

Minutes for December 2, 1964

To: Members of the Board

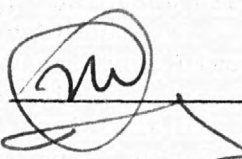
From: Office of the Secretary

Attached is a copy of the minutes of the Board of Governors of the Federal Reserve System on the above date.

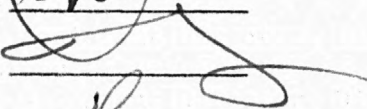
It is not proposed to include a statement with respect to any of the entries in this set of minutes in the record of policy actions required to be maintained pursuant to section 10 of the Federal Reserve Act.

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



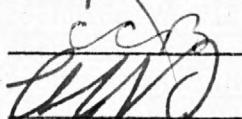
Gov. Mills



Gov. Robertson



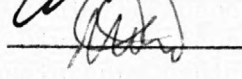
Gov. Balderston



Gov. Shepardson



Gov. Mitchell



Gov. Daane



Minutes of the Board of Governors of the Federal Reserve System on Wednesday, December 2, 1964. The Board met in the Board Room at 10:00 a.m.

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

Mr. Sherman, Secretary
 Mr. Young, Adviser to the Board and Director, Division of International Finance
 Mr. Molony, Assistant to the Board
 Mr. Hackley, General Counsel
 Mr. Brill, Director, Division of Research and Statistics
 Mr. Solomon, Director, Division of Examinations
 Mr. Schwartz, Director, Division of Data Processing
 Mr. O'Connell, Assistant General Counsel
 Mr. Hooff, Assistant General Counsel
 Mr. Holland, Associate Director, Division of Research and Statistics
 Mr. Sammons, Adviser, Division of International Finance
 Mr. Irvine, Associate Adviser, Division of International Finance
 Mr. Conkling, Assistant Director, Division of Bank Operations
 Mr. Daniels, Assistant Director, Division of Bank Operations
 Mr. Leavitt, Assistant Director, Division of Examinations
 Mr. Langham, Assistant Director, Division of Data Processing
 Mrs. Semia, Technical Assistant, Office of the Secretary
 Mr. Egertson, Supervisory Review Examiner, Division of Examinations
 Mr. McClintock, Supervisory Review Examiner, Division of Examinations
 Mr. Veenstra, Chief, Financial Statistics Section, Division of Data Processing
 Mr. Davis, Assistant Cashier, Federal Reserve Bank of Atlanta

1/ Attended morning session; joined afternoon session at point indicated in minutes.

12/2/64

-2-

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 the Presidents of all Federal Reserve Banks regarding participation in the Thirteenth Technical Training Program of the Center for Latin American Monetary Studies to be held in Mexico City May 3 to August 27, 1965.	1
Letter to The Citizens National Bank, Tell City, Indiana, regarding payment of a certificate of deposit before maturity in an emergency arising from a strike. (The letter as approved reflected changes agreed upon during discussion; the substance of the letter was sent to all Federal Reserve Banks.)	2
Telegram to the Federal Reserve Bank of Philadelphia authorizing access by an agent of the Federal Bureau of Investigation to open sections of examination reports of Hightstown Trust Company, East Windsor Township, New Jersey.	3

Report on competitive factors (Springfield-South Charleston, Ohio). There had been distributed a draft of report to the Federal Deposit Insurance Corporation on the competitive factors involved in a proposal under which The Savings Society Commercial Bank, Springfield, Ohio, would merge with The First State Bank, South Charleston, Ohio, and the resulting institution would purchase the assets and assume the liabilities of The Springfield Savings Society of Clark County, Ohio, Springfield, Ohio.

The report was approved unanimously for transmittal to the Corporation. The conclusion read as follows:

12/2/64

-3-

The proposed transactions contemplate combination of banks which, by reason of common ownership and management, are not competitive with each other. Effects of the proposal on competition would not be adverse.

Messrs. O'Connell, Hooff, Egertson, and McClintock then withdrew from the meeting.

Richmond property acquisition (Item No. 4). There had been distributed a memorandum dated November 27, 1964, from Mr. Farrell, Director, Division of Bank Operations, regarding a request from the Federal Reserve Bank of Richmond for permission to purchase for \$400,000 improved property (the Goldberg property) directly across Franklin Street from the main Bank building. Other property now owned by the Bank adjacent to the parcel proposed to be purchased had been acquired originally with the thought of using it for the site of an annex building. However, more recent studies had led to the conclusion that it would be preferable to build an entire new building and dispose of the present Bank building; acquisition of the Goldberg property would be a first step in that direction. President Wayne of the Federal Reserve Bank of Richmond had indicated that two additional adjacent parcels might soon become available. If they were acquired, the four parcels the Bank then would have across Franklin Street would total 42,000 square feet, which the Bank felt would be enough for a new building.

12/2/64

-4-

Mr. Daniels commented in supplementation of the memorandum, after which Governor Mitchell stated that the Board's Committee on Organization, Compensation, and Building Plans had discussed the proposed purchase at some length with President Wayne, and that the latter had given a strong impression of dissatisfaction with the present Richmond Bank building. The building, which was 45 years old, was extremely inefficient, with a relatively small proportion of usable space and virtually no space for driving into the building to handle currency. Governor Mitchell was of the view that the Bank should try to purchase the three parcels that would make up the 42,000 square feet. However, because of local considerations, President Wayne was not prepared to go that far at the present time; instead, he favored purchasing only the Goldberg property now and using it, with the other property now owned by the Bank across Franklin Street, either as an accumulation toward a building site or as trading material for another site that would be a little larger and more suitable for future expansion. Governor Mitchell thought that it was doubtful that the entire property that might be acquired across Franklin Street would be adequate for the type of Federal Reserve structure that recent building programs had contemplated, with plenty of land for security courts and for setting off the building. It seemed probable, looking ahead, that the Reserve Bank would find it desirable to get out of the present vicinity altogether.

12/2/64

-5-

After further discussion the request of the Federal Reserve Bank of Richmond was approved unanimously. A copy of the letter informing the Bank of this action is attached as Item No. 4.

Mr. Daniels then withdrew from the meeting.

Condition report format and call procedures (Items No. 5 and 6). There had been distributed a memorandum dated November 27, 1964, from the Divisions of Data Processing and Research and Statistics submitting proposals for the format of the condition report and for call procedures. Attached to the memorandum were a proposed basic report of condition format in which all items expressly requested by the three Federal and the State bank supervisory authorities were included in mutually reconcilable form; a draft of proposal dealing with the timing and content of calls; and drafts of letters to the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the National Association of Supervisors of State Banks. The letters would transmit the proposed report form and procedure and ask suggestions looking toward agreement among the agencies on a uniform report form and call procedures.

The memorandum explained that there were three reasons for bringing the matter to the Board's attention at this time. First, it was felt that the Board should take the initiative in probing for bases of agreement in this troublesome area. Second, by proposing a workable compromise the Board would place itself in a stronger position to request Budget Bureau clearance of any

12/2/64

-6-

reconciliation forms that might be needed in the future to collect information from national banks. Moreover, the proposal was in accord with the suggestion made independently by a representative of the Bureau that an effort be made to develop a compatible form. Third, the proposal included several additions to the call report that had been developed as possible compromise arrangements in interagency staff discussions but on which the Board had not yet had an opportunity to express its views. The additions pertained largely to capital accounts, valuation reserves, and repurchase and resale agreements.

Detailed comments regarding particular features of the proposed report form were set out in the memorandum. It was stated, among other things, that there was no apparent conflict between the proposed form and the registration form being developed in connection with the Board's forthcoming Regulation F, Securities of Member State Banks, to be issued pursuant to recent amendments to the Securities Exchange Act extending the Act's disclosure requirements to bank stocks. The disclosure form might complement or even replace the call report form for a few larger banks, but it was likely to be too detailed for use by smaller banks. An eventual reconciliation (with perhaps some simplification for smaller banks) was a desirable long-run goal toward which most of the interested groups would be working.

12/2/64

-7-

The proposed procedure for making calls for reports of condition reflected a consensus of views expressed at meetings in December 1963 attended by representatives of all three Federal bank supervisory authorities and the National Association of Supervisors of State Banks, and at a meeting in July 1964 similarly attended except that no representative of the Comptroller of the Currency was present. In essence, the proposed procedure would state that the Federal bank supervisory authorities would henceforth require four call dates each year; two would be as of the last business days of June and December and would include detailed loan and deposit schedules; the other two would be as of surprise dates in the spring and fall and would include only a condensed form. Announcement of the calls would be made within three business days after the call date to reduce the burden of reconstruction of balance sheet data at banks with automated accounting systems.

At the Board's request Mr. Veenstra summarized the principal considerations underlying the proposed call report format.

Governor Mitchell noted that the proposed report form did not call for reporting the amounts of negotiable certificates of deposit owned by corporations and by individuals. It seemed to him that negotiable certificates had become important enough that their ownership should be specified in order to provide benchmark data to aid analysis.

12/2/64

-8-

Staff responses brought out that surveys of deposit ownership, while not containing comprehensive information on this point, suggested that the great bulk of negotiable certificates were held by businesses; holdings by individuals and by financial institutions appeared to be very small. It was noted that benchmark data needed less frequently than quarterly were usually collected on an ad hoc basis. It might be well to move in the direction of seeking information such as Governor Mitchell had mentioned, but it was observed that records would reflect only original issuers, and not market sales. Although the pattern of ownership at time of issuance might be obtained, over a period of time those data would lose validity as a benchmark, especially if the market should become active.

Governor Mitchell commented on the likelihood of shifts in the deposit structure, in which event data on ownership of negotiable certificates would be of increased usefulness for analysis. He asked if it would be feasible to include on the back of the report form a memorandum item calling for the amount of certificates issued to corporations. Response was made that the proposed report form did not preclude the Board or any other supervisory authority from adding an item on its own call report form, or the addition of any item on which the three authorities could agree. In its present form, however, the proposal incorporated

12/2/64

-9-

features on which there already seemed to be a strong basis for agreement. If this much uniformity could be achieved, there could be supplemental effort to reach agreement on improvements.

Governor Robertson expressed the view that the proposed report form and procedure represented a good approach, not only as a compromise, but also to put the Board on record as endeavoring to compromise. However, what was done now would not preclude future changes. For example, in the next year he believed it would be necessary to take steps to be sure that the call report form meshed properly with the accounting principles and specifications to be adopted in the registration statement to be used in connection with the Board's forthcoming Regulation F. He inquired what bearing recent indications that the Comptroller of the Currency might make changes in the form for the December call on national banks might have on the compromise embodied in the report form now proposed.

Mr. Veenstra replied that the staff suggested the addition to the letters to the other two Federal banking authorities of a request that, if agreement on the proposed report form did not seem feasible, they inform the Board of any changes that might be in prospect for the December call reports and also for reports of 1964 income and dividends.

12/2/64

-10-

In further discussion of the way in which the proposed report form had been developed, Governor Mitchell asked if it represented any compromise of the Board's essential data needs, to which the staff replied that it did not.

The letters transmitting the proposed report form and procedure were approved unanimously, those to the Federal banking authorities to include the addition that had been suggested. A copy of the letter subsequently sent to the Comptroller of the Currency is attached as Item No. 5. A similar letter was sent to the Chairman of the Federal Deposit Insurance Corporation. A copy of the letter sent to the National Association of Supervisors of State Banks is attached as Item No. 6.

Messrs. Brill, Schwartz, Holland, Conkling, Langham, Veenstra, and Davis then withdrew from the meeting.

Request by Colombia for gold loan. Mr. Young reported that a request had been received from Banco de la Republica, Colombia, for a loan on gold of \$30 million. He and Mr. Irvine commented on circumstances on which the request was based, including the status of negotiations for a loan to Colombia by the Agency for International Development and measures being taken by the State and Treasury Departments related to their interest in the financial problems of the Colombian economy. The matter was not being submitted for action today, and the staff was making no recommendation.

12/2/64

-11-

The request would be brought before the Board for consideration when more complete information was available regarding the surrounding circumstances.

The meeting then recessed and reconvened in the Board Room at 2:30 p.m. with the following in attendance.

Mr. Balderston, Vice Chairman
Mr. Robertson
Mr. Shepardson
Mr. Mitchell

Mr. Sherman, Secretary
Mr. Solomon, Director, Division of Examinations
Mr. Daniels, Assistant Director, Division of
Bank Operations
Mrs. Semia, Technical Assistant, Office of the
Secretary
Mr. White, Technical Assistant, Division of
Bank Operations

Mr. Hall, Chairman, Federal Reserve Bank of
Cleveland
Mr. Kiel, Vice President, Federal Reserve
Bank of Cleveland (in charge of Cincinnati
Branch)
Mr. Morrison, Vice President, Federal Reserve
Bank of Cleveland

Proposed new building for Cincinnati Branch. Chairman

Hall and his associates from the Federal Reserve Bank of Cleveland were present at the invitation of the Board pursuant to the suggestions at the meetings on October 2 and November 24, 1964, after discussion of tentative proposals by the Federal Reserve Bank of Cleveland looking toward possible acquisition of a site and construction of a new building for the Cincinnati Branch. At the October 2 meeting the Board had directed that representatives of

12/2/64

-12-

the Division of Bank Operations make an on-site inspection to develop additional information, and Mr. Farrell reported the findings of such a visit in a distributed memorandum of November 12 and at the meeting of the Board on November 24, 1964.

