

Minutes for November 19, 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

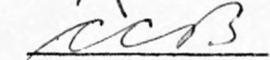


Gov. Mills

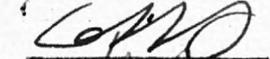
Gov. Robertson



Gov. Balderston



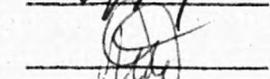
Gov. Shepardson



Gov. Mitchell



Gov. Daane



Minutes of the Board of Governors of the Federal Reserve System on Thursday, November 19, 1964. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman
 Mr. Balderston, Vice Chairman
 Mr. Mills
 Mr. Robertson
 Mr. Shepardson
 Mr. Daane 1/

Mr. Sherman, Secretary
 Mr. Molony, Assistant to the Board
 Mr. Hackley, General Counsel
 Mr. Johnson, Director, Division of Personnel Administration
 Mr. Hooff, Assistant General Counsel
 Mr. Conkling, Assistant Director, Division of Bank Operations
 Mr. Leavitt, Assistant Director, Division of Examinations
 Mr. Spencer, General Assistant, Office of the Secretary
 Mr. Egertson, Supervisory Review Examiner, Division of Examinations

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 Wells Fargo Bank, San Francisco, California, approving the establishment of a branch on Irving Street between 6th Avenue and 10th Avenue.	1
Letter to The West Omaha National Bank, Omaha, Nebraska, granting its request for permission to maintain reduced reserves.	2
Letter to Westmoreland National Bank of Dallas, Dallas, Texas, granting its request for permission to maintain reduced reserves.	3

1/ Withdrew from meeting at point indicated in minutes.

11/19/64

-2-

	<u>Item No.</u>
Letter to the Federal Deposit Insurance Corporation regarding the application of Farmers and Merchants Bank, Greenwood, Wisconsin, for continuation of deposit insurance after withdrawal from membership in the Federal Reserve System.	4
Letter to the Federal Reserve Bank of Boston approving the appointment of eleven officers as Federal Reserve Agent's Representatives for the sole purpose of maintaining custody of Federal Reserve notes stored at cash agent banks.	5
Letter to the Federal Reserve Bank of Boston with regard to a question raised by Depositors Trust Company, Augusta, Maine, whether a State member bank may engage in travel service business, including auto rental and the sale of trip insurance. (The text of the letter was sent to all Federal Reserve Banks.)	6

Preceding approval of Item No. 6, Mr. Hooff noted that as a result of a question raised by Governor Mills when the draft letter was in circulation, certain wording would be added to point out that the Board assumed that Depositors Trust Company would not hold title to the autos used in its travel service business nor act as an insurer, either of which would be regarded as a change in business and require the express permission of the Board.

Governor Daane and Mr. Johnson then withdrew from the meeting.

Amendment to Loss Sharing Agreement (Item No. 7). There had been distributed a memorandum dated November 18, 1964, from Messrs. Daniels (Division of Bank Operations) and Hackley with regard to a proposed amendment to section 7 of the Loss Sharing Agreement of the Federal Reserve Banks.

11/19/64

-3-

The memorandum pointed out that the proposed amendment, which contained revisions of subparagraphs (A) and (D) of section 7, had been transmitted to the Presidents of the Reserve Banks by the Chairman of the Insurance Committee of the Federal Reserve Banks, as requested by Mr. Swan, Chairman of the Committee on Miscellaneous Operations of the Conference of Presidents. The amendment had been approved by the members of the Insurance Committee and by all Reserve Bank Presidents.

In describing the proposed amendment, the memorandum noted that the revision of subparagraph (A) of section 7 was needed so that the \$15 million limitation on shipments of new Federal Reserve notes from Washington, D. C., would be defined in terms consistent with the definition of "shipment" in the contract between Brink's Incorporated and the Board of Governors with respect to the shipment of new Federal Reserve notes.

