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Minutes for January 22, 1962

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

Gov. Mitchell

Minutes of the Board of Governors of the Federal Reserve System  
on Monday, January 22, 1962. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman  
Mr. Balderston, Vice Chairman  
Mr. Robertson  
Mr. Shepardson  
Mr. King  
Mr. Mitchell

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. Fauver, Assistant to the Board  
Mr. Noyes, Director, Division of Research  
and Statistics  
Mr. Farrell, Director, Division of Bank Operations  
Mr. Johnson, Director, Division of Personnel  
Administration  
Mr. Furth, Adviser, Division of International  
Finance  
Mr. Hersey, Adviser, Division of International  
Finance  
Mr. Goodman, Assistant Director, Division of  
Examinations  
Mr. Benner, Assistant Director, Division of  
Examinations  
Mr. Leavitt, Assistant Director, Division of  
Examinations  
Mr. Landry, Assistant to the Secretary

Discount rates. The establishment without change by the Federal Reserve Banks of New York, Philadelphia, Chicago, and San Francisco on January 18, 1962, 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 or distributed to the Board. The following items, which had been circulated or distributed to the Board and copies

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of which are attached to these minutes under the respective item numbers indicated, were approved unanimously:

	<u>Item No.</u>
Letter to Chase International Investment Corporation, New York, New York, granting permission to exercise warrants for common stock of PASA, Petroquimica Argentina, Sociedad Anonima Industrial, Comercial, Financiera y de Mandatos, Buenos Aires, Argentina.	1
Telegram to the Federal Reserve Bank of New York approving a loan on gold to the Central Bank of the Philippines.	2
Letter to The First National City Bank of New York, New York, New York, approving the establishment of a branch in Brussels, Belgium.	3
Letter to The First National City Bank of New York, New York, New York, approving the establishment of a branch in Milan, Italy.	4
Letter to the Comptroller of the Currency recommending favorably on an application of St. Lucie County Bank, Fort Pierce, Florida, to convert into a national banking association.	5
Letter to The Central National Bank of San Angelo, San Angelo, Texas, approving its application for fiduciary powers.	6
Letter to the Federal Reserve Bank of New York approving the payment of salaries to certain officers at rates fixed by the Board of Directors.	7

Messrs. Molony, Assistant to the Board, Cardon, Legislative Counsel, and Yager, Chief, Government Finance Section, Division of Research and Statistics, entered the room at this point and Messrs. Goodman and Benner withdrew.

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For reasons stated, consideration of two items listed on the agenda for this meeting was deferred: (1) application of Wyandotte Savings Bank, Wyandotte, Michigan, to establish a branch in Taylor Township; (2) letter from the Superintendent of Banks of New York regarding interest payable on savings deposits by banks in that State.

Money market review. Mr. Thomas reviewed the situation with respect to bank reserves, credit, and the money supply, after which Mr. Yager reported on money market conditions.

Following this presentation, Messrs. Johnson and Yager withdrew from the meeting.

Application of United California Bank. With reference to the private oral presentation scheduled to be held on January 25, 1962, regarding the application of United California Bank, Los Angeles, California, for consent to merge with The Southwest Bank, Inglewood, California, there had been distributed to the Board copies of a letter from Covington & Burling, Washington, D. C., requesting copies of the competitive factor reports submitted to the Board by the other two Federal bank supervisory agencies and by the Department of Justice. The letter stated that it was thought that a more relevant presentation could be made if there was an opportunity to examine these reports in advance of the oral presentation.

Following a brief discussion, it was agreed to comply with this request, provided a check with the agencies that had submitted the reports to the Board indicated that they would have no objection.

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Mr. Leavitt then withdrew from the meeting.

Testimony before Joint Economic Committee. There had been distributed to the members of the Board a draft of statement to be presented by Chairman Martin before the Congressional Joint Economic Committee on January 30, 1962, in connection with hearings on the 1962 Economic Report of the President.

