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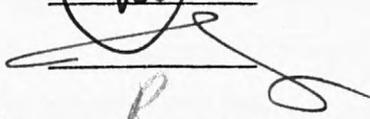
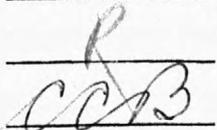
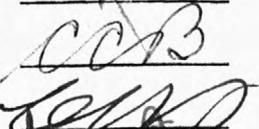
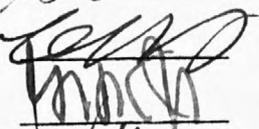
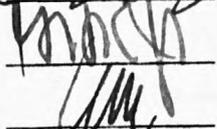
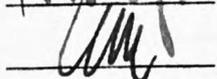
Minutes for August 15, 1962

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 Wednesday, August 15, 1962. The Board met in the Board Room at
10:00 a.m.

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

Mr. Kenyon, Assistant Secretary
Mr. Young, Adviser to the Board and Director,
Division of International Finance
Mr. Hackley, General Counsel
Mr. Solomon, Director, Division of
Examinations
Mr. Johnson, Director, Division of
Personnel Administration
Mr. Sammons, Adviser, Division of Inter-
national Finance
Mr. Conkling, Assistant Director, Division
of Bank Operations

Discount rates. The establishment without change by the
Federal Reserve Bank of Atlanta on August 13, 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 the Bank.

Permission to carry reduced reserves (Item No. 1). As recom-
mended in a memorandum that had been circulated to the Board, unanimous
approval was given to the request of Colfax National Bank, Denver, Colorado,
for permission to carry reduced reserves. A copy of the letter sent to
the bank in accordance with this action is attached as Item No. 1.

Omission of biographical data. In a distributed memorandum
dated August 10, 1962, Mr. Solomon suggested the omission from the Chief

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Federal Reserve Examiner's confidential memorandum on management, submitted in supplement to the report of examination of each Federal Reserve Bank, of a section containing biographical data on persons newly appointed to the Federal Reserve Agent's function. This deviation from the procedure approved by the Board on March 8, 1957, was suggested because the biographical data seemed to be of little use; the data duplicated information presented to the Board in connection with the appointment to the Agent's function of the individuals concerned.

There being no objection, the omission of the material in question was authorized.

Mr. Conkling then withdrew.

Request for gold loan. Mr. Sammons reported advice from the Federal Reserve Bank of New York that the National Bank of Haiti had requested a loan against gold collateral in the amount of \$650,000, apparently reflecting primarily a seasonal problem. The officers of the Reserve Bank contemplated making a favorable recommendation to the Bank's directors at their meeting tomorrow. The matter was being mentioned to the Board of Governors at this stage in order to determine whether there were any preliminary questions with respect to the loan request.

There were no questions raised with respect to the matter.

Gold loan procedure. With reference to certain questions of gold loan procedure that had been discussed at yesterday's meeting of the Board, Mr. Young reported having reached an understanding with the

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staff of the Federal Reserve Bank of New York that it would be appropriate to take up prospective loans with the Board of Governors on an informal basis before the Bank's officers presented them to the Board of Directors with a recommendation for action. After the Board of Directors had acted, the usual wire would continue to be received by the Board of Governors from the Reserve Bank requesting approval of the proposed loan, but it was hoped that the informal clearance procedure worked out with the staff of the Reserve Bank would be helpful in resolving any substantive questions at an early stage of the processing of a request.

Mr. Young also referred to the Statement of Policy on Gold Loans, a guidance document for the handling of Reserve Bank gold loans which the Board approved on December 6, 1955, after rather extended discussion between the Board and the Federal Reserve Bank of New York and after a draft had been distributed to all Reserve Banks for comment. It appeared to the staff that a re-reading of this statement might be helpful in clarifying some of the questions that had been raised at yesterday's Board meeting with respect to the Colombian gold loan, and steps were being taken to provide copies of the statement to the members of the Board.

All of the members of the staff except Messrs. Solomon and Kenyon then withdrew.

Mysterious disappearance. The Board was informed of the circumstances surrounding, and steps being taken with respect to, the mysterious

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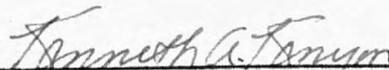
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disappearance of certain Treasury certificates of indebtedness with a face value of \$7,500,000 that were being held in the vault of the Federal Reserve Bank of San Francisco for the account of a member bank. Information on this incident had been received by means of a telephone call from President Swan to Governor Balderston on Friday, August 10, and in a letter to the Board from Mr. Swan of the same date. It was noted that Mr. Smith, Assistant Director of the Division of Examinations, had gone to San Francisco for consultation with the Reserve Bank on the matter.

Report by Mr. Solomon. Mr. Solomon, who had testified yesterday, on behalf of the Board, before a Subcommittee of the House Banking and Currency Committee with respect to two banking bills, commented briefly on the nature of the testimony presented by the various witnesses and the questions directed to them.

The meeting then adjourned.

Secretary's Note: Governor Shepardson today approved on behalf of the Board a letter to the Federal Reserve Bank of Richmond (attached Item No. 2) approving the appointment of David C. Durrill and W. Norwood Godwin as assistant examiners.


Assistant Secretary

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

Item No. 1
8/15/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 15, 1962

Board of Directors,
Colfax National Bank,
5901 East Colfax Avenue,
Denver 20, Colorado.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Kansas City, the Board of Governors, acting under the provisions of Section 19 of the Federal Reserve Act, grants permission to the Colfax National Bank of Denver to maintain the same reserves against deposits as are required to be maintained by nonreserve city banks, 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) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

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

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Item No. 2
8/15/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 16, 1962

CONFIDENTIAL (FR)

Mr. John L. Nosker, Vice President,
Federal Reserve Bank of Richmond,
Richmond 13, Virginia.

Dear Mr. Nosker:

In accordance with the requests contained in your letters of August 9, 1962, the Board approves the appointment of David C. Durrill and W. Norwood Godwin as assistant examiners for the Federal Reserve Bank of Richmond, effective today.

It is noted that Mr. Godwin is indebted to First-Citizens Bank & Trust Company, Smithfield, North Carolina, a nonmember bank. Accordingly, the Board's approval of Mr. Godwin's appointment is given with the understanding that he will not participate in any examination of that institution until his indebtedness has been liquidated.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.