

Minutes for June 9, 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

W

Gov. Robertson

R

Gov. Balderston

C.B.B.

Gov. Shepardson

S.S.

Gov. Mitchell

M

Gov. Daane

D

Gov. Maisel

S.M.

Minutes of the Board of Governors of the Federal Reserve System on Wednesday, June 9, 1965. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Robertson, Acting Chairman
Mr. Shepardson
Mr. Daane
Mr. Maisel

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Solomon, Director, Division of Examinations
Mr. Hexter, Assistant General Counsel
Mr. Leavitt, Assistant Director, Division of Examinations
Mr. Spencer, General Assistant, Office of the Secretary
Mr. Plotkin, Senior Attorney, Legal Division
Mr. Shuter, Attorney, Legal Division
Mr. Egertson, Supervisory Review Examiner, Division of Examinations

Discount rates. The establishment without change by the Federal Reserve Bank of Boston on June 7, 1965, of the rates on discounts and advances in its existing schedule was approved unanimously, with the understanding that appropriate advice would be sent to that Bank.

Reports on competitive factors. There had been distributed drafts of reports to the Federal Deposit Insurance Corporation on the competitive factors involved in the proposed mergers of (1) Broad Street Trust Company, Philadelphia, Pennsylvania, and Montgomery County Bank and Trust Company, Norristown, Pennsylvania, (resulting bank to be titled Continental Bank and Trust Company), and (2) Bank of Piedmont, Piedmont, South Carolina, into Southern Bank and Trust Company, Greenville, South Carolina.

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The reports were approved unanimously for transmittal to the Corporation, the conclusions therein being stated as follows:

Philadelphia

While there appears to be little competition now existing between Broad Street Trust Company, Philadelphia, and Montgomery County Bank and Trust Company, Norristown, there is potential for greater competition between them. The proposed merger would eliminate one of four medium size banks headquartered in the Philadelphia-Montgomery County area, in which area there has been a significant decline in the number of banks during the past several years. The overall effect of the proposal on competition would be adverse.

Greenville

There is little competition between Southern Bank and Trust Company, Greenville, and Bank of Piedmont, and there is no evidence that the proposed merger would have any appreciable effect upon the competing institutions in the areas served by the two banks.

The overall effect of the proposed merger on competition would not be adverse.

Unanimous approval also was given to the transmittal of a report to the Comptroller of the Currency on the competitive factors involved in the proposed merger of Security Trust Company, St. Louis, Missouri, into Mercantile Trust Company National Association, St. Louis, Missouri.

The conclusion read as follows:

The proposed merger of Security Trust Company, St. Louis, into Mercantile Trust Company National Association, St. Louis, would eliminate existing and potential competition between the two banks, particularly in the area of loans to medium and small-sized businesses. The proposal would reduce the number of banks in downtown St. Louis from five to four, and would strengthen further the dominant position of Mercantile Trust Company, largest bank in the area. The effect of the proposal on competition would be significantly adverse.

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Applications for unlisted trading privileges (Item No. 1).

There had been distributed a memorandum from the Legal Division dated June 4, 1965, discussing applications by the Boston Stock Exchange and the Philadelphia-Baltimore-Washington Stock Exchange for unlisted trading privileges in the capital stock of The Chase Manhattan Bank, New York, New York, pursuant to section 12(f) of the Securities Exchange Act of 1934.

The stock of Chase Manhattan Bank was listed and registered on the New York Stock Exchange and financial information regarding the bank, which met the disclosure requirements of the Securities Exchange Act, was publicly available. Notice of receipt of the applications had been published (pursuant to Board action on May 6, 1965) and sent to all parties involved, and only one communication had been received. The Legal Division recommended that the applications be approved, and a draft of order reflecting such action by the Board was attached to the Division's memorandum.

Following discussion, the order approving the applications for unlisted trading privileges was approved unanimously. A copy is attached as Item No. 1.

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

Foreign travel by Mr. Brill. Upon consideration of the information contained in a memorandum of June 4, 1965, from Mr. Brill, Director,

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Division of Research and Statistics, the Board authorized him to include a visit to the Bank of Greece, for the purpose of conducting certain seminars, in the trip that he was making to Europe in June and July of this year in connection with his assignment pertaining to the study of foreign capital markets being conducted by the Organization for Economic Cooperation and Development.

