

Minutes for September 11, 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

mm

Gov. Mills

[Signature]

Gov. Robertson

[Signature]

Gov. Balderston

CCRB

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 Friday, September 11, 1964.

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

PRESENT: Mr. Balderston, Vice Chairman
Mr. Robertson
Mr. Shepardson

Mr. Sherman, Secretary
Mr. Broida, Assistant Secretary
Mr. Noyes, Adviser to the Board
Mr. Molony, Assistant to the Board
Mr. Cardon, Legislative Counsel
Mr. Brill, Director, Division of Research and Statistics
Mr. Holland, Associate Director, Division of Research and Statistics
Mr. Partee, Adviser, Division of Research and Statistics
Mr. Furth, Adviser, Division of International Finance
Mr. Hersey, Adviser, Division of International Finance
Mr. Katz, Associate Adviser, Division of International Finance
Mrs. Semia, Technical Assistant, Office of the Secretary
Mr. Axilrod, Chief, Government Finance Section, Division of Research and Statistics
Mr. Eckert, Chief, Banking Section, Division of Research and Statistics
Mr. Bernard, Economist, Division of Research and Statistics
Mr. Baker, Economist, Division of International Finance

Money market review. Mr. Bernard commented on developments in the Government securities market, supplementing information presented in tables that were distributed regarding official account purchases of coupon issues and dealer positions in coupon issues. Mr. Partee discussed bank credit conditions and the level of free reserves, illustrating his remarks

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by references to distributed tables on money market perspective (with figures for the calendar year to date) and bank reserve utilization.

Mr. Baker then reviewed developments in foreign exchange markets.

All members of the staff except Mr. Sherman and Mrs. Semia then withdrew and the following entered the room:

Mr. Solomon, Director, Division of Examinations
 Mr. Hexter, Assistant General Counsel
 Mr. Conkling, Assistant Director, Division of Bank Operations
 Mr. Goodman, Assistant Director, Division of Examinations
 Mr. Leavitt, Assistant Director, Division of Examinations
 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:

Discount rates. The establishment without change by the Federal Reserve Banks of Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, and Dallas on September 10, 1964, of the rates on discounts and advances in their existing schedules was approved unanimously, with the understanding that appropriate advice would be sent to those Banks.

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 Montgomery County Bank and Trust Company, Norristown, Pennsylvania, approving the establishment of a branch in Audubon.	1
Letter to The First National Bank of Chicago, Chicago, Illinois, approving the establishment of a branch in London, England.	2
Letter to County Bank of Santa Cruz, Santa Cruz, California, approving an extension of time to establish a branch near Front and Cooper Streets.	3

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	<u>Item No.</u>
Letter to Freedom National Bank of New York, New York, New York, granting its request for permission to maintain reduced reserves.	4
Letter to Bank of West Blocton, West Blocton, Alabama, approving its application for membership in the Federal Reserve System.	5

Report on competitive factors (Utica-Poland, New York). There had been distributed a draft of report to the Comptroller of the Currency on the competitive factors involved in the proposed merger of The Citizens National Bank of Poland, Poland, New York, into The Oneida National Bank and Trust Company of Central New York, Utica, New York.

After a discussion during which a change in the wording of the conclusion was agreed upon, the report was approved unanimously for transmission to the Comptroller. The conclusion of the report, as approved, read as follows:

The proposed merger of The Citizens National Bank of Poland and The Oneida National Bank and Trust Company of Central New York, Utica, would eliminate a small, independent bank and supplant it with an office of the largest commercial bank in the area. The acquisition would, however, increase the size of Oneida National Bank only nominally, and the overall effect of the proposal on competition would not be adverse.

Report on competitive factors (Lancaster-Christiana, Pennsylvania).

A report to the Comptroller of the Currency on the competitive factors involved in the proposed merger of The Christiana National Bank, Christiana, Pennsylvania, into Lancaster County Farmers National Bank, Lancaster, Pennsylvania, was approved unanimously for transmittal to the Comptroller.

The conclusion read as follows:

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A small amount of competition existing between The Christiana National Bank and Lancaster County Farmers National Bank would be eliminated by consummation of the proposed merger. Competition in the Christiana area might be intensified somewhat by the substitution of an office of Lancaster National for Christiana National, but the over-all effect on competition in the Christiana area and in Lancaster County as a whole would not be significant.

Report on competitive factors (Lynchburg-Appomattox, Virginia).

