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Minutes for September 21, 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, September 21, 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. Sherman, Secretary
 Mr. Kenyon, Assistant Secretary
 Mr. Young, Adviser to the Board and Director,
 Division of International Finance
 Mr. Cardon, Legislative Counsel
 Mr. Fauver, Assistant to the Board
 Mr. Noyes, Director, Division of Research
 and Statistics
 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. Eckert, Chief, Banking Section, Division
 of Research and Statistics
 Mr. Keir, Senior Economist, Division of Research
 and Statistics
 Mr. Mattras, General Assistant, Office of the
 Secretary

Money market review. There were distributed tables and charts relating to the Treasury financing outlook; Treasury balance estimates; dealer financing in the month of September, 1960-62; monetary developments for the five-week period ended September 19, 1962; and the money supply, bank debits, and deposit turnover.

Mr. Keir commented on the Government securities market and the financing alternatives that the Treasury might utilize through the remainder

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of 1962, following which Mr. Eckert discussed recent banking developments and commented on one of the series of charts that had been distributed.

All of the members of the staff then withdrew except Messrs. Sherman, Kenyon, Young, Fauver, Noyes, and Mattras, and the following entered the room:

- Mr. Hackley, General Counsel
- Mr. Johnson, Director, Division of Personnel Administration
- Mr. Hexter, Assistant General Counsel
- Mr. O'Connell, Assistant General Counsel
- Mr. Hooff, Assistant General Counsel
- Mr. Daniels, Assistant Director, Division of Bank Operations
- Mr. Kiley, Assistant Director, Division of Bank Operations
- Mr. Benner, Assistant Director, Division of Examinations
- Mr. Sprecher, Assistant Director, Division of Personnel Administration
- Mr. Potter, Senior Attorney, Legal Division
- Mr. McClintock, Supervisory Review Examiner, Division of Examinations
- Mr. Lyon, Review Examiner, Division of Examinations
- Mrs. Semia, Technical Assistant, Office of the Secretary

Discount rates. The establishment without change by the Federal Reserve Banks of New York, Philadelphia, and San Francisco on September 20, 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 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:

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	<u>Item No.</u>
Letter to the Federal Reserve Bank of New York interposing no objection to arrangements whereby Francis H. Schott, Manager, Foreign Department, would serve in the office of the Under Secretary of the Treasury for Monetary Affairs for a specified period of time.	1
Letter to Bankers Trust Company, New York, New York, approving an extension of time to establish a branch at 280-290 Park Avenue, Borough of Manhattan.	2
Letter to Bankers Trust Company, New York, New York, approving an extension of time to establish a branch at 2 Lafayette Street, Borough of Manhattan.	3
Letter to Fidelity Union Trust Company, Newark, New Jersey, approving an investment in bank premises.	4
Letter to the Federal Reserve Bank of Atlanta approving the appointment of Newton Brown as Alternate Assistant Federal Reserve Agent.	5
Letter to the Federal Reserve Bank of Richmond approving the appointment of Robert E. Sing as Federal Reserve Agent's Representative at the Charlotte Branch.	6
Letter to United California Bank, Los Angeles, California, approving an extension of time to establish a branch in East Whittier.	7
Letter to the Federal Reserve Bank of Kansas City approving the adoption of a uniform basic Blue Cross-Blue Shield hospitalization insurance program for the Bank and its three branches.	8
Letter to The Chase Manhattan Bank, New York, New York, approving the establishment of a branch at 220 West Jericho Turnpike, Syosset.	9
Letter to The Merchants Bank of New York, New York, New York, approving the establishment of a branch at 757 Third Avenue, Borough of Manhattan.	10
Letter to State Bank of Albany, Albany, New York, approving the establishment of a branch at 265 Osborne Road, Town of Colonie.	11

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	<u>Item No.</u>
Letter to The Matawan Bank, Matawan, New Jersey, approving the establishment of a branch at State Highway 79 and Harbor Road, Marlboro Township.	12
Letter to Genesee Merchants Bank & Trust Co., Flint, Michigan, approving the establishment of a branch at G-5278 Corunna Road, Flint Township.	13
Letter to the Federal Reserve Bank of Philadelphia approving the payment of salaries to certain officers at rates fixed by the Bank's Board of Directors.	14
Letter to the Federal Reserve Bank of San Francisco approving the payment of salaries to certain officers at the Head Office and Seattle Branch at rates fixed by the Bank's Board of Directors.	15

Report on competitive factors (Olean-Allegany, New York). 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 First National Bank of Allegany, Allegany, New York, into The First National Bank of Olean, Olean, New York.

