

Minutes for October 14, 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

Gov. Mills

Gov. Robertson

Gov. Balderston

Gov. Shepardson

Gov. Mitchell

Gov. Daane

Handwritten initials and signatures on lines next to the names of the board members. The initials for Chm. Martin are 'M'. The initials for Gov. Mills are 'M'. The initials for Gov. Robertson are 'R'. The initials for Gov. Balderston are 'B'. The initials for Gov. Shepardson are 'S'. The initials for Gov. Mitchell are 'M'. The initials for Gov. Daane are 'D'. There is a large scribble to the right of the first three names.

Minutes of the Board of Governors of the Federal Reserve System
on Wednesday, October 14, 1964. The Board met in the Board Room at
10:00 a.m.

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

Mr. Sherman, Secretary
Mr. Broida, Assistant Secretary
Mr. Molony, Assistant to the Board
Mr. Fauver, Assistant to the Board
Mr. Hackley, General Counsel
Mr. Solomon, Director, Division of Examinations
Mr. Leavitt, Assistant Director, Division of
Examinations
Mrs. Semia, Technical Assistant, Office of the
Secretary
Mr. Egertson, Supervisory Review Examiner,
Division of Examinations

Application of Connecticut Bank and Trust Company (Item No. 1).

The application of The Connecticut Bank and Trust Company, Hartford, Connecticut, for permission to establish a branch at Ellington Road and School Street, East Hartford, Connecticut, was approved unanimously. A copy of the letter informing the applicant of this action is attached as Item No. 1.

Report on competitive factors (Patchogue-Lake Ronkonkoma, New York).

There had been distributed a draft of report to the Comptroller of the Currency on the competitive factors involved in the proposed merger of The National Bank of Lake Ronkonkoma, Lake Ronkonkoma, New York, into The Peoples National Bank of Long Island, Patchogue, New York.

Governor Robertson noted that the draft report stated that "the lack of information makes it difficult to reach an accurate conclusion

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with regard to competition," and also contained other indications that the information available was inadequate. In his view, it would be better to say that the Board was unable to give a meaningful report on the basis of the information available than to send a report that drew a definite conclusion on the basis of information that was considered inadequate. It seemed to him that an assumption underlying the requirement that reports be requested of other agencies was that those agencies ought to have, or to be able to get, information regarding the competitive aspects of any locality in the country. Here, for example, he believed it would be reasonable to expect that the Federal Reserve Bank of New York would have access to the necessary facts, even if, as he assumed, they were not included in the application.

In the ensuing discussion it was brought out that time was a limiting factor in the amount of detail the Federal Reserve Banks could furnish as background for the reports; that, although it sometimes would be helpful to have additional information, especially regarding the amount of business one bank derived from the service area of another, in many cases the lack of more comprehensive data did not greatly impede the formation of conclusions that were felt to be valid; and that in some cases the relative meagerness of information might reflect the willingness of one of the other banking authorities to accept applications with only limited details, in which event there might be reason to feel that the Board had no obligation to seek information beyond that offered in the application.

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During further discussion there was agreement on certain changes in the language of the text and the conclusion of the report to meet the point raised by Governor Robertson, after which the report was approved unanimously for transmission to the Comptroller of the Currency. The conclusion of the report, as approved, read as follows:

While consummation of the proposed merger of National Bank of Lake Ronkonkoma and Peoples National Bank of Long Island, Patchogue, would remove the "home office protection" from the community of Lake Ronkonkoma, permitting entry of offices of other banks, it would apparently eliminate some existing and potential competition between them.

Report on competitive factors (McKeesport-Aliquippa, Pennsylvania).

There had been distributed a draft of report to the Comptroller of the Currency on the competitive factors involved in the proposed merger of Western Pennsylvania National Bank, McKeesport, Pennsylvania, and Citizens State Bank, Aliquippa, Aliquippa, Pennsylvania.