Chairman Martin indicated that the purpose of discussion of the draft at this meeting would be to obtain the comments of the members of the Board regarding the content of the statement, along with comments regarding the way in which the subject matter might best be presented. He also indicated Mr. Molony would be requested, in the light of such comments, to proceed with the editing of the statement. Accordingly, the Chairman called upon the respective members of the Board, who presented a number of suggestions with regard to the scope of the statement, inclusions and exclusions, the tone of certain parts of the draft, and the sequence which it was felt would contribute to the most effective presentation.

At the conclusion of this discussion, it was understood that Mr. Molony would take into account the suggestions that had been made in preparing a revised draft and that the statement would be presented in a final form satisfactory to Chairman Martin.

As a result of a question raised by Governor Shepardson during the foregoing discussion, it was understood that the staff would prepare

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a descriptive paper, for the Board's information, on the recent labor contract negotiated by New York Local 3 of the Electrical Workers Union, whereby a standard work week of five 5-hour days was established.

The meeting then adjourned.

Secretary's Note: Pursuant to recommendations contained in memoranda from appropriate individuals concerned, Governor Shepardson approved on behalf of the Board on January 19, 1962, the following actions relating to the Board's staff:

Salary increases, effective January 21, 1962

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
<u>Examinations</u>			
Wilson D. Dougal, Senior Federal Reserve Examiner		\$12,990	\$13,730
John T. McClintock, Supervisory Review Examiner (change in title from Review Examiner)		11,155	12,210
Travis J. Johnson, Senior Federal Reserve Examiner (change in title from Federal Reserve Examiner)		9,735	10,635
<u>Administrative Services</u>			
Coleman Bado, Chauffeur		4,025	4,130
Willard D. Creasey, Chauffeur		4,025	4,130
Carlton C. Poling, Chauffeur		4,025	4,130

Extension of leave without pay

Frances Skehan, Statistical Assistant, Division of Research and Statistics, extension of leave without pay for the period January 15 through February 15, 1962.

  
Secretary

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

Item No. 1  
1/22/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

January 22, 1962

Chase International Investment Corporation,  
1 Chase Manhattan Plaza,  
New York 15, New York.

Gentlemen:

In accordance with the request contained in your letter of November 14, 1961, transmitted through the Federal Reserve Bank of New York, and on the basis of the information furnished, the Board of Governors grants its consent for Chase International Investment Corporation ("CIIC") to exercise all rights to acquire shares to which CIIC may become entitled as the holder of warrants covering 122,667 shares of common stock (par value, 100 Argentine Pesos per share), of PASA, Petroquímica Argentina, Sociedad Anonima Industrial, Comercial, Financiera y de Mandatos, Buenos Aires, Argentina, acquired as an inducement to purchase \$3,100,000 of 7-1/2 per cent Class B Debentures of PASA within the period contemplated thereby, at a cost not to exceed approximately US\$1,480,000; provided that any purchase and holding of shares of PASA, together with any other stock held, shall not exceed the limitations in conditions numbered (6) and (7) of the general consent granted to your Corporation on January 20, 1960, as extended by the Board's letter of December 29, 1961, as follows:

- "(6) The aggregate equity investment (at cost) in foreign corporations engaged in the same business (i.e., the manufacture or mining of similar products or the carrying on of similar activities by similar means) shall not exceed 25 per cent of CIIC's capital and surplus.
- "(7) The aggregate investment in all foreign corporations doing business in any one country, colony, possession or dependency shall not exceed 25 per cent of CIIC's capital and surplus."

The Board's consent is granted upon condition that CIIC shall dispose of any holdings of stock in PASA, as promptly as practicable, in the event that PASA should at any time (1) engage in issuing, underwriting, selling or distributing securities in the United States; (2) engage in the general business of buying or selling goods, wares, merchandise, or

Chase International Investment Corporation

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commodities in the United States or transact any business in the United States except such as is incidental to its international or foreign business; or (3) otherwise conduct its operations in a manner which, in the judgment of the Board of Governors, causes the continued holding of its stock by CIIC to be inappropriate under the provisions of Section 25(a) of the Federal Reserve Act or regulations thereunder.

It is requested that you furnish the Board of Governors through the Federal Reserve Bank of New York, pertinent details regarding any stock investment made under this authorization, as outlined in condition numbered (1) of the general consent.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.

