

Minutes for September 28, 1964

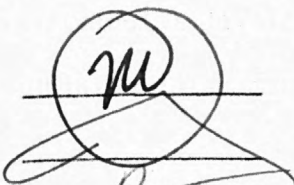
To: Members of the Board  
From: Office of the Secretary

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

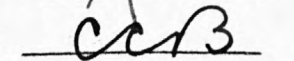


Gov. Mills

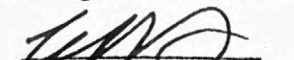
Gov. Robertson



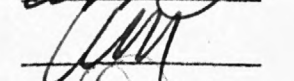
Gov. Balderston



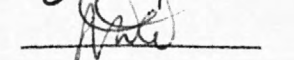
Gov. Shepardson



Gov. Mitchell



Gov. Daane



Minutes of the Board of Governors of the Federal Reserve System  
on Monday, September 28, 1964. The Board met in the Board Room at  
10:00 a.m.

PRESENT: Mr. Martin, Chairman  
Mr. Robertson  
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. Spencer, General Assistant, Office of the  
Secretary

Messrs. Brill, Holland, Koch, Garfield, Partee,  
Axilrod, Eckert, Freedman, Gehman, Keir,  
Osborne, Weiner, and Wernick of the Division  
of Research and Statistics

Messrs. Hersey, Sammons, Irvine, Katz, Reynolds,  
Wood, Dahl, Gekker, Hayes, and Maroni of the  
Division of International Finance

Economic review. The Division of the International Finance  
presented a review of international financial developments, following  
which the Division of Research and Statistics summarized business and  
financial conditions.

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

Mr. Cardon, Legislative Counsel  
Mr. Hackley, General Counsel  
Mr. Solomon, Director, Division of Examinations  
Mr. Conkling, Assistant Director, Division of Bank Operations  
Mr. Leavitt, Assistant Director, Division of Examinations

9/28/64

-2-

Mr. Langham, Assistant Director, Division of Data Processing  
 Mr. Young, Senior Attorney, Legal Division  
 Mr. Egertson, Supervisory Review Examiner, Division of Examinations  
 Mr. Veenstra, Chief, Financial Statistics Section, Division  
 of Data Processing

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 First Trust & Deposit Company, Syracuse, New York, approving the establishment of a branch in the Camillus Plaza Shopping Center, Town of Camillus.	1
Letter to The Marine Trust Company of Western New York, Buffalo, New York, approving the establishment of a branch at 1786 Sheridan Drive, Town of Tonawanda.	2
Letter to The Marine Trust Company of Western New York, Buffalo, New York, approving the establishment of a branch at 57 South Buffalo Street, Village of Hamburg.	3
Letter to Camden Trust Company, Camden, New Jersey, approving the establishment of a branch at White Horse Pike and Oak Avenue, Lindenwold.	4
Letter to Bank of the Commonwealth, Detroit, Michigan, approving the establishment of a branch at 2510-18-24 Market Street.	5
Letter to the Federal Reserve Bank of New York approving the Bank acting as fiscal agent with respect to a proposed issue of bonds by the International Bank for Reconstruction and Development.	6

Report on competitive factors (Sacramento-Davis, California).

There had been distributed a draft of report to the Federal Deposit Insurance Corporation on the competitive factors involved in the proposed

9/28/64

-3-

merger of Bank of Sacramento, Sacramento, California, with Bank of Davis, Davis, California.

The report, in which the conclusion read as follows, was approved unanimously for transmittal to the Corporation:

Due principally to the geographic barrier and numerous intervening offices of competing banks between the Bank of Sacramento and Bank of Davis, there is no evidence of competition existing between the two banks. Consummation of the proposed merger would not have adverse competitive effects on any bank in the area.

Call report (Items 7 and 8). There had been distributed a memorandum dated September 24, 1964, from the Division of Data Processing with regard to forms to be used by State member banks and their affiliates in submitting reports as of the next call date. Attached to the memorandum was a draft of letter to the Federal Reserve Banks transmitting (a) fall call report forms, and (b) a proposed supplementary schedule for the purpose of collecting information on time certificates of deposit issued to certain classifications of depositors. Also attached to the memorandum was a draft of letter to the Comptroller of the Currency informing him of the Board's plan to use the supplementary schedule.

The memorandum stated that the condition report form was to be in abbreviated format. The Federal Deposit Insurance Corporation would also use the short call format, which was similar to the one used by both agencies for the April 15, 1964, call date. It was understood that the Comptroller of the Currency planned to use a report form identical to that used for national banks at the April 15 call date, which report



9/28/64

-4-

was incompatible with the State forms. No reconciliation slip-sheet was proposed for the fall call, and present plans assumed that no tabulation would be made of the reports of condition in view of the fundamental incompatibility of State and national bank forms and the minimal value and high cost of the abbreviated statistical output.

