

Minutes of the Board of Governors of the Federal Reserve System
on Wednesday, June 24, 1964. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Mills
Mr. Robertson
Mr. Mitchell
Mr. Daane

Mr. Sherman, Secretary
Miss Carmichael, Assistant Secretary
Mr. Solomon, Director, Division of Examinations
Mr. Hexter, Assistant General Counsel
Mr. Daniels, Assistant Director, Division of Bank
Operations
Mr. Leavitt, Assistant Director, Division of
Examinations
Mr. McClintock, Supervisory Review Examiner,
Division of Examinations
Mr. Poundstone, Review Examiner, Division of
Examinations

Circulated or 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>
Letter to Marine Midland Trust Company of Northern New York, Watertown, New York, approving the estab- lishment of a branch in the Village of Potsdam.	1
Letter to The Central Trust Company, Cincinnati, Ohio, approving the establishment of a branch in Green Township.	2
Letter to United California Bank, Los Angeles, California, approving the establishment of a branch at one of two specified locations in Susanville, operations at the bank's existing office in Susan- ville to be discontinued simultaneously with the opening of the new branch.	3

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	<u>Item No.</u>
Letter to Winchester Trust Company, Winchester, Massachusetts, offering no objection to an expenditure for bank premises made during 1962-63.	4
Letter to Manufacturers-Detroit International Corporation, Detroit, Michigan, granting permission to purchase shares of Corporacion Financiera de Caldas S.A., Manizales, Colombia.	5
Letter to Wells Fargo Bank International Corporation, San Francisco, California, granting permission to purchase shares of Corporacion Financiera de Caldas S.A., Manizales, Colombia.	6
Letter to the Comptroller of the Currency requesting that an order be placed with the Bureau of Engraving and Printing for printing Federal Reserve notes during fiscal year 1965.	7
Letter to the Bureau of the Budget reporting on H.R. 8230, an enrolled bill that would amend section 24 of the Federal Reserve Act so as to liberalize the conditions of loans by national banks on forest tracts.	8

Messrs. Daniels and Poundstone then withdrew from the meeting, and Messrs. Molony, Assistant to the Board, Sammons, Adviser, and Maroni, Senior Economist, Division of International Finance, entered the room.

Report on competitive factors (Norton-Wise, Virginia). There had been distributed a draft of report to the Comptroller of the Currency on the competitive factors involved in the proposed consolidation of The First National Bank of Norton, Norton, Virginia, and The First National Bank of Wise, Wise, Virginia. The conclusion read as follows:

The proposed consolidation of The First National Bank of Norton and The First National Bank of Wise would eliminate the substantial degree of competition existing between the two banks and the only alternative source of banking services in the Norton-Wise area. The competitive effects of the proposal would be adverse.

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Governor Mills expressed a preference for eliminating the final sentence of the conclusion, which he considered rather severe in the particular circumstances involved. In his judgment the elimination of one of the banks as a separate institution would not necessarily create an adverse competitive situation. After discussion, during which it was decided to retain the sentence, the report was approved for transmittal to the Comptroller.

Messrs. Solomon, Leavitt, and McClintock then withdrew from the meeting.

Inter-American Development Bank. Chairman Martin reported for the information of other members of the Board that, as a member of the National Advisory Council on International Monetary and Financial Problems, he expected to vote for a report that the Advisory Council was preparing that would recommend Congressional approval of legislation implementing a unanimous decision of the Board of Governors of the Inter-American Development Bank to expand the Fund for Special Operations (the Bank's soft loan window). The expanded Fund would assume responsibility for financing the social development projects that had been handled by the Social Progress Trust Fund, a United States financed adjunct of the Inter-American Development Bank, and there would be no further contributions by the United States to the Trust Fund.

As drafted, the bill would authorize \$750 million of new contributions by the United States to the Fund for Special Operations. This

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amount would cover the Fund's needs for a three-year period and would be in line with contributions in recent years. As a part of the expansion of the Fund, the Latin American countries that were members of the Inter-American Development Bank would contribute a total of \$150 million in their own currencies. Initially the United States contribution would take the form of non-interest bearing notes instead of cash in order that the balance of payments effect would be delayed until the notes were cashed.