A report to the Comptroller of the Currency on the competitive factors involved in the proposed merger of The Bank of Appomattox, Appomattox, Virginia, into The Fidelity National Bank, Lynchburg, Virginia, was approved unanimously for transmittal to the Comptroller. The conclusion read as follows:

Consummation of the proposed merger would eliminate some present and potential competition between The Fidelity National Bank, Lynchburg, and The Bank of Appomattox.

While consummation of the proposed merger would increase the ability of Lynchburg Bank to compete with the local offices of the largest bank in the State and also with an affiliate of the largest registered bank holding company in the State, it would further concentrate area deposits in a bank which presently holds approximately one-third of the bank deposits of the area. It would also expose The Farmers National Bank of Appomattox to the direct competitive capabilities of a substantially larger bank.

Report on competitive factors (McComb-Centreville, Mississippi).

A report to the Federal Deposit Insurance Corporation on the competitive factors involved in the proposed merger of Farmers Exchange Bank, Centreville, Mississippi, with Mechanics-State Bank, McComb, Mississippi, was approved unanimously for transmittal to the Corporation. The conclusion read as follows:

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There appears to be little competition existing between Mechanics-State Bank, McComb, and Farmers Exchange Bank, Centreville, and the overall effect of the transaction on competition would not be adverse.

The meeting then adjourned.

Secretary's Notes: A letter was sent to Chemical Bank New York Trust Company, New York, New York, on September 10, 1964, acknowledging receipt of notice of its intent to establish an additional branch in London, England, to be located at 15-27 Davies Street.

Governor Shepardson approved on behalf of the Board on September 10, 1964, memoranda recommending the following actions relating to the Board's staff:

Transfer

Diane Salisbury, from the position of Stenographer in the Division of Personnel Administration to the position of Stenographer in the Division of International Finance, with no change in basic annual salary at the rate of \$4,005, effective September 13, 1964.

Salary increases, effective September 13, 1964

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
<u>International Finance</u>			
Charles C. Baker, Jr., Economist		\$12,075	\$12,495
Henry F. Lee, Economist		10,250	10,605
<u>Examinations</u>			
Francis D. Dargo, Assistant Federal Reserve Examiner		7,955	8,200
Alice E. Rayman, Assistant Supervisor, Recording and Stenographic Section		6,430	6,615

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Acceptance of resignations

W. Sutton Potter, Senior Attorney, Legal Division, effective September 30, 1964.

William Poole, Economist, Division of International Finance, effective at the close of business September 11, 1964.

Governor Shepardson today approved on behalf of the Board the following items:

Letter to the Federal Reserve Bank of Atlanta (attached Item No. 6) approving the designation of Lawrence E. Logan and Kent B. Lynch as special assistant examiners.

Memoranda recommending the following actions relating to the Board's staff:

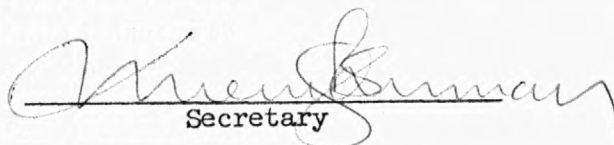
Salary increase

Margaret Campbell, Secretary, Division of Research and Statistics, from \$5,495 to \$5,875 per annum, effective September 13, 1964.

Acceptance of resignations

George R. Hall, Economist, Division of Research and Statistics, effective at the close of business September 11, 1964.

George Viksnins, Economist, Division of Research and Statistics, effective at the close of business September 11, 1964.


Secretary

Item No. 1
9/11/64BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 11, 1964.



Board of Directors,
Montgomery County Bank and Trust Company,
Norristown, Pennsylvania.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch by Montgomery County Bank and Trust Company on Egypt Road, near the intersection of Egypt Road, Pawling Road and Park Avenue, Audubon, Lower Provident Township, Montgomery 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. 2
9/11/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 11, 1964.

The First National Bank of Chicago,
Chicago, Illinois.

Gentlemen:

The Board of Governors of the Federal Reserve System grants its permission to The First National Bank of Chicago, Chicago, Illinois, pursuant to the provisions of Section 25 of the Federal Reserve Act, to establish a branch in London, England, to be located at 38 Walbrook, London E.C. 4, and to operate and maintain such branch subject to the provisions of such Section and of Regulation M.

Unless the branch is actually established and opened for business on or before October 1, 1965, all rights granted hereby shall be deemed to have been abandoned and the authority hereby granted will automatically terminate on that date.