It was agreed, at the suggestion of Governor Mills, that the conclusion of the report should include reference to the active competition provided by two other banks in Olean. The report was then approved unanimously for transmission to the Comptroller of the Currency in a form in which the conclusion read as follows:

The proposed merger of The First National Bank of Allegany into The First National Bank of Olean would eliminate the substantial amount of competition existing between these two institutions. It would result in one bank holding about half of the total deposits and operating three of the five offices of commercial banks in this area, but with active competition from other Olean banks.

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Report on competitive factors (Rocky Mount-Manteo, North Carolina). 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 Bank of Manteo, Manteo, North Carolina, into The Planters National Bank and Trust Company of Rocky Mount, Rocky Mount, North Carolina.

The report was approved unanimously for transmission to the Comptroller of the Currency. The conclusion read as follows:

There would appear to be little, if any, competition existing between the two banks involved in this proposal, and the merger would not have serious adverse effects on other banks operating in the service area of the resulting institution.

Letter to Postmaster General (Item No. 16). There had been distributed a draft of a letter that Mr. Swan, Chairman of the Presidents' Conference Committee on Miscellaneous Operations, proposed to send to the Postmaster General regarding the question of currency shipments by registered mail and by armored car. The draft letter purported to advise the Postmaster General of the consensus reached by the Reserve Bank Presidents following a discussion of the question on September 10, 1962. This discussion resulted from a meeting that President Swan and Governor Mitchell had had with the Postmaster General on August 31, 1962. President Swan had sent the draft of proposed letter to Governor Mitchell with a request for comments or suggestions. Certain suggestions of the Division of Bank Operations were reflected in a revised draft of letter that had been distributed to the Board.

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After discussion, it was agreed to send a telegram to President Swan transmitting the suggested changes in the draft letter. A copy of the telegram is attached to these minutes as Item No. 16.

Reward offer by Federal Reserve Bank of Boston. Mr. Daniels advised the Board of a telegram received from Mr. Ellis, President of the Federal Reserve Bank of Boston, bringing to the Board's attention certain changes that were being considered in the terms of the proposed reward for the recovery of currency and/or coin lost in the recent holdup of a United States mail truck in Plymouth, Massachusetts. On September 17, 1962, the Board considered the original terms of the reward offer and interposed no objection. The changes now suggested had been proposed by the Post Office Department and were as follows:

1. Agreement that the postal authorities may announce that the anonymity of a potential informant can be preserved in qualifying for and receiving the reward.
2. Stipulation that the reward offer expires six months from date of announcement subject to extension at option of the Federal Reserve.
3. Eligibility provision to include State and local law enforcement officers.
4. Increase in reward to 10 per cent of any amount recovered.

Mr. Daniels recalled that the Post Office Department had previously announced a substantial reward aimed at apprehending the criminals. The reward offer of the Reserve Bank, on the other hand, would be directed toward recovering the money. The reward, under the revised proposal now under consideration, could amount to as much as \$150,000. However, it

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did not appear likely that recovery of a large proportion of the stolen money could be anticipated.

Mr. Daniels pointed out that the telegram sent by President Ellis to the Board, which was received late yesterday, had also been sent to the Presidents of all of the other Federal Reserve Banks. Mr. Ellis contemplated arranging a telephone conference call today that would bring together all of the Reserve Bank Presidents and the members of the Insurance Committee of the Federal Reserve Banks, for the purpose of obtaining concurrence in the terms of the revised offer suggested by the Post Office Department.

In discussion of the matter, Chairman Martin inquired whether the receipt of the telegram at the Board's offices indicated that Board approval was expected or whether the telegram had been sent to the Board more as a matter of information.

Mr. Hackley commented, in reply, that the offering of rewards was contemplated by the Loss Sharing Agreement of the Federal Reserve Banks, which agreement the Board had approved. Thus, he did not think there was any legal question as to the authority of the Reserve Banks to make a reward offer of this kind. It was true that the Board had broad powers of supervision over the Federal Reserve Banks. Therefore, the Board perhaps had an over-riding authority, but there might be some element of inconsistency if the Board objected to the offering of a reward under a procedure provided for in the Loss Sharing Agreement.

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Further comments by members of the Board indicated that there would be no objection in this instance to the offering of a reward that would incorporate the suggestions of the Post Office Department. It was suggested that it would seem desirable for the record to reflect that the Board interposed no objection. This could then be stated by Mr. Daniels during the telephone conference call.

There was agreement with this suggestion.

Secretary's Note: As stated in a memorandum from Mr. Daniels of today's date, which was circulated to the Board, the telephone conference call resulted in approval of the changes in the reward offer proposed by the Post Office Department, with the exception that it was understood that the offer to preserve the anonymity of an informant would be made consistent with the law; that is, anonymity of informers would be preserved to the degree that requests for secrecy could be satisfied under the law. Announcement of the Federal Reserve reward offer was made by the Postmaster General on Monday, September 24.

