

Minutes for June 10, 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

CCB

Gov. Shepardson

SSP

Gov. Mitchell

MM

Gov. Daane

DD

Gov. Maisel

SGM

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

PRESENT: Mr. Martin, Chairman
Mr. Shepardson
Mr. Mitchell
Mr. Daane
Mr. Maisel

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Molony, Assistant to the Board
Mr. Cardon, Legislative Counsel
Mr. Hackley, General Counsel
Mr. Brill, Director, Division of Research and Statistics
Mr. Farrell, Director, Division of Bank Operations
Mr. Solomon, Director, Division of Examinations
Mr. O'Connell, Assistant General Counsel
Mr. Kiley, Assistant Director, Division of Bank Operations
Mr. Leavitt, Assistant Director, Division of Examinations
Mr. Spencer, General Assistant, Office of the Secretary
Mr. Smith, Senior Economist, Division of Research and Statistics

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 Wells Fargo Bank, San Francisco, California, approving an extension of time to establish a branch in El Cerrito. | 1 |
| Order approving an extension of time for First National Corporation, Appleton, Wisconsin, to acquire shares of First National Bank of Appleton and Valley National Bank, a proposed new bank, (both of Appleton, Wisconsin) and for Valley National Bank to be opened for business. | 2 |

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Item No.

Memorandum from the Legal Division dated June 9, 1965, recommending approval of a request by the Department of Justice for 1962 deposit data for certain offices of The Bank of California, National Association, San Francisco, California; letters transmitting such data. 3-5

Reassignment of territory in Sixth District (Item No. 6). There had been circulated a memorandum dated June 1, 1965, from the Division of Bank Operations discussing and recommending approval of a request by the Federal Reserve Bank of Atlanta that the territory of the Birmingham Branch be extended to include the portion of the State of Alabama presently included in the territory served by the head office. The reassignment would involve nine counties (Barbour, Coffee, Covington, Dale, Geneva, Henry, Houston, Pike, and Russell) and portions of two other counties (Lee and Chambers).

The Atlanta Reserve Bank had made the following points in favor of the proposal: (1) with the decline of railroad transportation and the increased use of armored car deliveries, the 29 banks in the area could be serviced more effectively and efficiently from the Branch; (2) the change would give official recognition to the shift in the workload from the Atlanta Bank to the Birmingham Branch that had already occurred; (3) under the present optional routing system, some banks in the area received as many as four cash letters a day; (4) the proposed transfer would not disturb existing correspondent bank relationships; and (5) all member and par remitting banks involved in the proposed shift had been contacted and were agreeable to the change.

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A draft of letter to the Atlanta Reserve Bank that would approve the requested extension of territory of the Birmingham Branch, effective at the close of business June 23, 1965, was attached to the memorandum.

Following comment by Mr. Farrell in supplementation of the information presented in the memorandum of June 1, the letter to the Atlanta Reserve Bank was approved unanimously. A copy is attached as Item No. 6.

Alleged deposit in Dallas Bank (Item No. 7). In a letter dated May 19, 1965, Congressman Wright of Texas requested that the Board allow a disinterested third party to examine the records of the Federal Reserve Bank of Dallas in order to settle a controversy over whether the Bank was holding funds deposited in behalf of the deceased father of a Mr. Albert Sidney Lackey.

A draft of reply and related files had been circulated. The letter would state, among other things, that the Federal Reserve Banks were not and never had been authorized to accept deposits from or on behalf of individuals, and that in the course of regular examinations there had been no evidence that the Dallas Reserve Bank had departed from this restriction. Nevertheless, a careful search had been made by the Bank's staff incident to Mr. Lackey's claim, and no evidence had been found of the alleged deposit. The Board was satisfied that the Bank had taken steps to insure that the claim was thoroughly investigated and that the alleged deposit did not exist.

Mr. Cardon reported that he had discussed the claim at some length with Mr. Lackey's attorney and an aide to Congressman Wright in

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the offices of the Congressman, who also joined the discussion briefly. In connection with the draft letter, Mr. Cardon suggested that since the funds in question reportedly were deposited about 40 years ago, a sentence might be included to note that Mr. Lackey's father had died in 1925 and the investigation of the Bank's records covered all the years of the Bank's operations through 1927.

