

Minutes for March 7, 1963

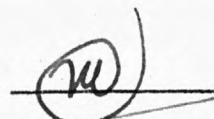

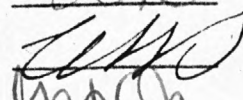
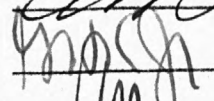
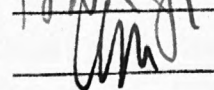
To: Members of the Board

From: Office of the Secretary

Attached is a copy of the minutes of the Board of Governors of the Federal Reserve System on the above date.

It is not proposed to include a statement with respect to any of the entries in this set of minutes in the record of policy actions required to be maintained pursuant to section 10 of the Federal Reserve Act.

Should you have any question with regard to the minutes, it will be appreciated if you will advise the Secretary's Office. Otherwise, please initial below. If you were present at the meeting, your initials will indicate approval of the minutes. If you were not present, your initials will indicate only that you have seen the minutes.

Chm. Martin	<u></u>
Gov. Mills	<u></u>
Gov. Robertson	<u>R.</u>
Gov. Balderston	<u>ccrb</u>
Gov. Shepardson	<u></u>
Gov. King	<u></u>
Gov. Mitchell	<u></u>

Minutes of the Board of Governors of the Federal Reserve System on Thursday, March 7, 1963. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Balderston, Vice Chairman  
 Mr. Robertson  
 Mr. Shepardson  
 Mr. Mitchell

Mr. Sherman, Secretary  
 Mr. Kenyon, Assistant Secretary  
 Mr. Hackley, General Counsel  
 Mr. Farrell, Director, Division of Bank Operations  
 Mr. Solomon, Director, Division of Examinations  
 Mr. Daniels, Assistant Director, Division of Bank Operations  
 Mr. Leavitt, Assistant Director, Division of Examinations  
 Mr. Mattras, General Assistant, Office of the Secretary

Items circulated to the Board. The following items, copies of which are attached to these minutes under the respective item numbers indicated, were approved unanimously:

	<u>Item No.</u>
Letter to the Federal Reserve Bank of New York noting without objection increases in the scope and cost of proposed alterations to the electrical system in the main Reserve Bank building.	1
Letter to the Federal Reserve Bank of New York interposing no objection to the Bank's proposed program to modernize 16 passenger elevators and replace 6 service elevators in its main building.	2
Letter to Winnetka Trust and Savings Bank, Winnetka, Illinois, approving an investment in bank premises.	3

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Item No.

Letter to Liberty State Bank, Hamtramck, Michigan,  
granting permission to exercise fiduciary powers.

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Report on competitive factors (Sidney-Botkins, Ohio). 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 Shelby County Bank, Botkins, Ohio, into The Citizens Baughman National Bank of Sidney, Sidney, Ohio.

After a short discussion, the report was approved unanimously for transmission to the Comptroller of the Currency with the understanding that the conclusion of the report would be revised slightly to read as follows:

The proposed merger of The Shelby County Bank, Botkins, Ohio, into The Citizens Baughman National Bank of Sidney, Sidney, Ohio, would eliminate the slight amount of competition existing between these two institutions. While this merger would increase the size of the area's largest bank, there is no evidence to indicate that it would have significant adverse effects on smaller banks situated in the general area to be served.

All members of the staff then withdrew except Mr. Sherman.

Annual meeting of Bank for International Settlements. Governor Robertson referred to earlier discussions regarding his plans for attendance at this year's annual meeting of the Bank for International Settlements to be held in Basle, Switzerland, in June. He would like to have the Board's approval for Mr. Holland, Adviser in the Division of Research and Statistics, to accompany him on the trip, including visits to several of the European central banks as might seem desirable.

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Governor Robertson stated that he had had some discussion with President Ellis of the Boston Bank, who also was planning to attend the meeting, and it was also noted that President Swan of the San Francisco Bank was planning to go to the same meeting. Both Mr. Ellis and Mr. Swan planned to visit several European central banks on the trip.

The necessary foreign travel that would be involved in Mr. Holland's attendance at this year's annual meeting of the Bank for International Settlements and a program of visits to such European central banks as might be worked out with Governor Robertson was approved, it being understood that the authorization of specific travel expenses would be subject to Governor Shepardson's approval.

Foreign travel for Mr. Hersey. Governor Shepardson stated that Mr. Young, Adviser to the Board and Director, Division of International Finance, had recommended in a memorandum dated March 5, 1963, that Mr. Hersey, Adviser in the Division of International Finance, be authorized to attend a meeting of balance of payments experts to be held in Paris on March 19-21, 1963, under the auspices of the International Monetary Fund. The meeting would include central bank and other government balance of payments experts from several European countries and Japan, as well as from the United States. Mr. Young also recommended that, in conjunction with this meeting, Mr. Hersey spend a few days at the Bank of France, so that his trip would cover the period March 16-23, 1963.

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The recommendations contained in Mr. Young's memorandum were approved.

Regulation K. Governor Mitchell reported that he had reviewed with members of the staff yesterday afternoon a new draft of Regulation K, Corporations Doing Foreign Banking and Other Foreign Financing under the Federal Reserve Act, prepared pursuant to the understanding at the meeting of the Board on February 18, 1963. Some of the proposed shortening of the Regulation involved more in the way of substantive changes than he felt had been contemplated by the Board, and he had requested the Legal Division to modify the shortened draft with a view to having copies distributed to the members of the Board by the end of this week. He suggested, therefore, that the matter be placed on the agenda for consideration by the Board on Monday, March 11.

