

Minutes for June 25, 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

M

Gov. Robertson

R

Gov. Balderston

CCB

Gov. Shepardson

SSP

Gov. Mitchell

JM

Gov. Daane

DA

Gov. Maisel

B.J.M.

Minutes of the Board of Governors of the Federal Reserve System
on Friday, June 25, 1965. The Board met in the Board Room at 10:00 a.m.

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

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Broida, Assistant Secretary
Mr. Noyes, Adviser to the Board
Mr. Molony, Assistant to the Board
Mr. Solomon, Director, Division of Examinations
Mr. Spencer, General Assistant, Office of the
Secretary
Mr. Morgan, Staff Assistant, Board Members'
Offices
Mr. Furth, Consultant

Messrs. Brill, Koch, Partee, Solomon, Axilrod,
Eckert, Ettin, Gramley, and Wendel of the
Division of Research and Statistics

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

Money market review. There had been distributed tables affording
perspective on the money market and bank reserve utilization, and charts
prepared by Mr. Wendel relating to the forward yield on Treasury bills.

Mr. Axilrod reported on recent developments in the Government
securities market, after which Mr. Wendel interpreted the forward yield
charts. Mr. Baker then reported on foreign exchange market developments.

Following discussion, Mr. Furth and all members of the staff who
had been present except Messrs. Sherman, Kenyon, Noyes, Molony, Brill,
Solomon (Examinations), Partee, Spencer, and Eckert withdrew from the
meeting and the following entered the room:

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Mr. Hackley, General Counsel
 Mr. Shay, Assistant General Counsel
 Miss Hart, Senior Attorney, Legal Division

Discount rates. The establishment without change by the Federal Reserve Banks of Cleveland, Richmond, Atlanta, St. Louis, Minneapolis, and Dallas on June 24, 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 those Banks.

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 Federal Reserve Bank of Boston regarding a request by a newly-organized national bank that an exception be granted to section 8 of the Clayton Act to permit an interlocking relationship in an individual instance.	1
Letter to the Federal Reserve Bank of St. Louis approving the appointment of James S. Ruby, Jr., as Federal Reserve Agent's Representative at the Memphis Branch.	2

The meeting then adjourned.

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

Letter to the Social Science Research Council stating that the Board had authorized continuation by the Council during the calendar year 1965 of its collaboration with the Board in bringing about the preparation of research papers on the impact of monetary policy, with the understanding that the cost of meetings and research work would be approximately \$12,000.

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

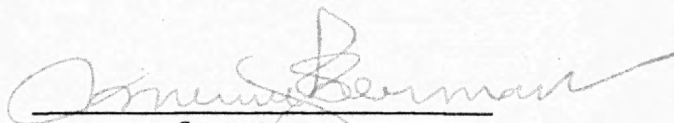
Transfers

Judith Meyer, from the position of Stenographer in the Division of Personnel Administration to the position of Stenographer in the Division of International Finance, with no change in basic annual salary at the rate of \$4,005, effective June 28, 1965.

Judy D. Taylor, from the position of Secretary in the Division of International Finance to the position of Secretary in the Division of Research and Statistics, with an increase in basic annual salary from \$5,875 to \$6,250, effective July 4, 1965.

Acceptance of resignation

Howard W. Betts, Messenger, Division of Administrative Services, effective at the close of business June 25, 1965.


Secretary

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BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Item No. 1
6/25/65

WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 25, 1965.



Mr. Luther M. Hoyle, Vice President,
Federal Reserve Bank of Boston,
Boston, Massachusetts. 02106

Dear Mr. Hoyle:

This refers to your letter of May 6, 1965, enclosing a copy of a letter dated April 30, 1965, from The Hamden National Bank, Hamden, Connecticut, regarding the desire of the Board of Directors of that bank to appoint to its membership Mr. Oran S. Parker. Mr. Parker now serves as Vice President, Secretary, and Treasurer of The Connecticut Bank and Trust Company, Hartford, Connecticut, a member of the Federal Reserve System.

You state that The Connecticut Bank and Trust Company presently operates a branch office in Wallingford, Connecticut, which is contiguous to Hamden, and that both Hamden and Wallingford are incorporated towns. Accordingly, section 8 of the Clayton Act and the Board's Regulation L, "Interlocking Directorates Under the Clayton Act", forbid the proposed interlocking service. The Board agrees with your view that none of the exceptions contained in the statute or in section 212.2(d) of the Regulation would be applicable to Mr. Parker's case.

The Hamden National Bank, however, asks that the Board permit Mr. Parker to serve that bank prior to his retirement on December 31, 1965, from his position with The Connecticut Bank and Trust Company, on the ground that postponing his appointment until the beginning of 1966 "would preclude the most effective use and benefit of his experience during the very important formative months of The Hamden National Bank."

Prior to 1935 the Board had specific authority in section 8 of the Clayton Act to grant permission in individual cases for interlocking relationships that otherwise would not have been permissible under the statute. However, as the procedure for individual permits proved to be unduly burdensome and otherwise unsatisfactory, the statute was completely revised by Congress in 1935, and has not been further amended since that time.

Mr. Luther M. Hoyle

In the 1935 amendment Congress prescribed definite standards by which interlocking relationships were to be prohibited or excepted. The purpose clearly was to make the question of the permissibility of interlocking relationships no longer depend upon discretionary action of the Board in individual cases, but rather on the expressed provisions of the statute. In adopting this statutory approach to the problem, Congress clearly felt that the advantages of certainty flowing from specific standards outweighed disadvantages that might arise from time to time in cases where an application of those standards might seem to have a harsh or unyielding consequence.

Where, as in Mr. Parker's case, the proposed interlocking service does not qualify under any exception in the law or Regulation L, the Board would not regard it as proper exercise of its authority to grant permission for interlocking service in an individual instance as requested in the inquiry to your Bank concerning this matter.

It would be appreciated if you would communicate the substance of this letter to Mr. Donald P. Calcagnini, Chairman and President of The Hamden National Bank.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 2
6/25/65



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 25, 1965

Mr. Raymond Rebsamen,
Chairman of the Board
and Federal Reserve Agent,
Federal Reserve Bank of St. Louis,
St. Louis, Missouri 63166.

Dear Mr. Rebsamen:

In accordance with the request contained in your letter of June 10, 1965, the Board of Governors approves the appointment of Mr. James S. Ruby, Jr. as Federal Reserve Agent's Representative at the Memphis Branch to succeed Mr. Michael T. Moriarty, effective July 1, 1965.

This approval is given with the understanding that Mr. Ruby will be solely responsible to the Federal Reserve Agent and the Board of Governors for the proper performance of his duties, except that, during the absence or disability of the Federal Reserve Agent or a vacancy in that office, his responsibility will be to the Assistant Federal Reserve Agent and the Board of Governors.

When not engaged in the performance of his duties as Federal Reserve Agent's Representative, Mr. Ruby may, with the approval of the Federal Reserve Agent and the Vice President in charge of the Memphis Branch, perform such work for the Branch as will not be inconsistent with the duties as Federal Reserve Agent's Representative.

It will be appreciated if Mr. Ruby is fully informed of the importance of his responsibilities as a member of the staff of the Federal Reserve Agent and the need for maintenance of independence from the operations of the Bank in the discharge of these responsibilities.

It is noted from your letter that, with the approval by the Board of Governors of Mr. Ruby's appointment, the usual Oath of Office will be executed and forwarded to the Board along with signature cards.

Very truly yours,
(Signed) Merritt Sherman

Merritt Sherman,
Secretary.