Minutes for June 7, 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
Discount rates. The establishment without change by the Federal Reserve Bank of St. Louis on June 5, 1962, of the rates on discounts and advances in its existing schedule was approved unanimously, with the understanding that appropriate advice would be sent to that Bank.

Circulated items. 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.

**Item No.**

Letter to Farmers Bank and Trust Company, Knox, Indiana, approving the declaration of dividends payable on June 30 and September 29, 1962.
Letter to The Citizens Bank of Owensville, Owensville, Missouri, approving an investment in bank premises.

Letter to Security Trust Company, St. Louis, Missouri, waiving the requirement of six months' notice of withdrawal from membership in the Federal Reserve System.

Letter to North Hill National Bank of San Antonio, San Antonio, Texas, granting its request for permission to maintain reduced reserves.

Letter to Rhode Island Hospital Trust Company, Providence, Rhode Island, approving the establishment of a branch in the Rhode Island Hospital.

Letter to Bank of America National Trust and Savings Association, San Francisco, California, approving the establishment of a branch in Amsterdam, The Netherlands.

Letter to Wells Fargo Bank, San Francisco, California, approving the establishment of branches in the vicinity of the southern side of Lake Tahoe, El Dorado County, and in the vicinity of the Northgate Shopping Center, Terra Linda.

Letter to Mr. Hayes, President of the Federal Reserve Bank of New York, enclosing a copy of a letter written by Mr. Cocke, Chairman of the Federal Deposit Insurance Corporation, to the Secretary of the Treasury of Puerto Rico in connection with an article in the May 5, 1962, issue of The San Juan Star.

Report on competitive factors (Pittsburgh-Imperial, Pennsylvania).

There had been distributed a draft of report to the Comptroller of the
Currency on the competitive factors involved in the proposed merger of The Union National Bank of Pittsburgh, Pittsburgh, Pennsylvania, and The Imperial Bank, Imperial, Pennsylvania. The conclusion of the report stated that "There is little competition between The Union National Bank of Pittsburgh and The Imperial Bank. The merger of these two banks would have little effect on banking competition in the area."

There being no objection, the report was approved unanimously for transmittal to the Comptroller.

The meeting then adjourned.

Secretary's Notes: On June 6, 1962, Governor Shepardson approved on behalf of the Board the following items:

Memorandum from Mr. Solomon, Director, Division of Examinations, requesting permission to deliver a lecture on bank capital during the August 1962 session of the School of Banking at the University of Wisconsin, Madison, Wisconsin, with the understanding that the lecture would be delivered while on annual leave and that he would accept $100 as compensation from the school.

Memorandum from Mr. Koch, Adviser, Division of Research and Statistics, recommending that official leave for three days (probably June 20-22, 1962) be granted to Myron A. Grove, Economist in that Division, in order to confer on his doctoral dissertation with his faculty adviser at Northwestern University, with the understanding that he would travel at his own expense.

Letter to the Presidents of all Federal Reserve Banks (attached Item No. 9) transmitting copies of the forms to be used by State member banks in submitting reports of condition at the next call date.

Governor Shepardson today approved on behalf of the Board the following items:
Memorandum from the Division of International Finance recommending the appointment of Max E. Fieser as Economist in that Division, with basic annual salary at the rate of $10,635, effective the date of entrance upon duty.

Memorandum from the Division of Personnel Administration recommending that the usual physical requirements be waived in the case of Karl E. Bakke, a member of the Civil Service Retirement System whose appointment as Senior Attorney in the Legal Division was approved on May 8, 1962.

[Signature]
Secretary
June 7, 1962

Board of Directors,
Farmers Bank and Trust Company,
Knox, Indiana.

Gentlemen:

The Board of Governors has received from the Federal Reserve Bank of Chicago a copy of a letter from Mr. Alexander L. Jonas, President of Farmers Bank and Trust Company, dated May 25, 1962, requesting approval for the declaration of dividends of $2,250 each payable on June 30 and September 29, 1962. The Board's permission is necessary under the provisions of paragraph 6, Section 9, of the Federal Reserve Act and Section 5199(b), United States Revised Statutes.

After consideration of the facts, the Board approves the declaration of these dividends. This approval is restricted to the payment of these dividends only and does not authorize any other declaration of dividends during 1962 or later.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.
June 7, 1962

Board of Directors,
The Citizens Bank of Owensville,
Owensville, Missouri.

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 The Citizens Bank of Owensville, Owensville, Missouri, of $134,500 for the purchase of land and construction of new bank premises.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.
June 7, 1962

Board of Directors,
Security Trust Company,
St. Louis, Missouri.

Gentlemen:

The Federal Reserve Bank of St. Louis has forwarded to the Board of Governors your letter dated May 17, 1962, and a resolution of your board of directors dated May 16, 1962, 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 St. Louis 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 St. Louis.

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.
June 7, 1962

Board of Directors,
North Hill National Bank of San Antonio,
San Antonio, 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 North Hill National Bank of San Antonio, San Antonio, Texas, to maintain the same reserves against deposits as are required to be maintained by banks 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.
Board of Directors,
Rhode Island Hospital Trust Company,
Providence, Rhode Island.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch by the Rhode Island Hospital Trust Company, Providence, Rhode Island, in the Rhode Island Hospital located at 593 Eddy Street, Providence, Rhode Island, 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.
Bank of America National Trust and Savings Association, San Francisco 20, California.

