

Minutes for August 11, 1964.

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. Mills	<u>[Signature]</u>
Gov. Robertson	<u>[Signature]</u>
Gov. Balderston	<u>CCB</u>
Gov. Shepardson	<u>[Signature]</u>
Gov. Mitchell	<u>[Signature]</u>
Gov. Daane	<u>[Signature]</u>

Minutes of the Board of Governors of the Federal Reserve System on Tuesday, August 11, 1964. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Balderston, Vice Chairman
Mr. Mills
Mr. Shepardson
Mr. Mitchell
Mr. Daane

Mr. Kenyon, Assistant Secretary
Mr. Noyes, Adviser to the Board
Mr. Molony, Assistant to the Board
Mr. Cardon, Legislative Counsel
Mr. Hackley, General Counsel
Mr. Solomon, Director, Division of Examinations
Mr. Holland, Associate Director, Division of Research and Statistics
Mr. Leavitt, Assistant Director, Division of Examinations
Mr. Spencer, General Assistant, Office of the Secretary
Mr. Via, Senior Attorney, Legal Division
Mr. Sanders, Attorney, Legal Division
Mr. McClintock, Supervisory Review Examiner, Division of Examinations

Report on competitive factors (McKeesport-Beaver Falls, Pennsylvania). There had been distributed a draft of report to the Comptroller of the Currency on the competitive factors involved in the proposed consolidation of Western Pennsylvania National Bank, McKeesport, Pennsylvania, and Citizens National Bank of Beaver Falls, Beaver Falls, Pennsylvania.

After a discussion relating to the views that might most appropriately be expressed on the basis of the available facts, the report was approved unanimously for transmittal to the Comptroller in a form that reflected certain changes suggested by Governor Mitchell

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in the wording of the conclusion. The report, as approved, contained the following conclusion:

The proposed consolidation of Western Pennsylvania National Bank and Citizens National Bank of Beaver Falls would eliminate the only locally owned insured bank in Beaver Falls. Citizens National, since its establishment in 1956, has acquired approximately \$5 million in deposits, opened one branch, and received approval to establish two more branches. The proposed transaction would eliminate some potential competition between the two banks in the Citizens National's service area.

Report on competitive factors (Charlottesville-Stuarts Draft, Virginia). A report on the competitive factors involved in the proposed merger of The Peoples Bank of Stuarts Draft, Inc., Stuarts Draft, Virginia, into National Bank and Trust Company at Charlottesville, Charlottesville, Virginia, was approved unanimously for transmittal to the Comptroller of the Currency. The conclusion in the report read as follows:

There is little, if any, competition between National Bank and Trust Company at Charlottesville and The Peoples Bank of Stuarts Draft, Inc., and the over-all competitive effect of the proposed merger would not be adverse.

Messrs. Via and McClintock then withdrew from the meeting.

Letter to Budget Bureau regarding S. 1642 (Item No. 1). There had been distributed under date of August 10, 1964, a draft of letter to the Bureau of the Budget in reply to its communication of August 7, 1964, requesting the views and recommendations of the Board on enrolled bill S. 1642. The bill would "amend the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, to extend

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disclosure requirements to the issuers of additional publicly traded securities, to provide for improved qualification and disciplinary procedures for registered brokers and dealers, and for other purposes."

The draft letter pointed out that the Board had questioned the advisability of section 3(e) of the bill when it was before the Congress. That section not only provided for the administration of the Securities Exchange Act of 1934 with respect to bank stocks by an agency other than the Securities and Exchange Commission but would divide that responsibility among the three Federal bank supervisory agencies. After setting forth reasons why such a diffusion of administrative responsibility was deemed inadvisable, the draft letter would indicate that the Board would favor approval of the bill only if all other features of the bill, including some on which the Board was not in a position to comment, were considered of sufficient immediate benefit substantially to counterbalance the undesirable section.

There had also been distributed an alternative draft letter, suggested by Governor Mills, that would take a more favorable attitude toward Presidential approval of the bill.

As discussion opened, Mr. Hackley indicated that a revision had been prepared of the Legal Division's original draft letter. The revision, which went somewhat in the direction of the draft suggested by Governor Mills but contained certain reservations, was then read.