Governor Robertson asked if it might serve to give the discussion an initial focus if he outlined the two principal reasons for his adverse reaction. First, it seemed that the present Branch building, although it did have deficiencies that caused problems, was larger than actually needed; space now rented provided ample room for expansion. It was in a good location. Second, in the proposed new site there was no provision for parking space, which in the case of other Federal Reserve quarters recently built had been deemed extremely important. As he understood it, there never could be any employee parking facilities at the new site, and all employees would have to rely on public transportation. Perhaps there were reasons why that was not important in this case, but it appeared to him that it was.

Chairman Hall commented that the present Branch building, a multi-storied structure built in 1927, at present had a number of vacancies and it might be expected that it would be difficult to attract tenants in the future because of new office buildings now being built or in prospect in the vicinity. The outlook, therefore, was for an acceleration of obsolescence. However, assuming that the

12/2/64

-13-

building could be used, the question might be asked if it could be remodeled to make more efficient operation possible. He discussed various means that had been suggested for improving the usefulness of the present building, all of which, it appeared, would leave a building that was still obsolete and still unsatisfactory for Federal Reserve operations.

Every new building in the Cincinnati redevelopment area, Chairman Hall continued, was required to provide a certain amount of parking, but not sufficient to take care of all the people in the building, because the city was providing additional parking in connection with the redevelopment plans. The preliminary sketches for a Branch building had not included any parking within the building, but there had been a possibility of a limited amount of parking on an additional 60-foot strip of land that might be purchased. The later sketches included 34 spaces within the building, which the directors of the Cleveland Reserve Bank felt would be sufficient to take care of a few of the more senior persons. Any additional spaces would create a problem of assignment, since it would not be possible to provide space for all employees. If the parking question was considered of great importance, there was an expensive way of adding 100 spaces by going down three levels on adjoining property, but the Cleveland Bank would recommend very strongly against doing so. Since parking would be available in

12/2/64

-14-

the general area, the cost involved in providing general parking space was not considered justified.

In response to a question by Governor Robertson, Chairman Hall and Messrs. Kiel and Morrison described the nature, location, and fees of parking facilities that were expected to be available, bringing out that public transportation routes converged in the area of the Branch location. The accepted way to travel in Cincinnati was on public transportation, even for some people for whom private parking space was provided. Rates in public parking areas were quite low.

Governor Balderston asked, assuming that the present building was obsolete and new quarters must be sought, what were the pros and cons of moving into the redevelopment area versus moving to a location somewhat removed from the main financial district of the city.

Mr. Morrison replied that the movement of funds and securities into and out of the Branch building by local banks created an active traffic not only by armored cars but also by foot. If the Branch was to provide the kind of service that presumably it should, it would be in a better position to do so in the proposed location than in an outlying one.

Chairman Hall commented that the only reason that would seem to argue for moving outside the downtown area was the provision of parking space, which he did not believe was important enough to justify such a move.

12/2/64

-15-

Governor Balderston asked about the prospect for sale of the present building, in response to which Chairman Hall indicated that, although it was expected that depreciation charges would bring the book value of the building to zero by the time it was possible to occupy a new building, it was estimated that the present building could then be sold for about \$1 million. He cited several circumstances bearing on this question. Governor Balderston inquired what was expected to be the total outlay if the building project was approved, in reply to which Chairman Hall said it would be about \$10 million.

Governor Mitchell stated that he questioned the need for new Branch quarters, since only about 60 per cent of the space in the present building was used for Branch operations. Mr. Morrison responded that the space in the present structure did not lend itself to efficient operation. For example, check processing was divided on two floors.

Governor Mitchell then asked several questions, to which Messrs. Kiel and Morrison responded, regarding custody services, the present degree to which check handling in the territory was mechanized, and whether the large branch organizations, when fully automated, would use single-office accounting. Where the latter arrangement had been instituted, domestic checks were usually sent direct rather than through Federal Reserve offices. In Governor

12/2/64

-16-

Mitchell's view, the next few years would see increased resort to associated bank offices, either in the form of holding company subsidiaries or of direct branches. With technological changes that were likely to occur--perhaps before a new building could be put into operation--the function of the Federal Reserve as a handler of checks was likely to diminish, and the need for space to house that function also would decline. Likewise, he believed that the future would see conversion to ledger accounting for the public debt, with consequent drastic reduction of the area needed for safe-keeping and other handling of Government securities. The removal of space problems connected with those two functions would leave one large space problem, namely, for handling currency and coin. It troubled him that the net effect of the proposal to construct a building might be to spend \$10 million primarily to solve that problem.