Mr. Veenstra reviewed the information presented in the memorandum of September 24, noting that the proposed supplementary schedule for collecting information on time certificates of deposit had been initiated by the Federal Deposit Insurance Corporation. Negotiations between the Board and Corporation staff that involved the Examinations and Research Divisions at both agencies as well as the Division of Data Processing had resulted in the form that had been prepared.

Mr. Solomon stated that in suggesting the use of the schedule for collecting information on time certificates of deposit, the FDIC representatives were primarily concerned with gathering such information to determine the extent of issuance of such certificates to savings and loan associations. In response to a question raised by Governor Daane, Mr. Solomon said that he felt the information to be obtained through use of the supplementary schedule would be of sufficient value to justify the additional reporting that would be required of State member banks.

After minor changes in language were agreed upon, the letter to the Reserve Banks was approved unanimously in the form of attached Item No. 7. A copy of the letter sent to the Comptroller of the Currency with regard to the supplementary schedule is attached as Item No. 8.

9/28/64

-5-

Messrs. Partee and Young (Legal Division) then withdrew from the meeting.

Request for information on compensation of bank officers. There had been distributed a memorandum dated September 24, 1964, from Mr. Langham discussing a request by Professor Donald Jacobs of the staff of the House Banking and Currency Committee for certain detailed tabulations of data relating to compensation of bank officers, for use in connection with the Committee's study of management succession.

In August 1963 the Board agreed, in response to a request from Chairman Patman of the House Banking and Currency Committee, to furnish information on the compensation of officers of State member banks as reported on bank examination reports. The Comptroller of the Currency and the Federal Deposit Insurance Corporation, pursuant to a request from Chairman Patman, also agreed to furnish similar information relating to national and insured nonmember banks, respectively. The Board would tabulate the data for the three groups of banks in such form as would obviate any possibility of disclosure or identification of the information for any individual bank, in accordance with classifications agreed on by the staff of the Committee and the Board.

The memorandum of September 24 stated that all requested tabulations, except those pertaining to compensation data, had been completed and delivered to Professor Jacobs. However, Professor Jacobs felt that more detailed tabulations of compensation data than originally contemplated

9/28/64

-6-

were essential for the completion of the study. He had indicated that, unless additional information as described in the memorandum of September 24 was made available, he would not be able to complete the study.

Mr. Langham said that these latest specifications went far beyond the general form that the staff had worked out with previous members of the Committee staff at the time Chairman Patman's request was submitted to the Board for consideration. However, an arrangement had been devised that should permit the running of the detailed tabulations requested by Professor Jacobs, while still insuring the confidentiality of individual bank figures. The service bureau performing the work had agreed to include such salary tabulations in its existing \$15,500 contract for programming and processing data reported in the management succession survey. Accordingly, Mr. Langham said that he would recommend that the compensation data be furnished to Professor Jacobs as requested, provided the Comptroller of the Currency and the Federal Deposit Insurance Corporation were agreeable to the inclusion of data for national and insured nonmember banks. The Division of Research and Statistics and the Division of Examinations concurred in the recommendation.

In response to a question, Mr. Langham said that under the arrangement contemplated, data for individual banks would not be disclosed; thus, there would not be a violation of any confidential aspects of such information.

In the discussion that followed, question was raised whether it was necessary for the Board to consult the Comptroller of the Currency

9/28/64

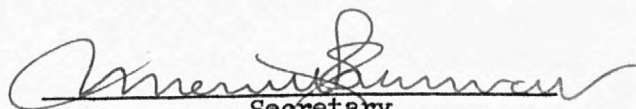
-7-

and the Federal Deposit Insurance Corporation to ascertain if those agencies would be agreeable to including the pertinent data for national and insured nonmember banks, since they had previously agreed to record officer salary information from reports of examination for banks included in the management succession survey.

After discussion, there was agreement that the earlier authorization could serve as the basis for proceeding with the proposed tabulations. Accordingly, it was understood that tabulation of the data would be handled in the manner recommended in Mr. Langham's memorandum of September 24 and that the information requested by Professor Jacobs would be furnished.

The meeting then adjourned.

Secretary's Note: A letter was sent today to First National City Bank, New York, New York, acknowledging receipt of notice of its intent to establish an additional branch in Argentina, to be located in the Villa Crespo section of Buenos Aires.

  
Secretary



3317

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 1  
9/28/64



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

September 28, 1964.

Board of Directors,  
First Trust & Deposit Company,  
Syracuse, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by First Trust & Deposit Company, Syracuse, New York, of a branch in the Camillus Plaza Shopping Center, 5300 West Genesee Street, Town of Camillus, Onondaga 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  
9/28/64

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

September 28, 1964.



Board of Directors,  
The Marine Trust Company  
of Western New York,  
Buffalo, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by The Marine Trust Company of Western New York, Buffalo, New York, of a branch at 1786 Sheridan Drive, Town of Tonawanda, Erie 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

3319

Item No. 3  
9/28/64

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

September 28, 1964.

