

Minutes for May 14, 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. Robertson

R

Gov. Balderston

CB

Gov. Shepardson

SS

Gov. Mitchell

MM

Gov. Daane

DD

Gov. Maisel

B.J.M.

Minutes of a meeting of the available members of the Board of Governors of the Federal Reserve System on Friday, May 14, 1965. The meeting was held in the Board Room at 10:00 a.m.

PRESENT: Mr. Balderston, Vice Chairman
Mr. Robertson
Mr. Maisel

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. Brill, Director, Division of Research and
Statistics
Mr. Solomon, Director, Division of Examinations
Mr. Holland, Associate Director, Division of
Research and Statistics
Mr. Koch, Associate Director, Division of Research
and Statistics
Mr. Solomon, Adviser, Division of Research and
Statistics
Mr. Katz, Adviser, Division of International
Finance
Mr. Sammons, Adviser, Division of International
Finance
Mr. Spencer, General Assistant, Office of the
Secretary
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. Dahl, Chief, Special Studies and Operations
Section, Division of International Finance
Mr. Baker, Economist, Division of International
Finance
Mr. Furth, Consultant

Mr. Geng, Manager, Securities Department, Federal
Reserve Bank of New York

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Money market review. There had been distributed tables affording perspective on the money market and bank reserve utilization, in which connection Mr. Koch called attention to the revised format of the latter table and there was some discussion relating to money supply trends.

Mr. Geng then reported on the money market and related matters, after which Mr. Baker reviewed foreign exchange market developments.

Following these reports Mr. Geng, Mr. Furth, and all members of the Board's staff who had been present except Messrs. Sherman, Kenyon, Molony, Solomon (Examinations), Sammons, and Spencer withdrew from the meeting and the following entered the room:

Mr. Hackley, General Counsel
Mr. Shay, Assistant General Counsel
Messrs. Goodman and Leavitt, Assistant Directors, Division
of Examinations
Messrs. Egertson and McClintock, Supervisory Review Examiners,
Division of Examinations
Mr. Poundstone, Review Examiner, Division of Examinations

The following actions were taken subject to ratification at the next meeting of the Board at which a quorum was present:

Discount rates. The establishment without change by the Federal Reserve Banks of Cleveland, Richmond, Atlanta, St. Louis, Minneapolis, Kansas City, and Dallas on May 13, 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.

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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>
Letters to The Detroit Bank and Trust Company, Detroit, Michigan, approving the establishment of branches at Garfield Road and Metropolitan Parkway, Clinton Township, and at Dequindre and Fourteen Mile Roads, Sterling Township.	1-2
Letter to Wells Fargo Bank, San Francisco, California, approving an extension of time to establish a branch near Camden and Hillsdale Avenues, San Jose.	3
Letter to the Federal Deposit Insurance Corporation regarding the application of Fowler State Bank, Fowler, Indiana, for continuation of deposit insurance after withdrawal from membership in the Federal Reserve System.	4
Letter to Chase Manhattan Overseas Banking Corporation, New York, New York, approving an amendment to its Articles of Association.	5

In connection with Item No. 5, Mr. Goodman noted that Chase Manhattan had objected to a restriction placed by the Board on activities of the New York agency of The Standard Bank Limited, London, in connection with granting consent to Chase Manhattan to acquire shares of the bank resulting from the merger of Standard Bank and the Bank of West Africa Limited. However, at the request of Chase Manhattan, the question was being deferred pending a visit to the U.S. in June by the Chairman of Standard Bank.

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Report on competitive factors (Lancaster-Baltimore, Ohio).

Unanimous approval was given to the transmittal of a report to the Comptroller of the Currency on the competitive factors involved in the proposed purchase of assets and assumption of liabilities of The Bank of Basil Company, Baltimore, Ohio, by The Fairfield National Bank of Lancaster, Lancaster, Ohio. The conclusion read as follows:

The Bank of Basil Company, Baltimore, and The Fairfield National Bank of Lancaster do not appear to be competitors to a significant extent, and there is no likelihood the transaction would adversely affect other area banks. The competitive effects of the proposed transaction would not be adverse.

All members of the staff except Messrs. Sherman and Kenyon then withdrew from the meeting.

Salary of officer at Atlanta Bank. Governor Balderston reported having received word from Chairman Tarver by telephone yesterday that it was anticipated that the Board of Directors of the Federal Reserve Bank of Atlanta, at a meeting this morning, would appoint M. Monroe Kimbrel as Senior Vice President of the Bank, effective June 2, 1965, and fix his salary at the annual rate of \$27,500 subject to approval of the Board of Governors. The appointment of Mr. Kimbrel would be in line with the plan of succession discussed with the Board of Governors in late 1964, and to which the Board had reacted favorably, although the plan was being accelerated somewhat in view of the decision of President Bryan to retire from his position the first of September. It was understood that Mr. Kimbrel would resign as a Class A

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director of the Bank no later than the date of assumption of his duties as Senior Vice President. Chairman Tarver also advised that Mr. Kimbrel had arranged for the disposition of the bank stock that he had held.

