

Minutes for January 21, 1960.

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	<u>(M)</u>
Gov. Szymczak	<u>[Signature]</u>
Gov. Mills	<u>[Signature]</u>
Gov. Robertson	<u>R</u>
Gov. Balderston	<u>CCB</u>
Gov. Shepardson	<u>[Signature]</u>
Gov. King	<u>[Signature]</u>

Minutes of the Board of Governors of the Federal Reserve System

on Thursday, January 21, 1960. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Balderston, Vice Chairman
Mr. Szymczak
Mr. Mills
Mr. Robertson
Mr. King

Mr. Sherman, Secretary
Mr. Hackley, General Counsel
Mr. Solomon, Director, Division of Examinations
Mr. Nelson, Assistant Director, Division of
Examinations
Mr. Landry, Assistant to the Secretary

Bank merger bill -- S. 1062. At Governor Robertson's request,

Mr. Hackley reported that Mr. Cardon, Clerk of the House Banking and Currency Committee, which would start hearings on February 16 on the bank merger bill, S. 1062, had drafted a proposed amendment to this bill and had given the amendment to Mr. Coburn, General Counsel of the Federal Deposit Insurance Corporation, for comment. He recalled that in the form in which the bill was introduced in February 1959 it provided that every bank merger should have the prior approval of the Federal Deposit Insurance Corporation, the Comptroller of the Currency, or the Board of Governors; that the banking agency should consider the so-called "banking factors" stated in section 6 of the Federal Deposit Insurance Act, and also whether the effect of the merger would be to lessen competition "unduly" or to tend "unduly" to create a monopoly; and that the banking agency be required to obtain the views of the other two banking agencies on the question of competition and be authorized to

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request the opinion of the Attorney General with respect to this question. However, as the bill passed the Senate on May 14, 1959, it included additional provisions making it mandatory rather than permissive for the banking authorities to obtain a report from the Attorney General and requiring the banking agencies to submit semi-annual reports to Congress regarding bank mergers, including a statement in justification of their approval of any merger where a report had been submitted by the Attorney General. He noted that the principal effect of the amendment proposed by Mr. Cardon would be to require the appropriate banking agency to consider whether the effect of a merger would be "substantially" to lessen competition or to tend to create a monopoly and thus preclude the banking agency from approving a merger where there would be a substantial lessening of competition unless it should find that the merger would nevertheless be "in the public interest" because the benefits to the public would outweigh the adverse effect in competition. Mr. Hackley said that Mr. Coburn desired to meet with members of the Board's staff and of the Office of the Comptroller of the Currency for the purpose of discussing the kind of reply that might be given Mr. Cardon.

Consultation with Comptroller of the Currency and the Federal Deposit Insurance Corporation (Item No. 1). The Chairman reported that, in accordance with the understanding reached at the Board meeting on January 15, 1960, he and Governor Robertson consulted with Chairman

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Wolcott of the Federal Deposit Insurance Corporation with respect to S. 2609, a bill introduced by Senator Robertson to provide for amendment of the Federal Deposit Insurance Act to revise the assessment base. Mr. Gidney was unable to attend this meeting but Chairman Martin had talked with him by telephone. The Chairman said that the proposal discussed by the Board on January 15 to vest sole jurisdiction in one agency, i.e., the Federal Deposit Insurance Corporation, instead of having tripartite control by the three bank supervisory agencies, seemed to be agreeable to both the Comptroller and Chairman Wolcott.

Unanimous approval was then given to a letter to Senator Robertson (with a copy to Chairman Wolcott) recommending approval of S. 2609, a bill to amend the Federal Deposit Insurance Act to revise the assessment base, with the understanding that the Board should rely upon Messrs. Wolcott and Gidney to bring to Senator Robertson's attention the unanimous desire of all three agencies to have the Federal Deposit Insurance Corporation specified as the sole agency empowered to establish regulations as required in this bill. This letter is attached as Item No. 1.

Items circulated to the Board. The following items, which had been circulated to the Board and copies of which are attached to these minutes under the respective item numbers indicated, were approved unanimously:

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	<u>Item No.</u>
Letter to the Security Bank, Lincoln Park, Michigan, approving the establishment of a branch in Taylor Township.	2
Letter to Seattle Trust and Savings Bank, Seattle, Washington, approving the establishment of a branch in King County.	3

The meeting then adjourned.

Secretary's Note: Pursuant to the recommendations contained in memoranda from appropriate individuals concerned, Governor Balderston, acting in the absence of Governor Shepardson, today approved on behalf of the Board the following actions affecting the Board's staff:

Advance of sick leave

M. Callie Wickline, Nurse, Division of Personnel Administration, for further advance of sick leave through February 29, 1960.

Acceptance of resignation

Joan McLaughlin, Library Assistant, Division of Research and Statistics, effective January 22, 1960.



 Secretary



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 1
1/21/60

OFFICE OF THE CHAIRMAN

January 21, 1960.

The Honorable A. Willis Robertson, Chairman,
Committee on Banking and Currency,
United States Senate,
Washington 25, D. C.

Dear Mr. Chairman:

This refers to your August 28, 1959 request for the Board's views on S. 2609.

The bill would amend the Federal Deposit Insurance Act to provide a report of condition assessment base. It would also include in sections 2 to 15 provisions that are concerned principally with refinements and improvements in the laws governing the operation of the Federal Deposit Insurance Corporation and its administration of closed insured banks, both of which matters are peculiarly within the experience and competence of the Corporation.

The portion of the bill that provides a report of condition assessment base would eliminate the present differences between the certified statements of deposits for assessment purposes and the reports of condition. The reporting of deposits for various purposes in a uniform manner would be helpful to all insured banks as well as to the supervisory agencies.

The Board recommends the enactment of S. 2609.

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 2
1/21/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 21, 1960.

Board of Directors,
Security Bank,
Lincoln Park, Michigan.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Chicago, the Board of Governors of the Federal Reserve System approves the establishment of a branch in the immediate vicinity of the intersection of Ecorse Road and Pelham Road, Taylor Township, Wayne County, Michigan, by Security Bank, provided the branch is established within six months from the date of this letter.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 3
1/21/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 21, 1960.

Board of Directors,
Seattle Trust and Savings Bank,
Seattle 4, Washington.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of San Francisco, the Board of Governors of the Federal Reserve System approves the establishment of a branch in Des Moines, King County, Washington, by Seattle Trust and Savings Bank, provided the branch is established within six months from the date of this letter and approval of the State authorities is in effect as of the date of the establishment of the branch.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.