

Minutes for April 5, 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

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, April 5, 1963. The Board met in the Board Room at 10:00 a.m.

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

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
Mr. Noyes, Director, Division of Research and
Statistics
Mr. Brill, Adviser, Division of Research and
Statistics
Mr. Solomon, Associate Adviser, Division of
Research and Statistics
Mr. Furth, Adviser, Division of International
Finance
Mr. Sammons, Adviser, Division of International
Finance
Mr. Katz, Associate Adviser, Division of
International Finance
Mr. Mattras, General Assistant, Office of the
Secretary
Mr. Yager, Chief, Government Finance Section,
Division of Research and Statistics
Mr. Axilrod, Senior Economist, Division of
Research and Statistics
Miss Dingle, Senior Economist, Division of Research
and Statistics
Mr. Goldstein, Economist, Division of International
Finance

Money market review. There had been distributed a table summarizing monetary developments during the five-week period ended April 3, 1963.

Mr. Yager reported on recent developments in the money market, with emphasis on Treasury financing operations, following which Mr. Axilrod

4/5/63

-2-

discussed bank reserves, bank credit, and related matters. Mr. Goldstein then reported on developments in the foreign exchange market, following which Mr. Katz commented on the proposed budget of the United Kingdom.

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

Mr. Hackley, General Counsel
 Mr. Solomon, Director, Division of Examinations
 Mr. Leavitt, Assistant Director, Division of
 Examinations

Discount rates. The establishment without change by the Federal Reserve Banks of New York, Philadelphia, and San Francisco on April 4, 1963, 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.

Items distributed 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 Attorneys for Capital Exchange Corporation, a Texas corporation, granting a determination exempting the corporation from all holding company affiliate requirements except those contained in section 23A of the Federal Reserve Act.	1
Telegram to the Federal Reserve Agent at Richmond authorizing the issuance of a limited permit to Virginia Commonwealth Corporation, Richmond, Virginia, to vote its stock of The Bank of Virginia, Richmond, Virginia.	2

4/5/63

-3-

Report on competitive factors (Silver Spring-Baltimore, Maryland).

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 Canton National Bank, Baltimore, Maryland, into American National Bank of Silver Spring, Silver Spring, Maryland.

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

The proposed merger of The Canton National Bank, Baltimore, into American National Bank of Silver Spring would not eliminate any existing competition and might stimulate competition between the continuing bank and some of Maryland's largest banks which operate in applicants' service areas.

The meeting then adjourned.

Secretary's Notes: Governor Shepardson reported to the Secretary later in the day that, pursuant to the discussion at the meeting of the Board on March 25, 1963, he had requested Mr. Robert F. Leonard, a former member of the Board's staff, to review Governor Robertson's memorandum of December 4, 1962, relating to the supervision and examination of Federal Reserve Banks and the several staff and accounting firm memoranda that had been submitted to the Board commenting on Governor Robertson's proposal, with a view to his (Mr. Leonard's) submitting to Governor Shepardson a memorandum of his views regarding the proposal. It was understood that Mr. Leonard would be reimbursed for his services in connection with this matter on the basis of the normal rates for services of consultants.

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

4/5/63

Appointments

David L. Stone as Law Clerk (Summer), Legal Division, with basic annual salary at the rate of \$4,565, effective the date of entrance upon duty.

Isaac White as Messenger, Division of Administrative Services, with basic annual salary at the rate of \$3,245, effective the date of entrance upon duty.

Charla Jo Hall, Key Punch Operator (Trainee), Division of Data Processing, with basic annual salary at the rate of \$3,560, effective the date of entrance upon duty.

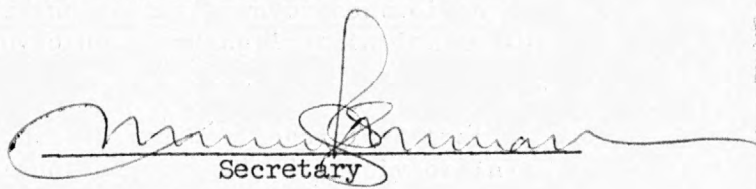
Salary increase

Suzanne D. Courtright, from \$4,250 to \$4,565 per annum, with a change in title from Statistical Clerk to Statistical Assistant, Division of Research and Statistics, effective April 14, 1963.

