

Minutes for April 21, 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

M

Gov. Mills

[Signature]

Gov. Robertson

ccsB

Gov. Balderston

[Signature]

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 Tuesday, April 21, 1964. The meeting was held in the Board room at 10:00 a.m.

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

Mr. Sherman, Secretary  
Mr. Kenyon, Assistant Secretary  
Mr. Cardon, Legislative Counsel  
Mr. Fauver, Assistant to the Board  
Mr. Hackley, General Counsel  
Mr. Farrell, Director, Division of Bank Operations  
Mr. Johnson, Director, Division of Personnel Administration  
Mr. Leavitt, Assistant Director, Division of Examinations  
Mr. Thompson, Assistant Director, Division of Examinations  
Mr. Sprecher, Assistant Director, Division of Personnel Administration  
Mr. Spencer, General Assistant, Office of the Secretary

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

Circulated or distributed items. The following items, copies of which are attached to these minutes under the respective item numbers indicated, were approved unanimously:

Item No.

Letter to The Montana Corporation, Great Falls, Montana, granting a determination exempting it from all holding company affiliate requirements except for purposes of section 23A of the Federal Reserve Act.

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Item No.

Letter to Chairman Robertson of the Senate Banking and Currency Committee reporting on S. 2716, a bill that would require the Treasury to redeem silver certificates with silver dollars, and S. 2717, a bill that would double the monetary value of silver. 2

Letter to the Federal Reserve Bank of Atlanta approving adjustments in the salary structures applicable to employees at the head office and the Birmingham, New Orleans, Jacksonville, and Nashville Branches. 3

With respect to Item No. 1, Governor Robertson stated that despite personal reservations he voted for approval on the basis the case clearly fell within the Board's policy applicable to so-called one-bank cases. He pointed out that a situation of this kind would be prohibited under the proposed amended definition of a bank holding company in the Bank Holding Company Act that had been recommended by the Board to the Congress.

It was understood that Item No. 2, commenting on certain pending silver legislation, would be checked by Mr. Cardon with the Fiscal Assistant Secretary of the Treasury before being transmitted to Chairman Robertson.

Study of central bank cooperation. Mr. Kenyon reported that Stephen V. O. Clarke, Special Assistant at the Federal Reserve Bank of New York, had requested access to files of the Board for the period 1924-1926 concerning relations between the Federal Reserve and the central banks of England, France, and Germany. It was understood from the Reserve

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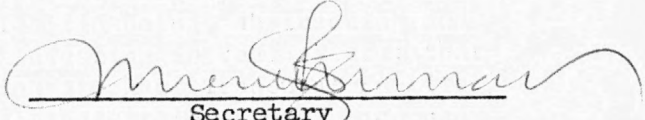
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Bank that Mr. Clarke's request was in conjunction with an official Bank study of central bank cooperation in the 1924-1931 period, with a view to the possibility of eventual issuance of a Reserve Bank publication.

Following discussion, it was agreed that the pertinent file material should be made available to Mr. Clarke, subject to the understanding that there would be an opportunity for the Board to review the manner in which any such material was to be used prior to the issuance of a Reserve Bank publication.

The meeting then adjourned.

Secretary's Note: Attached as Items 4 and 5 are copies of letters sent today to Bankers International Financing Company, Inc., New York, New York, and Continental International Finance Corporation, Chicago, Illinois, pursuant to the understanding at the Board meeting on April 9, 1964, relating to rescission of a condition imposed by the Board when it originally authorized certain investments.

  
Secretary

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

Item No. 1  
4/21/64

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

April 21, 1964.

Mr. W. Harold Knehans,  
Executive Vice President,  
The Montana Corporation,  
Great Falls, Montana.

Dear Mr. Knehans:

This refers to the request contained in a letter dated March 10, 1964, submitted through the Federal Reserve Bank of Minneapolis, for a determination by the Board of Governors of the Federal Reserve System as to the status of The Montana Corporation as a holding company affiliate.

From information presented, the Board understands that the object and purpose of The Montana Corporation is the acquisition of different business organizations which provide certain financial, commercial and industrial services, and which, though interrelated and integrated, represent a diversification of enterprise; that The Montana Corporation's Allied Industrial Division provides interim financing of industrial construction operations; that The Montana Corporation is the parent company of subsidiaries which are engaged in installment sales financing, abstracting and the writing of title insurance, and investing in real estate; that it owns 14 per cent of the outstanding stock of Transwestern Life Insurance Company, Billings, Montana; that it is a holding company affiliate by reason of the fact that it owns 2,890 (96.3 per cent) of the 3,000 outstanding shares of stock of Commerce Bank & Trust Company, Helena, Montana; and that it does not, directly or indirectly, own or control any stock of, or manage or control, any other banking institution.

In view of these facts, the Board has determined that The Montana Corporation is not 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, is not deemed to be a holding company affiliate except for the purposes of Section 23A of the Federal Reserve Act and it will not need a voting permit from the Board of Governors in order to vote the bank stock which it owns.

Mr. W. Harold Knehans

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If, however, the facts should at any time indicate that The Montana 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 determinations of this matter at any time on the basis of the then existing facts, including additional acquisitions of bank stocks even though not constituting control.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,  
Assistant Secretary.



BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

Item No. 2  
4/21/64

OFFICE OF THE CHAIRMAN

April 23, 1964

The Honorable A. Willis Robertson,  
Chairman, Committee on Banking and Currency,  
United States Senate,  
Washington, D. C. 20510.