Item No. 2  
1/22/62

**T E L E G R A M**  
LEASED WIRE SERVICE

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON

January 22, 1962

SANFORD - NEW YORK

Your wire January 19. Board approved granting loan on gold up to a total of \$23,250,000 by your Bank to the Central Bank of the Philippines on the following terms and conditions:

- (a) To be made up to 98 per cent of the value of gold bars set aside in the vaults of the San Francisco Bank (which holds the gold as your agent) under pledge to you;
- (b) To mature in three months with option to repay at any time before maturity, both the loans and repayments to be in multiples of \$1 million, with the exception of the final \$250,000;
- (c) To bear interest at the discount rate of your Bank in effect on the date on which such loan or loans are made; and
- (d) To be requested and made on or before January 31.

It is understood that the usual participation will be offered to the other Federal Reserve Banks.

(Signed) Merritt Sherman

SHERMAN

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM    Item No. 3  
WASHINGTON 25, D. C.        1/22/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

January 22, 1962

The First National City Bank of New York,  
399 Park Avenue,  
New York 22, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System authorizes The First National City Bank of New York, New York, New York, pursuant to the provisions of Section 25 of the Federal Reserve Act, to establish a branch in the City of Brussels, Belgium; and to operate and maintain such branch subject to the provisions of such Section.

Unless the branch is actually established and opened for business on or before January 1, 1963, all rights granted hereby shall be deemed to have been abandoned and the authority hereby granted will automatically terminate on that date.

Please advise the Board of Governors, in writing, through the Federal Reserve Bank of New York, when the branch is opened for business, furnishing information as to the exact location of the branch.

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  
1/22/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

January 22, 1962



The First National City Bank of New York,  
399 Park Avenue,  
New York 22, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System authorizes The First National City Bank of New York, New York, New York, pursuant to the provisions of Section 25 of the Federal Reserve Act, to establish a branch in the City of Milan, Italy; and to operate and maintain such branch subject to the provisions of such Section.

Unless the branch is actually established and opened for business on or before January 1, 1963, all rights granted hereby shall be deemed to have been abandoned and the authority hereby granted will automatically terminate on that date.

Please advise the Board of Governors, in writing, through the Federal Reserve Bank of New York, when the branch is opened for business, furnishing information as to the exact location of the branch.

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  
1/22/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

January 22, 1962



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 November 21, 1961, enclosing copies of an application of St. Lucie County Bank, Fort Pierce, Florida, 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 1908, and became a member of the Federal Deposit Insurance Corporation in 1933. 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 Item No. 6  
WASHINGTON 25, D. C. 1/22/62



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

January 22, 1962

Board of Directors,  
The Central National Bank of San Angelo,  
San Angelo, Texas.

Gentlemen:

The Board of Governors of the Federal Reserve System has given consideration to your supplemental application for fiduciary powers and grants The Central National Bank of San Angelo authority to act, when not in contravention of State or local law, as guardian of estates, assignee, receiver, committee of estates of lunatics, 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 Texas.

In addition to the fiduciary powers herein authorized, the bank was granted authority, on July 20, 1916, to act as trustee, executor, administrator, and registrar of stocks and bonds.

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) Kenneth A. Kenyon

Kenneth A. Kenyon,  
Assistant Secretary.

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

Item No. 7  
1/22/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

January 22, 1962.

CONFIDENTIAL (FR)

Mr. William F. Treiber,  
First Vice President,  
Federal Reserve Bank of New York,  
New York 45, New York.

Dear Mr. Treiber:

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of New York for the period January 4 through December 31, 1962, at the rates indicated, which are the rates fixed by your Board of Directors as reported in your letter of January 5:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Alan R. Holmes	Assistant Vice President	\$18,000
Robert W. Stone	Assistant Vice President	18,000
Merlyn N. Trued	Assistant Vice President	17,500
Robert Lindsay	Senior Economist	16,000
Peter D. Sternlight	Manager	15,500

The Board has noted the reference in your letter to the designation of Mr. Meek as an Assistant Secretary in addition to his current title of Manager, and the reassignments of Messrs. Bilby, Kimball, N. P. Davis, Quackenbush, and Waage.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.