

Minutes of the Board of Governors of the Federal Reserve System
on Friday, August 2, 1963. The Board met in the Board Room at 10:00 a.m.

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

Mr. Kenyon, Assistant Secretary
Mr. Cardon, Legislative Counsel
Mr. Fauver, Assistant to the Board
Miss Quick, Secretary, Office of the Secretary

Messrs. Noyes, Brill, Holland, Solomon,
Axilrod, Bernard, and Keir of the
Division of Research and Statistics

Messrs. Hersey, Sammons, Katz, and Gold-
stein of the Division of International
Finance

Money market review. Mr. Bernard discussed the Government securities market and the debt ceiling, Mr. Axilrod commented on bank credit, bank liquidity, bank reserves, and the money supply, and Mr. Goldstein reviewed recent foreign exchange market developments.

After discussion based upon these reports, all members of the staff except Messrs. Kenyon, Fauver, and Sammons and Miss Quick withdrew from the meeting and the following entered the room:

Mr. Hackley, General Counsel
Mr. Hooff, Assistant General Counsel
Mr. Daniels, Assistant Director, Division
of Bank Operations
Mr. Leavitt, Assistant Director, Division
of Examinations

Discount rates. The establishment without change by the Federal Reserve Banks of New York, Philadelphia, Atlanta, Chicago,

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and San Francisco on August 1, 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.

Circulated or distributed items. 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 agreeing to the opening and maintaining by the Bank of an emergency account for the International Monetary Fund.	1
Letter to The Trust Company of New Jersey, Jersey City, New Jersey, approving an extension of time to establish a branch at 2117-2127 Hudson Boulevard.	2
Letter to the Federal Reserve Bank of Richmond approving a change in the classification of member banks in the Fifth District for the purpose of electing Class A and Class B directors.	3
Letter to Gaylord State Bank, Gaylord, Michigan, approving an investment in bank premises.	4
Letter to Tompkins County Trust Company, Ithaca, New York, approving the establishment of a branch in the Triphammer Shopping Center, Town of Lansing.	5
Letter to Long Island Trust Company, Garden City, New York, approving the establishment of a branch at 57-65 Hilton Avenue, for the purpose of conducting the activities of its instalment loan department.	6
Letter to Fidelity-Philadelphia Trust Company, Philadelphia Pennsylvania, approving (1) the establishment of a branch in the 4 Penn Center Plaza Building, 16th Street and Pennsylvania Boulevard, and (2) an investment in bank premises.	7

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	<u>Item No.</u>
Letter to The Annapolis Banking and Trust Company, Annapolis, Maryland, approving the establishment of a branch at Ritchie Highway and McKinsey Road, Anne Arundel County.	8
Letter to Union Bank, Los Angeles, California, approving the establishment of a branch at Ventura and Sepulveda Boulevards.	9
Letter to United California Bank, Los Angeles, California, approving the establishment of a branch in the vicinity of the area bounded by Harrison, Third, Brannan, and Fifth Streets, San Francisco.	10
Letter to the Presidents of all Federal Reserve Banks authorizing the Banks, in their discretion, to advise State member banks of Board approval of extensions of time of less than six months for the establishment of domestic branches.	11

Report on competitive factors (Oil City-Clarion-Mercer, Pennsylvania). There had been distributed a draft of report to the Federal Deposit Insurance Corporation on the competitive factors involved in the proposed merger of First National Bank in Clarion, Clarion, Pennsylvania, and The First National Bank of Mercer, Mercer, Pennsylvania, into The Northwest Pennsylvania Bank & Trust Company, Oil City, Pennsylvania.

Governor Mills commented that, although he was not too familiar with the area, there appeared to be a continuing tendency for the two large banks, including the applicant, to absorb smaller banking institutions. In this context, he would suggest a change in the conclusion of the report to indicate that the Board was aware of the growing concentration of banking resources in the larger banks and the effect

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this proposed merger might have from the standpoint of the remaining smaller banks in the area.

Mr. Leavitt agreed with Governor Mills regarding the trend in this and some other Pennsylvania areas. So far as the instant case was concerned, Mr. Leavitt said the area was having considerable economic problems, with a decrease in population and employment. In these circumstances, the Board had been rendering milder competitive factor reports, having in mind the needs and demands of the area, than might otherwise be the case.