Youth opportunity program (Item No. 2). The Board approved unanimously the recommendations contained in a memorandum from the Division of Personnel Administration dated June 3, 1965, (attached as Item No. 2), relating to a special project to be set up in the Division of Administrative Services to provide a limited number of summer jobs this year incident to the Youth Opportunity Campaign recently announced by the President to provide temporary summer employment for persons 16 through 21 years of age. In this connection the Board approved the budget overexpenditure attributable to the salary costs charged to the special project.

Status of Mr. Kareken. With reference to discussion by the Board at its meeting on May 27, 1965, Governor Shepardson reported that he had received under date of June 1, 1965, a letter from President Galusha of the Federal Reserve Bank of Minneapolis advising that arrangements had been completed with Mr. John Kareken for continuation of his status as Economic Consultant, with the understanding that Mr. Kareken would be expected to continue briefing President Galusha in advance of

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meetings of the Federal Open Market Committee and to attend such meetings with President Galusha as often as possible. Mr. Kareken would render approximately half-time service to the Reserve Bank, and it was planned to increase his fee from \$7,000 to \$8,500 per annum in view of his increased time commitment and responsibilities.

It was understood that the Secretary of the Board would advise President Galusha that the Board appreciated being informed and had noted with interest the completion of the arrangements for continuing the services of Mr. Kareken.

The meeting then adjourned.

Secretary's Notes: On June 8, 1965, a letter was sent to The Chase Manhattan Bank, New York, New York, acknowledging receipt of notice of its intent to establish an additional branch in Singapore, Malaysia, to be located at 541 Orchard Road, Singapore. The letter contained the following paragraph: "With respect to establishment of foreign branches, funds provided by home office (whether in the form of allocated capital, advances, or otherwise) should be regarded as foreign assets for purposes of the voluntary foreign credit restraint effort."

Governor Shepardson approved on behalf of the Board on June 8, 1965, the following items:

Memorandum from the Director of the Division of Research and Statistics dated June 2, 1965, requesting approval of a program under which Dorothy S. Projector, Economist in that Division, would spend such time as was needed--probably the substantial part of an academic year--in residence at Johns Hopkins University under a research fellowship. It was understood that Mrs. Projector would continue on the Board's payroll at full pay but that the program would not involve any out-of-pocket expense to the Board.

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Memorandum from the Division of Administrative Services dated June 2, 1965, recommending that the Division be authorized to employ an additional day laborer. It was understood that the position would be established effective October 1, 1965, or after the temporary appointments under the Youth Opportunity Program had expired.

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

Letter to the Federal Reserve Bank of New York (attached Item No. 3) approving the appointment of Theodore W. Kappler, Jr., Joseph E. Klarberg, and William T. McQuilkin as assistant examiners.

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

Appointments

Paul Quirante as Statistical Clerk, Division of Research and Statistics, with basic annual salary at the rate of \$3,680, effective June 21, 1965.

Thomas D. Thomson as Economist, Division of Research and Statistics, with basic annual salary at the rate of \$11,315, effective the date of entrance upon duty.

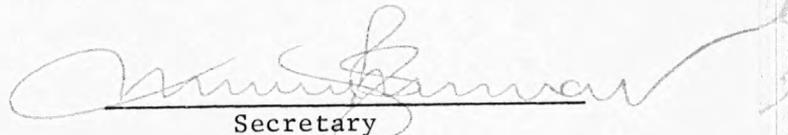
Transfer

Lorraine T. Hirz, from the position of Secretary in the Division of Administrative Services to the position of Secretary in the Division of Research and Statistics, with no change in basic annual salary at the rate of \$5,495, effective June 14, 1965.

Acceptance of resignations

Elliott S. Sherrell, Statistical Clerk, Division of Research and Statistics, effective at the close of business June 9, 1965.

Lloyd G. Luna, Guard, Division of Administrative Services, effective at the close of business June 19, 1965.


Secretary

UNITED STATES OF AMERICA
BEFORE THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D. C.

