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Minutes for December 20, 1963

To: Members of the Board

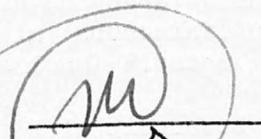
From: Office of the Secretary

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

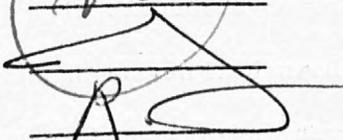
It is not proposed to include a statement with respect to any of the entries in this set of minutes in the record of policy actions required to be maintained pursuant to section 10 of the Federal Reserve Act.

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.

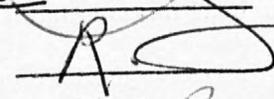
Chm. Martin



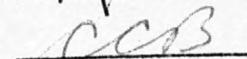
Gov. Mills



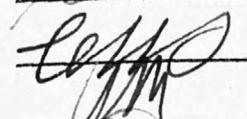
Gov. Robertson



Gov. Balderston



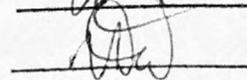
Gov. Shepardson



Gov. Mitchell



Gov. Daane



Minutes of a meeting of the available members of the Board of Governors of the Federal Reserve System on Friday, December 20, 1963.

The meeting was held in the Board Room at 10:00 a.m.

PRESENT: Mr. Robertson, Acting Chairman
Mr. Mitchell
Mr. Daane

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Young, Adviser to the Board and Director,
Division of International Finance
Mr. Molony, Assistant to the Board
Mr. Cardon, Legislative Counsel
Mr. Fauver, Assistant to the Board
Mr. Noyes, Director, Division of Research and
Statistics
Mr. Koch, Associate Director, Division of
Research and Statistics
Mr. Brill, Adviser, Division of Research and
Statistics
Mr. Holland, Adviser, Division of Research
and Statistics
Mr. Hersey, Adviser, Division of International
Finance
Mr. Eckert, Chief, Banking Section, Division
of Research and Statistics
Mr. Axilrod, Senior Economist, Division of
Research and Statistics
Mr. Keir, Senior Economist, Division of
Research and Statistics
Mr. Goldstein, Economist, Division of
International Finance

Money market review. Mr. Keir discussed developments in the Government securities market, Mr. Koch summarized credit developments, and Mr. Goldstein reviewed foreign exchange market developments. Distributed material, referred to during the course of these comments, included data on dealer financing and dealer holdings of Treasury bills in selected periods along with a summary of monetary developments in the four-week period ended December 18, 1963.

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Following discussion based on the staff reports, all of the members of the staff who had been present except Messrs. Sherman, Kenyon, Molony, and Noyes withdrew from the meeting. Messrs. Hackley, General Counsel, and Hexter, Assistant General Counsel, joined the meeting.

The following actions were taken subject to ratification at the next meeting of the Board at which a quorum was present:

Discount rates. The establishment without change by the Federal Reserve Banks of New York, Philadelphia, Chicago, and San Francisco on December 19, 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 item. Unanimous approval was given to a letter to Security Savings Bank, Marshalltown, Iowa, approving the establishment of a branch at Green Mountain provided the bank's proposed purchase of assets and assumption of liability to pay deposits in Producers Savings Bank, Green Mountain, was approved and consummated. A copy of the letter is attached as Item No. 1.

Call report. Acting Chairman Robertson reported the receipt of telephone calls from staff members of the Federal Deposit Insurance Corporation who expressed some concern that unless the Acting Chairman of the Board of Governors went along with the selection of the close of business December 20, 1963, as the date for the December call for reports of condition from insured banks, the date would be selected by one

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individual (the Comptroller of the Currency) serving in two capacities, that is, as Comptroller and as Acting Chairman of the Board of Directors of the Federal Deposit Insurance Corporation. This, it was thought, might create a legal situation that would jeopardize the validity of the deposit insurance assessment. Consequently, the representatives of the Corporation inquired whether the Acting Chairman of the Board of Governors would go along with the selection of the date, although indicating in some manner that he would have preferred another date. Governor Robertson said he had replied that he could not go along with the selection of the date. The callers urged reconsideration of this decision, citing their understanding that Chairman Martin had indicated earlier to Director Wolcott that he would go along with the selection of the date even though he did not like it. This, Governor Robertson said, was not his understanding of the matter.

Governor Robertson went on to say that he did not propose to sign affirmatively the document fixing the date of the call. He would, however, join in the signing of the document issuing the call because in that respect he felt bound by the statute.

Governor Robertson then suggested consideration of the possible issuance of a press statement following the announcement of the call, stating reasons why he, as Acting Chairman of the Board, had dissented from the selection of the call date. He read a draft of such a statement.