Governor Mills said he realized that there were often underlying factors of this kind that deserved consideration. However, he was of the opinion that the Board's report perhaps should admit the possibility of some adverse effect on the competitive position of the smaller banks.

There being general agreement with this suggestion, the report was approved unanimously for transmittal to the Corporation in a form in which the conclusion read as follows:

The competition existing among the three banks involved in this proposal is not believed to be significant.

The proposed acquisitions by The Northwest Pennsylvania Bank & Trust Company, Oil City, would increase its deposit size substantially and intensify competition between it and the now largest bank serving the area without significant adverse effects on smaller banks.

The meeting then adjourned.

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Secretary's Note: 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:

Appointments

Dora E. Albers as Charwoman, Division of Administrative Services, with basic annual salary at the rate of \$3,245, effective the date of entrance upon duty.

Thomas A. Whitty as Guard, Division of Administrative Services, with basic annual salary at the rate of \$3,820, effective the date of entrance upon duty.

Transfer

Judith M. Golodner, from the position of Secretary in the Division of Personnel Administration to the position of Secretary in the Office of the Secretary, with no change in basic annual salary at the rate of \$5,365, effective August 4, 1963.

Salary increases, effective August 4, 1963

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
<u>Research and Statistics</u>			
Paul W. Kuznets, Economist		\$ 8,045	\$ 8,310
Elizabeth B. Sette, Chief, Economic Editing		11,515	11,880
Mary F. Weaver, Statistical Assistant		6,650	6,835
Starr Preston Morris, Clerk-Typist		4,030	4,135
<u>International Finance</u>			
Rosemary A. Darlington, Research Assistant		5,035	5,205
<u>Examinations</u>			
Evelyn W. Edwards, Secretary		6,835	7,020
<u>Bank Operations</u>			
John B. P. Baird, Analyst		6,900	7,125
Mary Louise Roberts, Statistical Assistant		6,055	6,225

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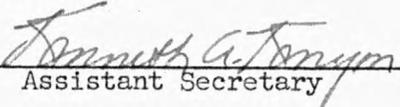
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Salary increases, effective August 4, 1963 (continued)

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
<u>Personnel Administration</u>			
M. Callie Wickline, Nurse		\$6,650	\$6,835
Margaret H. Wolverton, Personnel Assistant		8,310	8,575
<u>Administrative Services</u>			
Margaret E. Jenkins, Cafeteria Helper		3,455	3,560
<u>Data Processing</u>			
Donald B. Fitzhugh, Data Processing Planner		8,575	8,840
Bernard A. Thomasson, Operator, Tabulating Equipment		4,030	4,250

Leave without pay

Michael A. Gomez, Economist, Division of International Finance, for the period from August 18 through September 13, 1963, in order to participate in a technical assistance mission to Brazil sponsored by the Agency for International Development.


Assistant Secretary

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

Item No. 1
8/2/63



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 2, 1963

CONFIDENTIAL (FR)

Mr. H. L. Sanford, Vice President,
Federal Reserve Bank of New York,
New York 45, New York.

Dear Mr. Sanford:

This is to advise, in response to your letter of July 18, 1963, that the Board of Governors is agreeable to the opening and maintaining by your Bank of an emergency account for the International Monetary Fund, to be operated substantially as described in the draft letter from the Fund to your Bank that was enclosed with your letter.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

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

Item No. 2
8/2/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 2, 1963

Board of Directors,
The Trust Company of New Jersey,
Jersey City, New Jersey.

Gentlemen:

The Board of Governors of the Federal Reserve System extends to February 17, 1964, the time within which The Trust Company of New Jersey may establish a branch at 2117-2127 Hudson Boulevard, Jersey City, 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. 3
8/2/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 2, 1963

Mr. Edward A. Wayne, President,
Federal Reserve Bank of Richmond,
Richmond 13, Virginia.

Dear Mr. Wayne:

As recommended in your letter of July 19, 1963, the Board has changed the classification of member banks in the Fifth District, for the purpose of electing Class A and Class B Directors, to the following:

<u>Group</u>	<u>Banks with Capital and Surplus of:</u>
1	\$2,700,000 or more
2	\$575,000 but less than \$2,700,000
3	Less than \$575,000

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

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

Item No. 4
8/2/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 2, 1963

Board of Directors,
Gaylord State Bank,
Gaylord, Michigan.

