

Minutes for September 25, 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

The image shows handwritten initials and signatures on horizontal lines next to the names of the Board members. The initials are: Chm. Martin (RM), Gov. Mills (JM), Gov. Robertson (RO), Gov. Balderston (CB), Gov. Shepardson (SP), Gov. Mitchell (MH), and Gov. Daane (DA).

Minutes of the Board of Governors of the Federal Reserve System  
on Friday, September 25, 1964. The Board met in the Board Room at 10:00 a.m.

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

Mr. Sherman, Secretary  
Mr. Broida, Assistant Secretary  
Mr. Young, Adviser to the Board and Director,  
Division of International Finance  
Mr. Noyes, Adviser to the Board  
Mr. Fauver, Assistant to the Board  
Mr. Brill, Director, Division of Research and  
Statistics  
Mr. Solomon, Director, Division of Examinations  
Mr. Holland, Associate Director, Division of  
Research and Statistics  
Mr. Koch, Associate Director, Division  
Research and Statistics  
Mr. Partee, Adviser, Division of Research and  
Statistics  
Mr. Hersey, Adviser, Division of International  
Finance  
Mr. Katz, Associate Adviser, Division of  
International Finance  
Mr. Spencer, General Assistant, Office of the  
Secretary  
Mr. Morgan, Staff Assistant, Board Members'  
Offices  
Mr. Axilrod, Chief, Government Finance Section,  
Division of Research and Statistics  
Mr. Eckert, Chief, Banking Section, Division of  
Research and Statistics  
Mr. Baker, Economist, Division of International  
Finance

Money market review. There were distributed tables affording  
perspective on the money market and on bank reserve utilization.

Mr. Axilrod reported on recent developments in the Government  
securities market, after which Mr. Eckert discussed bank reserves, bank

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credit, and the money supply. Mr. Baker then commented on foreign exchange market developments.

Following discussion based on the review, all of the members of the staff except Messrs. Sherman, Noyes, Fauver, Brill, Solomon, and Spencer withdrew from the meeting and the following entered the room:

Mr. Hexter, Assistant General Counsel  
 Mr. Daniels, 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

Discount rates. The establishment without change by the Federal Reserve Banks of New York, Cleveland, Richmond, Chicago, St. Louis, Kansas City, and Dallas on September 24, 1964, of the rates on discounts and advances in their existing schedules was approved unanimously, with the understanding that appropriate advice would be sent 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 Manufacturers and Traders Trust Company, Buffalo, New York, approving the establishment of a branch at 5691 Transit Road, Town of Lockport.	1
Letter to Coast Bank, Long Beach, California, granting an extension of time to establish a branch at Garden Grove Boulevard and Huntington Beach Boulevard, Garden Grove, branch operations now conducted at 9836 Garden Grove Boulevard to be discontinued simultaneously with the establishment of this branch.	2

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	<u>Item No.</u>
Letter to Tracy-Collins Bank and Trust Company, Salt Lake City, Utah, granting its request for permission to maintain reduced reserves.	3
Letter to Surety National Bank, Los Angeles (Encino), California, granting its request for permission to maintain reduced reserves.	4
Letter to the Federal Deposit Insurance Corporation regarding the application of Marion State Bank, Marion, Texas, for continuation of deposit insurance after withdrawal from membership in the Federal Reserve System.	5
Letter to Irving International Financing Corporation, New York, New York, granting permission to purchase shares of Uganda Crane Industries Limited, Kampala, Uganda.	6

Report on competitive factors (Franklin, Indiana). There had been distributed a draft of report to the Federal Deposit Insurance Corporation on the competitive factors involved in the proposed merger of The Johnson County National Bank of Franklin, Franklin, Indiana, with Farmers Trust Company, Franklin, Indiana.

After discussion of a question raised by Governor Shepardson whether certain comments in the body of the report were consistent with the conclusion, the report was approved unanimously for transmittal to the Corporation. The conclusion read as follows:

The Farmers Trust Company, Franklin, and The Johnson County National Bank of Franklin are direct competitors serving the same community and area. Consummation of the proposed merger would have adverse effects on competition.

Messrs. Egertson and McClintock then withdrew from the meeting.

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Inter-Agency Committee on Automation (Item No. 7). There had been distributed a memorandum from Governor Robertson dated September 21, 1964, with regard to the Inter-Agency Committee on Automation.

