

Minutes for September 1, 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	<u>    W    </u>
Gov. Robertson	<u>    R    </u>
Gov. Balderston	<u>    CAB    </u>
Gov. Shepardson	<u>    WPS    </u>
Gov. Mitchell	<u>    MM    </u>
Gov. Daane	<u>    DD    </u>
Gov. Maisel	<u>    BGM    </u>

Minutes of the Board of Governors of the Federal Reserve System  
on Wednesday, September 1, 1965. The Board met in the Board Room at  
9:00 a.m.

PRESENT: Mr. Balderston, Vice Chairman  
Mr. Robertson  
Mr. Shepardson  
Mr. Mitchell  
Mr. Maisel 1/

Mr. Kenyon, Assistant Secretary  
Mr. Fauver, Assistant to the Board  
Mr. Daniels, Assistant Director, Division of  
Bank Operations  
Mr. Kiley, Assistant Director, Division of Bank  
Operations

Messrs. Ellis, Bopp, Scanlon, Galusha, Clay, and  
Irons, Presidents of the Federal Reserve Banks  
of Boston, Philadelphia, Chicago, Minneapolis,  
Kansas City, and Dallas, respectively

Messrs. Treiber and Patterson, First Vice Presidents  
of the Federal Reserve Banks of New York and  
Atlanta, respectively; and Mr. Waage, Vice  
President, Federal Reserve Bank of New York

Meeting on coin situation. Pursuant to arrangements initiated  
by the Board, Mr. Robert A. Wallace, Assistant Secretary of the Treasury,  
was present to review with the Board members and Presidents various aspects  
of the current coin situation and prospective developments, particularly  
during the months immediately ahead. Mr. Wallace was accompanied by Mr.  
Frederick W. Tate, Assistant Director of the Bureau of the Mint.

A memorandum summarizing the discussion that occurred is being  
placed in the Board's files.

1/ Withdrew following discussion of coin situation.

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All those who were present for the discussion with Mr. Wallace then withdrew except Governors Balderston, Robertson, Shepardson, and Mitchell, and Mr. Kenyon, and Mr. Hexter, Assistant General Counsel, entered the room along with Messrs. Egertson and McClintock, Supervisory Review Examiners, Division of Examinations.

Discount rates. The establishment without change by the Federal Reserve Bank of Boston on August 30, 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 the Bank.

Circulated 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 Kingston Trust Company, Kingston, New York, approving the establishment of a branch in the Town of Ulster.	1
Letter to The Marine Trust Company of Western New York, Buffalo, New York, approving the establishment of a branch at Main Street and Transit Road, Town of Clarence.	2
Letter to Girard Trust Bank, Philadelphia, Pennsylvania, approving the establishment of a branch on Skippack Pike, Whitpain Township.	3
Letter to Fidelity-Philadelphia Trust Company, Philadelphia, Pennsylvania, approving the establishment of a branch on Skippack Pike, Whitpain Township.	4

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	<u>Item No.</u>
Letter to Myerstown Bank and Trust Company, Myerstown, Pennsylvania, approving the establishment of a branch in the proposed Elco Shopping Village.	5
Letter to The Exchange Bank and Trust Company, El Dorado, Arkansas, approving the establishment of a branch in Huttig.	6
Letter to Bank of Leighton, Leighton, Alabama, approving the establishment of a branch in Sheffield.	7

Reports on competitive factors. 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 First National Bank of Blackstone, Blackstone, Virginia, into The Fidelity National Bank, Lynchburg, Virginia.

The conclusion of the draft report contained a sentence to the effect that consummation of the proposal would expose the remaining bank in Blackstone to the direct competitive capabilities of a substantially larger bank. Governor Mitchell questioned this sentence, which he thought implied that one looked with disfavor on any form of competition in the Blackstone community except the sort of competition now existing between the two relatively small banks located there. In actuality, if one of the banks was replaced by a branch of a larger competitive institution, the community would be better off in some respects. He realized that the Board many times had included in its competitive factor reports a sentence of this kind, but he did not favor it.

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Governors Balderston and Shepardson indicated that they agreed with the philosophy reflected in Governor Mitchell's remarks, following which Mr. Hexter suggested that perhaps part of the difficulty had to do with the manner in which the sentence was phrased. An alternative would be to point out that consummation of the proposal would change the nature of banking competition in Blackstone to some extent, in that a bank now competing locally with another bank of comparable size would thereafter be in competition with a branch of a substantially larger bank.

Governor Robertson indicated that he would not object to a revised sentence of the kind suggested by Mr. Hexter.

Accordingly, unanimous approval was given to the transmittal to the Comptroller of a report containing a conclusion in the following form:

Because of the distance between offices of The Fidelity National Bank, Lynchburg, Virginia, and The First National Bank of Blackstone, and the number of offices of other banks in the intervening area, there is no competition between the two banks which would be eliminated by the proposed merger. Consummation of the proposal would change, to some extent, the nature of banking competition in Blackstone; Citizens Bank and Trust Company of Blackstone, which now competes locally with First National Bank of Blackstone, of comparable size, would thereafter be in direct competition with a branch of a substantially larger bank.

There had also been distributed a draft of report to the Comptroller of the Currency on the competitive factors involved in the proposed merger of The Stanwood State Savings Bank, Stanwood, Michigan, into First National Bank of Big Rapids, Big Rapids, Michigan.



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There being general agreement with a suggestion that the overall competitive effects of the transaction be described as "not adverse" rather than "not significantly adverse," unanimous approval was given to the transmittal to the Comptroller of a report containing a conclusion in the following form:

First National Bank of Big Rapids and The Stanwood State Savings Bank have been closely affiliated through common ownership and management for many years, and there is no effective competition between them. Consummation of the proposal would foreclose potential competition between them should the relationship terminate, but the overall competitive effects of the transaction would not be adverse.