In the general discussion that followed, agreement was expressed with a suggestion made by Governor Shepardson that at the time of the next examination of the Federal Reserve Bank of Dallas the Board's examiners review the Bank's account books in the light of Mr. Lackey's claim so that it might be on record that this had been done.

The letter to Congressman Wright was then approved unanimously in a form reflecting Mr. Cardon's suggestion. A copy of the letter, in the form sent, is attached as Item No. 7.

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

Foreign travel for Mrs. Junz. Pursuant to the recommendation contained in a memorandum dated June 3, 1965, from Mr. Young, Adviser to the Board and Director, Division of International Finance, the Board authorized certain foreign travel by Helen B. Junz, Economist in the Division of International Finance, for the purpose of consulting various specialists on the labor supply and wage situation in Europe. The authorized travel was from Amsterdam to Geneva, Paris, and Brussels and

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return to Amsterdam over a period of two weeks beginning approximately September 13, 1965, with payment of transportation expenses plus per diem in lieu of subsistence at rates prescribed by the Standardized Government Travel Regulations.

Youth opportunity program (Item No. 8). Governor Shepardson stated that an inquiry had been received from one of the Federal Reserve Banks regarding the statement by the President dated May 21, 1965, concerning the "Youth Opportunity Program," designed to provide temporary summer employment for persons in the age bracket 16 through 21. In view of the Board's action yesterday, he had replied that the Board was participating in the program and expected to hire a few persons in the particular age bracket.

It was understood that a letter would be sent to the Presidents of all Federal Reserve Banks providing similar information, with indication that the question whether the Reserve Banks should cooperate in the program was a matter for each Bank to decide in the light of the constructive use that might be made of the workers, but that the Board was sympathetic with the effort whenever immediate results were likely to be productive or the persons temporarily employed might be potential regular employees at a later stage. A copy of the letter subsequently sent to the Federal Reserve Banks is attached as Item No. 8.

The meeting then adjourned.

Secretary's Note: Governor Shepardson today approved on behalf of the Board the following items:

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Letter to the Federal Reserve Bank of Cleveland (attached Item No. 9) approving the appointment of Bruce E. Thauburn as examiner.

Memorandum from the Division of Data Processing dated May 4, 1965, recommending that new positions of (1) tabulating machine operator and (2) key punch operator be established in that Division.

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

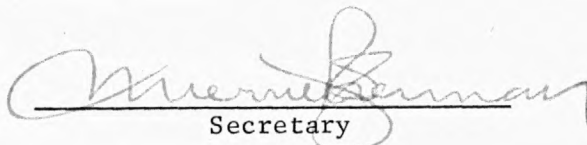
Appointment

Penelope Johnson as Statistical Assistant, Division of Research and Statistics, with basic annual salary at the rate of \$5,000, effective the date of entrance upon duty.

Transfers

Phyllis A. Carson, from the position of Stenographer in the Legal Division to the position of Secretary in the Division of Administrative Services, with an increase in basic annual salary from \$4,630 to \$5,000, effective June 28, 1965.

Patricia E. Gardosik, from the position of Clerk-Stenographer in the Division of Bank Operations to the position of Secretary in the Division of Personnel Administration, with an increase in basic annual salary from \$4,630 to \$5,000, effective upon assuming her new duties.


Secretary

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Item No. 1
6/10/65

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



**ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD**

June 10, 1965

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

Gentlemen:

The Board of Governors of the Federal Reserve System extends to September 27, 1965, the time within which Wells Fargo Bank may establish a branch in the vicinity of San Pablo Avenue and the Alameda-Contra Costa County line in El Cerrito, Contra Costa County, California.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

UNITED STATES OF AMERICA

BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

WASHINGTON, D. C.

| | |
|---|---|
| In the matter of the Application of | : |
| FIRST NATIONAL CORPORATION, | : |
| Appleton, Wisconsin, | : |
| for prior approval of acquisition of | : |
| voting shares of First National Bank of | : |
| Appleton, and Valley National Bank, a | : |
| proposed new bank, both of Appleton, | : |
| Wisconsin. | : |

