

Minutes for January 2, 1964.

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

me

Gov. Mills

[Signature]

Gov. Robertson

[Signature]

Gov. Balderston

CCB

Gov. Shepardson

[Signature]

Gov. Mitchell

[Signature]

Gov. Daane

[Signature]

Minutes of a meeting of the available members of the Board of Governors of the Federal Reserve System on Thursday, January 2, 1964.

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

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

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Noyes, Adviser to the Board
Mr. Molony, Assistant to the Board
Mr. Fauver, Assistant to the Board
Mr. Hackley, General Counsel
Mr. Farrell, Director, Division of Bank Operations
Mr. Solomon, Director, Division of Examinations
Mr. Smith, Assistant Director, Division of Examinations
Mr. Lyon, Review Examiner, Division of Examinations
Mr. Smith, Review Examiner, Division of Examinations

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

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>
Telegram to the Federal Reserve Agent at Chicago authorizing the issuance of a limited permit to The Greater Iowa Corporation, Des Moines, Iowa, to vote its stock of First National Bank, Cedar Falls, Iowa.	1
Letter to Chairman Patman of the House Banking and Currency Committee regarding the approximate time that would be required by Federal Reserve Banks to assemble information on certain categories of Reserve Bank expenditures, as requested in his letter of December 14, 1963.	2

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Window dressing. There had been distributed to the members of the Board a draft of possible letter to the Editor of the American Banker, New York, New York, referring to an editorial on the subject of window dressing by commercial banks that appeared in the December 30, 1963, issue of the publication. The proposed letter would cite the current discussions of Federal Reserve representatives with member bankers about the window dressing problem, the concern exhibited by the Legal and Monetary Affairs Subcommittee of the House Committee on Government Operations, the concern likewise exhibited by many bankers, and the expression by some bankers of a fear that if they discontinued window dressing their banks would be leap-frogged in the semi-annual listings published in the American Banker showing the banks in the United States according to deposit size at mid-year and year-end dates. The draft letter would suggest the possibility of discontinuing the publication of such listings.

In commenting on the matter, Mr. Farrell indicated that it had been the thought in presenting the proposed letter to the Board for consideration that the recent editorial in the American Banker may have provided a basis for calling attention to the possibility of discontinuing the semi-annual listings, if the Board felt that such a step was desirable.

In discussion, Governor Robertson said that while he would like to see the listings discontinued, it was his feeling that at this juncture it would be better if the American Bankers Association were to make the

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suggestion. If the Board were to make such a suggestion, there might be criticism on the ground that it was attempting to interfere with the press.

Governor Daane agreed with the view that the letter should not be sent. He mentioned as a possible alternative that the subject of the semi-annual listings might be discussed informally by a member of the Board with the Editor of the American Banker, but his preference was to do nothing at this time either in the form of a letter or orally. He suggested, however, that the Board might want to designate a Board member to discuss the subject with a representative of the American Bankers Association.

Governor Robertson was inclined to feel that officials of the Association already had the subject sufficiently in mind. He noted that the Association had recently sent a letter on the subject of window dressing to all banks.

On the question of communicating with the Editor of the American Banker for the purpose of discussing statements in the December 30 editorial to the effect that the window dressing problem was being exaggerated, Governor Mills noted that if the Board began to attempt to answer all editorials that appeared in various sections of the press to which it took exception, this would give rise to undue debate. He noted that it was the unanimous view of the Board members present today that no letter should be written to the Editor of the American Banker

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at this time. He suggested, however, that Governor Robertson might be asked to consider whether at some future time it would appear desirable in the light of developments to enter into informal conversation with the Editor of the American Banker on the question of the semi-annual listings.

Governor Robertson observed, in this connection, that in his opinion any contact for that purpose at the present time would be inadvisable, and Governors Mills and Daane concurred in this view.

There followed informal discussion of current and prospective developments with regard to the coin shortage, after which the meeting adjourned.

Secretary's Notes: Pursuant to recommendations contained in memoranda from appropriate individuals concerned, Governor Robertson, acting in the absence of Governor Shepardson, approved on behalf of the Board on December 31, 1963, the following actions relating to the Board's staff:

Transfer

Dorothy Duke, from the position of Secretary in the Division of Research and Statistics to the position of Secretary in the Board Members' Offices, with an increase in salary from \$7,205 to \$7,730 per annum (\$8,070 as of January 5, 1964), effective January 5, 1964.

Continuance of half-time employment

Daviette H. Stansbury, employment continued on a half-time basis, with the understanding that this arrangement would be reviewed again at end of 1964; and title changed from Research Assistant to Digital Computer Programmer, Division of Data Processing, effective January 1, 1964.

