

Minutes for August 18, 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

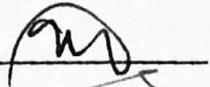
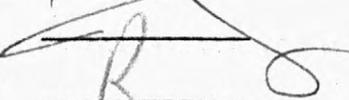
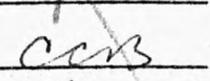
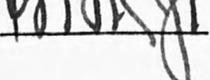
Gov. Mills

Gov. Robertson

Gov. Balderston

Gov. Shepardson

Gov. King


Minutes of the Board of Governors of the Federal Reserve System  
on Friday, August 18, 1961. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman  
Mr. Balderston, Vice Chairman  
Mr. Mills  
Mr. King

Mr. Kenyon, Assistant Secretary  
Mr. Molony, Assistant to the Board  
Mr. Fauver, Assistant to the Board  
Mr. Noyes, Director, Division of Research  
and Statistics  
Mr. Holland, Adviser, Division of Research  
and Statistics  
Mr. Knipe, Consultant to the Chairman  
Mr. Spencer, General Assistant, Office of  
the Secretary  
Mr. Axilrod, Economist, Division of Research  
and Statistics

Mr. Holmes, Manager, Securities Department,  
Federal Reserve Bank of New York

Money market review. Mr. Holmes commented on the Federal budget outlook and recent developments in the Government securities market, following which Mr. Axilrod presented a report on bank credit, the money supply, and related matters.

At the conclusion of these reports, all members of the staff except Messrs. Kenyon and Spencer withdrew from the meeting and the following entered the room:

Mr. Hackley, General Counsel  
Mr. Masters, Associate Director, Division of  
Examinations  
Mr. Benner, Assistant Director, Division of  
Examinations

Discount rates. The establishment without change by the Federal Reserve Banks of New York, Philadelphia, Chicago, St. Louis, Minneapolis,

8/18/61

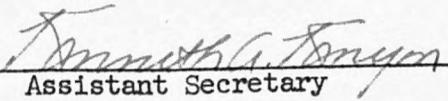
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and San Francisco on August 17, 1961, of the rates on discounts and advances in their existing schedules was approved unanimously, with the understanding that appropriate advice would be sent to those Banks.

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:

	<u>Item No.</u>
Letter to The Union Commerce Bank, Cleveland, Ohio, approving an extension of time to establish a branch and a drive-in unit in Maple Heights.	1
Letter to The First National Bank and Trust Company of Vinita, Vinita, Oklahoma, approving its application for fiduciary powers.	2
Letter to the Federal Deposit Insurance Corporation regarding the application of Panhandle State Bank, Borger, Texas, for continuation of deposit insurance after withdrawal from membership in the Federal Reserve System.	3
Letter to Southern Arizona Bank and Trust Company, Tucson, Arizona, approving the establishment of a branch at Valencia Road and South 12th Avenue.	4

The meeting then adjourned.

  
Assistant Secretary

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

Item No. 1  
8/18/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

August 18, 1961

Board of Directors,  
The Union Commerce Bank,  
Cleveland, Ohio.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Cleveland, the Board of Governors has approved an extension until November 24, 1961, of the time within which The Union Commerce Bank may establish a branch and drive-in unit at the Southgate Shopping Center, Maple Heights, Ohio. Establishment of these branches was authorized in a letter dated February 24, 1961.

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  
8/18/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

August 18, 1961

Board of Directors,  
The First National Bank and Trust Company  
of Vinita,  
Vinita, Oklahoma.

Gentlemen:

The Board of Governors of the Federal Reserve System has given consideration to your supplemental application for fiduciary powers and grants you authority to act, when not in contravention of State or local law, as trustee, registrar of stocks and bonds, assignee, receiver, or in any other fiduciary capacity in which State banks, trust companies, or other corporations which come into competition with national banks are permitted to act under the laws of the State of Oklahoma. The exercise of such rights shall be subject to the provisions of Section 11(k) of the Federal Reserve Act and Regulation F of the Board of Governors of the Federal Reserve System.

In addition to the fiduciary powers herein authorized, the bank was granted authority, on May 16, 1960, to act as executor, administrator, guardian of estates, and committee of estates of lunatics.

A formal certificate indicating the fiduciary powers that your bank is now authorized to exercise will be forwarded in due course.

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  
8/18/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

August 18, 1961

The Honorable Erle Cocke, Sr., Chairman,  
Federal Deposit Insurance Corporation,  
Washington 25, D. C.

Dear Mr. Cocke:

Reference is made to your letter of August 8, 1961, concerning the application of Panhandle State Bank, Borger, Texas, for continuance of deposit insurance after withdrawal from membership in the Federal Reserve System.

Subject bank was regarded as a "problem bank" from the time of its examination as of the close of business June 25, 1955, until its examination as of the close of business January 23, 1960, at which time it was removed from the Board of Governors' list of problem banks. The basis for so classifying the bank has been an adverse asset condition and management rated "Poor." Recent examinations reflect some improvement in asset condition and changes in management. There remains a degree of doubt with respect to the capacity of management.

At present no corrective programs that the Board of Governors believes should be incorporated as conditions to the continuance of deposit insurance have been urged upon or agreed to by the 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. 4  
8/18/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

August 18, 1961

Board of Directors,  
Southern Arizona Bank and Trust Company,  
Tucson, Arizona.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Dallas, the Board of Governors of the Federal Reserve System approves the establishment by Southern Arizona Bank and Trust Company, Tucson, Arizona, of a branch at the intersection of Valencia Road and South 12th Avenue, Tucson, Arizona, provided the branch is established within 12 months from the date of this letter.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.

