

Minutes for April 22, 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

Gov. Mills

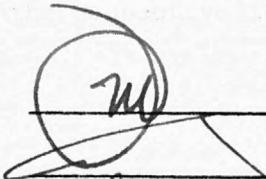
Gov. Robertson

Gov. Balderston

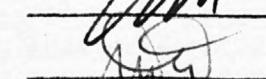
Gov. Shepardson

Gov. Mitchell

Gov. Daane





Minutes of a meeting of the available members of the Board of Governors of the Federal Reserve System on Wednesday, April 22, 1964.

The meeting was held in the Board Room at 10:15 a.m.

PRESENT: Mr. Robertson, Acting Chairman
Mr. Shepardson

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
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. Spencer, General Assistant, Office of the Secretary
Mr. Egertson, Supervisory Review Examiner, Division of Examinations
Mr. McClintock, Supervisory 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:

Circulated 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 Connecticut Bank and Trust Company, Hartford, Connecticut, approving the establishment of a branch at 2775 Main Street.	1
Letter to Peoples Union Bank and Trust Company, McKeesport, Pennsylvania, approving the establishment of a branch in Harrison City.	2
Letter to The Bank of Hartsville, Hartsville, South Carolina, approving the establishment of a branch at 1412-1416 Carolina Avenue in lieu of the branch previously approved by the Board to be established at Carolina Avenue and Cedar Lane.	3

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	<u>Item No.</u>
Letter to the Federal Deposit Insurance Corporation regarding the application of Bremen State Bank, Bremen, Indiana, for continuation of deposit insurance after withdrawal from membership in the Federal Reserve System.	4
Letter to Founders National Bank of Oklahoma City, Oklahoma City, Oklahoma, granting its request for permission to maintain reduced reserves.	5
Letter to South Colorado National Bank of Denver, Denver, Colorado, granting its request for permission to maintain reduced reserves.	6
Letter to the Federal Reserve Bank of Cleveland approving the payment of salaries to three officers assigned to the Cincinnati Branch at rates fixed by the Bank's Board of Directors.	7

High-speed counting equipment (Item No. 8). At the meeting of the Board on March 23, 1964, consideration was given to views expressed by the Conference of Presidents and the Board's Division of Bank Operations on the advantages and disadvantages of using high-speed currency counting equipment at Reserve Banks to verify incoming deposits of predominantly \$1, \$5, and \$10 bills, and whether a uniform System position concerning the utilization of such a procedure would seem desirable. It had been noted that the Federal Reserve Bank of Philadelphia was using such equipment to prove currency deposits, with substantial operating economies but little opportunity for the detection of counterfeits.

In view of differing approaches to the question the Board decided to defer, until a meeting with President Bopp of the Philadelphia Reserve Bank could be held, the sending of a proposed letter to the Chairman of

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the Conference of Presidents that would take the position that a reasonable compromise could be achieved by limiting the use of the high-speed mechanical equipment to \$1 bills as long as there were relatively few counterfeits in that denomination.

At the Board meeting today, Mr. Sherman reported on telephone conversations with President Bopp that took place yesterday afternoon. President Bopp had stated that the Federal Reserve Bank of Philadelphia was that day adopting the practice of limiting the use of its high-speed currency counting equipment to incoming deposits of \$1 bills. This practice would be in line with a recommendation of the Subcommittee on Cash, Leased Wire, and Sundry Operations in which the Conference of Presidents and the Division of Bank Operations had concurred.

In view of the decision made by the Federal Reserve Bank of Philadelphia, it was agreed that a meeting with President Bopp was no longer necessary, and that the proposed letter to the Chairman of the Presidents' Conference should now be sent with minor modifications. A copy of the letter to Chairman Hayes, as sent, is attached as Item No. 8.

The meeting then adjourned.

Secretary's Note: Pursuant to recommendations contained in memoranda from the Division of Administrative Services, Governor Shepardson today approved on behalf of the Board the following actions relating to the Board's staff:

Appointment

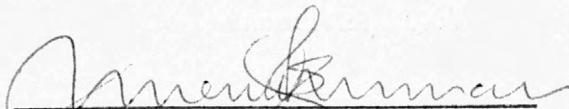
Hubert L. Steward as Messenger, Division of Administrative Services, with basic annual salary at the rate of \$3,305, effective the date of entrance upon duty.

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Salary increase

Margie W. Lakatos, Mailing List Clerk, Division of Administrative Services, from \$3,985 to \$4,215 per annum, effective April 26, 1964.


Secretary

Director, Division of Administrative Services
The Commissioner, New York State
Comptroller
Assistant Comptroller

Chief

Mr. [Name], Division of Administrative Services
By [Name], Chief, Division of Administrative Services
[Name], Comptroller, New York State
[Name], Assistant Comptroller, New York State
[Name], Chief, Division of Administrative Services
[Name], Chief, Division of Administrative Services

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BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 1
4/22/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 22, 1964

Board of Directors,
The Connecticut Bank and Trust
Company,
Hartford, Connecticut.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by The Connecticut Bank and Trust Company, Hartford, Connecticut, of a branch at 2775 Main Street, Hartford, Connecticut, provided the branch is established within one year from the date of this letter.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
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, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 22, 1964



Board of Directors,
Peoples Union Bank and Trust Company,
McKeesport, Pennsylvania.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Peoples Union Bank and Trust Company, McKeesport, Pennsylvania, of a branch in Harrison City (unincorporated), Penn Township, Westmoreland County, Pennsylvania, provided the branch is established within one year from the date of this letter.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
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, D. C. 20551

Item No. 3
4/22/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 22, 1964

Board of Directors,
The Bank of Hartsville,
Hartsville, South Carolina.