Gentlemen:

The Board of Governors of the Federal Reserve System authorizes Bank of America National Trust and Savings Association, San Francisco, California, pursuant to the provisions of Section 25 of the Federal Reserve Act, to establish a branch in the City of Amsterdam, The Netherlands; 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 June 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 San Francisco, 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.
June 7, 1962

Board of Directors,
Wells Fargo Bank,
San Francisco, California.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of the following branches by Wells Fargo Bank, San Francisco, California, provided each is established within six months from the date of this letter:

(1) in the vicinity of the southern side of Lake Tahoe, El Dorado County, California, and

(2) in the vicinity of the Northgate Shopping Center, Terra Linda, Marin County, California.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.
June 7, 1962

Mr. Alfred Hayes, President,
Federal Reserve Bank of New York,
New York 45, New York.

Dear Al:

Enclosed is a copy of a letter to Governor Robertson from Chairman Cocke of the Federal Deposit Insurance Corporation, together with a copy of an article that appeared in the May 5 issue of The San Juan Star and a copy of a letter from Mr. Cocke to the Secretary of the Treasury, San Juan, Puerto Rico. The Board thought that a copy of Chairman Cocke's letter and the attached materials should be brought to your attention.

Sincerely yours,

(Signed) Bill

Wm. McC. Martin, Jr.

Enclosures
COPY

Dear Governor Robertson:

This will express appreciation for the discussion held with you Tuesday afternoon.

You will find attached certain information that I felt you and your associates would like to have before you, including an article in the May 5 issue of The San Juan Star and copy of a letter of the undersigned to the Secretary of the Treasury, San Juan, Puerto Rico.

With best personal wishes,

Sincerely yours,

(signed) Erle

Erle Cocke, Sr.

The Honorable J. L. Robertson
Member of the Board of Governors
of the Federal Reserve System
Washington, D. C.
May 21, 1962

Mr. Jose Noguera  
Secretary of the Treasury  
San Juan, Puerto Rico  

Dear Mr. Noguera:

Some few days ago we observed press comments covering the appearance of Mr. Howard Crosse, Vice President, Federal Reserve Bank of New York, before the Chamber of Commerce in San Juan, in which he made comments on our attitude towards the chartering of new banks. We now have before us a copy of the San Juan Star of May 5, 1962, in which the reporter sets forth the following two paragraphs.

"Crosse explained that the alleged reluctance of the Secretary of the Treasury to authorize another commercial bank may be rooted in the belief that the Federal Deposit Insurance Corporation would frown on the proposed bank.

The latter agency, Crosse stressed, takes a highly conservative view towards the chartering of new banks."

The reporting does not purport to be a quotation, and we further realize that being taken out of context of the body of his remarks they are susceptible to construction and conclusions which Mr. Crosse may not have intended.

Nevertheless, we assure you that we recognize that you have the sole responsibility for the chartering of banks in Puerto Rico and we have not attempted to interfere in the exercise of your prerogative and duty. By the same token, our responsibility to determine the acceptability of applicant banks for the benefits of Federal deposit insurance is singular and governed by the precise factors set forth in Section 6 of the Federal Deposit Insurance Act. Those requirements, which
are controlling on our Board, have the general approbation of the chartering authorities, and the instances are rare in which a disagreement as to the findings on these factors arises.

The record of the more than twelve years in which we have had the most cordial relations with your Department, we believe, is ample evidence of our cooperative attitude and is indicative of our intentions and desire to work through your office for the benefit of Puerto Rican banking. We have felt impelled to address this communication to you in order that no mis-construction may arise from Mr. Crosse's remarks and that we may continue to work with you in the fullest accord.

Sincerely yours,

(Signed) Erle Cocke, Sr.

- Erle Cocke, Sr.
  Chairman

NG3:ems
cc - SE Lods(2)
Dear Sir:

The indicated number of copies of the following forms are being forwarded to your Bank under separate cover for use of State member banks and their affiliates in submitting reports as of the next call date. A copy of each form is attached.

Number of copies:

- Form FR 105 (Call No. 164), Report of condition of State member banks.
- Form FR 105e (Revised February 1961), Publisher's copy of report of condition of State member banks.
- Form FR 105e-1 (Revised February 1961), Publisher's copy of report of condition of State member banks.
- Form FR 220 (Revised March 1952), Report of affiliate or holding company affiliate.
- Form FR 220a (Revised March 1952), Publisher's copy of report of affiliate or holding company affiliate.

Form FR 105e-2 has been discontinued. This was a publisher's copy supplement that could be used at the option of the State member bank since December 1953 to report certain loans and investments which were fully backed or insured by agencies of the United States Government. In recent years, it has been used by relatively few State member banks. It is understood that a similar deletion will be made in the report of condition form to be used by national banks through the elimination of memoranda item 33 which has been comparable to form FR 105e-2.

All other forms are the same as those used on March 26, 1962.

Very truly yours,

Merritt Sherman,
Secretary.

Enclosures.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS