

Minutes for January 22, 1965.

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

RM

Gov. Mills

[Signature]

Gov. Robertson

R

Gov. Balderston

CB

Gov. Shepardson

[Signature]

Gov. Mitchell

[Signature]

Gov. Daane

[Signature]

Minutes of the Board of Governors of the Federal Reserve System on Friday, January 22, 1965. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Mills, Acting Chairman  
Mr. Robertson  
Mr. Shepardson  
Mr. Mitchell

Mr. Sherman, Secretary  
Mr. Kenyon, Assistant Secretary  
Mr. Broida, Assistant Secretary  
Mr. Young, Adviser to the Board and Director,  
Division of International Finance  
Mr. Noyes, Adviser to the Board  
Mr. Molony, Assistant to the Board  
Mr. Cardon, Legislative Counsel  
Mr. Fauver, Assistant to the Board  
Mr. Solomon, Director, Division of Examinations  
Mr. Koch, Associate Director, Division of  
Research and Statistics  
Mr. Partee, Adviser, Division of Research and  
Statistics  
Mr. Solomon, Adviser, Division of Research and  
Statistics  
Mr. Hersey, Adviser, Division of International  
Finance  
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. Keir, Chief, Capital Markets Section,  
Division of Research and Statistics  
Mr. Baker, Economist, Division of International  
Finance  
Mr. Furth, Consultant

Money market review. Mr. Axilrod discussed the results of the Treasury advance refunding along with other developments in the Government securities market, following which Mr. Baker reported on foreign exchange market developments and related matters. Material distributed included tables on the recent and previous advance refundings, together

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with tables affording money market perspective and perspective on bank reserve utilization.

All members of the staff who had been present except Messrs. Sherman, Kenyon, Young, Noyes, Cardon, Fauver, and Solomon (Division of Examinations) then withdrew and Mr. Hackley, General Counsel, entered the room along with Messrs. Egertson and McClintock, Supervisory Review Examiners, Division of Examinations.

Discount rates. The establishment without change by the Federal Reserve Bank of Atlanta on January 20, 1965, and by the Federal Reserve Banks of New York, Philadelphia, and San Francisco on January 21, 1965, of the rates on discounts and advances in their existing schedules was approved unanimously, with the understanding that appropriate advice would be sent to those Banks.

Report on competitive factors. A report to the Federal Deposit Insurance Corporation on the competitive factors involved in the proposed merger of Tioga County Savings and Trust Company, Wellsboro, Pennsylvania, with The First National Bank of Galeton, Galeton, Pennsylvania, The First National Bank of Lawrenceville, Lawrenceville, Pennsylvania, and Farmers and Traders National Bank of Westfield, Westfield, Pennsylvania, was approved unanimously for transmittal to the Corporation in a form in which the conclusion read as follows:

There is very little competition existing among the four participating banks due to their relatively small size and the considerable distance and mountainous terrain between their offices.

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The proposed transaction would be adverse to the preservation of banking competition in Tioga County because the two largest banks in Tioga County (the proposed Commonwealth Bank and Trust Company and Northern National Bank and Trust Company), closely associated through a number of common stockholders, would operate, after consummation of this proposal, 75 per cent of the area's banking offices and hold 74 per cent of the deposits of individuals, partnerships and corporations.

Crimes against banking institutions (Item No. 1). In 1964 the House Committee on Government Operations issued a report containing a recommendation that the Federal bank supervisory agencies and the Home Loan Bank Board establish an interagency committee to study and develop means of combating crimes against banking institutions. Chairman Barr of the Federal Deposit Insurance Corporation had now written to Chairman Martin expressing the view that the formation of an interagency committee could be of value and requesting the Board's reaction.

After discussion of the matter, concerning which a memorandum from the Division of Examinations had been distributed under date of January 19, 1965, unanimous approval was given to a reply to Chairman Barr in the form attached as Item No. 1.

San Francisco National Bank. Mr. Solomon summarized information he had received yesterday by telephone from President Swan, First Vice President Hemmings, and Vice President Merritt of the San Francisco Reserve Bank concerning recent developments in the matter of San Francisco National Bank, San Francisco, California. It was noted that negotiations for a merger of the bank into Central Valley National

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Bank of Oakland had been terminated and that apparently no other merger was immediately in prospect. The extent of current assistance to the member bank through the discount window was described by Mr. Solomon, along with the Bank's prospective need for continued assistance and the extent to which it was felt by the Reserve Bank that further advances could be granted if necessary on the basis of available collateral. Mr. Solomon's report was for the Board's information, and no action on the part of the Board was required.

Possible request for examination reports. Mr. Solomon reported advice received informally from a representative of the Federal Deposit Insurance Corporation concerning requests that had been made by auditors of the General Accounting Office for reports of examination of nonmember insured banks. From the nature of the most recent request, currently under study by the Corporation, it appeared that the General Accounting Office might seek to obtain all reports of examination to which the Corporation had access, which would include reports of examination of State member banks. Mr. Solomon's remarks were for the purpose of alerting the Board to the possibility that a request for examination reports of State member banks might be received, either direct from the General Accounting Office or through the Federal Deposit Insurance Corporation.

Travel by Mr. Irvine. The Board approved foreign travel by Reed J. Irvine, Associate Adviser, Division of International Finance,

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during the period February 4-25, 1965, to attend the International Banking Summer School in Melbourne, Australia, with stopovers in Hong Kong and Tokyo on route back to the United States.

The meeting then adjourned.

Secretary's Notes: Letters were sent today to First National City Bank, New York, New York, acknowledging receipt of notice of its intent to establish (1) an additional branch in the Federal Republic of Germany, to be located in Hamburg; and (2) an additional branch in Malaysia, to be located in Jurong, State of Singapore.

A letter was sent today to Bank of America National Trust and Savings Association, San Francisco, California, acknowledging receipt of notice of its intent to establish an additional branch in Malaysia, to be located in Jurong, State of Singapore.

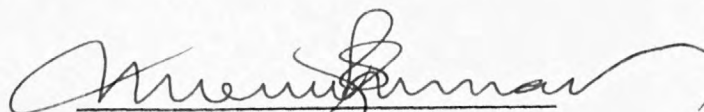
Governor Shepardson today approved on behalf of the Board the following items:

Letter to the Federal Reserve Bank of Richmond (attached Item No. 2) approving the designation of six employees as special assistant examiners.

Letter to the Federal Reserve Bank of St. Louis (attached Item No. 3) approving the designation of Richard Quinn Fox as special assistant examiner.

Memorandum from the Division of Personnel Administration dated November 9, 1964, and concurring memorandum from the Office of the Secretary dated January 22, 1965, recommending that there be submitted to National Archives a request for Congressional authority to place on destruction schedule certain Board records pertaining to Federal Reserve Bank personnel matters and the appointment of Reserve Bank and branch directors.

Memorandum from the Division of Data Processing recommending an increase in the basic annual salary of Concetta M. Nobilio, Stenographer in that Division, from \$4,140 to \$4,480, effective January 31, 1965.

  
Secretary



BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

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Item No. 1  
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OFFICE OF THE CHAIRMAN

January 25, 1965.

The Honorable Joseph W. Barr,  
Chairman,  
Federal Deposit Insurance Corporation,  
Washington, D. C.

Dear Joe:

In your letter of January 11, 1965, you request our views with respect to formulation of an interagency committee to explore means of preventing external crimes against banking institutions.

The Board is always interested in joining in cooperative efforts designed to improve banking safety and would be pleased to participate in a committee such as you suggest.

Sincerely yours,

(Signed) Bill

Wm. McC. Martin, Jr.

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

Item No. 2  
1/22/65

WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



January 22, 1965.

Mr. John L. Nosker, Vice President,  
Federal Reserve Bank of Richmond,  
Richmond, Virginia. 23213

Dear Mr. Nosker:

In accordance with the requests contained in your letters of January 18, 1965, the Board approves the designation of the following employees as special assistant examiners for the Federal Reserve Bank of Richmond for the purpose of participating in examinations of State member banks:

|                    |                 |
|--------------------|-----------------|
| J. Edward Thompson | Bobby H. Benton |
| John M. Sink, III  | Frank W. Cupp   |
| Rex A. Whitley     |                 |

The Board also approves the designation of Woody Y. Cain as a special assistant examiner for your bank for the purpose of participating in examinations of State member banks except Wachovia Bank & Trust Company, Winston-Salem, North Carolina. The authorization heretofore given your bank to designate Mr. Cain as a special assistant examiner is hereby canceled.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.



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

Item No. 3  
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ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

January 22, 1965.



Mr. O. O. Wyrick, Vice President,  
Federal Reserve Bank of St. Louis,  
St. Louis, Missouri 63166.

Dear Mr. Wyrick:

In accordance with the request contained in your letter of January 18, 1965, the Board approves the designation of Richard Quinn Fox as a special assistant examiner for the Federal Reserve Bank of St. Louis for the purpose of participating in examinations of State member banks.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.