Gentlemen:

On June 20, 1963, the Board of Governors of the Federal Reserve System approved the establishment of a branch by The Bank of Hartsville at the corner of Carolina Avenue and Cedar Lane, Hartsville, South Carolina. The Board now understands that you wish to change the location of this branch to 1412-1416 Carolina Avenue, Hartsville, South Carolina.

The Board approves the establishment of this branch at the new location in lieu of that previously approved by the Board, provided the branch is established within one year from the date of this letter.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
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, D. C. 20551

Item No. 4
4/22/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 22, 1964

The Honorable Joseph W. Barr, Chairman,
Federal Deposit Insurance Corporation,
Washington, D. C. 20429.

Dear Mr. Barr:

Reference is made to your letter of April 8, 1964, concerning the application of Bremen State Bank, Bremen, Indiana, for continuance of deposit insurance after withdrawal from membership in the Federal Reserve System.

No corrective programs that the Board of Governors believes should be incorporated as conditions to the continuance of deposit insurance have been urged upon or agreed to by the bank.

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
4/22/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 22, 1964

Board of Directors,
Founders National Bank of Oklahoma City,
Post Office Box 16656,
Oklahoma City, Oklahoma.

Gentlemen:

With reference to your request submitted through the Federal Reserve Bank of Kansas City, the Board of Governors, acting under the provisions of Section 19 of the Federal Reserve Act, grants permission to the Founders National Bank of Oklahoma City to maintain the same reserves against deposits as are required to be maintained by nonreserve city banks, effective as of the date it opens for business.

Your attention is called to the fact that such permission is subject to revocation by the Board of Governors.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 6
4/22/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 22, 1964

Board of Directors,
South Colorado National Bank
of Denver,
Denver, Colorado.

Gentlemen:

With reference to your request submitted through the Federal Reserve Bank of Kansas City, the Board of Governors, acting under the provisions of Section 19 of the Federal Reserve Act, grants permission to the South Colorado National Bank of Denver, to maintain the same reserves against deposits as are required to be maintained by nonreserve city banks, effective as of the date it opens for business.

Your attention is called to the fact that such permission is subject to revocation by the Board of Governors.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.



BOARD OF GOVERNORS
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WASHINGTON, D. C. 20551

Item No. 7
4/22/64



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 22, 1964

CONFIDENTIAL (FR)

Mr. W. Braddock Hickman, President,
Federal Reserve Bank of Cleveland,
Cleveland, Ohio 44101.

Dear Mr. Hickman:

The Board of Governors approves the payment of salaries to the officers of the Federal Reserve Bank of Cleveland, Cincinnati Branch, listed below, at rates indicated, from the effective date through December 31, 1964.

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>	<u>Effective Date</u>
Walter H. MacDonald	Cashier	\$16,000	July 1
Howard E. Taylor	Assistant Cashier	13,000	July 1
Joseph W. Crowley	Assistant Cashier	12,000	August 1

The salary rates approved are those fixed by your Board of Directors, as reported in your letter of April 9, 1964.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 8
4/22/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 23, 1964.

Mr. Alfred Hayes, Chairman,
Conference of Presidents,
Federal Reserve Bank of New York,
New York, New York 10045.

Dear Mr. Hayes:

The Board's letter of September 3, 1963, noted the use of a high-speed (De La Rue) currency counting machine to verify incoming deposits of predominantly fit \$1, \$5, and \$10 bills, and requested the views of the Conference of Presidents with respect to the advantages and disadvantages of this method of proving currency deposits and with respect to whether a uniform System position concerning the utilization of such a procedure would seem desirable.

Subsequently, the Conference of Presidents, at its meeting of December 2, 1963, concurred in the following recommendations with respect to this matter by the Subcommittee on Cash, Leased Wire, and Sundry Operations.

- "1. The Reserve System formally recognize its responsibility to produce and distribute finished packages of currency that insofar as reasonably possible do not contain unfit, counterfeits or raised bills.
- "2. The Reserve System as a matter of principle avoid prescribing a uniform position for or against utilization of specific types of money-handling equipment. This determination as well as other operating detail should continue to remain with the President of each Reserve Bank."

The Board understands that the use of the high-speed equipment mentioned in its letter of September 3, 1963, permits substantial operating economies but affords little or no opportunity for the detection of counterfeits.

The Board believes that all Federal Reserve Banks and branches have an obligation to make every reasonable effort to discover any counterfeit bills that may be in the currency deposits received by them. There would appear to be no reason against using the most economic means available to prove deposits of \$1 bills as long as counterfeiting of



this denomination continues to be a rarity. On the other hand, there would appear to be serious doubt that the use of the high-speed equipment in question on denominations above \$1 bills would fulfill the System's obligation with respect to detection of counterfeits. Accordingly, the Board has concluded that it is inappropriate to use this equipment in proving deposits above \$1 bills.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.