Acceptance of resignation

Barbara Sills, Statistical Clerk, Division of Research and Statistics, effective at the close of business April 12, 1963.

Governor Shepardson today noted on behalf of the Board a memorandum advising that Charles D. Lindamood, Principal Operating Engineer, Division of Administrative Services, had filed application for retirement, effective May 1, 1963.


Secretary

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

1152
Item No. 1
4/5/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 5, 1963.

Shackleford, Farrior, Stallings, Glos & Evans,
Marine Bank Building,
P. O. Box 3324,
Tampa, Florida.

Attention Mr. Byrne Litschgi, Attorney for
Capital Exchange Corporation.

Gentlemen:

This refers to your letter of April 1, 1963, requesting a determination by the Board of Governors of the Federal Reserve System as to the status of Capital Exchange Corporation as a holding company affiliate.

From information submitted, the Board understands that Capital Exchange Corporation was organized for the purpose of acquiring a diversified group of earnings producing assets; that the major holdings of such Corporation consist of a building in Houston, Texas, and a 93 per cent ownership of Lonestar SA, a Swiss holding company, which owns 90 per cent of the stock of Banque Wittmer of Lausanne, Switzerland; that such Corporation will become a holding company affiliate if and when it acquires a majority of the shares of stock of Springs National Bank of Tampa, Tampa, Florida; and that such Corporation does not, directly or indirectly, own or control any stock of, or manage or control any other banking institution in the United States.

In view of these facts, the Board has determined that Capital Exchange Corporation will not be engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks, or trust companies within the meaning of section 2(c) of the Banking Act of 1933 (12 U.S.C. 221a); and, accordingly, such Corporation will not be deemed to be a holding company affiliate except for the purposes of section 23A of the Federal Reserve Act and will not need a voting permit from the Board of Governors in order to vote the bank stock which it proposes to acquire.

Shackleford, Farrior, Stallings, Glos & Evans

-2-

If, however, the facts should at any time indicate that Capital Exchange Corporation might be deemed to be so engaged, this matter should again be submitted to the Board. The Board reserves the right to rescind this determination and make further determination of this matter at any time on the basis of the then existing facts. Particularly, should future acquisitions by or activities of such Corporation result in its attaining a position whereby the Board may deem desirable a determination that such Corporation is engaged as a business in the holding of bank stock, or the managing or controlling of banks, the determination herein granted may be rescinded.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

TELEGRAM
LEASED WIRE SERVICE

Item No. 2
4/5/63

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

April 5, 1963

HYDE -- RICHMOND

KECEA

- A. Virginia Commonwealth Corporation, Richmond, Virginia.
 - B. The Bank of Virginia, Richmond, Virginia.
 - C. None.
 - D. At any time prior to July 1, 1963, at a special meeting of shareholders of such bank, or any adjournments thereof, to
 - (1) act upon a proposed merger of The Bank of Henrico, Sandston, Virginia, into The Bank of Virginia, Richmond, Virginia, in accordance with the plan of merger adopted by the Boards of Directors of both banks; and
 - (2) act upon a proposed restatement of the charter of The Bank of Virginia, Richmond, Virginia.
- STOP. Please advise Applicant that permission to vote on the proposed merger in no way constitutes any expression of opinion on the merits of such merger or any indication of the Board's views with respect thereto.

(Signed) Elizabeth L. Carmichael
CARMICHAEL

Definition of KECEA:

The Board authorizes the issuance of a limited voting permit, under the provisions of section 5144 of the Revised Statutes of the United States, to the holding company affiliate named below after the letter "A", entitling such organization to vote the stock which it owns or controls of the bank(s) named below after the letter "B", subject to the condition(s) stated below after the letter "C". The permit authorized hereunder is limited to the period of time and the purposes stated after the letter "D". Please proceed in accordance with the instructions contained in the Board's letter of March 10, 1947, (S-964).