

r. 9/61

Minutes for October 1, 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

W

Gov. Mills

Gov. Robertson

Gov. Balderston

CRB

Gov. Shepardson

Gov. King

[Handwritten signature]

Gov. Mitchell

[Handwritten signature]

Minutes of the Board of Governors of the Federal Reserve System on Monday, October 1, 1962. The Board met in the Board Room at 10:00 a.m.

PRESENT: 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. Fauver, Assistant to the Board

Messrs. Noyes, Garfield, Holland, Koch,  
Williams, Brill, Altmann, Eckert, Partee,  
and Weiner of the Division of Research  
and Statistics

Messrs. Sammons, Katz, Gekker, Kaufman,  
Klein, Maroni, and Reynolds of the  
Division of International Finance

Economic review. The Divisions of Research and Statistics and International Finance presented a summary review of domestic and international economic and financial developments.

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

Mr. Solomon, Director, Division of  
Examinations  
Mr. Masters, Associate Director,  
Division of Examinations  
Mr. Goodman, Assistant Director,  
Division of Examinations  
Mr. Hexter, Assistant General Counsel  
Mr. Hooff, Assistant General Counsel

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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 Bank of America, New York, New York, consenting to the acquisition of shares of Investment Bank, Limited, Athens, Greece.	1
Letter to Provident Tradesmens Bank and Trust Company, Philadelphia, Pennsylvania, approving the establishment of a branch at 132 Butler Avenue, Borough of Ambler, Montgomery County, contingent upon discontinuation of the bank's existing office at Butler Avenue and Main Street.	2
Letter to Bank of Slidell, Slidell, Louisiana, approving an investment in bank premises.	3
Letter to Farmers State Bank, Eustis, Nebraska, approving an extension of time to withdraw from membership in the Federal Reserve System.	4
Telegram to the Federal Reserve Bank of New York approving an extension of the gold loan arrangement with the Bank for International Settlements.	5

Messrs. Goodman and Sammons then withdrew.

Trust powers of national banks (Item No. 6). Mr. Sherman reported that a telegram had been sent this morning to the Federal Reserve Banks informing them that bill H. R. 12577, transferring authority to regulate the exercise of trust powers of national banks from the Board to the Comptroller of the Currency was signed by the President on Friday, September 28, that section 11(k) of the Federal Reserve Act was thereby

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repealed, and that on Saturday, September 29, the Comptroller had promulgated a regulation similar in content to Regulation F, Trust Powers of National Banks. The Reserve Banks were also informed that they would be advised regarding the procedure to be followed with respect to trust power applications being processed.

Secretary's Note: Later in the day a telegram was sent to the Federal Reserve Banks advising that the Comptroller had requested that pending applications be transferred to the appropriate regional Chief National Bank Examiner. The Reserve Banks were advised that such applications should be transferred in the form received from the applicants, and that related Reserve Bank memoranda should not be transferred.

In further discussion it developed that Messrs. Hooff and Masters had received telephone calls this morning from representatives of the Comptroller's Office inquiring about matters incident to the transfer of the trust power function, including the use of records, and that arrangements had been made for the Comptroller's representatives to have a luncheon meeting today with appropriate members of the Board's staff. On the matter of records, there was general agreement on the part of the Board that there would be no objection to transferring to the Comptroller's Office certain subsidiary card records maintained in the Division of Examinations. As to other types of records, it was the Board's view that, after exploratory staff discussion, it would be desirable to have a written request from the Comptroller to which the Board could give consideration.

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Question was raised as to the issuance of a press statement on the subject of the transfer of authority, and a draft of release that had been prepared by Mr. Fauver was read to the Board. Certain suggestions were made with regard to the content of the release, following which the Board authorized the issuance of a statement in the form attached as Item No. 6.

Call for condition reports. Mr. Sherman reported that a telegram had been sent this morning to the Presidents of all Federal Reserve Banks requesting that a call be made on State member banks on October 4, 1962, for reports of condition as of September 28, 1962.