ORDER EXTENDING PERIOD OF TIME PRESCRIBED
BY PROVISIO IN ORDER OF APPROVAL

WHEREAS, by Order dated February 25, 1965, the Board of Governors, pursuant to section 3(a)(1) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(a)(1)) and section 222.4(a)(1) of Federal Reserve Regulation Y (12 CFR 222.4(a)(1)), approved an application on behalf of First National Corporation, a proposed Wisconsin corporation, pursuant to which it would become a bank holding company through the acquisition of 80 per cent or more of the voting shares of First National Bank of Appleton and Valley National Bank, a proposed new bank, both of Appleton, Wisconsin; and said Order was made subject to the proviso "that the acquisition so approved shall not be consummated . . . (b) later than three months after said date [of Order]", and

"that Valley National Bank be opened for business within six months [of the date of the Board's Order]"; and

WHEREAS, First National Corporation has applied to the Board for an extension of the time within which the approved acquisition may be consummated and within which Valley National Bank is to be opened for business; and it appearing to the Board that reasonable cause has been shown for the extensions of time requested, and that such extensions would not be inconsistent with the public interest;

IT IS HEREBY ORDERED, that the Board's Order of February 25, 1965, as published in the Federal Register on March 4, 1965 (30 F.R. 2833), be, and it hereby is, amended so that the proviso relating to the dates by which the acquisition approved shall be consummated, and Valley National Bank opened for business, shall read: "(b) later than October 1, 1965, and provided, further, that Valley National Bank shall be opened for business no later than December 31, 1965."

Dated at Washington, D. C., this 10th day of June, 1965.

By Order of the Board of Governors.

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

(SEAL)

If the Board grants the Department's request, it is suggested that the Board's reply take the form of a transmittal letter from the Division of Data Processing, generally similar to the letters previously prepared in respect to transmittal of the 1964 deposit data. These letters acknowledged the requests for data, noted enclosure of the same, and set forth brief explanatory comments on the data. Consistent with earlier Board actions in furnishing data to either side in this case, it is recommended that if the information sought by the Department is furnished, the same information be transmitted to counsel for the defendant banks. The Department would be advised the opposing counsel has been given the data in question, and the Federal Reserve Bank of San Francisco would be furnished a copy of each letter of transmittal.

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Item No. 4
6/10/65

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



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 10, 1965.

Mr. John D. Gaffey,
Antitrust Division,
U. S. Department of Justice,
450 Golden Gate Avenue, Box 36046,
Room 16432,
San Francisco, California. 94102

Dear Mr. Gaffey:

In response to your telegraphic request of June 8, 1965, there are shown below demand and time deposits of individuals, Partnerships, and corporations held by the offices of The Bank of California, N. A., located in Seattle and Tacoma, Washington, and Portland, Oregon, as of June 30, 1962.

| | Demand IPC (in thousands) | Time IPC (in thousands) |
|----------|------------------------------|----------------------------|
| Seattle | \$ 35,879 | \$ 22,069 |
| Portland | \$ 46,826 | \$ 33,839 |
| Tacoma | \$ 20,854 | \$ 20,664 |

It is understood that the above data are to be used in the trial of the case of U.S. v. Crocker-Anglo National Bank, et al. Pursuant to the Board's policy, established in respect to this case, of making data that are furnished to one party to the litigation available to the other party, the above data are being sent to Mr. Richard J. Archer, counsel for defendant banks in this case.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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Item No. 5
6/10/65

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 10, 1965.



Mr. Richard J. Archer,
Morrison, Forester, Holloway,
Clinton & Clark,
Crocker Building,
San Francisco, California. 94104

Dear Mr. Archer:

In connection with the trial of the case of U.S. v. Crocker-Anglo National Bank, et al., the Department of Justice has requested that the Board make available to staff members of the Antitrust Division in San Francisco, California, June 30, 1962 deposit data for the offices of The Bank of California, N. A., located in Seattle and Tacoma, Washington, and Portland, Oregon. The Board has agreed to furnish the requested data and, in line with the Board's policy, established in respect to this case, of making data that are furnished to one party to the litigation available to the other party, there are set forth below the data furnished to the Department of Justice.

| | <u>Demand IPC</u> <u>(in thousands)</u> | <u>Time IPC</u> <u>(in thousands)</u> |
|----------|--|--|
| Seattle | \$ 35,879 | \$ 22,069 |
| Portland | \$ 46,826 | \$ 33,839 |
| Tacoma | \$ 20,854 | \$ 20,664 |

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 6
6/10/65

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 10, 1965

Mr. Malcolm Bryan, President,
Federal Reserve Bank of Atlanta,
Atlanta, Georgia. 30303.