Messrs. Daniels and Kiley then withdrew from the meeting.

Marine Midland Corporation (Item No. 17). There had been distributed to the Board a draft of letter to Counsel for Marine Midland Corporation, along with a memorandum from the Legal Division, regarding the availability to the Corporation of certain testimony presented in private at the oral presentation before the Board on September 17, 1962, regarding the proposed acquisition of Security National Bank of Long Island, Huntington, New York.

Mr. O'Connell commented on the matter and expressed the feeling that Marine Midland Corporation was entitled as a matter of fairness, and

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from a legal standpoint, to review the transcript of the remarks made in private by Mr. Arthur T. Roth at the oral presentation. This would permit Marine Midland to file a rebuttal if it so desired. He also felt that the Corporation was entitled to copies of any written submissions that might be received from participants in the oral presentation. However, Marine Midland's request to review other written comments could possibly be interpreted to include all correspondence submitted to the Board subsequent to the publication of the notice of receipt of the application in the Federal Register, and Mr. O'Connell did not feel that the Corporation would be entitled to such broad access to the Board's files.

After a short discussion, it was decided that the proposed letter should be revised to indicate clearly that the Board would only agree to supply copies of written submissions received on or before October 2, 1962, from participants in the oral presentation. The letter was then approved unanimously in the form attached to these minutes as Item No. 17.

Mr. Mattras withdrew from the meeting at this point.

Applications of First Virginia Corporation. At its meeting on August 3, 1962, the Board disapproved, Governor Mills dissenting, the applications submitted under the Bank Holding Company Act by The First Virginia Corporation, Arlington, Virginia, to acquire 80 per cent or more of the outstanding voting shares of Farmers and Merchants National Bank, Winchester, Virginia; Southern Bank of Norfolk, Norfolk, Virginia; Peoples' Bank, Mount Jackson, Virginia; and Shenandoah County Bank and Trust Company, Woodstock, Virginia.

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At the meeting of the Board on August 8, 1962, the Legal Division proposed that, instead of issuing an order and statement covering all four of First Virginia's applications, an order and statement concerning the Board's disapproval of the application relating to Farmers and Merchants National Bank, Winchester, be issued and announcement of the decisions on the other three applications be held in abeyance. The primary reason for this proposal was that, whereas one of the principal circumstances that influenced the Board to disapprove the four applications was its dissatisfaction with First Virginia's capital structure, which included two classes of stock with unequal voting rights, there were other elements in the Winchester situation that it appeared the Board might have considered sufficient cause for disapproval, even if there had been no question as to First Virginia's stock structure. Conversely, the tenor of discussion at the August 3 meeting had left the impression with the Legal Division that, had the question regarding First Virginia's stock structure not been present, the remaining three applications might have been approved. After discussion, the Board agreed to issue its order and statement regarding the Winchester bank first, and to withhold for the time being announcement of its decisions regarding the other three applications. Accordingly, the Board, by order dated August 29, 1962, denied the application of First Virginia to acquire 80 per cent or more of the outstanding voting shares of Farmers and Merchants National Bank, Winchester, Virginia.

There had since been distributed for the Board's information a memorandum dated August 30, 1962, from Mr. Solomon regarding a telephone

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call he had received from Mr. Beeton, President of First Virginia. Mr. Beeton interpreted the order regarding the Winchester bank application as meaning that so long as the present stock arrangement of the holding company continued it would be extremely difficult to obtain Board approval of further acquisitions through the issuance of Class A stock (that being the class of First Virginia's stock with the lesser voting rights). He assumed that this would apply to First Virginia's pending applications. Mr. Solomon had replied that that would be his understanding from reading the Board's statement regarding the Winchester bank application. Mr. Beeton then said that the board of directors of First Virginia planned to meet on September 5, 1962.

There had also been distributed a memorandum dated September 14, 1962, from the Division of Examinations and the Legal Division reporting that in a letter dated September 6, 1962, First Virginia stated that its board of directors had voted unanimously to amend the holding company's articles of incorporation so that, if the amendments were approved by shareholders at a meeting to be held October 9, 1962, the corporation would have only one class of stock. First Virginia indicated that the notice of the meeting sent to shareholders would include the directors' recommendation that the amendment be adopted, and it was believed that the holders of both classes of stock would vote for the amendment. First Virginia's September 6 letter to the Board enclosed a copy of the proposed amendments to the holding company's articles of incorporation, and asked that the three applications for bank stock acquisitions pending before the

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Board be amended to take into account the expected change in stock structure.