Governor Balderston expressed the view that the System's experience with remodeling buildings had been unsatisfactory, and operations were badly disrupted during the process. There was also a question--an imponderable one--as to how much it meant to the System to have its quarters in the center of things, looked upon as part of the financial community, as against being on the outskirts of the downtown area as the Los Angeles Branch was. He observed that the price of the proposed site, \$12 a square foot, was

12/2/64

-17-

remarkably low, in response to which the visitors indicated that some advantage was being accorded in that price because of the desire of the redeveloping authorities to have the Federal Reserve among the participants in their program and to get specific construction projects under way in the redevelopment area. The site was one that certain other organizations would like to have. Comparisons with prices of other prime commercial land were cited.

Governor Mitchell asked if the purchase of the land would be accompanied by a commitment to use it for constructing a Branch building within a particular time, in response to which it was indicated that in effect there would be such a commitment; the purchase terms being offered would probably not be given if it appeared that the land would be held vacant for some time.

The discussion then turned to the type of Branch building that might be constructed. It was brought out that the earliest sketches that had been drawn for the Bank were only a preliminary exploration of what might be done with the site, and these had been dropped from serious consideration. Chairman Hall expressed himself in disfavor of a building of a monumental type. In his view, an efficient building, and yet one in keeping with the Federal Reserve, would comprise about 7 or 8 floors, basement, and sub-basement.

12/2/64

-18-

Chairman Martin had joined the meeting during the foregoing discussion, and Governor Balderston outlined for him the principal views that had been expressed.

Governor Shepardson asked if the change in the type of building envisaged might not result in a lowering of the original cost estimates. In response, Chairman Hall mentioned various alternatives that might produce a final program with a net cost of about \$9 million. There was a general exchange of comments on the square footage contemplated compared with that now occupied, on inefficiencies that resulted when upper floors were set back, on the appropriateness of the size of building contemplated for the proposed site, and on the merits of having lower floors of sufficiently heavy construction to allow later vertical additions.

Governor Mitchell then withdrew.

There was further discussion of particular Branch functions, including vaults and currency handling, and their placement in a possible new building and the amount of space allotted to them. Chairman Hall summarized the major points that his presentation had covered, namely, that the Cleveland Bank did not consider the present Cincinnati Branch building adequate; that possibilities of remodeling appeared to present difficulties and the expenditure of a great deal of money on a depreciated building; that the Cleveland Bank believed that there was value in keeping the Branch quarters in the Cincinnati

12/2/64

-19-

financial district rather than placing them in a location somewhat removed; and that, while it was not possible at present to name a definite figure as the cost of a new building, it seemed certain that a satisfactory building could be constructed at less cost than would be the case if a monumental-type structure was considered necessary.

Chairman Martin asked if the boards of directors of the Cleveland Bank and the Cincinnati Branch were unanimous in proposing that a building program be undertaken for the Branch, in response to which Chairman Hall indicated that they were.

Chairman Martin then thanked Chairman Hall and Messrs. Kiel and Morrison for giving the Board the benefit of their views, and the meeting adjourned.

Secretary's Notes: A letter was sent to The Chase Manhattan Bank, New York, New York, on December 1, 1964, acknowledging receipt of notice of its intent to establish an additional branch in Trinidad, to be located in the Trinidad Hilton Hotel, Lady Young Road, Belmont, Port-of-Spain.

A letter was sent to Bank of America National Trust and Savings Association, San Francisco, California, on December 1, 1964, acknowledging receipt of notice of its intent to establish an additional branch in the Orchard Road area of the City of Singapore.

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

12/2/64

-20-

Letter to the Federal Reserve Bank of Dallas (attached Item No. 7) approving the appointment of John Jacob Hegi and John J. Gilbert as assistant examiners.

Letter to the Executive Secretary of Interagency Committee on Automatic Data Processing advising of the designation of M. H. Schwartz, Director of the Division of Data Processing, as the Board's representative on the Interagency Committee, replacing W. M. Davis.

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

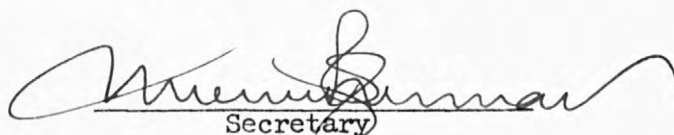
Prevailing Rate Wage Schedule

Revised Prevailing Rate Wage Schedule (attached Item No. 8) and increases in the annual salary rates of the following employees in the Division of Administrative Services under the schedule, effective December 6, 1964.