Item No. 1
6/9/65

: In the Matter of the Applications of the :
: BOSTON STOCK EXCHANGE and PHILADELPHIA- :
: BALTIMORE-WASHINGTON STOCK EXCHANGE :
: for Unlisted Trading Privileges in the :
: Capital Stock of The Chase Manhattan Bank :
: -----

ORDER APPROVING UNLISTED TRADING PRIVILEGES

There has come before the Board of Governors, pursuant to section 12(f) of the Securities Exchange Act of 1934 (15 U.S.C. 78 1), applications by the Boston Stock Exchange and Philadelphia-Baltimore-Washington Stock Exchange for unlisted trading privileges in the Capital Stock, \$12.50 par value, of The Chase Manhattan Bank, which security is listed and registered on the New York Stock Exchange.

Appropriate notice of receipt of the applications and opportunity for a hearing has been given by the Board and no request for a hearing with respect to the applications has been received.

Upon consideration of all the circumstances, the Board finds that the extension of unlisted trading privileges to this security on these exchanges is appropriate in the public interest and for the protection of investors.

IT IS HEREBY ORDERED that the said applications for unlisted trading privileges in the aforesaid security be and hereby are approved.

Dated at Washington, D. C., this 9th day of June, 1965.

By order of the Board of Governors.

Voting for this action: Governors Robertson, Shepardson, Daane, and Maisel.

Absent and not voting: Chairman Martin, and Governors Balderston and Mitchell.

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

(SEAL)

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BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Item No. 2
6/9/65

Office Correspondence

Date June 3, 1965.

To Board of Governors
(via Office of the Controller and the Division of Administrative Services)
From Division of Personnel Administration Subject: _____

In a memorandum to the Heads of Executive Departments and Agencies from the Executive Office of the President, dated May 25, 1965, reference is made to the President's announcement for a "Youth Opportunity Campaign" to provide temporary summer jobs for boys and girls 16 through 21 years of age. The President directed the Government departments and agencies to make every effort to find meaningful work or training opportunities this summer for one extra trainee for every 100 employees on their present payrolls, these opportunities to be given, so far as practicable, to boys and girls through 21 who need them the most because of economic or educational disadvantages.

In this connection, the Civil Service Commission has issued under the Federal Personnel Manual System a letter indicating approval of authority to the entire Executive Civil Service to permit agencies to participate more fully in programs for reducing school-dropout problems. This letter indicates authority for such employment between June 1, 1965, and September 30, 1965, but not more than 700 hours, and the rate of pay has been fixed at the equivalent of the minimum wage established by the Fair Labor Standards Amendments of 1961, currently \$1.25 an hour. The letter further indicates that the duties of such temporary positions should involve laboring work or other work of a routine nature requiring primarily physical effort and no specific knowledges or skills.

Recommendation

It is recommended that a "Youth Opportunity Program" be set up, in accordance with the above provisions, in the Division of Administrative Services. It is expected that not more than six persons would be employed in a pool arrangement under the direction of Mrs. Mary Sanders, General Assistant, and would be assigned as needed for assistance in sections such as the Labor Force, including Gardeners, Messenger Force, Cafeteria, Mechanical Force, and Duplicating. It is further expected that this program will provide summer relief throughout the Division and enable the Division to cut down on backlog work which heretofore has been difficult to handle in the normal course.

Since no provision was made for this program in the 1965 budget, it is recommended that a Special Project be set up in the Division of Administrative Services and that all salary costs for

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(via Office of the Controller and the Division of Administrative Services)

this program be charged thereto. It is further recommended that the Board approve, as a budget overexpenditure, the total salary costs charged to this Special Project account. It is expected that the Division of Administrative Services' regular budget will absorb out-of-pocket expenditures involved in the program, i.e., uniforms, etc.

Such employees would be entitled to benefits that are currently afforded to Summer Research Assistants and Summer Legal Assistants who earn annual and sick leave and make retirement contributions. A physical examination would be required, although temporary employees are not eligible for hospitalization coverage, Federal Employees' Group Life Insurance, nor Voluntary Group Accident Insurance (accidental death and dismemberment) coverage.

John J. Hart



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

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Item No. 3
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ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 10, 1965

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 your letter of June 4, 1965, the Board approves the appointments of Theodore W. Kappler, Jr., Joseph E. Klarberg, and William T. McQuilkin as assistant examiners for the Federal Reserve Bank of New York. Please advise the effective dates of the appointments.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.