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Minutes for May 4, 1962.

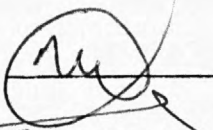
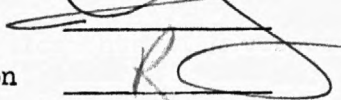

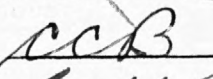
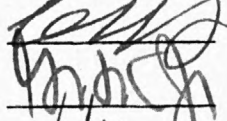
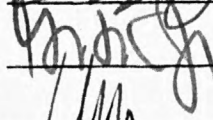
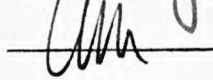
To: Members of the Board

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	<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, May 4, 1962. The Board met in the Board Room at 10:00 a.m.

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

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. Noyes, Director, Division of Research  
and Statistics  
Mr. Koch, Adviser, Division of Research  
and Statistics  
Mr. Brill, Associate Adviser, Division of  
Research and Statistics  
Mr. Knipe, Consultant to the Chairman  
Mr. Spencer, General Assistant, Office of  
the Secretary  
Mr. Eckert, Chief, Banking Section, Division  
of Research and Statistics  
Mr. Yager, Chief, Government Finance Section,  
Division of Research and Statistics  
Mr. Keir, Senior Economist, Division of  
Research and Statistics

Money market review. Mr. Keir commented on recent developments in the money market, particularly the current Treasury refunding, after which Mr. Eckert described developments with respect to bank reserves, the money supply, and related matters.

All members of the staff except Messrs. Sherman, Kenyon, Fauver, and Spencer then withdrew from the meeting and the following entered the room:

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- Mr. Hackley, General Counsel
- Mr. Farrell, Director, Division of Bank Operations
- Mr. Solomon, Director, Division of Examinations
- Mr. Kiley, Assistant Director, Division of Bank Operations
- Mr. Leavitt, Assistant Director, Division of Examinations
- Mr. Poundstone, Review Examiner, Division of Examinations

Discount rates. The establishment without change by the Federal Reserve Banks of New York, Philadelphia, and San Francisco on May 3, 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.

Circulated or distributed items. The following items, which had been circulated or distributed to the members of 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 Morgan Guaranty International Banking Corporation, New York, New York, granting permission to purchase shares of Union Gabonaise de Banque, Libreville, Republic of Gabon. | 1               |
| Letter to First Pennsylvania Overseas Finance Corporation, Philadelphia, Pennsylvania, noting without objection certain investments in United States Government obligations.         | 2               |
| Letter to Indiana Lawrence Bank & Trust Company, North Manchester, Indiana, approving an investment in bank premises.  | 3               |

5/4/62

Item No.

Letter to Planters Bank and Trust Company, Hopkinsville, Kentucky, approving the establishment of a branch in the Skyline Shopping Center on Fort Campbell Boulevard.

4

Telegram to the Federal Reserve Bank of Richmond noting without objection a decision to purchase rather than rent an IBM 1401 computer.

5

Report on competitive factors (Altoona-Bellwood, Pennsylvania).

There had been distributed, with a memorandum from the Division of Examinations dated May 1, 1962, a draft of report to the Federal Deposit Insurance Corporation regarding the competitive factors involved in the proposed merger of Altoona Central Bank and Trust Company, Altoona, Pennsylvania, and The First National Bank of Bellwood, Bellwood, Pennsylvania. The conclusion in the report read as follows:

Investigation discloses only a moderate amount of competition between Altoona Central Bank and Trust Company and The First National Bank of Bellwood. However, the proposal would enhance, slightly, the dominant position of the largest bank in Blair County.

The report was approved unanimously for transmittal to the Corporation.

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:

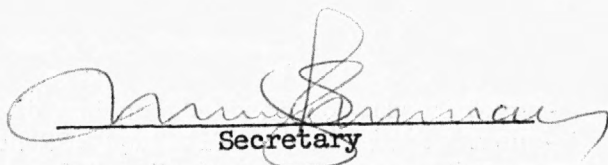
5/4/62

Appointment

Loree D. Bernard as Statistical Clerk in the Division of Research and Statistics, with basic annual salary at the rate of \$4,040, effective upon the date of entrance upon duty.

Acceptance of resignation

Charlotte Louise Hanovega, Statistical Assistant, Division of Research and Statistics, effective at the close of business May 11, 1962.

  
Secretary



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

Item No. 1  
5/4/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

May 4, 1962



Morgan Guaranty International  
Banking Corporation,  
23 Wall Street,  
New York 8, New York.

Gentlemen:

In accordance with the request and on the basis of the information furnished in your letters of March 22, April 13 and 18, 1962, transmitted through the Federal Reserve Bank of New York, the Board of Governors grants consent for Morgan Guaranty International Banking Corporation to purchase and hold not more than 3,000 shares, par value 10,000 CFA Francs, each, of Union Gabonaise de Banque, a Republic of Gabon banking corporation in formation, at a cost of 30,000,000 CFA Francs, or approximately US \$126,000, provided such stock is acquired within one year from the date of this letter. Upon making the investment, please advise the Board of Governors the exact number of shares acquired.

The Board's consent is granted upon the condition that Morgan Guaranty International Banking Corporation shall dispose of its holdings of stock in the Gabon corporation, as promptly as practicable, in the event that the Gabon corporation 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 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 Morgan Guaranty International Banking Corporation to be inappropriate under the provisions of Section 25(a) of the Federal Reserve Act or regulations thereunder.

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  
5/4/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

May 4, 1962.



Mr. William L. Day, President,  
First Pennsylvania Overseas Finance Corporation,  
Packard Building,  
15th and Chestnut Streets,  
Philadelphia 2, Pennsylvania.

Dear Mr. Day:

This will acknowledge your letter of April 18, 1962, advising that First Pennsylvania Overseas Finance Corporation commenced business on April 9, 1962.

The Board has noted, without objection, that your Corporation made investments in United States Government obligations immediately upon receipt of the \$2,000,000 of paid-in capital.

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  
5/4/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

May 4, 1962.

Board of Directors,  
Indiana Lawrence Bank & Trust Company,  
North Manchester, Indiana.

Gentlemen:

The Board of Governors of the Federal Reserve System approves, under the provisions of Section 24A of the Federal Reserve Act, an investment in bank premises by Indiana Lawrence Bank & Trust Company of \$300,000 through its wholly owned affiliate, Indiana Lawrence Realty Inc., for the purpose of acquiring property and the construction of new bank premises.

This approval includes the present investment of \$40,000 in stock of the affiliate.

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  
5/4/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



May 4, 1962.

Board of Directors,  
Planters Bank and Trust Company,  
Hopkinsville, Kentucky.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Planters Bank and Trust Company, Hopkinsville, Kentucky, of a branch in the Skyline Shopping Center on Fort Campbell Boulevard, Hopkinsville, Kentucky, 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.

Item No. 5  
5/4/62**TELEGRAM**  
LEASED WIRE SERVICEBOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON

May 4, 1962.

Wayne - Richmond

Re acquisition of IBM 1401 computer at Head Office, which was noted without objection in Board's letter December 21, 1961, with understanding that Board would be advised later of decision whether to acquire such equipment on a rental basis with purchase option or by outright purchase. Board has noted without objection your decision to purchase this equipment at time of installation, as set forth in your March 21, 1962 letter.

(Signed) Merritt Sherman

SHERMAN