The memorandum stated that in the opinion of the Legal Division the proposed amendments would bring First Virginia's articles of incorporation in line with the views expressed by the majority of the Board in its statement on the denial of the acquisition of Farmers and Merchants National Bank, Winchester. Since a principal adverse feature of the pending applications thus would presumably be removed, it was suggested that the Board might wish to reconsider the three remaining applications. The memorandum reviewed the salient points with respect to the three applications and concluded with the opinion of the Legal Division that a decision of approval or disapproval in any of the three cases would be upheld by a reviewing court as based on substantial evidence and as within the discretionary authority of the Board under the Bank Holding Company Act. However, in the light of past decisions of the Board, it appeared to the Legal Division that it would be more difficult to define grounds for denial of the applications than for approval.

At the beginning of the discussion at today's meeting, Governor King asked if it was not premature to give further consideration to First Virginia's remaining three applications, since the expected change in the capital structure of the holding company would not take place until October 9, 1962. Mr. Hackley responded that the matter had been brought up at this time because all but one of the members of the Board were available. If the Board should decide to reverse any of the three decisions

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that had not thus far been announced, the staff could move ahead with the preparation of the necessary orders and statements. He noted that the three applications had been amended to reflect the anticipated change in First Virginia's stock structure.

In this connection, Chairman Martin commented that Governor Robertson had indicated that he would have no objection to having the three remaining applications brought before the Board again during his absence.

In reply to a question as to whether the turn of events pointed conclusively to reversal of the Board's earlier decisions, Mr. Hackley commented that that was not necessarily so. A principal basis for the Board's denial of the applications was its objection to First Virginia's capital structure. Now that this question was academic, the Board could look at the applications specifically from the point of view of the five statutory factors required to be considered pursuant to the Bank Holding Company Act. In the light of that review, it might still decide to deny one or more of the applications.

After further discussion the members of the Board stated their positions, beginning with Governor Mills, who had originally voted to approve the applications. He reiterated the view he had expressed earlier to the effect that the applications were not strong, particularly because of the burden that would be placed on the subsidiary banks to provide financial support to the holding company. However, though he regarded these as marginal cases, he would approve the three applications.

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Governor Shepardson recalled that several members of the Board had expressed reservations about the applications on the ground of the burden that was to be placed on the subsidiary banks to provide income for the holding company. However, he would approve the applications.

Governors King, Mitchell, and Balderston and Chairman Martin having also indicated that they would approve, the action taken by the Board on August 3, 1962, in disapproving the applications of First Virginia Corporation to acquire 80 per cent or more of the voting shares of Southern Bank of Norfolk; Peoples' Bank, Mount Jackson; and Shenandoah County Bank and Trust Company, Woodstock, was rescinded and the applications were approved unanimously, subject to action being taken by First Virginia Corporation to amend its articles of incorporation to provide that the holding company would have only one class of stock. It was understood that the Legal Division would prepare for the Board's consideration an order and statement reflecting approval of the applications, but that such order and statement would not be issued until after information had become available to the Board concerning the results of the meeting of the shareholders of First Virginia Corporation to be held on October 9, 1962.

Mr. Sherman reported that Governor Robertson had indicated that he would have voted to approve the applications if he had been present.

Messrs. O'Connell and Potter then withdrew.

Application for trust powers (Southern National Bank of Houston)

(Item No. 18). There had been distributed a memorandum dated September 20,

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1962, from the Division of Examinations in regard to the application by Southern National Bank of Houston, Houston, Texas, for full trust powers. The bank opened for business on October 19, 1960, and had been examined only once, as of May 16, 1961. Since that date many changes had occurred in the bank. Its total assets and total deposits had about tripled, and the information accompanying the application for trust powers indicated that the bank's board of directors had been reorganized, the controlling interest of the bank was held by a new owner, a new president had been appointed, the bank had moved to a new location and purchased a bank building, and new capital had been added. These facts having become apparent upon receipt, on August 17, 1962, of the application for trust powers, submission of the application to the Board was postponed pending a new examination of the bank. The Chief Examiner of the Federal Reserve Bank of Dallas was informed of this postponement immediately after the application was received, and subsequently the Reserve Bank was requested to inform the applicant of the reason for the delay in processing its application. The Division of Examinations also communicated with the Office of the Comptroller of the Currency to find out when the next examination of the bank would be made and learned that no new examination had been started or was arranged for at that time.

In continuing, the memorandum stated that last week the Federal Reserve Bank of Dallas had informed the Board by telephone that the applicant was dissatisfied that action was being deferred and hoped that the Board would consider its application promptly. In recognition of the

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need for additional information, the bank sent its proposed trust officer, accompanied by an attorney, to visit the Board's offices on September 18, 1962. They indicated that Southern National was apprehensive that a long delay in acting on the application for trust powers, either through waiting for a new examination report or because of the pending transfer of regulatory authority over trust powers from the Board to the Comptroller of the Currency, might seriously interfere with substantial trust business that Southern National had pending. The visitors from Southern National again asked that the Board consider the bank's application on the basis of present circumstances, and presented reasons why they believed that all the changes Southern National had undergone represented improvements.

