

Minutes for June 20, 1960

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. Szymczak

Gov. Mills

Gov. Robertson

Gov. Balderston

Gov. Shepardson

Gov. King

The block contains handwritten initials and signatures for each board member listed to the left. The initials are written on a set of three horizontal lines. The initials for Chm. Martin are 'WM'. The initials for Gov. Szymczak are 'MS'. The initials for Gov. Mills are 'JM'. The initials for Gov. Robertson are 'R'. The initials for Gov. Balderston are 'AB'. The initials for Gov. Shepardson are 'SS'. The initials for Gov. King are 'K'. There is a large, stylized signature or scribble that overlaps the lines for Gov. Szymczak, Gov. Mills, and Gov. Robertson.

Minutes of the Board of Governors of the Federal Reserve System
on Monday, June 20, 1960. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Szymczak, Acting Chairman
Mr. Mills
Mr. Robertson
Mr. King

Mr. Sherman, Secretary
Mr. Thomas, Adviser to the Board
Mr. Young, Adviser to the Board
Mr. Shay, Legislative Counsel
Mr. Molony, Assistant to the Board
Mr. Fauver, Assistant to the Board
Mr. Noyes, Director, Division of Research
and Statistics
Mr. Koch, Adviser, Division of Research
and Statistics
Mr. Landry, Assistant to the Secretary
Mr. Keir, Chief, Government Finance Section,
Division of Research and Statistics

Report on money market developments. Messrs. Thomas and Keir

presented a report on money market developments and changes in the reserve positions of member banks.

At the conclusion of this report, all members of the staff with the exception of Messrs. Sherman and Landry withdrew and Messrs. Hackley, General Counsel, Masters, Associate Director, and Nelson, Assistant Director, Division of Examinations, joined the meeting.

Items circulated to the Board. The following items, which had been circulated to the Board and copies of which are attached to these minutes under the respective item numbers indicated, were approved unanimously:

Item No.

Letter to the Fidelity Union Trust Company, Newark, New Jersey, approving an increase in the investment in bank premises authorized by the Board in 1957.

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Item No.

Letter to The New Bethlehem Bank, New Bethlehem, Pennsylvania, waiving the requirement of six months' notice of withdrawal from membership in the Federal Reserve System. 2

Letter to the Citizens National Bank, St. Petersburg, Florida, reaffirming the position taken in the Board's letter of June 1, 1960, to the Federal Reserve Bank of Atlanta regarding the applicability of Regulation Q to a plan of the Citizens National Bank for paying interest monthly, at specified rates, on one-year time certificates of deposit. 3

Letter to the Federal Reserve Bank of St. Louis approving the payment of salary to an Assistant Cashier assigned to the Memphis Branch at the rate fixed by the Board of Directors. 4

Letter to the Comptroller of the Currency recommending favorably with respect to an application to organize a national bank at Roswell, New Mexico. 5

Report on proposed consolidation of banks in New Castle, Pennsylvania. There had been circulated under date of June 14, 1960, a memorandum from the Division of Examinations transmitting a report to the Comptroller of the Currency pursuant to the Federal Deposit Insurance Act, as amended by the Act of May 13, 1960, on the competitive factors involved in a proposed consolidation of First National Bank of Lawrence County at New Castle and Union Trust Company of New Castle, New Castle, Pennsylvania.

The report concluded as follows:

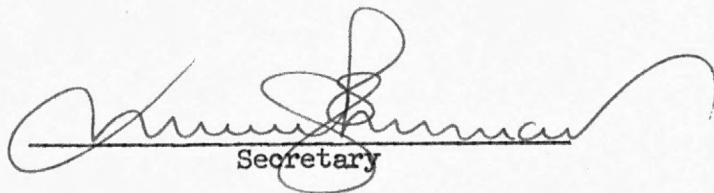
The proposed consolidation would combine two closely affiliated institutions and eliminate one banking office. While the competitive position of the continuing bank would be enhanced to some extent, it seems probable that the effect on the over-all competitive situation in the New Castle area would be negligible.

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There being no objection, unanimous approval was given to the transmission of the report to the Comptroller of the Currency.

The meeting then adjourned.



