

71609
Minutes for August 23, 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

SS

Gov. Mitchell

MM

Gov. Daane

DD

Gov. Maisel

SM

SM

Minutes of the Board of Governors of the Federal Reserve System on Monday, August 23, 1965. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Shepardson
Mr. Daane
Mr. Maisel

Mr. Kenyon, Assistant Secretary
Mr. Fauver, Assistant to the Board
Mr. Johnson, Director, Division of Personnel Administration
Mr. Hexter, Assistant General Counsel
Mr. O'Connell, Assistant General Counsel
Mr. Leavitt, Assistant Director, Division of Examinations
Mr. McClintock, Supervisory Review Examiner, Division of Examinations

Report on competitive factors (Freeport-Rockwood, Pennsylvania).

After discussion, unanimous approval was given to the transmittal to the Federal Deposit Insurance Corporation of a report containing a conclusion in the following form on the competitive factors involved in the proposed merger of The Union National Bank of Rockwood, Rockwood, Pennsylvania, into Keystone Bank, Freeport, Pennsylvania:

Because of the distances between offices of the merging banks, there is no effective competition between them, and little potential for future competition. Consummation of the proposal would enable Keystone Bank to offer more effective competition in the area without having apparent adverse effects on other banks or on the banking structure.

Possible amendment to S. 1698 (Item No. 1). There had been distributed a draft of proposed reply to a letter from Senator Proxmire dated August 12, 1965, requesting comment on a possible amendment to

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S. 1698, as passed by the Senate, that would permit consummation of a bank merger following a decision by the trial court that the proposal would not violate the antitrust laws, regardless of whether the judgment of the trial court was made the subject of an appeal by the Attorney General. The draft reply would point out that such an amendment would impair the purpose of the bill, namely, to avoid any need for unscrambling a merger, to the extent that there might be reversals on appeal of trial court judgments that particular merger proposals were not violative of the antitrust laws; and accordingly such a change in the bill would not be favored by the Board.

After discussion, the proposed reply to Senator Proxmire was approved unanimously. A copy is attached as Item No. 1.

Revision of Boston salary structure (Item No. 2). After discussion of information contained in the pertinent file, which had been circulated, unanimous approval was given to a letter to the Federal Reserve Bank of Boston approving a requested revision of the salary structure applicable to positions of employees of the Bank. A copy of the letter is attached as Item No. 2.

The meeting then adjourned.

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

Memoranda recommending the following actions affecting the Board's staff:

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Appointment

Peter A. Tinsley as Economist in the Division of Research and Statistics, with basic annual salary at the rate of \$10,960, effective the date of entrance upon duty. (With the understanding that if Mr. Tinsley had not essentially completed the requirements for his doctoral degree when he reported for duty, the entrance salary would be \$10,125.)

Salary increases, effective August 29, 1965

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
<u>Research and Statistics</u>			
Nathaniel Greenspun, Economist		\$14,660	\$15,150
Stephen P. Taylor, Chief, Flow of Funds and Savings Section		17,600	18,170
Charles A. Yager, Chief, Government Finance Section		17,600	18,170
<u>Examinations</u>			
Fayette Didjunas, Stenographer		4,630	4,780
<u>Administrative Services</u>			
P. D. Maddox, General Mechanic-Operating Engineer		5,782	6,074
<u>Office of the Controller</u>			
L. Waite Waller, Jr., Supervisory Accountant		9,240	9,535

Transfer

Rosemary Jordan, from the position of Special Assistant Federal Reserve Examiner, Division of Examinations, to the position of Secretary, Division of International Finance, with an increase in basic annual salary from \$4,930 to \$5,330, effective August 30, 1965.

Acceptance of resignations

Robert E. Kopp, Summer Law Clerk, Legal Division, effective the close of business September 7, 1965.

Linwood N. Tyndall, Assistant Federal Reserve Examiner, Division of Examinations, effective at the close of business September 10, 1965.

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Acceptance of resignations (continued)

Constance Kay Gwinn, Stenographer, Division of Personnel Administration, effective at the close of business August 27, 1965.

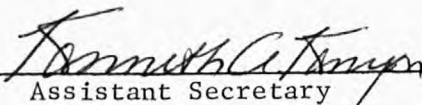
Horace H. Fletcher, Marvin L. Green, William R. Hill, Paul T. Manns, and David S. Witherspoon, Summer Trainees, Division of Administrative Services, effective at the close of business September 3, 1965.

Memorandum from the Division of Data Processing dated August 18, 1965, recommending:

- (1) that a new position of Digital Computer Systems Operator be established in the Operations Section of the Division;
- (2) that the Division be authorized to use leased operator service, at a cost of approximately \$5 per hour, pending the employment or training of an operator for this work;
- (3) that the current arrangement with the Federal Deposit Insurance Corporation for use of the Board's computer be continued on a no-charge basis with additional time scheduled, as available, for the Corporation's use.

