

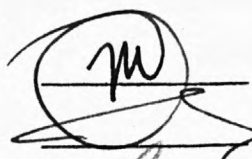
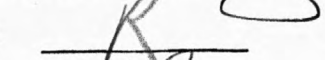
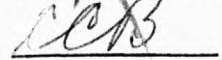
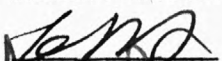

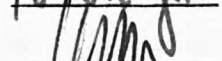
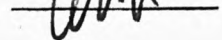
Minutes for September 4, 1962

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	
Gov. Mills	
Gov. Robertson	
Gov. Balderston	
Gov. Shepardson	
Gov. King	
Gov. Mitchell	

Minutes of the Board of Governors of the Federal Reserve System on Tuesday, September 4, 1962. The Board met in the Board Room at 10:00 a.m.

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

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Molony, Assistant to the Board
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. Furth, Adviser, Division of International Finance
Mr. Spencer, General Assistant, Office of the Secretary
Mr. Yager, Chief, Government Finance Section, Division of Research and Statistics

Money market review. A report on recent developments in the money market was given by Mr. Yager. Following Mr. Yager's remarks, Mr. Koch commented on bank credit, the money supply, and related matters, in which connection he distributed a table summarizing monetary developments during the four-week period ending August 29, 1962.

After a rather extensive discussion based on these reports, all of the members of the staff except Messrs. Sherman, Kenyon, Molony, and Spencer withdrew from the meeting, and the following entered the room:

9/4/62

-2-

Mr. Solomon, Director, Division of Examinations
 Mr. Hexter, Assistant General Counsel
 Mr. Leavitt, Assistant Director, Division of
 Examinations
 Mr. Bakke, Senior Attorney, Legal Division

Discount rates. The establishment without change by the Federal Reserve Banks of Atlanta, Chicago, Minneapolis, and San Francisco on August 30, 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 The Chase Manhattan Bank, New York, New York, approving an extension of time to establish a branch at 2 Knickerbocker Avenue, Borough of Brooklyn.	1
Letter to The Chase Manhattan Bank, New York, New York, approving an extension of time to establish a branch at 2840 Jerusalem Avenue, North Bellmore.	2
Letter to The First Pennsylvania Banking and Trust Company, Philadelphia, Pennsylvania, approving the operation of a branch at 1518 Walnut Street until January 1, 1965.	3
Letter to Hightstown Trust Company, Hightstown, New Jersey, approving an investment in bank premises.	4

9/4/62

-3-

	<u>Item No.</u>
Letter to The Killbuck Savings Bank Company, Killbuck, Ohio, approving the establishment of a branch in Berlin.	5
Letter to The First National Bank of Oneida, Oneida, Tennessee, approving its application for a specific fiduciary power.	6
Letter to United California Bank, Los Angeles, California, approving an extension of time to establish a branch in Downey.	7
Letter to Yankton State Bank, Yankton, South Dakota, approving its application for membership in the Federal Reserve System.	8
Letter to Mr. Joseph V. Johnson, Tecumseh, Nebraska, denying a request for continuance of the date for public hearing on an application by Trans-Nebraska Co., Lincoln, Nebraska.	9

While Item No. 8 was in circulation, Governors Mills and King had raised certain questions with respect to the Yankton State Bank's application for membership.

In discussion, Governor Mills indicated that his question subsequently had been answered in a memorandum from Mr. Leavitt.

In commenting on Governor King's question, Mr. Leavitt noted that the Minneapolis Reserve Bank, which had recommended that the applicant be given six months in which to accomplish membership, was following its usual recommendation in cases such as branch applications. When the Bank's attention was called to the Board's general practice of allowing no more than 45 days in the case of membership applications, it agreed that in this instance membership

9/4/62

-4-

no doubt would be accomplished within such time. Asked whether a 45-day time limit was justifiable, particularly in the case of a newly-organized bank, Mr. Leavitt pointed out that such a bank probably would not wish to commence business prior to being admitted to System membership and thereby obtaining deposit insurance.

With respect to Item No. 9, there was discussion of the draft of letter to Mr. Johnson during which certain editorial changes were suggested in the part of the letter citing the basis for denial of the request for continuance of the date of the hearing. Accordingly, it was understood that the staff would make changes along the lines suggested and that the letter would be transmitted in such form.

The meeting then adjourned.

Secretary's Notes: Pursuant to recommendations contained in memoranda from appropriate individuals concerned, Governor Shepardson approved on behalf of the Board on August 31, 1962, the following actions relating to the Board's staff:

Establishment of new positions

Additional secretarial position in the Division of Research and Statistics, at the FR-6 level, with the understanding that for purposes of the 1962 budget the position would be designated as B. P. No. 99, Administration, and with the further understanding that B. P. No. 37, Clerk, FR-3, Staff Services, now vacant, would be abolished.