Dear Mr. Bryan:

The Board has approved the proposal in your letter of May 18, 1965, to extend the territory of the Birmingham Branch of the Federal Reserve Bank of Atlanta to include the portion of the State of Alabama that is now in the territory served by your Head Office. It is understood that the area in question involves all of Barbour, Coffee, Covington, Dale, Geneva, Henry, Houston, Pike, and Russell counties, as well as portions of Chambers and Lee counties. It is also understood that the change will be made effective at the close of business June 23, 1965. The Federal Reserve Par List will be amended accordingly.

Very truly yours,
(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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Item No. 7

6/10/65



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

OFFICE OF THE CHAIRMAN

June 11, 1965

The Honorable Jim Wright,
House of Representatives,
Washington, D. C. 20515

Dear Mr. Wright:

This is in response to your letter of May 19, in which you request that the Board allow a disinterested third party to examine the records of the Federal Reserve Bank of Dallas in order to settle a controversy over whether the Bank is holding funds deposited in behalf of the deceased father of Mr. Albert Sidney Lackey.

The Federal Reserve Banks are not and never have been authorized to accept deposits from or on behalf of individuals, and in the course of regular examinations there has been no evidence that the Dallas Reserve Bank has departed from this restriction. Nevertheless, a careful, item-by-item search of the account books has also been made by the Bank's staff incident to Mr. Lackey's claim, and no evidence has been found of the alleged deposit. Since Mr. Lackey's father died in 1925, the search covered all the years of the Bank's operations through 1927.

If, under these circumstances, the Bank were to accede to the inspection of its records as you suggest, it is difficult to see how we could stop short of opening the records of any Reserve Bank to indiscriminate search upon allegation of a particular interest--the very thing your letter indicates you would not have us do.

As you know, the Reserve Banks operate under the general supervision of the Board of Governors. The Board is satisfied that the Federal Reserve Bank of Dallas has taken steps to insure that

The Honorable Jim Wright

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Mr. Lackey's claim was thoroughly investigated, that he has been accorded the consideration to which all members of the public are entitled in matters of this nature, and that the alleged deposit in question does not exist.

Accordingly, I am sure you will appreciate both the reason and the justification for the Board's view that further administrative pursuit of the matter would not be warranted.

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.

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

Item No. 8
6/10/65



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 15, 1965.

Dear Sir:

In response to an inquiry from one of the Federal Reserve Banks regarding the statement by the President dated May 21, 1965 concerning the "Youth Opportunity Campaign," the Board has stated that it is participating in this program and expects to hire a few persons in the age bracket 16 through 21 for temporary summer jobs.

With respect to the question whether the Federal Reserve Banks should cooperate in the program, this, of course, is a matter for each Bank to decide in the light of the constructive use that might be made of workers in the category described. However, the Board is sympathetic with the effort to provide employment to such individuals whenever immediate results are likely to be productive or whenever the persons temporarily employed may be potential regular employees at a later stage.

Enclosed for your convenient reference are copies of the White House release of May 21, and an "Open Letter to Employers" dated May 23 from the Secretary of Commerce.

Very truly yours,

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

Merritt Sherman,
Secretary.

Enclosures.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS.

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

Item No. 9
6/10/65

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 10, 1965

Mr. Harry W. Huning, Vice President,
Federal Reserve Bank of Cleveland,
Cleveland, Ohio. 44101

Dear Mr. Huning:

In accordance with the request contained in your letter of June 3, 1965, the Board approves the appointment of Bruce E. Thauburn as an examiner for the Federal Reserve Bank of Cleveland. Please advise the effective date of the appointment.

Very truly yours,
(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.