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The discussion that ensued focused on the question whether the Board, having previously expressed its objections to section 3(e), should for the record again express such objections with such a degree of firmness as to suggest doubt as to the desirability of enactment of the whole piece of proposed legislation in its present form. It developed to be the consensus that arguments in favor of having legislation of this kind enacted tended to counterbalance the undesirable feature. Therefore, while the letter to the Budget Bureau might appropriately refer to the Board's previously stated views on section 3(e), the letter should nevertheless conclude in favor of approval of the bill.

Accordingly, unanimous approval was given to a letter to the Budget Bureau in the form attached as Item No. 1.

The meeting then adjourned.

Secretary's Notes: Governor Shepardson approved on behalf of the Board on August 10, 1964, memoranda recommending the following actions relating to the Board's staff:

Appointment

Mercy Jean McCurdy as Statistical Clerk, Division of Research and Statistics, with basic annual salary at the rate of \$3,985, effective the date of entrance upon duty.

Acceptance of resignation

Philip N. Margolius, Summer Law Clerk, Legal Division, effective at the close of business August 14, 1964.

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

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Letter to the Federal Reserve Bank of New York (attached Item No. 2) approving the appointment of Leo F. Nash as assistant examiner.

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

Appointment

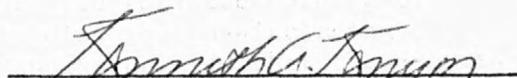
Paul R. Schweitzer as Economist, Division of Research and Statistics, with basic annual salary at the rate of \$9,980, effective the date of entrance upon duty.

Salary increase

Edward J. Finck, Utility Clerk, Division of Administrative Services, from \$5,170 to \$5,585 per annum, with a change in title to Purchasing Assistant, effective August 16, 1964.

Acceptance of resignation

Ida Goodloe, Supervisor, Stenographic Section, Office of the Secretary, effective at the close of business September 15, 1964.


Assistant Secretary

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

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Item No. 1
8/11/64

OFFICE OF THE VICE CHAIRMAN

August 11, 1964.



Mr. Phillip S. Hughes,
Assistant Director for
Legislative Reference,
Bureau of the Budget,
Washington, D. C. 20503

Dear Mr. Hughes:

This is in reply to your communication of August 7, 1964, requesting the views and recommendations of the Board of Governors on enrolled bill S. 1642. There are some provisions of the bill with respect to which the Board is not in a position to comment. Section 3(e) of the bill, however, bears particularly on responsibilities calling for participation by this Board.

In letters of June 21, 1963, to the Chairmen of the Senate Banking and Currency Committee and the House Interstate and Foreign Commerce Committee, the Board indicated agreement with the purpose of section 3(c) of the bill, which is to provide for stockholders of corporations whose securities are widely distributed--including stockholders of banks--the information and safeguards that the Securities Exchange Act of 1934 requires with respect to securities that are registered on exchanges. The Board did, however, question the advisability of section 3(e) of the bill, which not only provides for the administration of the Securities Exchange Act of 1934 with respect to bank stocks by an agency other than the Securities and Exchange Commission, but also would fragment that responsibility among the three Federal bank supervisory agencies.

As other features of the bill are considered of sufficient immediate benefit substantially to counterbalance this questionable section, the Board favors Presidential approval of the bill.

Sincerely yours,

(Signed) C. C. Balderston

C. Canby Balderston,
Vice Chairman.

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

Item No. 2
8/11/64



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 12, 1964.

CONFIDENTIAL (FR)

Mr. Howard D. Crosse, Vice President,
Federal Reserve Bank of New York,
New York, New York 10045.

Dear Mr. Crosse:

In accordance with the request contained in Mr. Bilby's letter of August 5, 1964, the Board approves the appointment of Leo F. Nash as an assistant examiner for the Federal Reserve Bank of New York. Please advise the effective date of the appointment.

It is noted that Mr. Nash is indebted to National Commercial Bank and Trust Company, Albany, New York. Accordingly, the Board's approval of the appointment of Mr. Nash is given with the understanding that he will not participate in any examination of that Bank so long as his indebtedness remains unliquidated.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.