

Minutes for May 18, 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

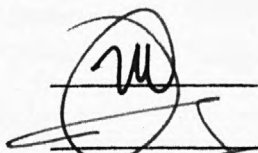
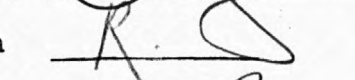
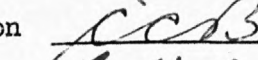
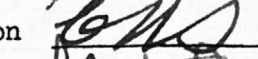
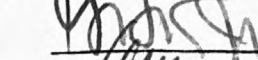

Gov. Robertson

Gov. Balderston

Gov. Shepardson

Gov. King

Gov. Mitchell

Minutes of the Board of Governors of the Federal Reserve System  
on Friday, May 18, 1962. 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. Hackley, General Counsel  
Mr. Noyes, Director, Division of Research  
and Statistics  
Mr. Solomon, Director, Division of Examinations  
Mr. Holland, Adviser, 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. Yager, Chief, Government Finance Section,  
Division of Research and Statistics  
Mr. Axilrod, Economist, Division of Research  
and Statistics

Money market review. Messrs. Brill and Koch commented on recent developments in the money market, along with trends in economic activity and banking statistics. It was understood that copies of Mr. Brill's comments would be distributed to the members of the Board.

All members of the staff except Messrs. Sherman, Kenyon, Fauver, Hackley, and Solomon then withdrew and Messrs. Conkling, Assistant Director, Division of Bank Operations, and Leavitt, Assistant Director, Division of Examinations, entered the room.

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Discount rates. The establishment without change by the Federal Reserve Banks of New York, Philadelphia, and San Francisco on May 17, 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 Board and copies of which are attached under the respective item numbers indicated, were approved unanimously:

Letter to Liberty State Bank of Hillside, Hillside, New Jersey, (1) granting an extension of time to accomplish membership in the Federal Reserve System, and (2) amending condition of membership numbered 3 in the Board's letter of June 12, 1961.

Item No.

1

Letter to Casa Linda National Bank of Dallas, Dallas, Texas, granting its request for permission to maintain reduced reserves.

2

Report on competitive factors (Boston, Massachusetts). There had been distributed a draft of report to the Federal Deposit Insurance Corporation on the competitive factors involved in the proposed merger of Institution for Savings in Roxbury, Boston, Massachusetts, with The Boston Five Cents Savings Bank, also of Boston.

Agreement having been expressed with changes in the conclusion suggested by Governor Robertson, unanimous approval was given to the

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transmittal of the report to the Corporation in a form in which the conclusion read as follows:

Consummation of the proposed merger would eliminate competition between two mutual savings banks which are located in the same metropolitan area, but there would remain a substantial amount of competition in view of the number of other mutual savings banks, commercial banks, and savings and loan associations in the area.

Report on competitive factors (Middletown-Port Jervis, New York).

There had been distributed a draft of report to the Comptroller of the Currency on the competitive factors involved in a proposed merger of The National Bank and Trust Company of Port Jervis, Port Jervis, New York, into County National Bank, Middletown, Middletown, New York.

The report, in which the conclusion read as follows, was approved unanimously for transmittal to the Comptroller:

The proposed merger would eliminate one of two banks now competing directly in Port Jervis and would concentrate over 50 per cent of area resources in one bank. While there would remain two unit banks in the area, the over-all effect on competition would be adverse.

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:

Appointment

Dorothy Lee Saunders as Secretary, Division of Personnel Administration, with basic annual salary at the rate of \$4,840, effective the date of entrance upon duty.

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Salary increase

Harriet D. Berger, Secretary, Division of International Finance, from \$4,840 to \$5,160 per annum, effective May 27, 1962.

Acceptance of resignations

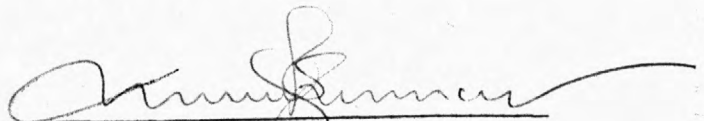
Stephen G. Fuerth, Attorney, Legal Division, effective May 26, 1962.

Barton Veret, Attorney, Legal Division, effective at the close of business June 1, 1962.

Permission to engage in outside activities

Loree D. Bernard, Statistical Clerk, Division of Research and Statistics, to work part time as theater cashier.

Maurice H. Schwartz, Assistant to the Director, Division of Research and Statistics, to teach a course in data processing for management at George Washington University during the 1962 summer session, with the understanding that annual leave would be charged for a half-hour per day.

  
Secretary



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

Item No. 1  
5/18/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

May 18, 1962.

Organizing Committee,  
Liberty State Bank of Hillside,  
Hillside, New Jersey.

Gentlemen:

The Board of Governors of the Federal Reserve System extends to December 12, 1962, the time within which Liberty State Bank of Hillside, Hillside, New Jersey, may accomplish admission to membership in the Federal Reserve System, as outlined in the Board's letter of June 12, 1961, addressed to the Organizing Committee of the bank.

The Board also hereby amends condition of membership numbered 3 contained in its letter of June 12, 1961, to read as follows:

3. At the time of admission to membership, such bank shall have paid-in and unimpaired capital stock of not less than \$200,000, and other capital funds of not less than \$281,000.

The Board has no objection to the proposed plan, whereby banking quarters will be provided by an affiliated company rather than by construction of quarters by the bank itself.

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  
5/18/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

May 18, 1962.

Board of Directors,  
Casa Linda National Bank of Dallas,  
Dallas, Texas.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Dallas, the Board of Governors, acting under the provisions of Section 19 of the Federal Reserve Act, grants permission to the Casa Linda National Bank of Dallas to maintain the same reserves against deposits as are required to be maintained by banks located outside of central reserve and reserve cities, effective as of the date it opens for business.

Your attention is called to the fact that such permission is subject to revocation by the Board of Governors.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.