Mr. Hackley commented that he and Mr. Hexter concluded that a literal reading of the statute seemed to require a vote on the selection

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of the call date by three officials, or a majority thereof, irrespective of the fact that one official might happen, in certain circumstances, to be serving in two capacities. It appeared that the Congress must have contemplated the possibility that at some point the Comptroller of the Currency would also be serving as Acting Chairman of the Federal Deposit Insurance Corporation. Nevertheless, it appeared to concern the representatives of the Corporation that the Congress may have contemplated that the vote must be by at least two of three individuals. If that was their concern, and for some legal reason the Comptroller might feel disqualified from voting twice, certainly any question on that point apparently could be precluded by having Director Wolcott sign. Then if there was any legal question about the Comptroller being disqualified from voting twice, Mr. Wolcott would in effect have signed as Acting Chairman of the Corporation.

After discussion, Governor Robertson stated that he proposed to have the Board's Secretary call the representatives of the Federal Deposit Insurance Corporation and advise that it continued to be his (Governor Robertson's) position as Acting Chairman of the Board that he would not sign affirmatively the document setting the date of December 20 for the call. No objection to this procedure was expressed by the other members of the Board.

There ensued further discussion of the possible issuance of a press statement and of the alternative possibility of having the Federal

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Reserve Banks include a statement in their mailings to member banks concerning the call. At the suggestion of Acting Chairman Robertson, however, no decision was made at this meeting, and it was understood that the staff would continue work on a draft of possible press statement for consideration at another meeting in the light of developments.

The meeting then adjourned.

Secretary's Note: Acting in the absence of Governor Shepardson, Governor Robertson today approved on behalf of the Board the following items:

Letter to the Federal Reserve Bank of Chicago (attached Item No. 2) approving the designation of six employees as special assistant examiners.

Letter to the Federal Reserve Bank of Chicago (attached Item No. 3) approving the appointment of John C. Siragusa as assistant examiner.

Letter to the Federal Reserve Bank of San Francisco (attached Item No. 4) approving the appointment of Gust H. Zumas as assistant examiner.

Letter to Dr. Frederic D. Chapman confirming arrangements for him to conduct the annual physical examination of all employees in the Board's cafeteria during 1964, at a fee of \$125.

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

Appointment

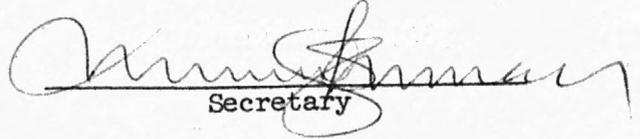
Mary C. Schiller as Draftsman Trainee in the Division of Research and Statistics, with basic annual salary at the rate of \$3,820, effective the date of entrance upon duty.

Outside activities

Johnny Samuel Fox, Jr., Messenger, Division of Administrative Services, to work part time as a stock clerk at a local department store.

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James T. Jones, Messenger, Division of Administrative Services,
to work part time as a porter and chauffeur for a local drug store.


Secretary

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Item No. 1
12/20/63

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 20, 1963



Board of Directors,
Security Savings Bank,
Marshalltown, Iowa.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Security Savings Bank, Marshalltown, Iowa, of a branch (bank office) at Green Mountain, Iowa, providing the proposed purchase of assets of and assumption of liability to pay deposits made in Producers Savings Bank, Green Mountain, Iowa, by Security Savings Bank, Marshalltown, Iowa, is approved and consummated.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 2
12/20/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 20, 1963.

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

Dear Mr. Ross:

In accordance with the request contained in your letter of December 12, 1963, the Board approves the designation of the following employees as special assistant examiners for the Federal Reserve Bank of Chicago for the purpose of participating in examinations of State member banks:

Cecchini, Angelo R.
Cullen, Jerry F.
Cullen, Wallace L.
Grube, Jerome L.
Phillips, John R.
Sharer, John A.

Appropriate notations have been made on our records of the names to be deleted from the list of special assistant examiners.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

Item No. 3
12/20/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 20, 1963.

Mr. Leland Ross, Vice President,
Federal Reserve Bank of Chicago,
Chicago, Illinois 60690.

Dear Mr. Ross:

In accordance with the request contained in your letter of December 16, 1963, the Board approves the appointment of John C. Siragusa as an assistant examiner for the Federal Reserve Bank of Chicago. Please advise the effective date of the appointment.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

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Item No. 4
12/20/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 20, 1963.

Mr. E. H. Galvin, Vice President,
Federal Reserve Bank of San Francisco,
San Francisco, California.

Dear Mr. Galvin:

In accordance with the request contained in Mr. Cavan's letter of December 12, 1963, the Board approves the appointment of Gust H. Zumas as an assistant examiner for the Federal Reserve Bank of San Francisco. Please advise the effective date of the appointment.

It is noted that Mr. Zumas' sister is employed in the Price, Utah branch of Walker Bank & Trust Company, Salt Lake City, Utah, a State member bank. Accordingly, the Board's approval of Mr. Zumas' appointment is given with the understanding that he will not participate in any examination of the office of that bank to which his sister is assigned so long as she is employed by that institution.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

