions underlying these tests was that a Federal Reserve Bank might be attacked by a mob who would have temporary control of the area and who thus would be able to use whatever equipment was available to penetrate the vault walls. Accordingly, each of the walls tested was attacked by using pneumatic drills to provide holes for dynamite, exploding the dynamite, digging out the rubble, burning whatever metal was exposed, and repeating this process until a manhole was opened in the wall.

Quite a number of walls varying in thickness and kind of reinforcement were tested. The greatest resistance (10 hours and 3 minutes to open a hole approximately 36 inches in diameter) was achieved by a 24-inch concrete wall reinforced with an expanded metal known as "Steelcrete." Two pictures showing a vault being constructed with Steelcrete are attached.

It is understood that the development of shaped charges, and possibly other innovations, have materially affected the significance of the tests mentioned above. Accordingly, it would be helpful to have any information that might be available with regard to the following points:

A--Shaped Charges

(1) Approximately how long would be required, using shaped charges, to open a hole about 2 feet in diameter in a wall constructed of concrete with only ordinary structural reinforcement if the wall were (a) 12 inches thick; (b) 24 inches thick; (c) 36 inches thick?

(2) What time would be required for the same kind of an opening if the wall were reinforced with #6 bars, 6 inches on center both ways in the wall, if the wall were (a) 12 inches thick; (b) 24 inches thick; (c) 36 inches thick?

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(3) What time would be required for the same kind of an opening if the wall were reinforced with "Steelcrete" and were (a) 12 inches thick; (b) 24 inches thick; (c) 36 inches thick?

(4) What time would be required for the same kind of an opening in a vault door approximately 20 inches thick constructed as follows:

1/8"	Stainless steel finish plate
2-00"	Openhearth Steel
3/4"	Electrical protection (wires installed)
14-3/4"	Torch Resisting Metal containing not less than 8% copper
1-00 "	Drill Resisting Metal
1-1/2"	Openhearth Steel
1/8"	Stainless Steel finish plate
20-1/4"	Total

(5) What would be the weight and bulk of the equipment needed for vault penetration by this procedure?

(6) How far would the noise resulting from the explosion of shaped charges be heard if the explosion were--

(a) In the basement of a bank building at least one floor underground?

(b) In a tunnel 15 feet underground from an adjoining property?

(7) What kind of protection for himself (distance, interior building walls, intervening floors, etc.) would a burglar using shaped charges need from concussion effects?

(8) Would gases or flame blown in from shaped charges be likely to ignite tightly packed bundles of currency stored in unprotected areas inside of the vault?

(9) What is the availability to the public of shaped charges and any other equipment needed in their use?

B--Dynamite

Have there been any advances in the use of dynamite that would significantly affect the result of the 1919-21 tests mentioned above? If so, please describe and estimate the time required for a 2-foot opening in the walls mentioned in items A(1) - A(3) above.

C--Other Explosives

Are there explosives that would be more readily available to the public than shaped charges and that would be significantly more effective than dynamite for the purpose of penetrating Federal Reserve Bank vaults? If so, please describe and estimate the time required for a 2-foot opening in the walls mentioned in items A(1) - A(3) above.

D--Other Possibilities

Are there other materials, devices or techniques, aside from explosives and atomic energy, that might be used to penetrate Federal Reserve Bank vaults? If so, please describe and estimate the time required for the openings indicated above.

Attachments.