

Minutes for May 17, 1961

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

W

Gov. Szymczak

Gov. Mills

Gov. Robertson

R.

Gov. Balderston

CCB

Gov. Shepardson

LSM

Gov. King

YMS

Minutes of the Board of Governors of the Federal Reserve System
on Wednesday, May 17, 1961. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Mills
Mr. Shepardson
Mr. King

Mr. Kenyon, Assistant Secretary
Mr. Thomas, Adviser to the Board
Mr. Shay, Legislative Counsel
Mr. Molony, Assistant to the Board
Mr. Fauver, Assistant to the Board
Mr. Hackley, General Counsel
Mr. Noyes, Director, Division of Research
and Statistics
Mr. Solomon, Director, Division of Examinations
Mr. Hexter, Assistant General Counsel
Mr. Furth, Adviser, Division of International
Finance
Mr. Sammons, Adviser, Division of International
Finance
Mr. Daniels, Assistant Director, Division of
Bank Operations
Mr. Landry, Assistant to the Secretary

Discount rates. The establishment without change by the Federal Reserve Bank of Boston on May 15, 1961, of the rates on discounts and advances in its existing schedule was approved unanimously, with the understanding that appropriate advice would be sent to that Bank.

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 Chase Manhattan Bank, New York,
New York, approving the establishment of a
branch at 2218 Fifth Avenue, Borough of
Manhattan.

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Item No.

Letter to Peoples Exchange Bank, Russellville, Arkansas, approving an investment in bank premises.	2
Letter to the Comptroller of the Currency recommending favorably with respect to an application to organize a national bank at Wichita, Kansas.	3

Revised draft of statement re H. R. 6900. Pursuant to the understanding at the meeting on May 15, 1961, there had been distributed a revised draft of statement that might be given by Chairman Martin on May 18 before a Subcommittee of the House Committee on Banking and Currency at hearings on H. R. 6900, a bill relating to the gold certificate reserves of Federal Reserve Banks against deposit and note liabilities and to the payment of interest on time deposits of foreign governments. There had also been distributed copies of communications from all Federal Reserve Banks in reply to the Board's request of May 11 for comments on the proposed legislation.

In the course of review of the draft statement, Governor Mills referred to the position he had expressed at the meeting on Monday, May 15, which was to the effect that he believed the Board should oppose unequivocally the proposed elimination of the gold reserve requirements. He added, however, if the majority of the Board was disposed to favor a position along the lines of the draft statement, he would have several suggestions regarding the wording of parts of the document. Governor Mills then mentioned those suggestions.

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A discussion ensued with respect to the various portions of the proposed statement during which additional changes were suggested and commented upon. Following the discussion, it was understood that the statement would be revised to take into account the suggestions made at this meeting, along with additional comments that previously had been transmitted to Mr. Molony, and that the statement would be presented in a final form satisfactory to Chairman Martin.

Secretary's Note: Subsequently, the hearings on H. R. 6900 were postponed indefinitely.

The meeting then adjourned.

Secretary's Notes: Governor Shepardson today approved on behalf of the Board letters to the Federal Reserve Banks of Boston, Cleveland, Chicago, Minneapolis, and Kansas City (attached Items 4, 5, 6, 7, and 8, respectively) approving the appointment or designation of the following persons at the respective Banks as indicated:

Boston	James P. McGovern, Jr. Nicholas G. Tsimbidaros	Special Assistant Examiners
Cleveland	Edward W. Kilrain	Examiner
Chicago	G. Ward Stearns	Examiner
Minneapolis	James H. Hammill	Special Assistant Examiner
Kansas City	Maurice J. Swords	Examiner

On May 16, 1961, Governor Shepardson approved on behalf of the Board the following items:

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Letters to the Federal Reserve Bank of Cleveland (attached Items 9 and 10) approving the appointments of Emmett H. Dunaway and Leo G. Schneider as examiners.

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

Appointment

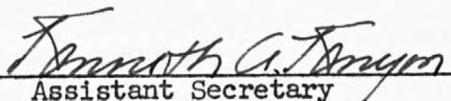
Frances E. Willis as Charwoman, Division of Administrative Services, with basic annual salary at the rate of \$3,185, effective the date of entrance upon duty.

Salary increase

Walter H. Young, Assistant Counsel, Legal Division, from \$13,510 to \$13,770, effective May 28, 1961.

Advance of sick leave

Orville K. Thompson, Economist, Division of Research and Statistics, to be advanced sick leave beginning April 28, 1961, through May 10, 1961.


Assistant Secretary

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

Item No. 1
5/17/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 17, 1961



Board of Directors,
The Chase Manhattan Bank,
New York, New York.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors of the Federal Reserve System approves the establishment by The Chase Manhattan Bank, New York, New York, of a branch at 2218 Fifth Avenue, Borough of Manhattan, New York, New York, provided the branch is established within six months from the date of this letter.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

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

Item No. 2
5/17/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 17, 1961



Board of Directors,
Peoples Exchange Bank,
Russellville, Arkansas.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of St. Louis, the Board of Governors of the Federal Reserve System approves, under the provisions of Section 24A of the Federal Reserve Act, an investment by Peoples Exchange Bank, Russellville, Arkansas, of \$346,283 in bank premises.