The revision of subparagraph (D) of section 7 had been agreed upon by the Insurance Committee two years ago, to be made at a time when other changes in the Loss Sharing Agreement were necessary. It merely removed reference to "registered air mail" in subparagraph (D) so that shipments that might be made by the Post Office Department by air instead of by rail would be subject to the \$10 million limitation on registered mail shipments covered by subparagraph (B) of section 7 rather than the \$5 million limitation contained in subparagraph (D) on shipments by air express, armored car, or under special guard on any conveyance.

11/19/64

-4-

Paragraph 4 of the amendment would provide for approval by the Board of Governors prior to execution of counterpart originals by each party to the Agreement.

The amendment had been prepared showing the effective date as January 1, 1965, to coincide with the effective date of the agreement that had been executed with Brink's Incorporated under date of November 2, 1964. Because of the comparatively short time remaining until the end of the year, the Insurance Committee had shipped copies direct to the Federal Reserve Banks, as requested by Mr. Swan. This procedure would permit earlier action by the Banks if Board approval were sent by telegram instead of by the usual letter enclosing copies of the proposal. In this connection, there was attached to the memorandum a draft of telegram that would inform the Reserve Banks of the Board's approval of the proposed amendment.

Following explanatory comments by Mr. Hackley, the amendment to the Loss Sharing Agreement and the telegram to the Federal Reserve Banks were approved unanimously. A copy of the telegram is attached as Item No. 7.

Meeting with New York Clearing House Association representatives.

Governor Robertson reported that certain members of the staff would meet today with representatives of the New York Clearing House Association to discuss a proposal made by that organization with respect to the Board's proposed Regulation F, Securities of Member State Banks. Governor

11/19/64

-5-

Robertson suggested that if members of the Board were available, they might wish to sit in on the discussion and attend the luncheon that had been scheduled.

All members of the staff except Mr. Sherman then withdrew from the meeting.

Salary of President of Atlanta Bank. Chairman Martin reported that he had talked by telephone with Chairman Tarver of the Federal Reserve Bank of Atlanta regarding the salary of President Bryan for the coming year and had transmitted the views expressed at the Board meeting on November 12, 1964. Mr. Tarver had responded that he understood the Board's views but might wish to discuss the matter further when he was in Washington for the Chairmen's Conference early in December.

Director appointment. It having developed that Mr. Elliott V. Bell would not be available for appointment as a Class C director of the Federal Reserve Bank of New York, it was agreed to ascertain through the Chairman of the New York Reserve Bank whether Dr. James M. Hester, President of New York University, New York, New York, would accept appointment, if tendered, as Class C director of the Bank for the three-year term beginning January 1, 1965, with the understanding that if it were found that he would accept, the appointment would be made, with public announcement near the end of 1964.

Secretary's Note: It having been ascertained that Dr. Hester would accept, an appointment telegram was sent to him on December 11, 1964.

11/19/64

-6-

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 Boston (attached Item No. 8) approving the designation of Lucien S. Thalheimer as special assistant examiner.

Memorandum from the Division of International Finance recommending that Boris C. Swerling, Senior Economist in that Division, who is currently hospitalized, be permitted to work on Board business up to four hours each day, the balance of the day to be charged to sick leave from November 19 through December 11 and to leave without pay from December 14 through December 31, 1964.


Secretary

3929

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 1
11/19/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 19, 1964.

Board of Directors,
Wells Fargo Bank,
San Francisco, California.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Wells Fargo Bank, San Francisco, California, of a branch on Irving Street between 6th Avenue and 10th Avenue, San Francisco, California, 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

Item No. 2

11/19/64

WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 19, 1964.

Board of Directors,
The West Omaha National Bank,
Omaha, Nebraska.

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 West Omaha 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 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. 3
11/19/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 19, 1964.

Board of Directors,
Westmoreland National Bank of Dallas,
Dallas, Texas.

Gentlemen:

With reference to your request submitted through the Federal Reserve Bank of Dallas, the Board of Governors, acting under the provisions of Section 19 of the Federal Reserve Act, grants permission to the Westmoreland National Bank of Dallas to maintain the same reserves against deposits as are required to be maintained by nonreserve 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

Item No. 4
11/19/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



November 19, 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 November 3, 1964, concerning the application of the Farmers and Merchants Bank, Greenwood, Wisconsin, 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

Item No. 5
11/19/64

WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



November 19, 1964.