The action taken in sending this wire was ratified by unanimous vote.

Processing of applications. With reference to the discussion at the meeting on September 26, 1962, concerning possibilities for expediting the processing of applications in the bank supervisory field, particularly bank merger and bank holding company applications, Governor Mitchell suggested that the problem might be discussed with the Federal Reserve Bank Presidents or certain selected Presidents, with a view to exploring the possibility of obtaining additional staff assistance from the Reserve Banks. This suggestion was discussed at some length, following which it was referred to Governor Shepardson and Mr. Solomon in order that they might consider, in the light of points brought out at this meeting, whether it would be useful to have a preliminary discussion with the



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Presidents, collectively or individually, when they were in the building tomorrow for the scheduled meeting of the Federal Open Market Committee.

The meeting then adjourned.

Secretary's Notes: Governor Shepardson today approved on behalf of the Board the following items:

Letter to the Federal Reserve Bank of Richmond (attached Item No. 7) approving the designation of Shelton G. Phaup as special assistant examiner.

Memoranda from appropriate individuals concerned recommending the following actions relating to the Board's staff:

#### Appointment

Jill D. Francis as Chart Machine Operator, Division of Research and Statistics, with basic annual salary at the rate of \$3,760, effective the date of entrance upon duty.

#### Transfer

Carol Sullivan, from the position of Stenographer in the Division of Examinations to the position of Secretary in the Division of International Finance, with an increase in the basic annual salary from \$4,145 to \$4,345, effective the date of entrance upon her new duties.

Governor Shepardson today noted on behalf of the Board a memorandum advising that the application of Alice Swindlehurst, Statistical Assistant in the Division of Research and Statistics, for disability retirement under the Board Plan had been approved by the Retirement System of the Federal Reserve Banks, effective July 9, 1962.

  
Secretary

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

Item No. 1  
10/1/62



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

October 1, 1962

Bank of America,  
41 Broad Street,  
New York 15, New York.

Gentlemen:

In accordance with the request and on the basis of the information furnished in your letter of July 23, 1962, transmitted through the Federal Reserve Bank of New York, the Board of Governors grants consent for Bank of America to purchase and hold 3,000 shares, par value Drachmas 1,000 each, of Investment Bank, Limited, ("IBL"), Athens, Greece, a corporation in formation, at an approximate cost of US\$100,000, provided such stock is acquired within one year from the date of this letter.

The Board's consent is granted upon condition that Bank of America shall dispose of its holdings of stock of IBL as promptly as practicable, in the event that IBL should at any time (1) engage in issuing, underwriting, selling or distributing securities in the United States; (2) engage in the general business of buying or selling goods, wares, merchandise or commodities in the United States or transact any business in the United States except such as is incidental to its international or foreign business; or (3) otherwise conduct its operations in a manner which, in the judgment of the Board of Governors, causes the continued holding of its stock by Bank of America to be inappropriate under the provisions of Section 25(a) of the Federal Reserve Act or regulations thereunder.

Upon completion of the organization of IBL, it is requested that the Board of Governors be furnished, through the Federal Reserve Bank of New York, copies of the Articles of Association and By-Laws, together with (a) a list of officers and directors, with addresses and principal business affiliations; (b) a list of all stockholders holding five percent or more of any class of stock of IBL and their holdings; and (c) date established and opened for business.

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  
10/1/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



October 1, 1962

Board of Directors,  
Provident Tradersmens Bank  
and Trust Company,  
Philadelphia, Pennsylvania.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch by Provident Tradersmens Bank and Trust Company, Philadelphia, Pennsylvania, at 132 Butler Avenue, Borough of Ambler, Montgomery County, Pennsylvania, provided the branch is established within one year from the date of this letter.

It is understood that operations at the bank's existing office located on the southwest corner of Butler Avenue and Main Street in the Borough of Ambler will be discontinued simultaneously with the opening of the office at 132 Butler Avenue.