After a discussion during which a change in the wording of the conclusion was agreed upon, the report was approved unanimously for transmission to the Comptroller. The conclusion of the report, as approved, read as follows:

Apparently there is little direct competition between Western Pennsylvania National Bank and Citizens State Bank. The proposed merger might result in intensified competition in Aliquippa, in some respects, by establishment of a third major bank in the city. It would, however, eliminate from the Aliquippa banking community the only bank domiciled locally and one which has demonstrated competitive capability by acquiring a significant volume of deposits in the period of less than two years in which it has been operating.

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Mr. Young, Adviser to the Board and Director, Division of International Finance, then joined the meeting, and Messrs. Solomon, Leavitt, and Egertson withdrew.

Frequency of Federal Open Market Committee meetings. At the meeting on October 7, 1964, on the basis of a distributed memorandum dated July 24, 1964, from Mr. Brill, the Board discussed the possible desirability of a change in the pattern of dates of meetings of the Federal Open Market Committee, which in recent years had normally been held on Tuesdays at three-week intervals. At the conclusion of the discussion the staff was asked to prepare a schedule of dates for meetings during 1965, based on views that had been expressed. Alternate schedules were attached to a memorandum of October 13, 1964, from Mr. Broida, which had been distributed, with explanations as to why each had been suggested for consideration.

During discussion of the merits of the various plans, a consensus developed in favor of a schedule that would continue Tuesday as the date for meetings of the Committee at approximately three-week intervals, but which would adjust the intervals between certain meetings to two or four weeks so as (1) to provide for holding the March organization meeting, when newly-elected members assume their duties, as early in the month as is practicable--in this case, on March 2; (2) to avoid conflicts with the four scheduled meetings of the Federal Advisory Council with the Board; (3) to avoid meetings in weeks in which Monday or the preceding Friday is a national holiday; and (4) to provide for a meeting on September 28

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during the week in which the meetings of the International Monetary Fund and the International Bank for Reconstruction and Development will be held in Washington in 1965.

Mr. Hackley noted that the Federal Reserve Act provides that meetings of the Federal Open Market Committee shall be held in Washington at least four times each year upon the call of the Chairman of the Board of Governors or at the request of any three members of the Committee.

At the conclusion of the discussion it was understood that a tentative schedule of meeting dates for 1965 in accordance with the consensus as indicated would be submitted to the Federal Open Market Committee.

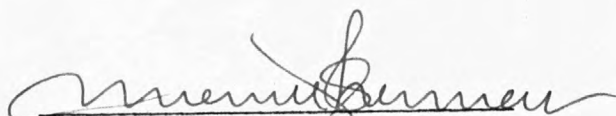
The meeting then adjourned.

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

Letter to the Federal Reserve Bank of Cleveland (attached Item No. 2) approving the designation of Mrs. E. Y. Roberts as special assistant examiner.

Memorandum from the Legal Division and the Division of Administrative Services dated October 12, 1964, requesting (1) approval of the printing of 300 copies of a loose-leaf compilation of "Textual Changes in the Federal Reserve Act and Related Laws" at a cost of approximately \$7,850 (this being \$3,250 above the original estimated cost of \$4,600 that was approved on November 5, 1963); and (2) approval of any resultant over-expenditure in the printing and binding account of the budget of the Division of Administrative Services.

Memorandum from Donald R. Poole, Operator (Offset Press), Division of Administrative Services, requesting permission to teach (two evenings a month, without compensation) advanced photo mechanics to high school members of the U. S. Naval Reserve.


Secretary

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

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Item No. 1
10/14/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 14, 1964

Board of Directors,
The Connecticut Bank and
Trust Company,
Hartford, Connecticut.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by The Connecticut Bank and Trust Company, Hartford, Connecticut, of a branch at the corner of Ellington Road and School Street, East Hartford, Connecticut, 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. 2
10/14/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 14, 1964.

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 October 7, 1964, the Board approves the designation of Mrs. E. Y. Roberts as a special assistant examiner for the Federal Reserve Bank of Cleveland for the purpose of participating in examinations of State member banks except The Cleveland Trust Company, Cleveland, Ohio.

The authorization heretofore given your bank to designate Mrs. Roberts as a special assistant examiner is hereby canceled. Appropriate notations have been made on our records of the names to be deleted from the list of special assistant examiners.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.