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

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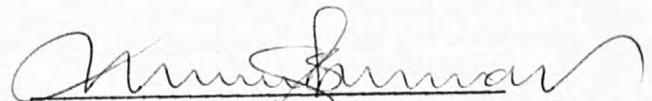
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Letters to all foreign banking and foreign financing corporations calling for reports of condition as of December 31, 1963. Copies of letters to the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Chicago, and San Francisco regarding this call for reports of condition are attached as Items 3 through 8.

Memorandum dated January 2, 1964, from Mr. Young, Adviser to the Board and Director, Division of International Finance, recommending travel for A. B. Hersey, Adviser in the Division of International Finance, to visit the central banks of India and the United Kingdom in connection with his trip to Pakistan in February 1964 to deliver a series of lectures at the SEANZA Banking School. (This was authorized by the Board on September 23, 1963, with the understanding that Mr. Hersey would undertake certain additional foreign visits, to be specified later, during his trip.) The additional amount of time involved was to be about two weeks, making approximately four weeks in all, and it was understood that per diem in accordance with the standardized Government travel regulations would be claimed for travel outside of Pakistan.

Memorandum from the Division of Personnel Administration dated December 31, 1963, recommending that the following persons be reappointed as Consultants, effective as of January 1, 1964, and until December 31, 1964:

E. R. Wicker, Office of the Secretary	\$50 per day, plus necessary travel expenses and per diem of \$16 in lieu of subsistence for all time in travel status
Eugene E. Witherell, Division of Bank Operations	\$70 per day, plus necessary travel expenses and per diem of \$16 in lieu of subsistence for all time in travel status
James W. Allison, Office of Defense Planning	\$15 per day, plus actual travel expenses
Frank J. Keeler, Office of Defense Planning	Actual travel expenses only
Charles F. O. Raikes, Office of Defense Planning	\$25 per day, plus actual travel expenses


Secretary

TELEGRAM
LEASED WIRE SERVICE

Item No. 1
1/2/64

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BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

January 2, 1964.

BRIGGS -- CHICAGO

KECEA

- A. The Greater Iowa Corporation, Des Moines, Iowa.
- B. First National Bank, Cedar Falls, Iowa.
- C. None.
- D. At any time prior to April 1, 1964, at the annual meeting of shareholders of such bank, or any adjournments thereof, to elect directors and to act thereat upon such matters of a routine nature as are ordinarily acted upon at the annual meetings of such bank.

(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).



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

A. L. MILLS, JR.
MEMBER OF THE BOARD

January 2, 1964.

The Honorable Wright Patman,
Chairman,
Committee on Banking and Currency,
House of Representatives,
Washington, D. C. 20515

Dear Mr. Chairman:

As requested in your letter of December 14, 1963, the list of questions that you enclosed relating to expenditures of the Federal Reserve Banks was transmitted to the Presidents of the Banks with a request that they advise promptly of an approximate date by which the information desired by you could be assembled.

On the basis of responses received from the Reserve Bank Presidents, it appears that the reports for all of the Banks will have been received in Washington during the first half of February.

The amount of work involved in assembling the information you have requested varies from Bank to Bank, of course, and the response from each Bank will be delivered to you as promptly as it is completed.

Sincerely yours,

(Signed) A. L. Mills, Jr.

A. L. Mills, Jr.,
Acting Chairman.

Item No. 3
1/2/64

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



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 3, 1964.

Mr. Luther M. Hoyle, Jr., Vice President,
Federal Reserve Bank of Boston,
Boston, Massachusetts. 02106

Dear Mr. Hoyle:

Enclosed is a copy of a letter dated today, addressed to Boston Overseas Financial Corporation, calling for a report of condition as of December 31, 1963. You will observe that the letter requests that the report called for be submitted in duplicate to the Federal Reserve Bank for transmittal to the Board of Governors.

Upon receipt of the report it will be appreciated if you will have a proof made of the footings and obtain the correction of any obvious errors in the report. Please forward the original copy of the report to the Board and retain a copy for your files.

A complete review of the report will be made in the Board's Division of Examinations, and any correspondence which may be necessary as a result thereof will be initiated by the Board with a copy to you for your information.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

Enclosures.

