

Minutes for September 10, 1965

To: Members of the Board

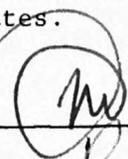
From: Office of the Secretary

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.

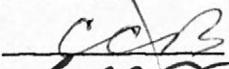
Should you have any question with regard to the minutes, it will be appreciated if you will advise the Secretary's Office. Otherwise, please initial below. If you were present at the meeting, your initials will indicate approval of the minutes. If you were not present, your initials will indicate only that you have seen the minutes.

Chm. Martin

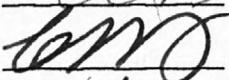


Gov. Robertson

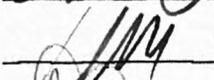
Gov. Balderston



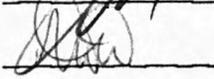
Gov. Shepardson



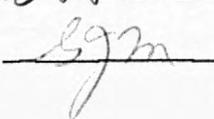
Gov. Mitchell



Gov. Daane



Gov. Maisel



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

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

Mr. Kenyon, Assistant Secretary
Mr. Broida, Assistant Secretary
Mr. Molony, Assistant to the Board
Mr. Cardon, Legislative Counsel
Mr. Fauver, Assistant to the Board
Mr. Solomon, Director, Division of Examinations
Mr. Goodman, Assistant Director, Division of
Examinations
Mr. Morgan, Staff Assistant, Board Members'
Offices
Miss Eaton, General Assistant, Office of the
Secretary

Messrs. Brill, Holland, Koch, Partee, Solomon,
Eckert, and Axilrod of the Division of
Research and Statistics

Messrs. Hersey, Katz, Sammons, Reynolds, Gemmill,
and Baker of the Division of International
Finance

Money market review. Reports on the Government securities
market and on foreign exchange matters were given by Messrs. Axilrod
and Gemmill. Tables were distributed affording perspective on the
money market, the capital market, and bank reserve utilization, along
with tables relating to official purchases of, and dealer positions in,
U.S. Government securities and relating to long-term foreign loan commit-
ments.

1/ Withdrew from meeting during money market review.

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After a general discussion of these reports, all members of the staff except Messrs. Kenyon, Broida, Molony, Fauver, Brill, Holland, Solomon (Examinations), and Sammons, and Miss Eaton withdrew and the following persons entered the room:

Mr. Hexter, Assistant General Counsel
 Mr. Leavitt, Assistant Director, Division of Examinations
 Mr. Smith, Assistant Director, Division of Examinations
 Mr. Daniels, Assistant Director, Division of Bank Operations
 Mr. Shull, Senior Economist, Division of Research and Statistics
 Mr. Lyon, Review Examiner, Division of Examinations
 Miss McShane, Assistant Review Examiner, Division of Examinations

Discount rates. The establishment without change by the following Federal Reserve Banks on September 9, 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 the respective Banks: Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, and Dallas.

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 Carroll County Trust Company, Conway, New Hampshire, approving the establishment of a branch in the Township of Ossipee.	1
Letter to Savannah Bank & Trust Company of Savannah, Georgia, approving the establishment of a branch at Abercorn Expressway and Stephenson Avenue.	2

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Item No.

3-5

Telegrams to the Federal Reserve Agent at Richmond authorizing the issuance to (1) Financial General Corporation, Washington, D. C., (2) The Morris Plan Corporation, New York, New York, and (3) Morris Plan Shares Corporation, New York, New York, of general voting permits covering their stock of The Round Hill National Bank, Round Hill, Virginia.

Quarterly report on member bank borrowing. There had been distributed under date of September 3, 1965, a report from the Divisions of Examinations and Research and Statistics on member bank borrowing from the Federal Reserve Banks for the second quarter of 1965. The report included the highlights of replies by the Reserve Banks to the Board's letter of June 29, 1965, which had requested quarterly statements from the respective Banks on discount activity. The report also contained a brief statistical analysis of general trends in member bank borrowing.

Since the September 3 document was the first of its kind to be presented for the Board's information, it had been included on the agenda for this meeting in order that the staff might have the benefit of any comments or suggestions by members of the Board that would tend to make succeeding reports more useful.

After introductory comments by the staff, a discussion ensued relative to several matters touched upon in the report, such as alternative use of the Federal funds market and the discount window by member banks and the characteristics of member bank borrowing in certain Reserve districts, notably Kansas City.

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No specific suggestions were made by Board members for changes in the format of succeeding reports. However, Governor Robertson suggested that the question might be brought up again when the other members of the Board were present, it being his thought that Governor Mitchell, especially, might have views on the subject.

The meeting then adjourned.

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

Memorandum from the Division of Research and Statistics dated September 8, 1965, recommending that an additional economist position be established in the Business Conditions Section of that Division.

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

Appointments

Cal W. Berkley as Messenger, Division of Administrative Services, with basic annual salary at the rate of \$3,385, effective the date of entrance upon duty.

David H. Mudarri as Economist, Division of Research and Statistics, with basic annual salary at the rate of \$8,650, effective the date of entrance upon duty.

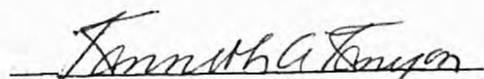
Salary increase

Dorothy L. Saunders, Supervisor, Stenographic Section, Office of the Secretary, from \$6,245 to \$6,650 per annum, effective September 12, 1965.

Acceptance of resignations

Warren Ernest Moskowitz, Summer Research Assistant, Division of Research and Statistics, effective at the close of business September 10, 1965.

William S. Davis, III, Economist, Division of Research and Statistics, effective at the close of business September 13, 1965.


Assistant Secretary

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

Item No. 1
9/10/65



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 10, 1965

Board of Directors,
The Carroll County Trust Company,
Conway, New Hampshire.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by The Carroll County Trust Company, Conway, New Hampshire, of a branch on Route 16, approximately 2 miles north of Center Ossipee at a site known as Indian Mound, in the Township of Ossipee, New Hampshire, 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

Item No. 2
9/10/65



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 10, 1965

Board of Directors,
Savannah Bank & Trust Company
of Savannah,
Savannah, Georgia.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Savannah Bank & Trust Company of Savannah, Savannah, Georgia, of a branch at the intersection of Abercorn Expressway and Stephenson Avenue, Savannah, Georgia, provided the branch is established within one year from the date of this letter.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
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.)

T E L E G R A M
LEASED WIRE SERVICEItem No. 3
9/10/65BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

September 10, 1965

HYDE -- RICHMOND

KEBJE

- A. Financial General Corporation, Washington, D. C.
 - B. The Round Hill National Bank, Round Hill, Virginia.
 - C. (1) Prior to issuance of permit authorized herein, Applicant shall execute and deliver to you in duplicate an agreement in form accompanying Board's letter S-964 (F.R.L.S. #7190), and (2) simultaneously with issuance of general voting permit authorized herein, there shall be issued to The Morris Plan Corporation and Morris Plan Shares Corporation the general voting permits authorized in Board's telegrams of this date.
- STOP. Please forward to New York Reserve Bank copies of permits issued by your Bank to The Morris Plan Corporation and Morris Plan Shares Corporation.

(Signed) Elizabeth L. Carmichael

CARMICHAEL

Definition of KEBJE

The Board authorizes the issuance of a general voting permit, under the provisions of section 5144 of the Revised Statutes of the United States, to the holding company affiliate named below after the letter "A", entitling such organization to vote the stock which it owns or controls of the bank(s) named below after the letter "B" at all meetings of shareholders of such bank(s), subject to the condition(s) stated below after the letter "C". The period within which a permit may be issued pursuant to this authorization is limited to thirty days from the date of this telegram unless an extension of time is granted by the Board. Please proceed in accordance with the instructions contained in the Board's letter of March 10, 1947, (S-964).

T E L E G R A M
LEASED WIRE SERVICEItem No. 4
9/10/65BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

September 10, 1965

HYDE -- RICHMOND

KEBJE

- A. The Morris Plan Corporation, New York, New York.
- B. The Round Hill National Bank, Round Hill, Virginia.
- C. (1) Prior to issuance of permit authorized herein, Applicant shall execute and deliver to you in duplicate an agreement in form accompanying Board's letter S-964 (F.R.L.S. #7190), and (2) simultaneously with issuance of general voting permit authorized herein, there shall be issued to Financial General Corporation and Morris Plan Shares Corporation the general voting permits authorized in Board's telegrams of this date.

(Signed) Elizabeth L. Carmichael

CARMICHAEL

Definition of KEBJE

The Board authorizes the issuance of a general voting permit, under the provisions of section 5144 of the Revised Statutes of the United States, to the holding company affiliate named below after the letter "A", entitling such organization to vote the stock which it owns or controls of the bank(s) named below after the letter "B" at all meetings of shareholders of such bank(s), subject to the condition(s) stated below after the letter "C". The period within which a permit may be issued pursuant to this authorization is limited to thirty days from the date of this telegram unless an extension of time is granted by the Board. Please proceed in accordance with the instructions contained in the Board's letter of March 10, 1947, (S-964).

2051

TELEGRAM
LEASED WIRE SERVICE

Item No. 5
9/10/65

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

September 10, 1965

HYDE -- RICHMOND

KEBJE

- A. Morris Plan Shares Corporation, New York, New York.
- B. The Round Hill National Bank, Round Hill, Virginia.
- C. (1) Prior to issuance of permit authorized herein, Applicant shall execute and deliver to you in duplicate an agreement in form accompanying Board's letter S-964 (F.R.L.S. #7190), and (2) simultaneously with issuance of general voting permit authorized herein, there shall be issued to Financial General Corporation and The Morris Plan Corporation the general voting permits authorized in Board's telegrams of this date.

(Signed) Elizabeth L. Carmichael

CARMICHAEL

Definition of KEBJE

The Board authorizes the issuance of a general voting permit, under the provisions of section 5144 of the Revised Statutes of the United States, to the holding company affiliate named below after the letter "A", entitling such organization to vote the stock which it owns or controls of the bank(s) named below after the letter "B" at all meetings of shareholders of such bank(s), subject to the condition(s) stated below after the letter "C". The period within which a permit may be issued pursuant to this authorization is limited to thirty days from the date of this telegram unless an extension of time is granted by the Board. Please proceed in accordance with the instructions contained in the Board's letter of March 10, 1947, (S-964).