

609
9/61


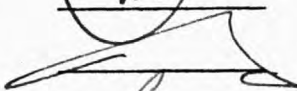
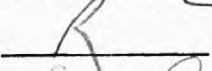
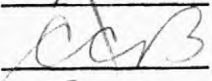
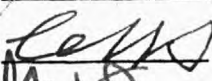
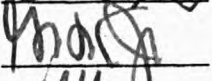
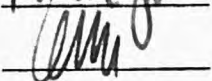
Minutes for December 15, 1961

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 | <u></u> |
| Gov. Mills | <u></u> |
| Gov. Robertson | <u></u> |
| Gov. Balderston | <u></u> |
| Gov. Shepardson | <u></u> |
| Gov. King | <u></u> |
| Gov. Mitchell | <u></u> |

Minutes of the Board of Governors of the Federal Reserve System
on Friday, December 15, 1961. The Board met in the Board Room at 10:00 a.m.

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

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Thomas, Adviser to the Board
Mr. Young, Adviser to the Board and Director,
Division of International Finance
Mr. Molony, Assistant to the Board
Mr. Fauver, Assistant to the Board
Mr. Holland, Adviser, Division of Research
and Statistics
Mr. Koch, Adviser, Division of Research and
Statistics
Mr. Eckert, Chief, Banking Section, Division of
Research and Statistics
Mr. Yager, Economist, Division of Research and
Statistics

Money market review. Mr. Yager reviewed recent developments in the Government securities market, following which Mr. Eckert reported on credit developments. In this connection Mr. Eckert distributed, and commented upon, a group of charts showing recent trends in bank loans and investments and in personal savings and consumer liquid asset holdings.

The meeting then recessed in order that the Board members might participate in a phase of the Board's Christmas program. The meeting reconvened at 11:00 a.m. with the following staff attendance:

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Farrell, Director, Division of Bank
Operations
Mr. Solomon, Director, Division of Examinations
Mr. Johnson, Director, Division of Personnel
Administration

12/15/61

-2-

Mr. Kiley, Assistant Director, Division of
Bank Operations
Mr. Leavitt, Assistant Director, Division of
Examinations
Mr. Sprecher, Assistant Director, Division
of Personnel Administration

Discount rates. The establishment without change by the Federal Reserve Banks of New York, Cleveland, Richmond, St. Louis, Minneapolis, Kansas City, and Dallas on December 14, 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 members of the Board and copies of which are attached to these minutes under the respective items indicated, were approved unanimously:

| | <u>Item No.</u> |
|--|-----------------|
| Letter to the Federal Reserve Bank of Richmond approving the appointment of Talbott D. Cockey as Federal Reserve Agent's Representative at the Baltimore Branch. | 1 |
| Letter to the Federal Reserve Bank of Minneapolis agreeing that a former officer had entered a service deemed to be in the public interest within the meaning of section 5A of the Rules and Regulations of the Retirement System of the Federal Reserve Banks, as implemented by the resolutions adopted by the Board of Trustees on June 21, 1961, and the Board's letter of August 4, 1961. | 2 |
| Letter to all Federal Reserve Banks with reference to (1) changing reports of Federal Reserve Bank earnings and expenses from a monthly to a quarterly basis; (2) discontinuing the monthly statement of earnings and expenses of Federal Reserve Banks; and (3) requesting monthly reports showing the number of officers and employees and salary expense. | 3 |

12/15/61

-3-

| | <u>Item No.</u> |
|---|-----------------|
| Letter to United California Bank, Los Angeles, California, approving an extension of time to establish a branch at Laguna Beach. | 4 |
| Letter to Carbon Emery Bank, Price, Utah, approving the establishment of a branch in Sunnyside. | 5 |
| Letter to Wells Fargo Bank American Trust Company, San Francisco, California, approving the establishment of a branch in the vicinity of The Alameda and Hedding Streets, San Jose. | 6 |
| Letter to Wells Fargo Bank American Trust Company, San Francisco, California, approving the establishment of a branch in St. Helena. | 7 |

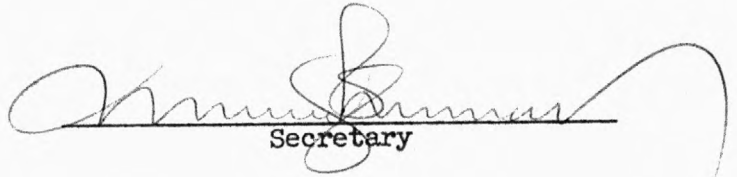
In connection with Item No. 2, Governor Robertson expressed the view that the established policy applicable to cases of this kind was essentially wrong and said that he would vote favorably on the matter before the Board today only on the basis that such action would be consistent with what had been done previously under the existing policy.

In connection with the branch applications of Wells Fargo Bank American Trust Company, there was discussion of the question whether the applicant bank appeared to be following a practice of filing certain applications without the intent of carrying forward to place the branches in operation with reasonable promptness. There being an indication that a number of branch applications may have been pending at the Federal Reserve Bank of San Francisco for some time, it was understood that the Division of Examinations would inquire into the circumstances involved.