<u>Name and title</u>	<u>Annual salary rates</u>	
	<u>From</u>	<u>To</u>
R. A. Windsor, Assistant Supervisor, Motor Transport Unit	\$5,595	\$5,782
Willard D. Creasey, Chauffeur	5,096	5,283
Carlton C. Poling, Chauffeur	5,096	5,283
Lloyd F. White, Chauffeur	5,096	5,283
Roger M. Painter, Chauffeur (Station Wagon)	4,597	4,742
Arthur S. Myers, Mechanical Foreman	7,592	7,842
Park O. Showalter, Electrician-Operating Engineer	6,635	6,864
Karl J. Steger, Steamfitter-Operating Engineer	6,968	7,218
Gordon M. Davis, Sr., Carpenter-Operating Engineer	6,323	6,531
Glenn B. Hopkins, Painter	6,386	6,594
Bruce L. Rabbitt, Painter	6,386	6,594
Paul L. Tedrow, Operating Engineer	5,866	6,074
P. D. Maddox, General Mechanic-Operating Engineer	5,595	5,782
Morris Mayhew, Gardener	5,616	5,803
William R. McDonald, Supervisory Clerk	5,866	6,074
Saul Clanton, Grounds Maintenance Worker	5,346	5,554
Henry Edmonds, Window Washer	4,285	4,410

Acceptance of resignation

Carol A. Wade, Clerk-Typist, Division of Research and Statistics, effective at the close of business December 8, 1964.


Secretary



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

1117
Item No. 1
12/2/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 2, 1964.

Dear Sir:

The Board has received a letter from the Center for Latin American Monetary Studies inviting the System to designate one or more persons to participate in the Thirteenth Technical Training Program of CEMLA to be held in Mexico City, May 3 to August 27, 1965. As you will recall, the Federal Reserve Banks have been invited each year to nominate staff members to participate in this program.

If your Bank wishes to nominate any member of its staff for the 1965 program, please submit the nomination not later than January 16, 1965. For further information you may refer to the Board's letter dated December 18, 1963, and similar communications in earlier years.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Merritt Sherman".

Merritt Sherman,
Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS.

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

Item No. 2
12/2/64



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 2, 1964.

Mr. James G. Riddle,
Executive Vice President,
The Citizens National Bank,
Tell City, Indiana.

Dear Mr. Riddle:

Your letter of November 9, 1964, addressed to the Federal Deposit Insurance Corporation, with respect to the payment of a certificate of deposit in the event of an emergency, has been referred to the Board of Governors, since national banks are subject to the Board's Regulation Q rather than the regulation promulgated by that Corporation. Your specific inquiry is whether funds of a local union deposited in a one-year certificate may be withdrawn prior to maturity if a strike should develop.

It is provided in section 217.4(d) of Regulation Q that in an emergency where it is necessary to prevent great hardship to the depositor, the bank may pay before maturity a time deposit or any portion thereof to meet such emergency, provided the depositor signs an application describing fully the circumstances constituting the emergency, which application shall be approved by an officer of the bank who shall certify that to the best of his knowledge and belief the statements in the application are true. It is also provided in such cases that the depositor shall forfeit accrued and unpaid interest for a prescribed period on the amount withdrawn.

The actual occurrence of a strike, if not anticipated at time of the deposit, and the necessity for preventing a resulting great hardship, might well create circumstances in a given case that would constitute an emergency justifying resort to the exception provided in the Regulation. Therefore, the conditions present at the time of the emergency would determine whether the withdrawal should be permitted.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Mr. James G. Riddle

-2-

If you have any further questions concerning this matter, it is suggested that you might find it more convenient to discuss them with the Federal Reserve Bank of St. Louis, which will be glad to assist you.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

T E L E G R A M
LEASED WIRE SERVICEItem No. 3
12/2/64BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

December 2, 1964.

Campbell - Philadelphia

RE YOUR TELEPHONE REQUEST OF MR. SOLOMON FOR BOARD AUTHORIZATION FOR ACCESS BY AGENT OF FEDERAL BUREAU OF INVESTIGATION TO THE JANUARY 10, 1964 AND AUGUST 31, 1964 REPORTS OF EXAMINATION OF HIGHTSTOWN TRUST COMPANY, EAST WINDSOR, NEW JERSEY, BOARD AUTHORIZES FBI ACCESS AT YOUR BANK TO OPEN SECTIONS OF EACH OF THE TWO REPORTS OF EXAMINATION. AUTHORIZATION HEREIN GIVEN GRANTS PERMISSION FOR FBI TO MAKE SUITABLE EXCERPTS OF REPORTS OF EXAMINATION SHOWN TO BE RELEVANT TO FBI'S INVESTIGATION OF CERTAIN LOANS MADE BY HIGHTSTOWN TRUST COMPANY. AUTHORIZATION DOES NOT CONTEMPLATE USE OF ANY MATERIALS FURNISHED FBI EITHER BEFORE FEDERAL GRAND JURY OR IN ANY TRIAL OF ANY CASE WITHOUT FURTHER SPECIFIC AUTHORIZATION BY BOARD. SUGGEST FBI ACCESS HEREIN AUTHORIZED BE HAD IN PRESENCE OF AUTHORIZED REPRESENTATIVE OF YOUR BANK.