Memoranda from the Office of the Controller and the Division of Administrative Services dated August 20 and August 18, 1965, respectively, requesting approval of an overexpenditure of \$3,264 in the appropriate account of the 1965 budget of the Division of Administrative Services for the purpose of recaulking the exterior marble of the front portico of the Federal Reserve Building.

Letter to the Federal Reserve Bank of Boston (attached Item No. 3) approving the appointment of Margaret A. Deck as assistant examiner.


Assistant Secretary



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

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Item No. 1
8/23/65

OFFICE OF THE CHAIRMAN

August 24, 1965

The Honorable William Proxmire,
Committee on Banking and Currency,
United States Senate,
Washington, D. C. 20510

Dear Senator Proxmire:

In your letter of August 12, 1965, you asked for comment on a possible amendment to the 30-day stay provision in S. 1698, as passed by the Senate June 11.

Under the bill, consummation of a proposed merger would be stayed for 30 days following approval of the merger application by the appropriate Federal bank supervisory agency under the Bank Merger Act. If the proposal were not challenged by the filing of a suit under the antitrust laws during the 30-day period, it could then be consummated and would thereafter be exempt from the Clayton Act and the Sherman Act. If a suit were instituted during that period, the proposal could not be consummated until conclusion of the litigation, and then only to the extent consistent with the final judgment in the case.

The purpose of the 30-day stay provision, of course, is to eliminate any need to unscramble bank mergers that, notwithstanding prior approval by a Federal banking agency under the Bank Merger Act, subsequently might be held to violate the Federal antitrust laws.

You point out that inasmuch as a substantial length of time might elapse between the institution of an antitrust action during the 30-day period and a final judgment in the case, consideration might be given to amending the bill to permit consummation of a proposed merger following a decision by the trial court that the proposal does not violate the antitrust laws, regardless of whether the judgment of the trial court is made the subject of an appeal by the Department of Justice. Such an amendment would avoid delaying consummation of the merger pending the outcome of such an appeal.

The Honorable William Proxmire -2-

If S. 1698 were so modified, however, the purpose of the bill-- to avoid any need for unscrambling a merged bank--would be impaired. This would be true to the extent that there might be reversals on appeal of judgments of the trial courts that particular merger proposals were not violative of the antitrust laws. To this extent, such modification to the bill would perpetuate the very risk that the bill is intended to avoid. Problems involved in unscrambling mergers were outlined in my statement before the Subcommittee on Domestic Finance of the House Committee on Banking and Currency on August 11, when I testified on S. 1698. A copy of my statement of that date is enclosed, and your attention is invited particularly to pages 11 and 12.

The difficulties and problems involved in unscrambling a merger, in the Board's judgment, outweigh the possible advantages that might accrue if the bill were changed along the lines outlined in your letter. Accordingly, the Board would not favor such a change in the bill.

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.

Enclosure

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

Item No. 2
8/23/65



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 23, 1965

CONFIDENTIAL (FR)

Mr. George H. Ellis, President,
Federal Reserve Bank of Boston,
Boston, Massachusetts. 02106

Dear Mr. Ellis:

As requested in Mr. Latham's letter of August 3, 1965, the Board of Governors approves the following minimum and maximum salaries for the respective grades of the employees' salary structure at the Federal Reserve Bank of Boston, effective August 11:

<u>Grade</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>
1	\$2,600	\$3,320
2	2,710	3,660
3	2,990	4,040
4	3,290	4,440
5	3,640	4,910
6	4,040	5,450
7	4,490	6,060
8	5,000	6,750
9	5,570	7,520
10	6,210	8,380
11	6,940	9,370
12	7,750	10,460
13	8,670	11,700
14	9,720	13,120
15	10,890	14,700
16	12,210	16,480

The Board approves the payment of salaries to employees within the limits specified for the grades in which their respective positions are classified. All employees whose salaries are below the minimums of their grades as a result of the structure increase should be brought within appropriate ranges not later than three months after the effective date of the new structure.

Mr. George H. Ellis

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The Board also approved your request for a special Grade 16 maximum of \$19,500, where required to recruit and retain employees of the desired quality in professional level positions.

Very truly yours,

(Signed) Kenneth A. Kenyon

**Kenneth A. Kenyon,
Assistant Secretary.**

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

Item No. 3
8/23/65

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 24, 1965

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

Dear Mr. Hoyle:

In accordance with the request contained in your letter of August 18, 1965, the Board approves the appointment of Margaret A. Deck as an assistant examiner for the Federal Reserve Bank of Boston. Please advise the effective date of the appointment.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