There followed a discussion of some of the changes that had been made in the draft of Regulation, particularly with respect to whether it accomplished the simplification of the Regulation that had been indicated as desirable by some members of the Board in other recent discussions.

At the conclusion of the discussion it was understood that the matter would be placed on the agenda for a report by Governor Mitchell on Monday, March 11, with the hope that a revised draft of Regulation could shortly thereafter be transmitted to the Federal Register for the receipt of comments.



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Report of condition of member banks. Governor Mitchell stated that Mr. Noyes, Director, Division of Research and Statistics, had informed him that at a recent meeting of the System Research Advisory Committee considerable opposition was expressed by the Reserve Bank economists to the idea of obtaining data now collected from all member banks on the reverse of the call report by means of a sampling process. The general attitude of the Reserve Banks was that sampling procedures would not be satisfactory for this purpose. If this view prevailed, the suggestion made earlier for changes in the form of call report along lines indicated at the meeting of the Board on February 13, 1963, would not be feasible. Governor Mitchell went on to say that Comptroller of the Currency Saxon was entirely agreeable, according to the informal joint staff committee of the Board, the Comptroller's Office, and the Federal Deposit Insurance Corporation that had been discussing this subject, to collection of complete information for one call date each year, but that the Comptroller felt strongly that the statistical information gathered on the reverse of the call report for other call dates should be substantially reduced along lines he previously had indicated. An alternative for the Board would, of course, be to obtain directly a complete call report from all member banks for each call date. Governor Mitchell indicated that at this time he was merely reporting the results of the latest meeting of the System Research Advisory Committee for the Board's information.

The meeting then adjourned.

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

Letter to the Federal Reserve Bank of St. Louis (attached Item No. 5) approving the designation of Charles Ray Halbrook as special assistant examiner.

Letter to the Federal Reserve Bank of San Francisco (attached Item No. 6) approving the appointment of Clete F. Eberhardt as assistant examiner.

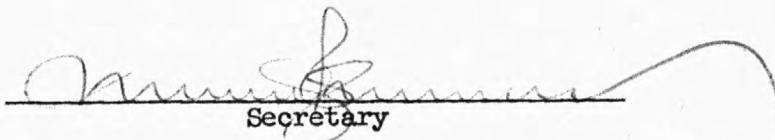
Memoranda from appropriate individuals concerned recommending the following actions relating to the Board's staff:

Appointment

Clarence G. Higgins as Guard, Division of Administrative Services, with basic annual salary at the rate of \$3,560, effective the date of entrance upon duty.

Outside activity

James R. Turner, Offset Press Operator (Multilith), Division of Administrative Services, to work part-time as an offset press operator for a local printing firm.

  
Secretary

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

Item No. 1  
3/7/63

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

March 7, 1963

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

Dear Mr. Hayes:

This refers to Vice President Bilby's letter of February 14, 1963, requesting the Board's consideration of increases in the scope and cost of the alterations to the electrical system in the main New York Reserve Bank building.

The Board notes without objection the expansion of the scope of the program as outlined in Mr. Bilby's letter and the increase in total estimated costs to \$561,000, or \$211,000 in excess of the estimated cost of \$350,000 authorized in November 1961.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.





Item No. 2  
3/7/63

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



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

March 7, 1963

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

Dear Mr. Hayes:

This refers to Vice President Bilby's letter of February 14, 1963, containing, for the Board's consideration, your Bank's proposal for modernization of the 16 passenger elevators and replacement of the 6 service elevators in the main New York Reserve Bank building.

The Board will interpose no objection to your Bank's proceeding with the program, and authorizes an expenditure of not to exceed \$3,176,000.

It is noted that three of the major elevator manufacturers will be asked to submit bids.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.

Item No. 3

3/7/63

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



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

March 7, 1963

Board of Directors,  
Winnetka Trust and Savings Bank,  
Winnetka, Illinois.

Gentlemen:

The Board of Governors of the Federal Reserve System approves, under the provisions of Section 24A of the Federal Reserve Act, an investment in bank premises, both direct and indirect, of not to exceed \$465,000 by Winnetka Trust and Savings Bank for the purpose of constructing a new bank building.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.

Item No. 4  
3/7/63

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

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

March 7, 1963

Board of Directors,  
Liberty State Bank,  
Hamtramck, Michigan.

Gentlemen:

This refers to your request for permission, under applicable provisions of your condition of membership numbered 1, to exercise fiduciary powers.

Following consideration of the information submitted, the Board of Governors of the Federal Reserve System grants permission to Liberty State Bank to exercise the fiduciary powers now or hereafter authorized by its charter and the laws of the State of Michigan.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.

Item No. 5  
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BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON 25, D. C.

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

March 7, 1963



AIR MAIL

Mr. O. O. Wyrick, Vice President,  
Federal Reserve Bank of St. Louis,  
St. Louis 66, Missouri.

Dear Mr. Wyrick:

In accordance with the request contained in your letter of February 26, 1963, the Board approves the designation of Charles Ray Halbrook as a special assistant examiner for the Federal Reserve Bank of St. Louis.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.

Item No. 6  
3/7/63BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON 25, D. C.ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

March 7, 1963

AIR MAIL

Mr. P. W. Cavan, Vice President,  
Federal Reserve Bank of San Francisco,  
San Francisco 20, California.

Dear Mr. Cavan:

In accordance with the request contained in your letter of February 27, 1963, the Board approves the appointment of Clete F. Eberhardt as an assistant examiner for the Federal Reserve Bank of San Francisco. Please advise the effective date of the appointment.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.