The meeting then adjourned.

Secretary's Notes: On August 30, 1965, Governor Shepardson approved on behalf of the Board memoranda recommending the following actions relating to the Board's staff:

Reinstatement following military service

Bernard A. Thomasson as Digital Computer Systems Operator (Trainee), Division of Data Processing, with basic annual salary at the rate of \$4,930, effective August 30, 1965.

Transfer to permanent status

James E. Miller, Operator, Tabulating Equipment, Division of Data Processing, with basic annual salary at the rate of \$4,630, effective August 30, 1965.

On August 31, 1965, Governor Shepardson approved on behalf of the Board the following items:

Letter to the Federal Reserve Bank of Richmond (attached Item No. 8) approving the appointment of Ronald E. Lewis as assistant examiner.

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Letter to the Federal Reserve Bank of Dallas (attached Item No. 9) approving the designation of David M. Harzmann and Tommy C. Sartin as special assistant examiners.

Memorandum from the Division of Research and Statistics dated August 26, 1965, recommending that per diem in lieu of subsistence at the rate of \$16 be paid to James L. Pierce, a "Visiting Professor" appointed to an Economist position in the Banking Section, for time in travel status while moving from New Haven, Connecticut, to Washington and while returning to New Haven after completing the term of his appointment.

Memorandum from the Division of Bank Operations recommending acceptance of the resignation of Carol Lee Cordell, Secretary in that Division, effective at the close of business August 26, 1965.

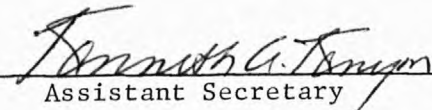
Governor Shepardson today approved on behalf of the Board memoranda recommending the following actions relating to the Board's staff:

#### Transfer

Katherine M. Bulow, from the position of Secretary, Division of Research and Statistics, to the position of Special Assistant Federal Reserve Examiner, Division of Examinations, with an adjustment in basic annual salary from \$5,165 to \$5,230, effective upon assuming her new duties.

#### Acceptance of resignation

Wendy Michael Orr, Research Assistant, Division of Research and Statistics, effective at the close of business September 3, 1965.

  
Assistant Secretary

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

Item No. 1  
9/1/65

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

September 1, 1965.



Board of Directors,  
Kingston Trust Company,  
Kingston, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Kingston Trust Company, Kingston, New York, of a branch on the west side of Route 9W, approximately 960 feet north of its intersection with Boice's Lane, Town of Ulster (Unincorporated Area), Ulster County, New York, 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

Item No. 2  
9/1/65



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

September 1, 1965.

Board of Directors,  
The Marine Trust Company of Western New York,  
Buffalo, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by The Marine Trust Company of Western New York, Buffalo, New York, of a branch at the intersection of Main Street and Transit Road, Town of Clarence (Unincorporated Area), Erie County, New York, 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. 3  
9/1/65

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

September 1, 1965.

Board of Directors,  
Girard Trust Bank,  
Philadelphia, Pennsylvania.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Girard Trust Bank, Philadelphia, Pennsylvania, of a branch at 1380 Skippack Pike, Whitpain Township, Montgomery County, Pennsylvania, provided the branch is established within six months from the date of this letter.

Very truly yours,

*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

Item No. 4  
9/1/65



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

September 1, 1965

Board of Directors,  
Fidelity-Philadelphia Trust Company,  
Philadelphia, Pennsylvania.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Fidelity-Philadelphia Trust Company, Philadelphia, Pennsylvania, of a branch on the north side of Skippack Pike (Route 73) approximately 250 feet south of the intersection of that road and DeKalb Pike (Route 202), Whitpain Township, Montgomery County, Pennsylvania, 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  
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WASHINGTON, D. C. 20551

Item No. 5  
9/1/65



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

September 1, 1965

Board of Directors,  
Myerstown Bank and Trust Company,  
Myerstown, Pennsylvania.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Myerstown Bank and Trust Company, Myerstown, Pennsylvania, of a branch in the proposed Elco Shopping Village to be located on the south side of U. S. Route 422 between Locust and College Streets, Myerstown, Lebanon County, Pennsylvania, 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

Item No. 6  
9/1/65

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

September 1, 1965



Board of Directors,  
The Exchange Bank and Trust Company,  
El Dorado, Arkansas.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by The Exchange Bank and Trust Company, El Dorado, Arkansas, of a branch in the Olin Lumber Company building, Huttig, Arkansas, provided the branch is established within six months 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  
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WASHINGTON, D. C. 20551

Item No. 7  
9/1/65



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

September 1, 1965.

Board of Directors,  
Bank of Leighton,  
Leighton, Alabama.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Bank of Leighton, Leighton, Alabama, of a branch at 706 South Montgomery Avenue, Sheffield, Alabama, 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

Item No. 8  
9/1/65

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



August 31, 1965.

Mr. John L. Nosker, Vice President,  
Federal Reserve Bank of Richmond,  
Richmond, Virginia. 23213

Dear Mr. Nosker:

In accordance with the request contained in Mr. Horigan's letter of August 26, 1965, the Board approves the appointment of Ronald E. Lewis as an assistant examiner for the Federal Reserve Bank of Richmond, effective today.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.

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

Item No. 9  
9/1/65

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



August 31, 1965.

Mr. Thomas R. Sullivan, Vice President,  
Federal Reserve Bank of Dallas,  
Dallas, Texas. 75222

Dear Mr. Sullivan:

In accordance with the request contained in your letter of August 27, 1965, the Board approves the designation of David M. Harzmann and Tommy C. Sartin as special assistant examiners for the Federal Reserve Bank of Dallas.

Appropriate notations have been made 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.