Minutes for December 30, 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
Money market review. Mr. Yager commented on the Government securities market, Mr. Eckert discussed credit developments, and Mr. Gemmill reviewed foreign exchange market developments. There was distributed a summary of monetary developments in the four-week period ended December 25, 1963; at the suggestion of Governor Daane, it was agreed that in the future the summary would be expanded to include information on member bank borrowings.
Following discussion based on the staff reports, all of the members of the staff who had been present except Messrs. Sherman, Kenyon, Cardon, Fauver, and Noyes withdrew from the meeting. Messrs. Hackley, General Counsel; Solomon, Director, Division of Examinations; and Dembitz, Associate Adviser, Division of Research and Statistics, entered the meeting at this point.

Ratification of actions. Actions taken at meetings of the available members of the Board on December 20, 23, 24, 26, and 27, 1963, as recorded in the minutes of those meetings, were ratified by unanimous vote.

Report on competitive factors (Lynn-Danvers, Massachusetts). There had been distributed a draft of report to the Comptroller of the Currency on the competitive factors involved in the proposed consolidation of Security Trust Company, Lynn, Massachusetts, and The Danvers National Bank, Danvers, Massachusetts, under the charter of the latter bank. There had also been distributed a memorandum from Mr. Solomon dated November 27, 1963, containing information on the ownership of shares of the banks by mutual savings banks.

Governor Mitchell indicated that the information contained in the December 27 memorandum satisfied the question he had raised previously in connection with this report on competitive factors.

Thereupon, the report was approved unanimously for transmittal to the Comptroller. The conclusion stated therein was as follows:
While the proposed consolidation would eliminate competition existing between the two banks, such competition does not appear significant. There are no significant concentrations of deposits apparent, nor does it appear that the proposed transaction would create such a situation. Smaller banks in the area would not be harmed by the proposed consolidation. On balance, it appears that competitive effects of the proposed consolidation would not be adverse.

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

There had been distributed a draft of report to the Federal Deposit Insurance Corporation on the competitive factors involved in the proposed merger of National Bank of Maryland, Silver Spring, Silver Spring, Maryland, into Citizens Bank of Maryland, Riverdale, Maryland.

In discussion, agreement was expressed with a suggestion that the final sentence of the conclusion of the draft report be deleted. The report was then approved unanimously for transmittal to the Corporation in a form in which the conclusion read as follows:

The proposed merger of Citizens Bank of Maryland, Riverdale, and National Bank of Maryland, Silver Spring, would eliminate the existing and potential competition between the two institutions. However, in view of the relatively small size of the merging institution, consummation of the proposed merger would not significantly alter the banking structure in Montgomery and Prince Georges Counties, nor appreciably affect other banks located in this area.

The meeting then adjourned.

Secretary's Notes: Pursuant to recommendations contained in memoranda from appropriate individuals concerned, Governor Robertson, acting in the absence of Governor Shepardson, today approved on behalf of the Board increases in the basic annual salaries of the following persons on the Board's staff, effective January 5, 1964 (salaries in effect prior to adoption of Board's revised salary schedule on January 5, 1964):
<table>
<thead>
<tr>
<th>Name and Title</th>
<th>Division</th>
<th>Basic annual salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Karl E. Bakke, Senior Attorney</td>
<td>Legal</td>
<td>$15,525 - $16,005</td>
</tr>
<tr>
<td>Emanuel Melichar, Economist</td>
<td>Research and Statistics</td>
<td>11,515 - 11,880</td>
</tr>
<tr>
<td>Lucile R. MacLean, Librarian</td>
<td></td>
<td>7,575 - 7,800</td>
</tr>
<tr>
<td>Robert R. Wyand, II, Economist</td>
<td></td>
<td>6,900 - 7,125</td>
</tr>
<tr>
<td>Richard H. Kaufman, Economist</td>
<td>International Finance</td>
<td>9,475 - 9,790</td>
</tr>
<tr>
<td>Yves Maroni, Senior Economist</td>
<td></td>
<td>15,045 - 15,525</td>
</tr>
<tr>
<td>Frank P. Herigstad, Assistant Federal Reserve Examiner</td>
<td>Examinations</td>
<td>5,205 - 5,375</td>
</tr>
<tr>
<td>Robert G. Sundberg, Review Examiner</td>
<td></td>
<td>11,050 - 11,365</td>
</tr>
<tr>
<td>Mary Frances Gifford, Statistical Clerk</td>
<td>Bank Operations</td>
<td>4,810 - 4,950</td>
</tr>
<tr>
<td>Myron B. Jonsberg, Jr., Analyst</td>
<td></td>
<td>5,035 - 5,540</td>
</tr>
<tr>
<td>Mary E. Dorsey, Senior Editorial Assistant</td>
<td>Administrative Services</td>
<td>7,020 - 7,205</td>
</tr>
<tr>
<td>R. A. Windsor, Assistant Supervisor, Motor Transport Unit</td>
<td></td>
<td>5,325 - 5,595</td>
</tr>
<tr>
<td>Willard D. Creasey, Chauffeur</td>
<td></td>
<td>4,846 - 5,096</td>
</tr>
<tr>
<td>Carlton C. Poling, Chauffeur</td>
<td></td>
<td>4,846 - 5,096</td>
</tr>
<tr>
<td>Lloyd F. White, Chauffeur</td>
<td></td>
<td>4,846 - 5,096</td>
</tr>
</tbody>
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Attached as Item No. 1 is a copy of a letter sent today to the Federal Reserve Bank of Richmond approving a special Grade 16 maximum of $17,500 in the salary structure applicable to the Bank’s head office. This action on the Bank’s request reflected the indication

1/ These positions being under Wage Board Schedule, the salaries would not be subject to further adjustment effective January 5, 1964.
in the Board's letter to the Reserve Banks of November 18, 1963 (approved by the Board on November 13, 1963), that such a special maximum would be approved for any Bank requesting it.

Attached as Item No. 2 is a copy of a letter sent today to Haskins & Sells, Washington D. C., requesting that firm to undertake an audit of the books and accounts of the Board of Governors for the year 1963.
CONFIDENTIAL (FR)

Mr. Edward A. Wayne, President,
Federal Reserve Bank of Richmond,
Richmond, Virginia. 23213

Dear Mr. Wayne:

The Board of Governors has approved a special Grade 16 maximum of $17,500 in the salary structure applicable to the Head Office of the Federal Reserve Bank of Richmond, effective immediately, as requested in your letter of December 19, 1963.

Very truly yours,

Merritt Sherman,
Secretary.
Gentlemen:

It is requested that your firm undertake, as promptly after January 1, 1964, as is convenient, an audit of the books and accounts of the Board of Governors of the Federal Reserve System for the year 1963.

No restrictions have been or will be placed by the Board upon your firm as to the scope of the audit or the manner in which it is to be conducted, and you will make the audit as extensive and in such manner as appears to you to be desirable in accordance with generally accepted auditing standards. Compensation will be on the basis of the fees customarily charged by your firm for audit work of this type.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.