The Committee was set up following a top-level inter-agency conference of examination officers in February 1961 for the purpose of ascertaining the most effective means of training examiners in electronic data processing applications in banks. The conference was arranged at Governor Robertson's suggestion in cooperation with the Chairman of the Federal Deposit Insurance Corporation and the Comptroller of the Currency.

Governor Robertson stated that efforts of the Committee had been helpful in developing knowledge of data processing in banks and that he believed the continuation and improvement of the training program warranted favorable consideration by the Board. Although the final report of the Inter-Agency Committee on Automation suggested that a permanent committee might be established by the participating agencies for carrying forward automation training programs for examiners, he had concluded that it would be preferable to handle the program without a formal committee arrangement. The Comptroller of the Currency had withdrawn from the program and, after consultation with Chairman Barr of the Federal Deposit Insurance Corporation, Governor Robertson had reached the conclusion that it would be preferable for the Board to direct Mr. Goodman, Assistant Director of the Division of Examinations, to serve as the Board's representative in planning and coordinating the joint efforts of the Board



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and the Federal Deposit Insurance Corporation, while Chairman Barr contemplated designating Mr. Edward J. Roddy of the Corporation's staff to represent that agency in such efforts. Technical assistance from the staffs of interested agencies in carrying out the program would, of course, be available.

Attached to Governor Robertson's September 21 memorandum was a draft of letter to the Federal Reserve Banks with regard to a proposed training program, which contemplated that during the next two years orientation programs would be held in each Federal Reserve District in cooperation with the Federal Deposit Insurance Corporation, with representatives of the State Banking Departments invited to participate to the extent facilities were available.

There being no objection, it was understood that the proposed program for training examiners in electronic data processing applications in banks would be handled in the manner suggested in the memorandum of September 21 from Governor Robertson. A copy of the letter sent to all Federal Reserve Banks with regard to the program is attached as Item No. 7.

The meeting then adjourned.

Secretary's Note: Governor Shepardson today approved on behalf of the Board the following items:

Letter to the Federal Reserve Bank of New York (attached Item No. 8) approving the appointment of C. Frank Kaker as assistant examiner.

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

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Appointments

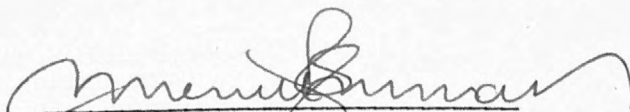
Petronella van der Vossen as Stenographer, Division of Personnel Administration, with basic annual salary at the rate of \$4,005, effective the date of entrance upon duty.

Lee R. Thompson as Guard, Division of Administrative Services, with basic annual salary at the rate of \$4,005, effective the date of entrance upon duty.

Salary increases, effective September 27, 1964

Nancy H. Teeters, Economist (half-time basis), Division of Research and Statistics, from \$4,915 to \$5,303 per annum.

Aaron Dortch, Operator (Offset Press and Multilith), Division of Administrative Services, from \$5,408 to \$5,678 per annum, with a change in title to Foreman-Operator.

  
Secretary

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

3301  
Item No. 1  
9/25/64

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

September 25, 1964.

Board of Directors,  
Manufacturers and Traders Trust Company,  
Buffalo, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Manufacturers and Traders Trust Company, Buffalo, New York, of a branch at 5691 Transit Road, Town of Lockport, Niagara 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  
9/25/64

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

September 25, 1964

Board of Directors,  
Coast Bank,  
Long Beach, California.

Gentlemen:

The Board of Governors of the Federal Reserve System extends to March 11, 1965, the time within which Coast Bank may establish a branch at the southwest corner of Garden Grove Boulevard and Huntington Beach Boulevard, Garden Grove, California, provided that branch operations now conducted at 9836 Garden Grove Boulevard, Garden Grove, are discontinued simultaneously with the establishment of the new branch.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,  
Assistant Secretary.



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Item No. 3  
9/25/64

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

September 25, 1964.

Board of Directors,  
Tracy-Collins Bank and Trust Company,  
Salt Lake City, Utah.

Gentlemen:

With reference to your request submitted through the Federal Reserve Bank of San Francisco, the Board of Governors, acting under the provisions of Section 19 of the Federal Reserve Act, grants permission to the Tracy-Collins Bank and Trust Company to maintain the same reserves against deposits as are required to be maintained by non-reserve city banks, effective with the first biweekly reserve computation period beginning after the date of this letter.

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

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Item No. 4  
9/25/64

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

September 25, 1964.

Board of Directors,  
Surety National Bank,  
Los Angeles (Encino), California.