Item No. 4
1/2/64

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



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 3, 1964

Mr. Howard D. Crosse, Vice President,
Federal Reserve Bank of New York,
New York, New York. 10045

Dear Mr. Crosse:

Enclosed are copies of letters calling for reports of condition as of December 31, 1963, from the following foreign banking and foreign financing corporations in the Second District operating under the provisions of Section 25 and Section 25(a) of the Federal Reserve Act:

Bankers Company of New York
The Gallatin Company, Inc.
International Banking Corporation
Virgin Islands National Bank
Bamerical International Financial Corporation
Bank of America
Bank of Boston International
Bankers International Corporation
Bankers International Financing Company, Inc.
Chase International Investment Corporation
Chase Manhattan Overseas Banking Corporation
Chemical International Banking Corporation
Chemical International Finance, Ltd.
Continental Bank International
First Chicago International Banking Corporation
First National City Overseas Investment Corporation
Irving International Banking Corporation
Irving International Financing Corporation
Manufacturers Hanover International Banking Corporation
Manufacturers Hanover International Finance Corporation
Marine Midland International Corporation
Morgan Guaranty International Banking Corporation
Morgan Guaranty International Finance Corporation
Northwest International Bank
Western Bancorporation International Bank

Mr. Howard D. Crosse

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You will observe that the letters request that the reports called for be submitted in duplicate to the Federal Reserve Bank for transmittal to the Board of Governors.

Upon receipt of the reports it will be appreciated if you will have a proof made of the footings and obtain the correction of any obvious errors in the reports. Please forward the original copy of the reports to the Board and retain a copy for your files.

A complete review of the reports will be made in the Board's Division of Examinations, and any correspondence which may be necessary as a result thereof will be initiated by the Board with a copy to you for your information.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

Enclosures.

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

Item No. 5
1/2/64



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 3, 1964.

Mr. Joseph R. Campbell, Vice President,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania. 19101

Dear Mr. Campbell:

Enclosed are copies of letters dated today, addressed to First Pennsylvania Overseas Finance Corporation, Philadelphia International Investment Corporation, and The Company for Investing Abroad; calling for reports of condition as of December 31, 1963. You will observe that the letters request that the reports called for be submitted in duplicate to the Federal Reserve Bank for transmittal to the Board of Governors.

Upon receipt of the reports it will be appreciated if you will have a proof made of the footings and obtain the correction of any obvious errors in the reports. Please forward the original copy of the reports to the Board and retain a copy for your files.

A complete review of the reports will be made in the Board's Division of Examinations, and any correspondence which may be necessary as a result thereof will be initiated by the Board with a copy to you for your information.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

Enclosures.

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

Item No. 6
1/2/64



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 3, 1964.

Mr. Paul C. Stetzelberger, Vice President,
Federal Reserve Bank of Cleveland,
Cleveland, Ohio. 44101

Dear Mr. Stetzelberger:

Enclosed is copy of a letter dated today, addressed to Mellon International Finance Corporation, calling for report of condition as of December 31, 1963. You will observe that the letter requests that the report called for be submitted in duplicate to the Federal Reserve Bank for transmittal to the Board of Governors.

Upon receipt of the report it will be appreciated if you will have a proof made of the footings and obtain the correction of any obvious errors in the report. Please forward the original copy of the report to the Board and retain a copy for your files.

A complete review of the report will be made in the Board's Division of Examinations, and any correspondence which may be necessary as a result thereof will be initiated by the Board with a copy to you for your information.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

Enclosures.

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

Item No. 7
1/2/64



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 3, 1964.

Mr. Leland Ross, Vice President,
Federal Reserve Bank of Chicago,
Chicago 90, Illinois.

Dear Mr. Ross:

Enclosed are copies of letters dated today, addressed to Continental International Finance Corporation, First Chicago International Finance Corporation and Manufacturers-Detroit International Corporation, calling for a report of condition as of December 31, 1963. You will observe that the letters request that the reports called for be submitted in duplicate to the Federal Reserve Bank for transmittal to the Board of Governors.

Upon receipt of the reports it will be appreciated if you will have a proof made of the footings and obtain the correction of any obvious errors in the reports. Please forward the original copy of the reports to the Board and retain a copy for your files.

A complete review of the reports will be made in the Board's Division of Examinations, and any correspondence which may be necessary as a result thereof will be initiated by the Board with a copy to you for your information.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

Enclosures.

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

Item No. 8
1/2/64



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 3, 1964.

Mr. E. H. Galvin, Vice President,
Federal Reserve Bank of San Francisco,
San Francisco, California. 94120

Dear Mr. Galvin:

Enclosed are copies of letters dated today, addressed to International Bank of Commerce and Wells Fargo Bank International Corporation, calling for reports of condition as of December 31, 1963. You will observe that the letters request that the reports called for be submitted in duplicate to the Federal Reserve Bank for transmittal to the Board of Governors.

Upon receipt of the reports it will be appreciated if you will have a proof made of the footings and obtain the correction of any obvious errors in the reports. Please forward the original copy of the reports to the Board and retain a copy for your files.

A complete review of the reports will be made in the Board's Division of Examinations, and any correspondence which may be necessary as a result thereof will be initiated by the Board with a copy to you for your information.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

Enclosures.