After discussion, it was agreed unanimously that upon receipt of a telegram from Chairman Tarver advising that the Board of Directors of the Atlanta Bank had taken the contemplated action, the Secretary of the Board of Governors should reply by telegram that the Board approved the payment of salary to Mr. Kimbrel as Senior Vice President at the annual rate of \$27,500 effective June 2, 1965.

Secretary's Note: Subsequent to the meeting a wire was received from Chairman Tarver reflecting action by the Board of Directors relative to the appointment and payment of salary to Mr. Kimbrel, and the Secretary of the Board of Governors replied by telegram containing advice such as he had been authorized to transmit.

In this connection, it was suggested by Governor Robertson that for record purposes Chairman Tarver be requested to confirm in writing his oral advice regarding the disposition by Mr. Kimbrel of the latter's bank stock, with indication of the manner in which disposition had been accomplished.

The foregoing suggestion led to a discussion of the question of holding of bank shares by members of the immediate families of Reserve Bank officers, particularly by wives, and comment was made that the Board apparently had not had occasion to express an attitude

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on this subject. It was suggested that the Board consider the matter in more detail at an early meeting, with a view to determining whether discussion with the Presidents' Conference would appear advisable.

The meeting then adjourned.

Secretary's Notes: Acting in the absence of Governor Shepardson, Governor Robertson approved on behalf of the Board on May 13, 1965, a memorandum from the Division of Research and Statistics dated May 3, 1965, recommending the appointment of Richard D. Karfunkle, Textile Economist, E. I. DuPont de Nemours and Company, Wilmington, Delaware, as a Consultant to that Division effective to December 31, 1965, on a temporary contractual basis with compensation at the rate of \$60 per day for each day worked and with transportation expenses and per diem when in travel status to be paid in accordance with the Board's travel regulations.

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

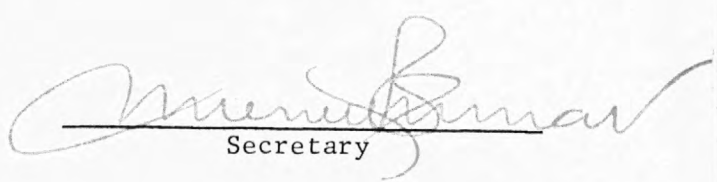
Memorandum from the Division of Bank Operations dated May 12, 1965, recommending that a new Grade 13 position be established in the Accounting and Currency Unit of that Division.

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

Transfers

Catherine B. Davian, from the position of Secretary to Mr. Young, Adviser to the Board, to the position of Secretary to Governor Maisel, with an increase in basic annual salary from \$7,510 to \$7,955, effective May 19, 1965.

Christine Cushman, from the position of Clerk in the Division of International Finance to the position of Senior Clerk in that Division, with an increase in basic annual salary from \$4,630 to \$5,000, effective May 23, 1965.


Secretary

1604

Item No. 1
5/14/65

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



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 14, 1965

Board of Directors,
The Detroit Bank and Trust Company,
Detroit, Michigan.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by The Detroit Bank and Trust Company, Detroit, Michigan, of a branch at the southwest corner of Garfield Road and Metropolitan Parkway, Clinton Township, Macomb County, Michigan, 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

1605
Item No. 2
5/14/65

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 14, 1965

Board of Directors,
The Detroit Bank and Trust Company,
Detroit, Michigan.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by The Detroit Bank and Trust Company, Detroit, Michigan, of a branch at the northeast corner of Dequindre and Fourteen Mile Roads, Sterling Township, Macomb County, Michigan, 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

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Item No. 3
5/14/65

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 14, 1965

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

Gentlemen:

The Board of Governors of the Federal Reserve System extends to May 26, 1966, the time within which Wells Fargo Bank, San Francisco, California, may establish a branch in the vicinity of the intersection of Camden and Hillsdale Avenues, San Jose, California.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.

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Item No. 4
5/14/65

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



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 14, 1965

The Honorable K. A. Randall, Chairman,
Federal Deposit Insurance Corporation,
Washington, D. C. 20429

Dear Mr. Randall:

Reference is made to your letter of April 29, 1965, concerning the application of Fowler State Bank, Fowler, Indiana, 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 programs that it would be advisable to incorporate as conditions of admitting the bank to membership in the corporation as a nonmember of the Federal Reserve System.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.

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

Item No. 5
5/14/65



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 14, 1965.

Chase Manhattan Overseas Banking
Corporation,
1 Chase Manhattan Plaza,
New York, New York. 10005

Gentlemen:

In accordance with the request contained in your letter of May 4, 1965, transmitted through the Federal Reserve Bank of New York, and pursuant to the provisions of Section 211.3(a) of Regulation K, the Board of Governors approves the amendment to Article SEVENTH of the Articles of Association of your Corporation to provide that the capital stock of Chase Manhattan Overseas Banking Corporation shall be \$11,810,000, divided into 11,810 shares of the par value of \$1,000 each.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.