Gentlemen:

With reference to your request submitted through the Federal Reserve Bank of San Francisco, the Board of Governors, acting under the provisions of Section 19 of the Federal Reserve Act, grants permission to the Surety National Bank to maintain the same reserves against deposits as are required to be maintained by nonreserve city banks, effective as of the date it opened 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. 5  
9/25/64

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

September 25, 1964.

Mr. Timothy J. Reardon, Jr.,  
Assistant to the Chairman,  
Federal Deposit Insurance Corporation,  
Washington, D. C. 20429

Dear Mr. Reardon:

Reference is made to your letter of September 9, 1964, concerning the application of Marion State Bank, Marion, Texas, for continuance of deposit insurance after withdrawal from membership in the Federal Reserve System.

There have been no corrective programs urged upon the bank, or agreed to by it, which have not been fully consummated, and, in the Board's opinion, there are no such programs that it would be advisable to incorporate as conditions of admitting the bank to membership in the Corporation as a nonmember of the Federal Reserve System.

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  
9/25/64

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

September 25, 1964.

Irving International Financing Corporation,  
One Wall Street,  
New York 15, New York.

Gentlemen:

In accordance with the request contained in your letter of August 25, 1964, transmitted through the Federal Reserve Bank of New York, and on the basis of information furnished, the Board of Governors grants consent for your Corporation to purchase and hold 100,000 shares, par value £1 (East African) each, of Uganda Crane Industries Limited, Kampala, Uganda, at a cost of £100,000 (approximately US\$280,000), provided such stock is acquired within one year from the date of this letter.

The Board also approves the purchase and holding of shares of Uganda Crane Industries Limited 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.





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BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

Item No. 7  
9/25/64

WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



September 25, 1964.

Dear Sir:

Following an Inter-Agency Conference of Examination Officers on Bank Automation held in Philadelphia in February 1961, an Inter-Agency Committee on Automation was established for the purpose of ascertaining the most effective means of training examiners in electronic data processing applications in banks.

Under the direction of the Committee, four regional training programs have been conducted in cooperation with the Federal Reserve Banks in Chicago, Philadelphia, San Francisco, and Dallas. The Chicago Program was attended by representatives of the three Federal banking agencies. The other three programs were attended by representatives of the Reserve Banks, the Federal Deposit Insurance Corporation, and various State Banking Departments.

The Board feels that the preliminary efforts of the Committee have been successful and measures for the continuation and improvement of such a training program warrant the support of the Board and the Reserve Banks. Mr. Glenn M. Goodman, of the Board's staff, and Mr. Edward J. Roddy, of the Federal Deposit Insurance Corporation, will continue to maintain liaison for their respective agencies in planning, conducting, and coordinating the programs for training bank examiners in electronic data processing and developing suitable examination and inspection procedures and reports. This contemplates that technical assistance from the staffs of the interested agencies will be provided as needed to carry out the program.

It is contemplated that, during the next two years, regional orientation programs will be held in each Federal Reserve District in cooperation with the Federal Deposit Insurance Corporation, with representatives of the State Banking Departments invited to participate to the extent facilities are available. This arrangement has been discussed

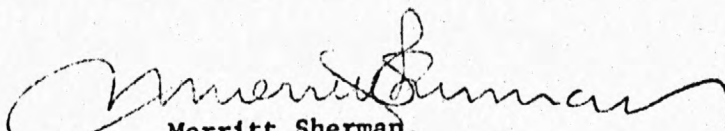
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with Chairman Barr of the FDIC and it has his full support. He hopes that all organized training programs in electronic data processing for examiners will be conducted jointly with the FDIC.

It is assumed that your Bank will wish to cooperate in making your facilities and staff available where needed to carry out the program and your assurances in this regard will be appreciated.

With the cooperation of the Federal Reserve Banks of Boston and Atlanta, tentative arrangements have been made to conduct Regional Training Programs in the Boston area during the period November 9-20 and in the Atlanta area during the period November 30-December 11. Should you wish to have representatives of your Bank Examination Department attend either or both of these programs, it will be helpful if Mr. Goodman could be informed at least 30 days prior to the opening of the training program so that arrangements may be made to accommodate them to the extent practicable.

Very truly yours,

  
Merritt Sherman,  
Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS.



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

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Item No. 8  
9/25/64

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

September 25, 1964.

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

Dear Mr. Crosse:

In accordance with the request contained  
in your letter of September 22, 1964, the Board  
approves the appointment of C. Frank Kaker as an  
assistant examiner for the Federal Reserve Bank  
of New York. Please advise the effective date of  
the appointment.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.