Gentlemen:

The Board of Governors of the Federal Reserve System approves, pursuant to Section 24A of the Federal Reserve Act, an investment in bank premises, both direct and indirect, of not to exceed \$250,000 by Gaylord State Bank for the purpose of constructing new banking quarters. This amount includes \$25,000 which is the entire capital stock of a building corporation to be organized for the purpose of owning and operating the new bank building.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.





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

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Item No. 5
8/2/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 2, 1963

Board of Directors,
Tompkins County Trust Company,
Ithaca, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch in the Triphammer Shopping Center (Unincorporated Area), Town of Lansing, Tompkins County, New York, by Tompkins County Trust Company, 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.

(The letter to the Reserve Bank stated that the Board also had approved a six-month extension of the period allowed to establish the branch; and that if an extension should be requested, the procedure prescribed in the Board's letter of November 9, 1962 (S-1846), should be followed.)

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

Item No. 6
8/2/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 2, 1963

Board of Directors,
Long Island Trust Company,
Garden City, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch at 57-65 Hilton Avenue, Garden City, New York, for the purpose of conducting the activities of its instalment loan department by Long Island Trust Company, 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.

(The letter to the Reserve Bank stated that the Board also had approved a six-month extension of the period allowed to establish the branch; and that if an extension should be requested, the procedure prescribed in the Board's letter of November 9, 1962 (S-1846), should be followed.)

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

Item No. 7
8/2/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 2, 1963



Board of Directors,
Fidelity-Philadelphia Trust Company,
Philadelphia, Pennsylvania.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch by Fidelity-Philadelphia Trust Company, Philadelphia, Pennsylvania, in the 4 Penn Center Plaza Building, S. W. corner of 16th Street and Pennsylvania Boulevard, Philadelphia, Pennsylvania, provided the branch is established within one year from the date of this letter.

The Board of Governors also approves, under the provisions of Section 24A of the Federal Reserve Act, an additional investment of \$155,000 in bank premises incident to the establishment of the branch approved in this letter.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

(The letter to the Reserve Bank stated that the Board also had approved a six-month extension of the period allowed to establish the branch; and that if an extension should be requested, the procedure prescribed in the Board's letter of November 9, 1962 (S-1846), should be followed.)

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

Item No. 8
8/2/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 2, 1963

Board of Directors,
The Annapolis Banking and Trust Company,
Annapolis, Maryland.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch by The Annapolis Banking and Trust Company, Annapolis, Maryland, at the western corner of Ritchie Highway and McKinsey Road, Anne Arundel County, Maryland, 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.

(The letter to the Reserve Bank stated that the Board also had approved a six-month extension of the period allowed to establish the branch; and that if an extension should be requested, the procedure prescribed in the Board's letter of November 9, 1962 (S-1846), should be followed.)



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

Item No. 9
8/2/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 2, 1963

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

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch by Union Bank, Los Angeles, California, at the northeast corner of Ventura and Sepulveda Boulevards, Los Angeles, California, 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.

(The letter to the Reserve Bank stated that the Board also had approved a six-month extension of the period allowed to establish the branch; and that if an extension should be requested, and procedure prescribed in the Board's letter of November 9, 1962 (S-1846), should be followed.)





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

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Item No. 10
8/2/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 2, 1963

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

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch by United California Bank in the vicinity of the area bounded by Harrison, Third, Brannan, and Fifth Streets, San Francisco, California, 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.

(The letter to the Reserve Bank stated that the Board also had approved a six-month extension of the period allowed to establish the branch; and that if an extension should be requested, the procedure prescribed in the Board's letter of November 9, 1962 (S-1846), should be followed.)

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

S-1882

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

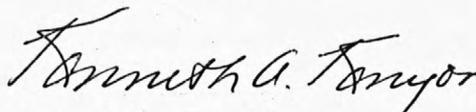
August 2, 1963.

Dear Sir:

In connection with the granting of extensions of time in which State member banks may establish domestic branches, the question has been presented whether the Reserve Bank may, under the provisions of the Board's letter of November 9, 1962 (FRLS #3576), advise the applicant of an extension of less than six months.

In any case in which the Reserve Bank concludes that the State member bank does not need the full additional six months, the Reserve Bank is authorized to notify the applicant of an extension of less than six months. Further extensions should not result in the total extensions aggregating more than the six-month extension approved by the Board in the first instance.

Very truly yours,



Kenneth A. Kenyon,
Assistant Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS