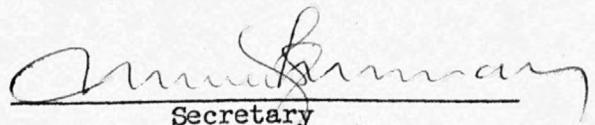
Mr. Maroni and Mr. Sammons commented on the proposed legislation, following which a number of questions were raised by members of the Board. During discussion, it was noted that at a later date the Board would probably be asked by the Bureau of the Budget for a report on the bill.

The meeting then adjourned.

Secretary's Note: 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 the appointment of the following persons to the Board's staff, effective the respective dates of entrance upon duty:

Ellen Tollen as Statistical Assistant, Division of Research and Statistics, with basic annual salary at the rate of \$4,690.

Maureen Elaine Giordano as Clerk-Stenographer, Division of Personnel Administration, with basic annual salary at the rate of \$3,880.


Secretary



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 1
6/24/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 24, 1964.

Board of Directors,
Marine Midland Trust Company
of Northern New York,
Watertown, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Marine Midland Trust Company of Northern New York, Watertown, New York, of a branch at 14 Elm Street, Village of Potsdam, St. Lawrence County, New York, 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. 2
6/24/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 24, 1964.



Board of Directors,
The Central Trust Company,
Cincinnati, Ohio.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by The Central Trust Company, Cincinnati, Ohio, of a branch at 5915 Colerain Avenue, Green Township, Ohio, provided the branch is established within six months 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
6/24/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 24, 1964.

Board of Directors,
United California Bank,
Los Angeles, California.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment in Susanville, California, of a branch by United California Bank at a site either in the vicinity of the intersection of Main Street and Grand Avenue, or in the vicinity of the intersection of Main Street and Alexander Avenue, provided the branch is established within one year from the date of this letter and provided also that operations at the bank's existing office located at the intersection of Main and Gay Streets in Susanville are discontinued simultaneously with the opening of the office at the new location.

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 25, D. C.

Item No. 4
6/24/64



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 24, 1964.

Board of Directors,
Winchester Trust Company,
Winchester, Massachusetts.

Gentlemen:

The Board of Governors of the Federal Reserve System has received the request of your bank for approval of an expenditure for bank premises during 1962-63. Section 24A of the Federal Reserve Act requires a State member bank to obtain the approval of the Board of Governors for an investment in bank premises which, when added to the carrying value of present investments in such premises, will aggregate an amount in excess of the bank's capital stock. Since the expenditure in this case has already been made, the prior approval contemplated by the statute cannot be given.

However, if a timely request had been made for the required approval, it appears, on the basis of information before the Board, that such approval would have been granted. Accordingly, the Board offers no objection to the expenditure of \$197,953.79 for the completed renovation and modernization of banking quarters.

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
6/24/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 25, 1964.

Manufacturers-Detroit International Corporation,
151 West Fort Street,
Detroit, Michigan 48226.

Gentlemen:

In accordance with the request contained in your letter of May 22, 1964, transmitted through the Federal Reserve Bank of Chicago, and on the basis of information furnished, the Board of Governors grants consent for your Corporation to purchase and hold 25,000 shares, par value Colombian Pesos 100 each, of the capital stock of Corporacion Financiera de Caldas S.A. ("Caldas"), Manizales, Department of Caldas, Colombia, at a cost of approximately US\$250,000, provided such stock is acquired within one year from the date of this letter.

The Board also approves the purchase and holding of the shares of Caldas within the terms of the above consent in excess of 10 per cent of your Corporation's capital and surplus.

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. 6
6/24/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 25, 1964.

Wells Fargo Bank International Corporation,
464 California Street,
San Francisco 20, California.

Gentlemen:

In accordance with the request contained in your letter of May 28, 1964, transmitted through the Federal Reserve Bank of San Francisco, and on the basis of information furnished, the Board of Governors grants consent for your Corporation to purchase and hold up to 30,000 shares, par value Colombian Pesos 100 each, of the capital stock of Corporacion Financiera de Caldas S.A., Manizales, Department of Caldas, Colombia, at a cost of approximately US\$300,000, provided such stock is acquired within one year from the date of this letter.

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. 7
6/24/64



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 24, 1964.

The Honorable,
The Comptroller of the Currency,
Treasury Department,
Washington, D. C. 20226

Sir:

It is respectfully requested that you place an order with the Bureau of Engraving and Printing for printing 1,938,800,000 Federal Reserve notes (single units) of the 1963 Series or 1950 Series during the fiscal year ending June 30, 1965, in the amounts and denominations shown below for the various Federal Reserve Banks:

	<u>Denomi- nation</u>	<u>Number of notes</u>	<u>Dollar amount</u>
Boston	\$1	53,760,000	\$53,760,000
	5	14,760,000	73,800,000
	10	15,840,000	158,400,000
	20	6,840,000	136,800,000
	50	432,000	21,600,000
	100	432,000	43,200,000
New York	\$1	154,240,000	154,240,000
	5	51,120,000	255,600,000
	10	87,840,000	878,400,000
	20	39,960,000	799,200,000
	50	2,880,000	144,000,000
	100	3,456,000	345,600,000
Philadelphia	\$1	72,960,000	72,960,000
	5	8,280,000	41,400,000
	10	15,840,000	158,400,000
	20	--	--
	50	1,440,000	72,000,000
	100	864,000	86,400,000

The Comptroller
of the Currency

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	<u>Denomi- nation</u>	<u>Number of notes</u>	<u>Dollar amount</u>
Cleveland	\$1	54,400,000	\$54,400,000
	5	19,800,000	99,000,000
	10	16,560,000	165,600,000
	20	14,760,000	295,200,000
	50	1,152,000	57,600,000
	100	576,000	57,600,000
Richmond	\$1	128,000,000	128,000,000
	5	39,600,000	198,000,000
	10	19,800,000	198,000,000
	20	20,880,000	417,600,000
	50	864,000	43,200,000
	100	432,000	43,200,000
Atlanta	\$1	132,480,000	132,480,000
	5	33,480,000	167,400,000
	10	23,400,000	234,000,000
	20	16,560,000	331,200,000
	50	--	--
	100	432,000	43,200,000
Chicago	\$1	186,880,000	186,880,000
	5	57,240,000	286,200,000
	10	68,040,000	680,400,000
	20	33,840,000	676,800,000
	50	2,160,000	108,000,000
	100	1,584,000	158,400,000
St. Louis	\$1	62,080,000	62,080,000
	5	15,840,000	79,200,000
	10	10,440,000	104,400,000
	20	5,040,000	100,800,000
	50	288,000	14,400,000
	100	576,000	57,600,000
Minneapolis	\$1	21,760,000	21,760,000
	5	5,040,000	25,200,000
	10	--	--
	20	--	--
	50	144,000	7,200,000
	100	144,000	14,400,000

The Comptroller
of the Currency

	<u>Denomi- nation</u>	<u>Number of notes</u>	<u>Dollar amount</u>
Kansas City	\$1	49,280,000	\$49,280,000
	5	10,080,000	50,400,000
	10	8,280,000	82,800,000
	20	7,560,000	151,200,000
	50	144,000	7,200,000
	100	288,000	28,800,000
Dallas	\$1	56,960,000	56,960,000
	5	9,720,000	48,600,000
	10	9,720,000	97,200,000
	20	4,680,000	93,600,000
	50	432,000	21,600,000
	100	576,000	57,600,000
San Francisco	\$1	128,640,000	128,640,000
	5	54,360,000	271,800,000
	10	30,600,000	306,000,000
	20	39,240,000	784,800,000
	50	1,296,000	64,800,000
	100	1,728,000	172,800,000
Totals	\$1	1,101,440,000	1,101,440,000
	5	319,320,000	1,596,600,000
	10	306,360,000	3,063,600,000
	20	189,360,000	3,787,200,000
	50	11,232,000	561,600,000
	100	<u>11,088,000</u>	<u>1,108,800,000</u>
		<u>1,938,800,000</u>	<u>11,219,240,000</u>

Respectfully,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 8
6/24/64

OFFICE OF THE CHAIRMAN

June 24, 1964.

Mr. Phillip S. Hughes,
Assistant Director for Legislative References,
Executive Office of the President,
Bureau of the Budget,
Washington, D. C. 20503

Dear Mr. Hughes:

This is to advise, in response to your communication of June 22, 1964, that the Board has no objection to the President's approval of the enrolled bill, H. R. 8230, which would amend section 24 of the Federal Reserve Act so as to liberalize the conditions of loans by national banks on forest tracts.

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.