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Minutes for October 12, 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

RM

Gov. Mills

[Signature]

Gov. Robertson

[Signature]

Gov. Balderston

CB

Gov. Shepardson

[Signature]

Gov. King

[Signature]

Gov. Mitchell

[Signature]

Minutes of the Board of Governors of the Federal Reserve System on  
Thursday, October 12, 1961. The Board met in the Board Room at 10:00 a.m.

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

Mr. Sherman, Secretary  
Miss Carmichael, Assistant Secretary  
Mr. Johnson, Director, Division of Personnel  
Administration  
Mr. Hexter, Assistant General Counsel  
Mr. Leavitt, Assistant Director, Division of  
Examinations

Discount rates. The establishment without change by the Federal Reserve Banks of Cleveland, Chicago, Minneapolis, and Kansas City on October 11, 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 Federal Reserve Bank of Boston approving a program of increased benefits under the Blue Cross Plan of the Massachusetts Hospital Service, Incorporated, and the absorption by the Bank of two-thirds of the premium costs.	1
Letter to Springfield Safe Deposit and Trust Company, Springfield, Massachusetts, approving the establishment of a branch at Bliss Road and Williams Street, Longmeadow.	2

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	<u>Item No.</u>
Letter to the Comptroller of the Currency recommending favorably with respect to an application of The Savings Deposit Bank & Trust Company, Elyria, Ohio, to convert into a national banking association.	3
Letter to The Peoples Bank of Fleming County, Flemingsburg, Kentucky, waiving the requirement of six months' notice of withdrawal from membership in the Federal Reserve System.	4
Letter to Birmingham-Bloomfield Bank, Birmingham, Michigan, approving its application for membership in the Federal Reserve System.	5
Letter to the Comptroller of the Currency recommending favorably with respect to an application to organize a national bank at Brookfield, Illinois.	6
Letter to Peoples Bank of Bloomington, Bloomington, Illinois, approving an investment in bank premises.	7
Letter to Farmers and Merchants Bank, Hannibal, Missouri, approving an investment in bank premises.	8
Letter to the Federal Reserve Bank of Boston approving a revision in the officers' salary structure.	9
Letter to the Federal Reserve Bank of Chicago approving the payment of salary to two officers at the rates fixed by the Bank's Board of Directors.	10

The meeting then adjourned.

Secretary's Note: Pursuant to recommendations contained in memoranda from appropriate individuals concerned, Governor Shepardson today approved on behalf of the Board the following actions relating to the Board's staff:

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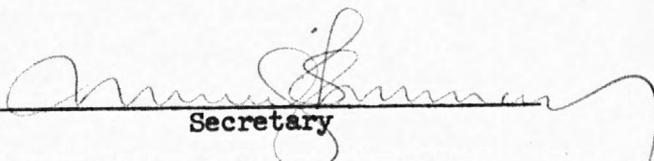
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Appointment

Cynthia B. Bowlin as Draftsman-Trainee in the Division of Research and Statistics, with basic annual salary at the rate of \$3,760, effective the date of entrance upon duty.

Salary increase

Robert F. Gemmill, Economist, Division of International Finance, from \$11,415 to \$12,210 per annum, effective October 15, 1961.



Secretary

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

Item No. 1  
10/12/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

October 12, 1961



Mr. George Ellis, President,  
Federal Reserve Bank of Boston,  
Boston 6, Massachusetts.

Dear Mr. Ellis:

Reference is made to your letter of September 27, 1961, advising of additional coverage for officers and employees of the Federal Reserve Bank of Boston electing to participate in the \$18 per day Blue Cross Plan of the Massachusetts Hospital Service, Incorporated. The Board of Governors approves the program of increased benefits under the new Blue Cross contract, and the absorption by the Bank of two-thirds of the premium costs in connection therewith.

The Board notes advice of a slight increase in Blue Shield premiums, effective November 5, with no change in benefit provisions of the contract.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.

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

Item No. 2  
10/12/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

October 12, 1961.

Board of Directors,  
Springfield Safe Deposit and  
Trust Company,  
Springfield, Massachusetts.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch at the intersection of Bliss Road and Williams Street, Longmeadow, Massachusetts, by Springfield Safe Deposit and Trust Company, provided the branch is established within one year 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. 3  
10/12/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

October 12, 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 September 6, 1961, enclosing copies of an application of The Savings Deposit Bank & Trust Company, Elyria, Ohio, to convert into a national banking association and requesting a recommendation as to whether or not the application should be approved.

The applicant bank opened for business as a State-chartered institution in 1890, and became a member of the Federal Reserve System in May 1936. The capital structure, future earnings prospects, and general character of management of the bank are regarded as satisfactory. The bank is well established and appears to be serving the convenience and needs of the area. Accordingly, the Board of Governors recommends favorable consideration of the application of the bank to convert into a national banking institution.

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  
10/12/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

October 12, 1961

Board of Directors,  
The Peoples Bank of Fleming County,  
Flemingsburg, Kentucky.

Gentlemen:

The Federal Reserve Bank of Cleveland has forwarded to the Board of Governors your letter dated September 20, 1961, together with the accompanying resolution 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) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.