Position of Assistant Supervisor in the Recording and Stenographic Section of the Division of Examinations, with the understanding that one of the Grade FR-4 jobs in that Section would be abolished when a vacancy occurs.

9/4/62

-5-

Transfers

Shirley Sherman, from the position of Secretary in the Office of the Secretary to the position of Secretary in the Division of Research and Statistics, with an increase in basic annual salary from \$5,170 to \$5,490, effective September 2, 1962.

Alice E. Rayman, from the position of Secretary in the Office of the Secretary to the position of Assistant Supervisor, Recording and Stenographic Section, Division of Examinations, with an increase in basic annual salary from \$5,335 to \$5,655, effective the date of assuming her new duties.

Carol M. Karstetter, from the position of Clerk-Stenographer in the Division of Personnel Administration to the position of Clerk-Stenographer in the Office of the Secretary, with no change in basic annual salary at the rate of \$4,355, effective September 2, 1962.

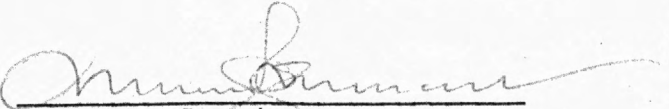
Salary increases, effective September 2, 1962

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
<u>Research and Statistics</u>			
Stephen H. Axilrod, Senior Economist (change in title from Economist)		\$12,730	\$13,730
Levon H. Garabedian, General Assistant		5,685	6,435
Eleanor Jean Pratt, Research Assistant		5,520	6,435
Stephen P. Taylor, Chief, Flow of Funds and Savings Section		12,990	13,730
Charles A. Yager, Chief, Government Finance Section		13,250	13,730
<u>Personnel Administration</u>			
Sandra Lee Wolfe, Clerk-Stenographer (change in title from Clerk-Typist)		3,970	4,145
<u>Office of the Controller</u>			
L. Waite Waller, Jr., Supervisory Accountant		7,260	7,560

9/4/62

-6-

Governor Shepardson today approved on behalf of the Board a letter to the Federal Reserve Bank of Dallas (attached Item No. 10) approving the designation of Phillip A. Lane as special assistant examiner.



Secretary

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

Item No. 1
9/4/62



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 4, 1962

Board of Directors,
The Chase Manhattan Bank,
New York, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System extends to January 2, 1963, the time within which The Chase Manhattan Bank may establish a branch at 2 Knickerbocker Avenue, Borough of Brooklyn, Kings County, New York.

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
9/4/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 4, 1962

Board of Directors,
The Chase Manhattan Bank,
New York, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System extends to April 2, 1963, the time within which The Chase Manhattan Bank may establish a branch at 2840 Jerusalem Avenue, Unincorporated Area of North Bellmore, Nassau County, New York.

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
9/4/62



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 4, 1962

Board of Directors,
The First Pennsylvania Banking and Trust Company,
Philadelphia, Pennsylvania.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the operation by The First Pennsylvania Banking and Trust Company, Philadelphia, Pennsylvania, of a branch at 1518 Walnut Street, Philadelphia, until January 1, 1965.

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
9/4/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 4, 1962



Board of Directors,
Hightstown Trust Company,
Hightstown, New Jersey.

Gentlemen:

The Board of Governors of the Federal Reserve System approves, under the provisions of Section 24A of the Federal Reserve Act, an investment of \$60,000 in bank premises by Hightstown Trust Company, Hightstown, New Jersey, to expand the Princeton Road office. It is understood that capital will be increased by at least \$200,000 through the sale of new stock by December 31, 1963.

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
9/4/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 4, 1962



Board of Directors,
The Killbuck Savings Bank Company,
Killbuck, Ohio.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch by The Killbuck Savings Bank Company, Killbuck, Ohio, on Main Street in Berlin, Holmes County, Ohio, provided the branch is established by October 1, 1962.

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. 6
9/4/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 4, 1962

Board of Directors,
The First National Bank of Oneida,
Oneida, Tennessee.

Gentlemen:

The Board of Governors of the Federal Reserve System has given consideration to your supplemental application for a specific fiduciary power and grants The First National Bank of Oneida authority to act, when not in contravention of State or local law, as trustee of \$500,000 Series B issue of Industrial Revenue Bonds of Industrial Development Board of the Town of Oneida, an arm of the Town of Oneida. The bond issue is for construction of an additional industrial building and improvements for Arvin Industries, Inc., of Columbus, Indiana, under Bond Act of 1955 of the State of Tennessee. The exercise of such right shall be subject to the provisions of Section 11(k) of the Federal Reserve Act and Regulation F of the Board of Governors of the Federal Reserve System.