The memorandum concluded by stating that, although the Federal Reserve Bank of Dallas recommended approval of the application, the Division of Examinations was reluctant to concur in that recommendation because of lack of information, through a current report of examination, about the material changes that had occurred in the bank.

Mr. Benner began the discussion by reviewing the changes that had occurred in Southern National Bank. In response to questions by Governor Shepardson, he verified that although the information available to the Board was "unofficial," having been obtained principally through the applicant bank, there was no reason to suppose that the information was not accurate. A further question by Governor Shepardson brought the response that it was understood that the Comptroller of the Currency had

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started an examination of the applicant bank on September 17, 1962. However, such an examination normally took one or two weeks, after which additional time was needed to prepare the report. Mr. Benner assumed that the report of examination would not be available for six or eight weeks, which would be too late to enable Southern National Bank to avoid the complication and delay of submitting a new application for trust powers to the Comptroller of the Currency, since it was understood that the bill transferring regulatory authority over trust powers to the Comptroller would be signed by the President within the next few days.

Governor Shepardson asked if it would be feasible for the Reserve Bank to send an examiner into Southern National Bank to obtain information pertinent to reaching a decision on the bank's application for trust powers, to which Mr. Benner replied that it would be difficult for an examiner to do more than interview the officials of the bank. It would not be feasible for him to make a full examination.

Further discussion centered especially around the fact that all available information pertinent to the current condition of Southern National Bank and its application for trust powers was favorable, and the Federal Reserve Bank of Dallas had recommended approval. In all the circumstances, the view was expressed that a decision to grant the application for trust powers would be warranted.

Accordingly, the application of Southern National Bank was approved unanimously. A copy of the letter conveying this decision to the applicant bank is attached as Item No. 18.

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Messrs. Hooff and Lyon then withdrew.

Interagency committees. At the Chairman's request, Mr. Noyes presented a report on the work being done by the interagency committees appointed by the President to study (1) Federal credit programs and (2) corporate pension funds and other private retirement and welfare programs. The work of the third committee appointed by the President, to study financial institutions, was considered to require more discussion than time permitted at this meeting. Therefore, discussion of the work of that committee was deferred. (In his comments Mr. Noyes brought out that with one exception the members of the committees had not thus far participated in the meetings of the respective committees.)

After outlining the origin, membership, and operating methods of the interagency committees, Mr. Noyes stated that the committee studying pension funds was concerned with two major issues, which he described. Mr. Noyes then stated that if the Federal Reserve had a more immediate responsibility in this area, he would have reported earlier that the committee was not proceeding with its work as vigorously as the other two committees. There had been no meetings of the pension fund committee for some time, although a certain amount of staff work presumably had been going on to collect information. However, it appeared to him that the committee's performance was primarily the responsibility of its chairman, the Secretary of Labor.

In a discussion of this situation, it was observed that during the life of the committee a new Secretary of Labor had taken office. Also,

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although the committee had been directed by the President to present a report by November 15, 1962, conceivably an extension of that deadline might be requested. At the conclusion of the discussion it was suggested that the Secretary of Labor might be asked informally by the Chairman or Vice Chairman, should an appropriate occasion arise, regarding his views on the status of the committee's work.

Mr. Noyes then turned to the work of the Federal credit programs committee, whose chairman, Secretary of the Treasury Dillon, had asked Under Secretary Roosa to act in his stead. Mr. Noyes discussed the framework within which studies were being conducted, major guide-lines that were emerging, and some of the recommendations it appeared might be presented by the committee staff to their principals. Staff position papers that had been prepared had been reviewed with a group of academic consultants, and a series of meetings with the Government agencies affected would begin in a few days. Presumably, as a result of those meetings, the position papers would be revised, and it might be expected that they would be available for review by the committee members, including Chairman Martin, by about the middle of October.

The meeting then adjourned.

Secretary's Notes: On September 20, 1962,
Governor Shepardson approved on behalf of
the Board the following items:

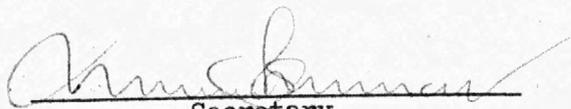
Memorandum from the Division of Personnel Administration recommending an advance of sick leave for M. Callie Wickline, Nurse in that Division, for 12 days beginning September 17, 1962.

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Letter to the Federal Reserve Bank of Chicago (attached Item No. 19) approving the appointment of Walter E. Ollech and Chris J. Pappas as examiners.