Board of Directors,  
The Marine Trust Company of  
Western New York,  
Buffalo, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by The Marine Trust Company of Western New York, Buffalo, New York, of a branch at 57 South Buffalo Street, Village of Hamburg, Erie 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. 4  
9/28/64

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

September 28, 1964.



Board of Directors,  
Camden Trust Company,  
Camden, New Jersey.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Camden Trust Company, Camden, New Jersey, of a branch at the northeast corner of the intersection of White Horse Pike and Oak Avenue, Lindenwold, Camden County, New Jersey, 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 25, D. C.

Item No. 5  
9/28/64

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

September 28, 1964.

Board of Directors,  
Bank of the Commonwealth,  
Detroit, Michigan.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch by Bank of the Commonwealth at 2510-18-24 Market Street, Detroit, Michigan, 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. 6  
9/28/64

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

September 28, 1964.



Mr. H. A. Bilby, Vice President,  
Federal Reserve Bank of New York,  
New York, New York. 10045

Dear Mr. Bilby:

This refers to your letter of September 15, 1964, and enclosures, concerning the proposed issue by the International Bank for Reconstruction and Development of \$100 million aggregate principal amount of its Two Year Bonds of 1964, due October 1, 1966. In that letter you state that it is proposed to amend Schedule A of the Fiscal Agency Agreement, dated as of February 6, 1950, between the International Bank and your Bank to include the bonds in question.

The Board of Governors approves of your Bank acting as Fiscal Agent in respect of the proposed issue by the International Bank of its Two Year Bonds of 1964, due October 1, 1966, and approves the execution and delivery by your Bank of an Agreement with the International Bank in the form of the draft of Supplement No. 24 to the Fiscal Agency Agreement, dated as of February 6, 1950, between your Bank and the International Bank, enclosed with your letter.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON 25, D. C.

3323

Item No. 7  
9/28/64

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

September 29, 1964.

Dear Sir:

The indicated number of copies of the following forms are being forwarded to your Bank under separate cover for use of State member banks and their affiliates in submitting reports as of the next call date. A copy of each form is attached.

Number of  
copies

Form FR 105 (Call No. 173), Report of Condition of State member banks.

Form FR 105e (Revised February 1961), Publisher's copy of report of condition of State member banks.

Form FR 105e-1 (Revised February 1961), Publisher's copy of report of condition of State member banks.

Form FR 220 (Revised March 1952), Report of affiliate or holding company affiliate.

Form FR 220a (Revised March 1952), Publisher's copy of report of affiliate or holding company affiliate.

The forms are identical to those used for the April 15, 1964, call date and exclude the schedules on the reverse, except for the items required for deposit insurance assessment purposes and the affiliate schedule. The same form is being printed by the Federal Deposit Insurance Corporation for distribution to insured nonmember State banks.

The form to be distributed to national banks by the Comptroller of the Currency is expected to be the same as that used for the April 15, 1964, call date and thus will differ in several respects from the form being used by State banks. There are no plans to collect supplementary information from national banks for the purpose of reconciling these differences. Under these circumstances, it is not planned to make computer tabulations of the data in Washington, and it will therefore not be necessary to keypunch these reports.

A special supplement will be collected from State member banks for this call for the purpose of providing information on time certificates of deposit issued to:

Domestic commercial and mutual savings banks

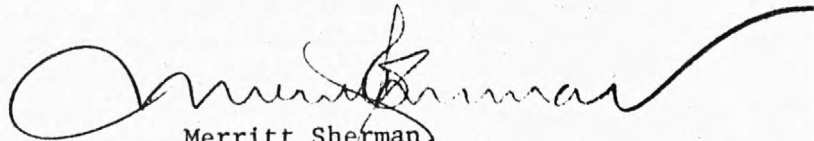
Savings and loan associations

Insurance companies

All others

A similar supplement will be collected from insured nonmember banks by the Federal Deposit Insurance Corporation. A supply of these forms will be forwarded later under separate cover. Three copies will be provided for each State member bank. Only the original should be forwarded to the Board.

Very truly yours,

A handwritten signature in cursive script, appearing to read 'Merritt Sherman', with a long, sweeping flourish extending to the right.

Merritt Sherman,  
Secretary.

Enclosures.

TO THE PRESIDENTS AT ALL FEDERAL RESERVE BANKS.



3325

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 8  
9/28/64

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

September 28, 1964



The Honorable James J. Saxon,  
Comptroller of the Currency,  
Washington, D. C. 20220.

Dear Mr. Saxon:

There is enclosed a draft copy of a schedule prepared for the purpose of collecting from State member banks supplementary information on time certificates of deposit issued to certain classifications of depositors.

This schedule will be required from all State member banks for the forthcoming fall call date. It is understood that a similar schedule will be collected from insured nonmember State banks by the Federal Deposit Insurance Corporation.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.

Enclosure.