12/15/61

-4-

The meeting then adjourned.



Secretary



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

Item No. 1
12/15/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 15, 1961

Mr. Alonzo G. Decker, Jr.,
Chairman of the Board and
Federal Reserve Agent,
Federal Reserve Bank of Richmond,
Richmond 13, Virginia.

Dear Mr. Decker:

In accordance with the request contained in your letter of November 21, 1961, the Board of Governors approves the appointment of Mr. Talbott D. Cockey as Federal Reserve Agent's Representative at the Baltimore Branch, to succeed Mr. William C. Norton.

This approval is given with the understanding that Mr. Cockey will be solely responsible to the Federal Reserve Agent and the Board of Governors for the proper performance of his duties, except that, during the absence or disability of the Federal Reserve Agent or a vacancy in that office, his responsibility will be to the Assistant Federal Reserve Agent and the Board of Governors.

When not engaged in the performance of his duties as Federal Reserve Agent's Representative, Mr. Cockey may, with the approval of the Federal Reserve Agent and the Vice President in charge of the Baltimore Branch, perform such work for the Branch as will not be inconsistent with his duties as Federal Reserve Agent's Representative.

It will be appreciated if Mr. Cockey is fully informed of the importance of his responsibilities as a member of the staff of the Federal Reserve Agent and the need for maintenance of independence from the operations of the Bank in the discharge of these responsibilities.

It is noted from your letter that, upon the approval of the appointment of Mr. Cockey by the Board of Governors, he will execute the usual Oath of Office which will be forwarded to the Board.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 2
12/15/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 15, 1961

Confidential (FR)

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

Dear Mr. Deming:

This refers to your letter of November 21, 1961, concerning the resignation of Mr. J. Dewey Daane, who has accepted an appointment in the United States Department of the Treasury as Deputy Under Secretary for Monetary Affairs.

The Board of Governors agrees with your Board of Directors that Mr. Daane is entering a service deemed to be in the public interest within the meaning of Section 5A of the Rules and Regulations of the Retirement System of the Federal Reserve Banks as implemented by the Resolutions adopted by the Board of Trustees on June 21, 1961, and the Board's letter of August 4, 1961 (S-1802).

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.



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

Item No. 3
12/15/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 15, 1961.

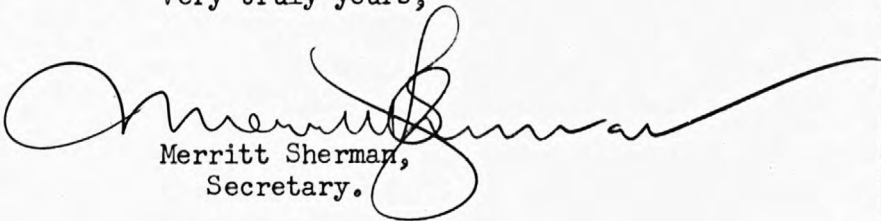
Dear Sir:

Effective with the reporting period beginning January 1, 1962, the Board has approved changing reports of Federal Reserve Bank earnings on form FR 95 and of expenses on form FR 96 from a monthly to a quarterly basis. At the same time, the Board will discontinue issuing its monthly statement, Earnings and Expenses of Federal Reserve Banks (L.4.1).

Because of the expanded information that will be submitted on the revised functional expense reports, the itemization of Expenses Reimbursable or Recoverable that is now shown on the reverse of form FR 96 will also be discontinued.

By request, the Board has been submitting to the Bureau of Labor Statistics a report showing the number of officers and employees on the payroll of each Federal Reserve Bank and branch on the last day of each month and the total salary expense for the month. Heretofore this information has been taken from items 1 and 2 on form FR 96, but it will no longer be available from that source on a monthly basis. Accordingly, it is requested that arrangements be made for your Bank and branches (if any) to send monthly to the Division of Bank Operations a special report showing the combined number of officers and employees as of the last day of the preceding month and the total salary expense for that month.

Very truly yours,


Merritt Sherman,
Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS

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

Item No. 4
12/15/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 15, 1961

Board of Directors,
United California Bank,
Los Angeles, California.

Gentlemen:

The Board of Governors of the Federal Reserve System extends until January 29, 1962, the time within which United California Bank, Los Angeles, California, may establish a branch in the vicinity of the intersection of Ocean Avenue and Coast Boulevard, Laguna Beach, California, under the authorization contained in the Board's letter of October 31, 1960.

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
12/15/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 15, 1961

Board of Directors,
Carbon Emery Bank,
Price, Utah.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch in the central business district of Sunnyside, Carbon County, Utah, by Carbon Emery Bank, 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. 6
12/15/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 15, 1961

Board of Directors,
Wells Fargo Bank American Trust Company,
San Francisco, California.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch in the vicinity of the intersection of The Alameda and Hedding Streets, San Jose, Santa Clara County, California, by Wells Fargo Bank American 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. 7
12/15/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 15, 1961



Board of Directors,
Wells Fargo Bank American Trust Company,
San Francisco, California.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch in the vicinity of the downtown business district of St. Helena, Napa County, California, by Wells Fargo Bank American 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.