(Signed) Merritt Sherman

SHERMAN

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 4
12/2/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 2, 1964.

Mr. Edward A. Wayne, President,
Federal Reserve Bank of Richmond,
Richmond, Virginia. 23213

Dear Mr. Wayne:

This refers to your letter of November 19, 1964,
pertaining to the proposed purchase of the corner property
across Franklin Street from the Richmond Head Office
building.

The Board will interpose no objection to the
Bank's acquisition of the proposed property, and authorizes
its purchase at a price not to exceed \$400,000.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.





BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

1122
Item No. 5
12/2/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 11, 1964.

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

Dear Mr. Comptroller:

Attached is a draft of a uniform condition report format and of a proposed procedure pertaining to the timing and content of calls for reports of condition of banks. The Board of Governors has tentatively approved these drafts with the hope they will provide the basis for agreement among the Federal supervisory agencies and the State bank supervisors.

The proposed format has a flexible memoranda section allowing variations by each supervisory agency to meet its particular reporting or publication requirements. This section reflects the needs expressed in interagency meetings in December 1963 and in July 1964, and is sufficiently flexible to meet most of the requirements now provided by national bank condition reports. Minor changes in the loan schedule which were also discussed at these meetings have been made to provide needed information on mortgage and stock market credit at commercial banks.

Adoption of the proposed format would eliminate confusion in the banking community and among users of banking statistics occasioned by nonuniform and noncompatible reports. It would also avoid the reporting burden imposed by reconciliation statements to obtain compatible statistics.

Adoption of the proposed procedure would prevent disagreements regarding the date of calls and the date of public announcement of such calls. The Federal bank supervisory agencies would henceforth require four call reports each year; two would be as of the last business day of June and December and would include the detailed loan and deposit schedules; the other two would be as of surprise dates in the spring and fall and would include only the condensed form. Announcement of the calls would be made within three business days after the call date to reduce the burden of reconstruction of balance sheet data at banks with automated accounting systems.

The Honorable James J. Saxon -2-

The Board would appreciate your thoughts on these matters and would welcome any suggestions that would speed agreement on uniform reports and procedures. It is hoped that these matters can be the subject of constructive discussion in connection with the forthcoming calls--to the extent feasible prior to the December 1964 call, and thereafter in a more extended fashion in preparation for the calls in 1965.

If agreement on a uniform condition report form for the forthcoming call date is not feasible, it will be appreciated if you will advise the Board as decisions are made on the form and content of the reports to be used by your agency for that call. The Board would also appreciate advice of any decisions made on changes in the report of income and dividends to be used by your agency for 1964.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

Enclosures.

December 1964

Proposed Procedure for Making Calls for Reports of Condition

It is proposed that joint calls for reports of condition on State member banks of the Federal Reserve System, on national banks, and on insured nonmember banks by the Federal bank supervisory agencies be made within the following general framework:

1. Two "long" and two "short" report forms should be used to satisfy the provision in existing law for four calls each year. The long calls would include the detailed schedules of loans, Government securities, cash assets and deposits. The short form could be limited to items on the face of the report, possibly condensed, and to items needed for deposit insurance assessment purposes.
2. Calls requiring the long form should be as of the last business day of June and December to assure comparability of statistical information derived from these reports. Calls asking for the short forms should be as of surprise dates in the spring and fall. All calls should be required to be published.

3. In order to reduce the burden on reporting banks of reconstructing records as of a past date for condition report purposes, announcement of the surprise calls should be made within three business days after the effective date of the call.
4. Reports of condition should be required on forms that are compatible among the bank supervisory agencies and that recognize the various supervisory, regulatory, and statistical needs of the three agencies. The basic report forms should be reviewed only at regular intervals of three to five years, if necessary.
5. In order to reduce the over-all reporting burden entailed in providing statistical information required for the conduct of supervisory, regulatory, monetary, and insurance responsibilities of the supervisory agencies, information needed more frequently than twice a year should be provided by special series depending insofar as is feasible on samples of small numbers of banks. Information needed less frequently should be provided on an ad hoc basis with supplementary schedules as needed.


BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

4126
Item No. 6
12/2/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 11, 1964.



The Honorable Randolph Hughes, Chairman,
Interagency and Uniform Reports Committee,
National Association of Supervisors of
State Banks,
c/o Department of Banking,
P. O. Box 111,
Dover, Delaware 19901.