In addition to the fiduciary power herein authorized, the bank was granted authority, on November 13, 1961, to act as trustee of a \$300,000 issue of Industrial Revenue Bonds of the above designated Industrial Development Board.

A certificate covering the fiduciary power herein authorized is enclosed.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

Enclosure.

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

Item No. 7
9/4/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



September 4, 1962

Board of Directors,
United California Bank,
Los Angeles, California.

Gentlemen:

The Board of Governors of the Federal Reserve System extends to September 20, 1963, the time within which the United California Bank may establish a branch in the downtown business district of Downey, California.

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. 8
9/4/62



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 4, 1962

Board of Directors,
Yankton State Bank,
Yankton, South Dakota.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the application of Yankton State Bank, Yankton, South Dakota, for stock in the Federal Reserve Bank of Minneapolis, effective if and when the bank opens for business under appropriate State authorization, subject to the numbered conditions hereinafter set forth.

1. Such bank at all times shall conduct its business and exercise its powers with due regard to the safety of its depositors, and, except with the permission of the Board of Governors of the Federal Reserve System, such bank shall not cause or permit any change to be made in the general character of its business or in the scope of the corporate powers exercised by it at the time of admission to membership.
2. The net capital and surplus funds of such bank shall be adequate in relation to the character and condition of its assets and to its deposit liabilities and other corporate responsibilities.

In connection with the foregoing conditions of membership, particular attention is called to the provisions of the Board's Regulation H, regarding membership of State banking institutions in the Federal Reserve System, with especial reference to Section 208.7 thereof. A copy of the regulation is enclosed.

If at any time a change in or amendment to the bank's charter is made, the bank should advise the Federal Reserve Bank, furnishing copies of any documents involved, in order that it may be determined whether such change affects in any way the bank's status as a member of the Federal Reserve System.

Yankton State Bank

2.

Acceptance of the conditions of membership contained in this letter should be evidenced by a resolution adopted by the board of directors and a certified copy of such resolution should be transmitted to the Federal Reserve Bank. Arrangements will thereupon be made to accept payment for an appropriate amount of Federal Reserve Bank stock, to accept the deposit of the required reserve balance, and to issue the appropriate amount of Federal Reserve Bank stock to the bank.

The time within which admission to membership in the Federal Reserve System in the manner described may be accomplished is limited to 45 days from the date of this letter, unless the bank applies to the Board and obtains an extension of time. When the Board is advised that all of the requirements have been complied with and that the appropriate amount of Federal Reserve Bank stock has been issued to the bank, the Board will forward to the bank a formal certificate of membership in the Federal Reserve System.

The Board of Governors sincerely hopes that you will find membership in the System beneficial and your relations with the Reserve Bank pleasant. The officers of the Federal Reserve Bank will be glad to assist you in establishing your relationships with the Federal Reserve System and at any time to discuss with representatives of your bank means for making the services of the System most useful to you.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

Enclosure

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

Item No. 9
9/4/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 4, 1962



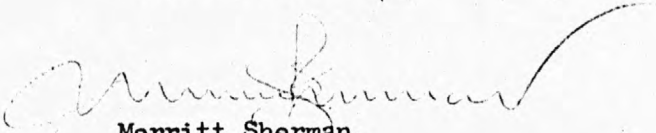
Mr. Joseph V. Johnson, President,
Johnson County Bank,
Tecumseh, Nebraska.

Dear Mr. Johnson:

This is in further reference to your telegram dated August 21, 1962, requesting on behalf of yourself and others a continuance of 30 days from October 2, 1962, of the date for the public hearing on an application by Trans-Nebraska Company, Lincoln, Nebraska, now pending before the Board under the Bank Holding Company Act. Your request is based upon the proximity of the hearing date to the date of the American Bankers Association annual convention, scheduled for September 23 through September 26, and the prospective absence from the country of at least one of your group who otherwise would plan to appear at the hearing.

Public notice of the hearing and the date thereof having been published in the Federal Register of August 17, 1962, it appears that ample time has been made available before and after the American Bankers Association meeting to permit adequate preparation by persons desiring to attend the hearing, and in view of all the circumstances, the Board has concluded that the public interest and the convenience of most of the persons concerned in this matter would not be served by changing the presently scheduled October 2 date. Accordingly, the request for a continuance is denied.

Very truly yours,


Merritt Sherman,
Secretary.



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

Item No. 10
9/4/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 5, 1962

Mr. Thomas R. Sullivan, Vice President,
Federal Reserve Bank of Dallas,
Station K,
Dallas 2, Texas.

Dear Mr. Sullivan:

In accordance with the request contained in your letter of August 27, 1962, the Board approves the designation of Phillip A. Lane as a special assistant examiner for the Federal Reserve Bank of Dallas for the purpose of participating in examinations of State member banks.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.