Secretary

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

Item No. 1
6/20/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 20, 1960

Board of Directors,
Fidelity Union Trust Company,
Newark 1, New Jersey.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors approves, under the provisions of Section 24A of the Federal Reserve Act, an increase of \$1,300,000 in the net additional investment of \$7,800,000 in bank premises authorized in its letter of August 12, 1957, addressed to the Federal Reserve Bank of New York.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

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

Item No. 2
6/20/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 20, 1960



Board of Directors,
The New Bethlehem Bank,
New Bethlehem, Pennsylvania.

Gentlemen:

The Federal Reserve Bank of Cleveland has forwarded to the Board of Governors your letter of March 3, 1960, together with resolutions dated October 8, 1957, and April 12, 1960, signifying your intention to withdraw from membership in the Federal Reserve System and requesting waiver of the six months' notice of such withdrawal.

In accordance with your request, the Board of Governors waives the requirement of six months' notice of withdrawal. Upon surrender to the Federal Reserve Bank of Cleveland of the Federal Reserve Bank stock issued to your institution, such stock will be canceled and appropriate refund will be made thereon. Under the provisions of Section 10(c) of the Board's Regulation H your institution may accomplish termination of its membership at any time within eight months from the date the notice of intention to withdraw from membership was given.

It is requested that the certificate of membership be returned to the Federal Reserve Bank of Cleveland.

Attention is invited to the fact that if your bank is desirous of continuing deposit insurance after withdrawal from membership in the Federal Reserve System, it will be necessary that application be made to the Federal Deposit Insurance Corporation.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

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

Item No. 3
6/20/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 20, 1960



Mr. Morgan L. Smith, President,
Citizens National Bank,
P.O. Box 11208,
St. Petersburg, Florida.

Dear Mr. Smith:

The Board has considered the observations in your letter of June 6, 1960, with respect to the Board's letter of June 1, 1960, to the Federal Reserve Bank of Atlanta regarding the "Premium XII" plan of your Bank.

The provisions of section 3(d) of Regulation Q, referred to in your letter, which expressly allow "grace periods" in computing interest on savings deposits, are designed to reduce misunderstandings, make possible uniform advertising, create better customer relationships, and enable banks that compute interest on a cycle basis to facilitate computation of interest on savings accounts and eliminate difficulties being encountered. These reasons would not appear to apply with equal force to your bank's Premium XII plan.

While the Board appreciates your observations, it feels that it should adhere to the views expressed in its letter of June 1, 1960.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 4
6/20/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



June 20, 1960

CONFIDENTIAL (FR)

Mr. Delos C. Johns, President,
Federal Reserve Bank of St. Louis,
St. Louis 66, Missouri.

Dear Mr. Johns:

The Board of Governors approves the payment of salary to the following officer of the Federal Reserve Bank of St. Louis, assigned to the Memphis Branch, for the period July 1 through December 31, 1960, at the rate indicated, which is the rate fixed by your Board of Directors as reported in your letter of June 10, 1960:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Paul I. Black, Jr.	Assistant Cashier	\$7,500

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 5
6/20/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 20, 1960



Comptroller of the Currency,
Treasury Department,
Washington 25, D. C.

Attention Mr. G. W. Garwood,
Deputy Comptroller of the Currency.

Dear Mr. Comptroller:

Reference is made to a letter from your office dated March 1, 1960, enclosing copies of an application to organize a national bank at Roswell, New Mexico, and requesting a recommendation as to whether or not the application should be approved.

A report of investigation of the application made by an examiner for the Federal Reserve Bank of Dallas indicates that the proponents expect to provide a minimum capital structure of \$1,250,000 for the bank instead of \$750,000, as shown in the application. This capital structure would appear to be adequate. While the need for additional banking services is not urgent, there appears to be sufficient potential growth in the community to support future profitable operations of the proposed bank. Only one of the proposed directors has had previous banking experience, but the group as a whole represents diversified business interests and is well regarded in the community. A qualified executive officer has been chosen, and proposed management is, therefore, regarded as satisfactory. Accordingly, the Board of Governors recommends that favorable consideration be given the application.

The Board's Division of Examinations will be glad to discuss any aspects of this case with representatives of your office if you so desire.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.