Dear Mr. Chairman:

This is in reply to your request for the Board's comments on S. 2716, which would require the Treasury to redeem silver certificates with silver dollars, not silver bullion, and S. 2717, which would double the monetary value of silver. The Board would oppose both bills because they would tend to aggravate the already serious coin shortage.

If S. 2716 became law without any change being made in the monetary value of silver, presumably the effect would be to force the Congress to appropriate funds for coining silver dollars. If it were not for the present coin shortage, this would seem to be a commendable response by the Government to the desires of those Westerners with a traditional fondness for this form of coin. But, under the present circumstances, coining silver dollars will reduce production of other coins more sorely needed.

S. 2717, in conjunction with existing legislation, would prevent the Treasury from selling silver bullion until its market price doubles. Redemptions of silver certificates with silver at the present monetary value of \$1.2929 an ounce act as a ceiling on the market price today. If this source of supply were not available to silver users, the market price presumably would rise. In that event, it would soon become profitable to melt down silver dollars, and undoubtedly it would become profitable later to melt down subsidiary silver coins. This, of course, would add to the difficulties the Government now faces in its efforts to supply the demand for coins.

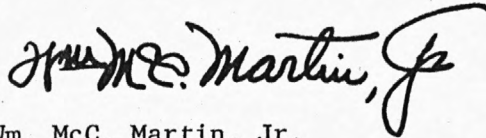
The apparent objective of the two bills is to place more silver dollars in circulation without running the risk of their being melted down. But issuing silver dollars and subsidiary silver coins with a reduced silver content would tend to drive out of circulation the more valuable coins, including silver

The Honorable A. Willis Robertson -2-

dollars, now circulating. This would serve only to worsen the shortage of silver dollars that is disturbing some Western areas, as well as the shortage of other silver coins that plagues the entire country.

The Board's views on these questions were set forth more fully in response to your request for comments on S. 2671; for ready reference, a copy of my letter of April 1 transmitting those views is enclosed.

Sincerely yours,



Wm. McC. Martin, Jr.

Enclosure



BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 3  
4/21/64

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

April 21, 1964

CONFIDENTIAL (FR)

Mr. Harold T. Patterson,  
First Vice President and General Counsel,  
Federal Reserve Bank of Atlanta,  
Atlanta, Georgia 30303.

Dear Mr. Patterson:

As requested in your letter of March 19, 1964, the Board of Governors approves the following minimum and maximum salaries for the respective grades of the employees' salary structures at the Federal Reserve Bank of Atlanta and branches, effective April 1, 1964.

Grade	Atlanta		Jacksonville		Nashville	
	Birmingham-New Orleans		Minimum	Maximum	Minimum	Maximum
	Minimum	Maximum				
1						
2	\$2,600	\$3,500	\$2,600	\$3,400	\$2,600	\$3,400
3	2,700	3,600	2,600	3,500	2,600	3,500
4	2,900	3,900	2,700	3,600	2,700	3,600
5	3,100	4,200	2,900	3,900	2,800	3,800
6	3,300	4,500	3,200	4,300	3,000	4,000
7	3,700	5,000	3,600	4,800	3,300	4,500
8	4,200	5,600	4,000	5,400	3,700	5,000
9	4,700	6,300	4,400	6,000	4,100	5,600
10	5,200	7,000	4,800	6,500	4,600	6,200
11	5,700	7,700	5,300	7,200	5,100	6,900
12	6,300	8,500	5,800	7,900	5,700	7,700
13	6,900	9,300	6,400	8,600	6,400	8,600
14	7,700	10,500	7,000	9,500	7,000	9,500
15	8,600	11,600	7,700	10,400	7,700	10,400
16	9,500	12,900	8,400	11,300	8,400	11,300
	10,600	14,400	9,200	12,400	9,200	12,400

Mr. Harold T. Patterson

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The Board approves the payment of salaries within the limits specified for the grades in which the positions of the employees are classified. All employees whose salaries are below the minimum of their grades as a result of these structure increases should be brought within appropriate ranges by July 1, 1964.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 4  
4/21/64

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

April 21, 1954.

Bankers International  
Financing Company, Inc.,  
16 Wall Street,  
New York 15, New York.

Gentlemen:

The Board's letter of February 15, 1963, granting consent for your Corporation to purchase and hold 400 shares of InterAfrica (Liberia) Limited, ("IAL"), Monrovia, Liberia, prescribed certain conditions, including a provision in the third paragraph of the letter that "IAL will not engage in the business of receiving or paying out deposits or accepting drafts or bills of exchange."

In view of the revision of the Board's Regulation K, effective September 1, 1963, the restrictions contained in the third paragraph of the letter are hereby rescinded.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,  
Assistant Secretary.



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

Item No. 5  
4/21/64

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

April 21, 1964.

Continental International  
Finance Corporation,  
231 South LaSalle Street,  
Chicago 90, Illinois.

Gentlemen:

The Board's letter of May 9, 1963, granting consent for your Corporation to purchase and hold 500,000 ordinary shares of Corporation Financiera de Fomento Industrial y Agropecuario (Financiera-Valle), Cali, Colombia, prescribed certain conditions, including a provision in the third paragraph of the letter that "Continental International Finance Corporation will divest itself of its holdings of shares of Financiera-Valle should Financiera-Valle engage, at any time, in a deposit type of business."

In view of the revision of the Board's Regulation K, effective September 1, 1963, the restrictions in the third paragraph of the letter are hereby rescinded.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,  
Assistant Secretary.