It is understood that all personnel of the London Branch having contact with the public will be at the 38 Walbrook location, but that operating employees, including the foreign exchange traders, will be housed in a nearby office building.

Please inform the Board of Governors, through the Federal Reserve Bank of Chicago, when the branch is opened for business. The Board should also be promptly informed of any future change in location of the branch in London.

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.)

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Item No. 3
9/11/64

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



September 11, 1964.

Board of Directors,
County Bank of Santa Cruz,
Santa Cruz, California.

Gentlemen:

The Board of Governors of the Federal Reserve System extends to March 16, 1965, the time within which County Bank of Santa Cruz, Santa Cruz, California, may establish a branch in the vicinity of the intersection of Front and Cooper Streets, Santa Cruz, California.

In granting this seventh extension of time, the Board has taken particular note of your expectations of beginning construction of the branch this fall.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.

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

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Item No. 4
9/11/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 11, 1964.

Board of Directors,
Freedom National Bank of New York,
New York, New York.

Gentlemen:

With reference to your request submitted through the Federal Reserve Bank of New York, the Board of Governors, acting under the provisions of Section 19 of the Federal Reserve Act, grants permission to the Freedom National Bank of New York 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) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 5

9/11/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 11, 1964.

Organization Committee,
Bank of West Blocton,
West Blocton, Alabama.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the application made on behalf of Bank of West Blocton, West Blocton, Alabama, for stock in the Federal Reserve Bank of Atlanta, effective if and when the bank opens for business under appropriate State authorization, subject to the numbered conditions hereinafter set forth.

1. Such bank at all times shall conduct its business and exercise its powers with due regard to the safety of its depositors, and, except with the permission of the Board of Governors of the Federal Reserve System, such bank shall not cause or permit any change to be made in the general character of its business or in the scope of the corporate powers exercised by it at the time of admission to membership.
2. The net capital and surplus funds of such bank shall be adequate in relation to the character and condition of its assets and to its deposit liabilities and other corporate responsibilities.
3. At the time of admission to membership, such bank shall have paid-in and unimpaired capital stock of not less than \$75,000, and other capital funds of not less than \$51,000.

In connection with the foregoing conditions of membership, particular attention is called to the provisions of the Board's Regulation H, regarding membership of State banking institutions in the Federal Reserve System, with especial reference to Section 208.7 thereof. A copy of the regulation is enclosed.

It is noted that under its articles of incorporation the bank may exercise fiduciary powers; however, it is understood that the bank does not plan to exercise such powers upon admission to membership. Should the bank at any future time desire to exercise any powers not exercised at the time of admission to membership it will be necessary, under condition of membership numbered 1, to obtain permission of the Board of Governors.

Organization Committee

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If at any time a change in or amendment to the bank's charter is made, the bank should advise the Federal Reserve Bank, furnishing copies of any documents involved, in order that it may be determined whether such change affects in any way the bank's status as a member of the Federal Reserve System.

Acceptance of the conditions of membership contained in this letter should be evidenced by a resolution adopted by the board of directors after the bank's charter has been issued and a certified copy of such resolution should be transmitted to the Federal Reserve Bank. Arrangements will thereupon be made to accept payment for an appropriate amount of Federal Reserve Bank stock, to accept the deposit of the required reserve balance, and to issue the appropriate amount of Federal Reserve Bank stock to the bank.

The time within which admission to membership in the Federal Reserve System in the manner described may be accomplished is limited to six months from the date of this letter, unless the bank applies to the Board and obtains an extension of time. When the Board is advised that all of the requirements have been complied with and that the appropriate amount of Federal Reserve Bank stock has been issued to the bank, the Board will forward to the bank a formal certificate of membership in the Federal Reserve System.

The Board of Governors sincerely hopes that you will find membership in the System beneficial and your relations with the Reserve Bank pleasant. The officers of the Federal Reserve Bank will be glad to assist you in establishing your relationships with the Federal Reserve System and at any time to discuss with representatives of your bank means for making the services of the System most useful to you.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.

Enclosure.

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BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 6
9/11/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



September 11, 1964.

Mr. George W. Sheffer, Jr., Chief Examiner and
Assistant Vice President,
Federal Reserve Bank of Atlanta,
Atlanta, Georgia. 30303

Dear Mr. Sheffer:

In accordance with the request contained
in your letter of September 8, 1964, the Board
approves the designation of Lawrence E. Logan and
Kent B. Lynch as special assistant examiners for
the Federal Reserve Bank of Atlanta for the pur-
pose of participating in examinations of State
member banks.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.