Mr. Erwin D. Canham, Chairman,
Federal Reserve Bank of Boston,
Boston, Massachusetts 02106.

Dear Mr. Canham:

As requested in your letter of November 2, 1964, the Board of Governors approves the appointment of the following officers of the Federal Reserve Bank of Boston as Federal Reserve Agents' Representatives for the sole purpose of maintaining custody of Federal Reserve notes stored at cash agent banks.

<u>Officer</u>	<u>Title</u>
D. Harry Angney	Vice President
Luther M. Hoyle, Jr.	Vice President
Oscar A. Schlaikjer	Vice President & General Counsel
Parker B. Willis	Vice President & Economic Adviser
Charles E. Turner	Vice President
Laurence H. Stone	Secretary & Associate General Counsel
Lee J. Aubrey	Assistant Vice President
Wallace Dickson	Assistant Vice President
Robert W. Eisenmenger	Director of Research
Harry R. Mitiguy	Bank Relations Officer
Paul S. Anderson	Financial Economist

Please have the officers execute the usual Oath of Office which should be forwarded to the Board of Governors along with notification of the effective date of their appointments. It is noted that information pertaining to the indebtedness of the officers in question will be obtained and furnished to the Board at a later date.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

3934
Item No. 6
11/19/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 19, 1964.

Mr. Luther M. Hoyle, Jr., Vice President,
Federal Reserve Bank of Boston,
Boston, Massachusetts. 02106

Dear Mr. Hoyle:

This refers to your letter of November 2, 1964, forwarding correspondence with Depositors Trust Company, Augusta, Maine, in which the question is presented whether a State member bank may engage in the travel service business, including auto rental and the sale of trip insurance.

The question whether a State bank may engage in this type of business depends, of course, upon the bank's charter and the applicable State statutes. There is no Federal banking law which would prohibit the bank from offering this service. However, the bank is subject to a condition of membership which provides that the Board's permission must be obtained before "any change" is made in the general character of its business.

The operation of a travel department as an incidental service to the public is widespread, particularly in the larger cities, and as long as such service is kept within these limits, the Board does not consider it to be a significant change in the general character of the bank's business. Accordingly, permission under the condition of membership is not required and the Board would offer no objection as long as the service does not affect the bank's efficiency and sound operations. It is assumed, of course, that the bank will not hold title to the autos nor act as an insurer, either of which would be regarded as a change in business and require the express permission of the Board.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

T E L E G R A M
LEASED WIRE SERVICE

3935
Item No. 7
11/19/64

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

November 19, 1964.

TO THE PRESIDENT OF EACH RESERVE BANK AND
HODGE - CHICAGO

Board has approved the proposed amendments, effective January 1, 1965, to subparagraphs (A) and (D) of Section 7 of the Loss Sharing Agreement of the Federal Reserve Banks. One duly executed counterpart original of the amendment agreement previously shipped to you by the Insurance Committee should be forwarded to Board. When executed counterparts have been received from all Banks, Board will notify your Bank by telegram.

(Signed) Merritt Sherman

SHERMAN

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

Item No. 8
11/19/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 19, 1964.

Mr. Lee J. Aubrey, Assistant Vice President,
Federal Reserve Bank of Boston,
Boston, Massachusetts. 02106

Dear Mr. Aubrey:

In accordance with the request contained in your letter of November 13, 1964, the Board approves the designation of Lucien S. Thalheimer as a Special Assistant Examiner for the Federal Reserve Bank of Boston for the purpose of participating in examinations of State Street Bank and Trust Company, Boston, Massachusetts; The Connecticut Bank and Trust Company, Hartford, Connecticut; Depositors Trust Company, Augusta, Maine; The Merrill Trust Company, Bangor, Maine; and Rhode Island Hospital Trust Company, Providence, Rhode Island.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