Governor Shepardson today approved on behalf of the Board a letter to the Federal Reserve Bank of Richmond (attached Item No. 20) approving the designation of Thomas W. Gaulding as special assistant examiner.


Secretary

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

Item No. 1
9/21/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 21, 1962



CONFIDENTIAL(FR)

Mr. Thomas M. Timlen, Jr., Secretary,
Federal Reserve Bank of New York,
New York 45, New York.

Dear Mr. Timlen:

Reference is made to your letter of September 10, 1962, advising of a request by Mr. Robert V. Roosa, Under Secretary of the Treasury for Monetary Affairs, that the Federal Reserve Bank of New York make available the services of Francis H. Schott, Manager, Foreign Department, to undertake a special assignment in the office of the Under Secretary.

Your letter advised that Mr. Schott has been granted a leave of absence, with pay, for a period of approximately three months, commencing on or about September 24, 1962, to accept this appointment. It is noted also, as in previous arrangements for employees loaned to the Under Secretary, the Bank will assume expenses incurred by Mr. Schott, including travel, hotel, and subsistence expenses, to the extent such expenses are not assumed by the Treasury Department.

The Board of Governors interposes no objection to Mr. Schott serving in the office of the Under Secretary of the Treasury for the period approved by your Directors, on the basis of arrangements outlined in your letter.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 2
9/21/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 21, 1962

Board of Directors,
Bankers Trust Company,
New York, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System extends to December 1, 1962, the time within which Bankers Trust Company may establish a branch at 280-290 Park Avenue, Borough of Manhattan, New York, 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
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ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 21, 1962

Board of Directors,
Bankers Trust Company,
New York, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System extends to April 3, 1963, the time within which Bankers Trust Company may establish a branch at 2 Lafayette Street, Borough of Manhattan, New York, 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. 4
9/21/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



September 21, 1962

Board of Directors,
Fidelity Union Trust Company,
Newark, New Jersey.

Gentlemen:

The Board of Governors of the Federal Reserve System approves, pursuant to Section 24A of the Federal Reserve Act, an additional investment of \$1,547,270.10 in bank premises by Fidelity Union Trust Company. Of this amount, \$297,270.10 represents additional investments made at three branch offices since June 1, 1960. The remaining \$1,250,000 is for the purpose of anticipated expansion and improvements from this date until 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
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ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 21, 1962

Mr. Jack Tarver,
Federal Reserve Agent,
Federal Reserve Bank
of Atlanta,
Atlanta 3, Georgia.

Dear Mr. Tarver:

In accordance with the request contained in your letter of September 12, 1962, the Board of Governors approves the appointment of Mr. Newton Brown as Alternate Assistant Federal Reserve Agent at the Federal Reserve Bank of Atlanta to succeed Mr. W. B. Morgan.

This approval is given with the understanding that Mr. Brown will be solely responsible to the Federal Reserve Agent and the Board of Governors for the proper performance of his duties, except that, during the absence or disability of the Federal Reserve Agent or a vacancy in that office, his responsibility will be to the Assistant Federal Reserve Agent and the Board of Governors.

When not engaged in the performance of his duties as Alternate Assistant Federal Reserve Agent, Mr. Brown may, with the approval of the Federal Reserve Agent and the President, perform such work for the Bank as will not be inconsistent with his duties as Alternate Assistant Federal Reserve Agent.

It will be appreciated if Mr. Brown is fully informed of the importance of his responsibilities as a member of the staff of the Federal Reserve Agent and the need for maintenance of independence from the operations of the Bank in the discharge of these responsibilities.

Please have Mr. Brown execute the usual Oath of Office which should be forwarded to the Board of Governors along with notification of the effective date of his appointment.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON 25, D. C.

Item No. 6
9/21/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 21, 1962



Mr. Alonzo G. Decker, Jr.,
Federal Reserve Agent,
Federal Reserve Bank of Richmond,
Richmond 13, Virginia.

Dear Mr. Decker:

In accordance with the request contained in your letter of September 13, 1962, the Board of Governors approves the appointment of Mr. Robert E. Sing as a Federal Reserve Agent's Representative at the Charlotte Branch, to succeed Mr. Winfred W. Keller who has been promoted to officer status.

This approval is given with the understanding that Mr. Sing will be solely responsible to the Federal Reserve Agent and the Board of Governors for the proper performance of his duties, except that, during the absence or disability of the Federal Reserve Agent or a vacancy in that office, his responsibility will be to the Assistant Federal Reserve Agent and the Board of Governors.

When not engaged in the performance of his duties as Federal Reserve Agent's Representative, Mr. Sing may, with the approval of the Federal Reserve Agent and the Vice President in charge of the Charlotte Branch, perform such work for the Branch as will not be inconsistent with his duties as Federal Reserve Agent's Representative.