This approval is granted for expenditures substantially in accordance with a "PRELIMINARY COST ESTIMATE" dated March 1961, by Wittenberg, Delony & Davidson, a copy of which was submitted to the Federal Reserve Bank of St. Louis with your bank's letter of April 17, 1961. The approval herein granted is for the amount set forth in the previously referred to "PRELIMINARY COST ESTIMATE" less \$15,000 for furniture, draperies, etc., which does not require approval of the Board, plus \$43,500 representing cost of a lease which has been purchased and funds necessary to acquire additional land. The approval also includes \$521 in miscellaneous expenses to date.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

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

Item No. 3
5/17/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 17, 1961



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

Attention: Mr. C. C. Fleming,
Deputy Comptroller of the Currency.

Dear Mr. Comptroller:

Reference is made to a letter from your office dated February 17, 1961, enclosing copies of an application to organize a national bank in Wichita, Kansas, 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 Kansas City indicates that future earnings prospects are favorable and that a degree of need exists for the bank. The proposed capital structure of \$400,000 appears low in relation to the volume of business anticipated. It would seem desirable to provide capital structure of \$500,000, the amount which would now be required of a State-chartered bank in Wichita. The management factor would seem satisfactory if an executive officer acceptable to the Comptroller of the Currency is employed. Accordingly, the Board of Governors recommends approval of the application provided capital structure of \$500,000 is provided and that arrangements are made for management satisfactory to your office.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

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

Item No. 4
5/17/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 17, 1961



Mr. B. F. Groot, Vice President,
Bank Examination Department,
Federal Reserve Bank of Boston,
Boston 6, Massachusetts.

Dear Mr. Groot:

In accordance with the request contained in your letter of May 11, 1961, the Board approves the designation of James P. McGovern, Jr., and Nicholas G. Tsimbidaros as special assistant examiners for the Federal Reserve Bank of Boston for the purpose of participating in examinations of Depositors Trust Company, Augusta, Maine; The Merrill Trust Company, Bangor, Maine; The Connecticut Bank and Trust Company, Hartford, Connecticut; and Rhode Island Hospital Trust Company, Providence, Rhode Island.

As requested, the name of Edward F. Holway has been deleted from the list of special assistant examiners approved for your Bank.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

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

Item No. 5
5/17/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 17, 1961

Mr. Paul C. Stetzelberger, Vice President,
Federal Reserve Bank of Cleveland,
Cleveland 1, Ohio.

Dear Mr. Stetzelberger:

In accordance with the request contained in your letter of May 10, 1961, the Board approves the appointment of Edward W. Kilrain, at present an assistant examiner, as an examiner for the Federal Reserve Bank of Cleveland. Please advise us if the appointment is not made effective on June 25, 1961, as planned.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

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

Item No. 6
5/17/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 17, 1961



AIR MAIL

Mr. Hugh J. Helmer, Vice President,
Federal Reserve Bank of Chicago,
Chicago 90, Illinois.

Dear Mr. Helmer:

In accordance with the request contained in your letter of May 12, 1961, the Board approves the appointment of G. Ward Stearns, at present an assistant examiner, as an examiner for the Federal Reserve Bank of Chicago. Please advise us if the appointment is not made effective on June 5, 1961, as planned.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

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

Item No. 7
5/17/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 19, 1961

Mr. Frederick L. Deming, President,
Federal Reserve Bank of Minneapolis,
Minneapolis 2, Minnesota.

Dear Mr. Deming:

In accordance with the request contained in
your letter of May 15, 1961, the Board approves the
designation of James H. Hammill as a special assistant
examiner for the Federal Reserve Bank of Minneapolis.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.



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

Item No. 8
5/17/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 17, 1961

Mr. L. F. Mills, Vice President,
Federal Reserve Bank of Kansas City,
Kansas City 6, Missouri.

Dear Mr. Mills:

In accordance with the request contained in your letter of May 12, 1961, the Board approves the appointment of Maurice J. Swords, at present an assistant examiner, as an examiner for the Federal Reserve Bank of Kansas City, effective June 1, 1961. Please advise us of the salary rate.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

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

Item No. 9
5/17/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 17, 1961



Mr. Paul C. Stetzelberger, Vice President,
Federal Reserve Bank of Cleveland,
Cleveland 1, Ohio.

Dear Mr. Stetzelberger:

In accordance with the request contained in your letter of May 9, 1961, the Board approves the appointment of Emmett H. Dunaway, at present an assistant examiner, as an examiner for the Federal Reserve Bank of Cleveland. Please advise us if the appointment is not made effective on June 25, 1961, as planned.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

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

Item No. 10
5/17/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 17, 1961



Mr. Paul C. Stetzelberger, Vice President,
Federal Reserve Bank of Cleveland,
Cleveland 1, Ohio.

Dear Mr. Stetzelberger:

In accordance with the request contained in your letter of May 9, 1961, the Board approves the appointment of Leo G. Schneider, at present an assistant examiner, as an examiner for the Federal Reserve Bank of Cleveland. Please advise us if the appointment is not made effective on June 25, 1961, as planned.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.