Dear Mr. Hughes:

Attached is a draft of a uniform condition report format and of a proposed procedure pertaining to the timing and content of calls for reports of condition of banks. The Board of Governors has tentatively approved these drafts with the hope they will provide the basis for agreement among the Federal supervisory agencies and the State bank supervisors.

The proposed format has a flexible memoranda section allowing variations by each supervisory agency to meet its particular reporting or publication requirements. This section reflects the needs expressed in interagency meetings in December 1963 and in July 1964, and is sufficiently flexible to meet most of the requirements now provided by national bank condition reports. Minor changes in the loan schedule which were also discussed at these meetings have been made to provide needed information on mortgage and stock market credit at commercial banks.

Adoption of the proposed format would eliminate confusion in the banking community and among users of banking statistics occasioned by nonuniform and noncompatible reports. It would also avoid the reporting burden imposed by reconciliation statements to obtain compatible statistics.

Adoption of the proposed procedure would prevent disagreements regarding the date of calls and the date of public announcement of such calls. The Federal bank supervisory agencies would henceforth require four call reports each year; two would be as of the last business day of June and December and would include the detailed loan and deposit schedules; the other two would be as of surprise dates in the spring and fall and would include only the condensed form. Announcement of the calls would be made within three business days after the call date to reduce the burden of reconstruction of balance sheet data at banks with automated accounting systems.

The Honorable Randolph Hughes -2-

The Board would appreciate your thoughts on these matters and would welcome any suggestions that would speed agreement on uniform reports and procedures. It is hoped that these matters can be the subject of constructive discussion in connection with the forthcoming calls--to the extent feasible prior to the December 1964 call, and thereafter in a more extended fashion in preparation for the calls in 1965.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

Enclosures.

Item No. 7
12/2/64

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

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 2, 1964

CONFIDENTIAL (FR)

Mr. Thomas R. Sullivan, Vice President,
Federal Reserve Bank of Dallas,
Dallas, Texas. 75222

Dear Mr. Sullivan:

In accordance with the request contained in your letter of November 25, 1964, the Board approves the appointment of John Jacob Hegi and John J. Gilbert as assistant examiners for the Federal Reserve Bank of Dallas, effective December 7 and December 14, 1964, respectively.

It is noted that Mr. Hegi's father is vice president and cashier of The First National Bank of Tahoka, Tahoka, Texas. Accordingly, the appointment of Mr. Hegi is given with the understanding that he will not participate in any examination of that bank so long as his father is an officer of that institution.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

METROPOLITAN D.C. RATE WAGE SCHEDULE *

December 6, 1964

This schedule applies to manual labor, semi-skilled and skilled manual labor, trade and craft positions in the Mechanical Force Section of the Division of Administrative Services. **

Basic Hourly and Rounded Annual Wage Rates by Step and Grade

Grade	Step 1		Step 2		Step 3	
	Hourly	Annual	Hourly	Annual	Hourly	Annual
1	1.43	2974	1.50	3120	1.58	3286
2	1.67	3474	1.76	3661	1.85	3848
3	1.92	3994	2.02	4202	2.12	4410
4	2.17	4514	2.28	4742	2.39	4971
5	2.41	5013	2.54	5283	2.67	5554
6	2.53	5262	2.66	5533	2.79	5803
7	2.64	5491	2.78	5782	2.92	6074
8	2.76	5741	2.90	6032	3.05	6344
9	2.87	5970	3.02	6282	3.17	6594
10	2.98	6198	3.14	6531	3.30	6864
11	3.14	6531	3.30	6864	3.47	7218
12	3.28	6822	3.45	7176	3.62	7530
13	3.43	7134	3.61	7509	3.79	7883
14	3.58	7446	3.77	7842	3.96	8237
15	3.73	7758	3.93	8174	4.13	8590
16	3.88	8070	4.08	8486	4.28	8902
17	4.03	8382	4.24	8819	4.45	9256
18	4.18	8694	4.40	9152	4.62	9610
19	4.32	8986	4.55	9464	4.78	9942
20	4.47	9298	4.71	9797	4.95	10,296
21	4.63	9630	4.87	10,130	5.11	10,629

Incumbents of positions subject to this wage schedule are eligible for step increases within particular grades on the following basis:

For advancement to Step 2, after 26 weeks (6 months) satisfactory service in Step 1.

For advancement to Step 3, after 78 weeks (18 months) satisfactory service in Step 2.

* (This schedule supersedes the wage scale effective December 8, 1963)
** This schedule applies to Chauffeurs in the Motor Transport Unit.