It will be appreciated if Mr. Sing is fully informed of the importance of his responsibilities as a member of the staff of the Federal Reserve Agent and the need for maintenance of independence from the operations of the Bank in the discharge of these responsibilities.

It is noted from your letter that with the approval of this appointment by the Board of Governors, Mr. Sing will execute the usual Oath of Office which will be forwarded to the Board of Governors and that his appointment will become effective at that time.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 7
9/21/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 21, 1962

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

Gentlemen:

The Board of Governors of the Federal Reserve System extends to June 13, 1963, the time within which United California Bank may establish a branch in the vicinity of Whittier Boulevard and Santa Gertrudes Avenue, East Whittier, 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
9/21/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 21, 1962

Mr. Henry O. Koppang, First Vice President,
Federal Reserve Bank of Kansas City,
Kansas City 6, Missouri.

Dear Mr. Koppang:

This refers to your letter of September 10, 1962 advising that the Board of Directors has authorized the adoption of a uniform basic Blue Cross-Blue Shield hospitalization insurance program for Kansas City and its three branches, to be effective November 1, 1962.

The Board of Governors approves the program of increased benefits under the new contract, and the absorption by the Bank of two-thirds of the premium costs in connection therewith.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.



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

Item No. 9
9/21/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 21, 1962

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

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch by The Chase Manhattan Bank, New York, New York, at 220 West Jericho Turnpike, Syosset, Nassau County, New York, provided the branch is established within one year from the date of this letter.

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. 10
9/21/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 21, 1962

Board of Directors,
The Merchants Bank of New York,
New York, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch at 757 Third Avenue, Borough of Manhattan, New York, New York, by The Merchants Bank of New York, provided the branch is established within one year from the date of this letter.

It is understood that the New York State banking authorities have approved the establishment of this branch conditioned upon an increase in capital funds in an amount not less than \$634,000 through the sale of new common stock.

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. 11
9/21/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 21, 1962

Board of Directors,
State Bank of Albany,
Albany, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch at 265 Osborne Road, Town of Colonie, Albany County, New York, by State Bank of Albany, Albany, New York, 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.

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

Item No. 12
9/21/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 21, 1962

Board of Directors,
The Matawan Bank,
Matawan, New Jersey.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch at the southwest corner of the intersection of State Highway 79 and Harbor Road, Marlboro Township, Monmouth County, New Jersey, by The Matawan Bank, Matawan, New Jersey, provided the branch is established within one year from the date of this letter.

It is understood the bank will acquire at least \$100,000 additional capital funds through the sale of common stock to meet the requirement of the Commissioner of Banking and Insurance of the State of New Jersey.

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. 13
9/21/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 21, 1962

Board of Directors,
Genesee Merchants Bank & Trust Co.,
Flint, Michigan.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch by the Genesee Merchants Bank & Trust Co. at G-5278 Corunna Road, Flint Township, Genesee County, Michigan, 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.

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

Item No. 14
9/21/62



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 21, 1962

CONFIDENTIAL FR

Mr. Robert N. Hilker, First Vice President,
Federal Reserve Bank of Philadelphia,
Philadelphia 1, Pennsylvania.

Dear Mr. Hilker:

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Philadelphia for the period October 1 through December 31, 1962, at the rates indicated:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Harry W. Roeder	Vice President	\$17,000
John R. Bunting	Vice President	17,000
Hugh Barrie	Vice President	17,000
Russell P. Sudders	Assistant Vice President	13,000
Ralph E. Haas	Assistant Vice President	14,000
Lawrence C. Murdoch, Jr.	Business Economist	11,500

The rates approved by the Board are those fixed by your Board of Directors as reported in your letter of September 7, 1962.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 15
9/21/62



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 21, 1962

CONFIDENTIAL FR

Mr. Eliot J. Swan, President,
Federal Reserve Bank of San Francisco,
San Francisco 20, California.

Dear Mr. Swan:

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of San Francisco for the period October 1 through December 31, 1962, at the rates indicated:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
<u>Head Office</u>		
J. L. Barbonchielli	Vice President	\$15,000
E. J. Martens	Cashier	13,000
E. E. Bernstein	Assistant Cashier	9,500
E. E. Livingston	Assistant Cashier	9,500
W. F. Scott	Assistant General Counsel	12,000
<u>Seattle Branch</u>		
A. C. Laiti	Assistant Manager	10,000

The rates approved by the Board are those fixed by your Board of Directors as reported in your letter of September 7, 1962.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

TELEGRAM
LEASED WIRE SERVICE

Item No. 16
9/21/62

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

September 21, 1962.