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

Item No. 5  
10/12/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

October 12, 1961

Board of Directors,  
Birmingham-Bloomfield Bank,  
Birmingham, Michigan.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the application of Birmingham-Bloomfield Bank, Birmingham, Michigan, for stock in the Federal Reserve Bank of Chicago, subject to the numbered conditions hereinafter set forth:

1. Such bank at all times shall conduct its business and exercise its powers with due regard to the safety of its depositors, and, except with the permission of the Board of Governors of the Federal Reserve System, such bank shall not cause or permit any change to be made in the general character of its business or in the scope of the corporate powers exercised by it at the time of admission to membership.
2. The net capital and surplus funds of such bank shall be adequate in relation to the character and condition of its assets and to its deposit liabilities and other corporate responsibilities.

In connection with the foregoing conditions of membership, particular attention is called to the provisions of the Board's Regulation H, regarding membership of State banking institutions in the Federal Reserve System, with especial reference to Section 208.7 thereof. A copy of the regulation is enclosed.

It is noted that under its articles of incorporation the bank may exercise fiduciary powers but that at the present time is not exercising such powers. Should the bank at any future time desire to broaden the scope of its corporate activities or exercise any powers not exercised at the time of admission to membership it will be necessary, under condition of membership numbered 1, to obtain permission of the Board of Governors.



Birmingham-Bloomfield Bank

If at any time a change in or amendment to the bank's charter is made, the bank should advise the Federal Reserve Bank, furnishing copies of any documents involved, in order that it may be determined whether such change affects in any way the bank's status as a member of the Federal Reserve System.

Acceptance of the conditions of membership contained in this letter should be evidenced by a resolution adopted by the Board of Directors and spread upon its minutes, and a certified copy of such resolution should be filed with the Federal Reserve Bank. Arrangements will thereupon be made to accept payment for an appropriate amount of Federal Reserve Bank stock, to accept the deposit of the required reserve balance, and to issue the appropriate amount of Federal Reserve Bank stock to the bank.

The time within which admission to membership in the Federal Reserve System in the manner described may be accomplished is limited to 30 days from the date of this letter, unless the bank applies to the Board and obtains an extension of time. When the Board is advised that all of the requirements have been complied with and that the appropriate amount of Federal Reserve Bank stock has been issued to the bank, the Board will forward to the bank a formal certificate of membership in the Federal Reserve System.

The Board of Governors sincerely hopes that you will find membership in the System beneficial and your relations with the Reserve Bank pleasant. The officers of the Federal Reserve Bank will be glad to assist you in establishing your relationships with the Federal Reserve System and at any time to discuss with representatives of your bank means for making the services of the System most useful to you.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.

Enclosure.

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

Item No. 6  
10/12/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

October 12, 1961

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

Attention: Mr. W. M. Taylor,  
Deputy Comptroller of the Currency.

Dear Mr. Comptroller:

Reference is made to a letter from your office dated March 29, 1961, enclosing copies of an application to organize a national bank at Brookfield, Illinois, 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 Chicago indicates generally favorable findings with respect to each of the factors usually considered in applications of this nature. Accordingly, the Board of Governors recommends favorable consideration of the proposal.

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  
10/12/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

October 12, 1961

Board of Directors,  
Peoples Bank of Bloomington,  
Bloomington, Illinois.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Chicago, the Board of Governors of the Federal Reserve System approves, under the provisions of Section 24A of the Federal Reserve Act, an additional investment in bank premises by Peoples Bank of Bloomington of \$762,500, for the purposes of expanding and remodeling its bank premises.

The amount approved represents a total proposed investment of \$850,000, less the bank's present investments in the bank building of \$59,000, the elevator in the bank building of \$13,500, and \$15,000 in a parking lot. It is understood that the parking lot will be sold.

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  
10/12/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

October 12, 1961

Board of Directors,  
Farmers and Merchants Bank,  
Hannibal, Missouri.

Gentlemen:

The Board of Governors of the Federal Reserve System approves, under the provisions of Section 24A of the Federal Reserve Act, an additional investment of \$3,000 in bank premises by Farmers and Merchants Bank, Hannibal, Missouri, for the purpose of installing new doors at the main banking house.

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  
10/12/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

October 12, 1961

CONFIDENTIAL (FR)

Mr. George H. Ellis, President,  
Federal Reserve Bank of Boston,  
Boston 6, Massachusetts.

Dear Mr. Ellis:

The Board of Governors has approved, effective immediately, the following minimum and maximum salaries for the respective officer salary groups at the Federal Reserve Bank of Boston, as requested in your letter of October 2, 1961:

<u>Group</u>	<u>Minimum</u>	<u>Maximum</u>
A	\$16,500	\$22,500
B	14,500	19,500
C	12,500	17,000
D	11,000	15,000

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.

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

Item No. 10  
10/12/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

October 12, 1961

CONFIDENTIAL (FR)

Mr. Carl E. Allen, President,  
Federal Reserve Bank of Chicago,  
Chicago 90, Illinois.

Dear Mr. Allen:

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Chicago for the period November 1 through December 31, 1961, at the rates fixed by the Board of Directors as reported in your letter of September 28, 1961.

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Robert E. Sorg	Assistant Vice President	\$13,000
Erich K. Kroll	Assistant Cashier	10,000

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.