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  
10/1/62



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

October 1, 1962

Board of Directors,  
Bank of Slidell,  
Slidell, Louisiana.

Gentlemen:

The Board of Governors of the Federal Reserve System approves, under the provisions of Section 24A of the Federal Reserve Act, an additional investment in bank premises of \$11,700 by Bank of Slidell, Slidell, Louisiana, for remodeling head office quarters. This approval is in addition to the \$74,500 approved by the Board for the same purpose on May 31, 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. 4  
10/1/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

October 1, 1962

Board of Directors,  
Farmers State Bank,  
Eustis, Nebraska.

Gentlemen:

The Board of Governors of the Federal Reserve System extends by 30 days to October 22, 1962, the time within which Farmers State Bank, Eustis, Nebraska, may withdraw from membership in the Federal Reserve System.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.

T E L E G R A M  
LEASED WIRE SERVICEItem No. 5  
10/1/62BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON

October 1, 1962

SANFORD - NEW YORK

Your wire September 27. Board approves extension of the arrangement to make loan or loans on gold by your Bank to the Bank for International Settlements during the period of one year, from November 1, 1962, through October 31, 1963, up to a total amount outstanding at any one time of \$25 million, each borrowing to mature in not more than seven days and total borrowings (the maximum loan facility) during any calendar month not to exceed the equivalent of \$25 million for the total of seven days.

For this facility, it is understood that you will make a commitment charge at the rate of one-fourth of one per cent per annum on that part of the maximum loan facility not used in any calendar month. The arrangement would conform to your usual terms and conditions:

- (a) Each such loan or loans to be made up to 98 per cent of the value of gold bars to be set aside at the time of each drawing under pledge to you;
- (b) Each such loan to bear interest from the date it is made until paid at the discount rate of your Bank in effect on the date such loan is made.

It is understood that the usual participation will be offered to the other Federal Reserve Banks.

(Signed) Merritt Sherman

SHERMAN



# FEDERAL RESERVE

press release

Item No. 6  
10/1/62

For immediate release

October 1, 1962.

Authority to regulate the exercise of trust powers by national banks was transferred from the Board of Governors of the Federal Reserve System to the Comptroller of the Currency on Friday, September 28, when the President signed Public Law No. 87-722.

The signing of this law marks the successful culmination of several years' effort, supported by the Federal Reserve System, to simplify the supervisory responsibilities relating to trust activities of national banks. Since national banks are supervised in other respects by the Comptroller of the Currency, it was logical that the regulation of their authority to act as trustees should also rest with that Office.

With the passage of Public Law No. 87-722, the authority of the Federal Reserve Board, first, to permit national banks to operate trust departments and, second, to issue regulations governing the operations of trust departments of national banks automatically terminated. This authority, along with supervision of national banks' trust departments, will be exercised by the Comptroller of the Currency.

State chartered banks are also affected to some degree by this new legislation. All banks operating common trust funds will hereafter be required to comply with regulations issued by the Comptroller of the Currency rather than the Federal Reserve Board if they wish to qualify for certain tax exemptions applicable to the operation of common trust funds.

The transfer of authority became effective immediately upon the signing of the Act, and pending applications by national banks for authority to exercise trust powers will be acted upon by the Office of the Comptroller.

It is understood that the Comptroller of the Currency on September 29 issued a new regulation (which replaces the Board's Regulation F--"Trust Powers of National Banks") to implement the Comptroller's new authority.



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

Item No. 7  
10/1/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

October 1, 1962



CONFIDENTIAL (FR)

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 24, 1962, the Board approves the designation of Shelton G. Phaup as a special assistant examiner for the Federal Reserve Bank of Richmond for the purpose of participating in examinations of State member banks except Bank of Powhatan, Incorporated, Powhatan, Virginia. The authorization heretofore given your Bank to designate Mr. Phaup as a special assistant examiner is hereby canceled.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.