SWAN - SAN FRANCISCO

Reurlet September 14 to Governor Mitchell. Quoted below is draft of proposed letter to Postmaster General in form containing suggestions in which Board concurs. Principal change appears in paragraph 3 and in added paragraph number 4. Board would concur in your sending letter in substantially this form.

"As indicated in our discussion with you on August 31, the Conference of Presidents of the Federal Reserve Banks considered the question of currency shipments by registered mail and armored car at its meeting September 10. The consensus of the Conference may be expressed in these terms:

"The Federal Reserve Banks will work cooperatively with postal authorities toward a reduction in the magnitude of currency shipments by registered mail. In doing this, the Reserve Banks will seek to extend the use of armored cars where additional facilities can be made available and it is economically feasible to utilize them. The Reserve Banks will also study the patterns of shipments from banks to the Reserve Banks, seeking to reduce the exposure traceable to incoming shipments.

"It should be noted, however, that the Federal Reserve Banks can not control incoming registered mail shipments either as to amounts of individual shipments or as to their subsequent accumulation on specific postal runs. Also, it is apparent that there will be a considerable number of currency shipments, both to and from Reserve Banks, for which the only reasonable method of transportation will be through Post Office facilities. It is expected that these shipments will continue to be handled by the Post Office, since they are essential to trade and commerce in the many areas concerned.

"A committee of the Conference of Presidents is continuing to study the matter looking toward expansion in the use of armored car services to the extent practicable within the framework of efficient and economical administration of the Reserve Banks. On this point, reference is made to the letter dated August 17, 1961, from the Board of Governors of the Federal Reserve System to Acting Postmaster General Brawley.

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"Please be assured of our concern over the existing situation and our desire to be of as much assistance as possible."

(Signed) Merritt Sherman

SHERMAN

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

Item No. 17
9/21/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 21, 1962.

Charles G. Blaine, Esq.,
Phillips, Mahoney, Lytle, Yorkey & Letchworth,
Attorneys at Law,
Marine Trust Building,
Buffalo 3, New York.

Dear Mr. Blaine:

This will acknowledge receipt of your letter dated September 18, 1962, requesting that in connection with the oral presentation conducted by the Board on September 17 on the application by Marine Midland Corporation to acquire the outstanding voting stock of Security National Bank of Long Island, Marine Midland Corporation be given the opportunity to review the transcript of the remarks made in private to the Board by Mr. Arthur T. Roth. You also renew your request made during oral presentation for access to any written comments or views submitted to the Board relating to the oral presentations made.

In order to afford Marine Midland Corporation an opportunity to submit within the time allotted by the Board rebuttal or other material relating to all presentations made, the Board has no objection to your review of Mr. Roth's remarks made in private to the Board. A copy of this letter will be transmitted to the Hoover Reporting Company, Inc., the reporting firm that transcribed these proceedings, as a form of authorization to furnish a copy of the transcript of Mr. Roth's remarks to you upon your request.

As to your additional request for copies of written submissions that may be received from participants in the oral presentation on or before October 2, 1962, the Board's staff will provide you with a copy of any such statements filed. It is understood that you are in possession of the statement filed with the Board by Mr. Sidney Friedman in opposition to this application, copies of which statement were made available, presumably by Mr. Friedman, in the hearing room on September 17.

Very truly yours,

(signed) Merritt Sherman

Merritt Sherman,
Secretary.

Item No. 18
9/21/62

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

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 21, 1962.

Board of Directors,
Southern National Bank of Houston,
Houston, Texas.

Gentlemen:

The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers and grants Southern National Bank of Houston authority to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies, or other corporations which come into competition with national banks are permitted to act under the laws of the State of Texas. The exercise of such rights 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.

A formal certificate indicating the fiduciary powers that your bank is now authorized to exercise will be forwarded in due course.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.



Item No. 19
9/21/62

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

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 20, 1962

CONFIDENTIAL (FR)

Mr. Leland Ross, Vice President,
Federal Reserve Bank of Chicago,
Chicago 90, Illinois.

Dear Mr. Ross:

In accordance with the requests contained in your letters of September 14, 1962, the Board approves the appointment of Walter E. Ollech and Chris J. Pappas, at present assistant examiners, as examiners for the Federal Reserve Bank of Chicago, effective October 8, 1962.

It is noted that Mr. Pappas is indebted to Union Story Trust & Savings Bank, Ames, Iowa, a nonmember bank. Accordingly, the Board's approval of the appointment of Mr. Pappas is given with the understanding that he will not participate in any examination of that bank until his indebtedness has been liquidated.

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. 20
9/21/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



September 21, 1962

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

Dear Mr. Nosker:

In accordance with the request contained in your letter of September 14, 1962, the Board approves the designation of Thomas W. Gaulding as a special assistant examiner for the Federal Reserve Bank of Richmond for the purpose of participating in examinations of State member banks.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.