

The attached set of minutes of the Board of Governors of the Federal Reserve System for September 27, 1957, which you have previously initialed, has been amended at the suggestion of Governor Mills to insert, beginning at the top of page 6 and continuing through the first complete paragraph on page 7, an expansion of the discussion at the meeting with Messrs. Erickson and Groot relating to the powers and activities of mutual savings banks in the State of Massachusetts.

Chairman Martin

Governor Szymczak

Handwritten initials 'M' and 'MS' with horizontal lines through them, likely representing Chairman Martin and Governor Szymczak.

Minutes for September 27, 1957

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, if you were present at the meeting, please initial in column A below to indicate that you approve the minutes. If you were not present, please initial in column B below to indicate that you have seen the minutes.

	A	B
Chm. Martin	x <u>mm</u>	_____
Gov. Szymczak	x <u>MS</u>	_____
Gov. Vardaman ^{1/}	_____	x _____
Gov. Mills	x <u>MS</u>	_____
Gov. Robertson	x _____	_____
Gov. Balderston	x <u>CCB</u>	_____
Gov. Shepardson	x <u>MS</u>	_____

^{1/} In accordance with Governor Shepardson's memorandum of March 8, 1957, these minutes are not being sent to Governor Vardaman for initial.

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, September 27, 1957. The Board met in the Board Room at 10:00 a.m.

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

Mr. Carpenter, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Hackley, General Counsel
Mr. Masters, Director, Division
of Examinations
Mr. Solomon, Assistant General
Counsel
Mr. Hexter, Assistant General
Counsel
Mr. Hostrup, Assistant Director,
Division of Examinations
Mr. Davis, Assistant Counsel
Mr. Thompson, Supervisory Review
Examiner, Division of Examinations

Mr. Erickson, President, Federal
Reserve Bank of Boston
Mr. Groot, Vice President, Federal
Reserve Bank of Boston

Application of Baystate Corporation. Pursuant to arrangements made following the discussion at the meeting on September 20, 1957, Messrs. Erickson and Groot were present to give their views and comments with respect to the application of Baystate Corporation, Boston, Massachusetts, filed pursuant to section 3(a) of the Bank Holding Company Act, to acquire shares of Union Trust Company of Springfield, Springfield, Massachusetts. If the application should be approved, it was understood to be the intention of Baystate to merge Union Trust Company with the

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Springfield National Bank, which is presently controlled by the holding company.

At the beginning of the discussion, Chairman Martin asked Mr. Hackley to comment on the recently enacted Massachusetts Bank Holding Company Act which was the subject of Mr. Hackley's memorandum to the Board dated September 26, 1957. According to advice recently received from the Boston Reserve Bank, this Act had been signed by the Governor of the State and made effective retroactively to September 21, 1957.

Mr. Hackley said that the State law appeared to follow rather closely the Federal bank holding company legislation insofar as provisions relating to the definition and expansion of bank holding companies were concerned, but that it included no provision for the divestment of non-banking interests. A public hearing was required on each application under the Act, and in passing on applications the State Board of Bank Incorporation must consider (1) whether the transaction would "unreasonably" affect competition among banking institutions and (2) whether or not the public convenience and advantage would be promoted. Mr. Hackley reported having been advised by Counsel for the Boston Reserve Bank that Baystate Corporation had already filed an application under the new law for permission to acquire Union Trust Company and reportedly had been given some indication that approval would be forthcoming early next month. After noting that the Massachusetts statute was quite different from the New York State freeze statute, he went on to point out that either the Board of Governors or the State authorities apparently could block any

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proposed transaction by failing to act favorably. Legally, he said, there was nothing to prevent the Board from acting on the Baystate application without waiting for the State authorities to act, but as a matter of policy the Board might want to hold the matter in abeyance until it could ascertain what action the State had taken. In this connection, he noted that earlier this year the Commissioner of Banks for Massachusetts, in replying to the Board's request for his views and recommendation on the Baystate application, stated that he did not want to request the Board to delay action pending the enactment of State bank holding company legislation because plans for the proposed merger of Union and Springfield were initiated well before there was any proposal for such legislation and because it appeared at the time his letter was written that action on the bill might well be postponed for a year.

Mr. Erickson confirmed the Reserve Bank's understanding from Baystate Corporation that a hearing on the application before the State authorities might be held as early as next week. In response to the Board's request for his views and comments on the application, he told of his long acquaintanceship with the Springfield area, the recent and probable future growth of the area, the larger companies located in the vicinity, and the role played by mutual savings banks in competition for deposits and in making certain types of loans. In this connection, he also referred to the competition afforded by savings and loan associations. Turning to the situation in the city of Springfield, he pointed

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out that the Springfield National Bank had not grown nearly as fast as its two main competitors (Third National Bank and Union Trust Company) in the period since 1950, the other two banks having had much more aggressive management. He noted the activity of Third National in establishing branches throughout the surrounding area and indicated that plans for more branches and possible mergers were under consideration. On the other hand, he said, Springfield National did not appear to have done the job that it should have done, its loans running about 35 per cent of deposits and representing mostly purchased paper. In the circumstances, he looked favorably on the Baystate proposal, which would result in intensive competition between two banks of about the same size.

Chairman Martin then referred to the problems confronting the Board in connection with an application of this kind in view of the purposes and intent of the Bank Holding Company Act, which made it impossible to judge such an application solely on the basis of whether the banking situation in a community would be improved. He also referred to the importance of the current application from the standpoint of precedent. When Mr. Erickson pointed out that Baystate was already in the community and that the only result of the transaction would be to increase its relative share of the banking business, Chairman Martin said that this pointed up precisely the question with which the Board was confronted; that is, the point beyond which a bank holding company should not be permitted to expand in a community.

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Governor Shepardson commented that Baystate had had control of Springfield National Bank for a number of years and asked, in view of Mr. Erickson's comments, whether there was reason to believe that a better job in the community would be done if Union and Springfield were to merge.

Mr. Erickson replied to the effect that Baystate had the reputation of trying to guide but not to operate its subsidiary banks, that the subsidiary banks were generally good institutions, and that the proposed merger would permit a change in management which should be helpful.

Mr. Masters said it was the feeling of the Division of Examinations that there were a number of benefits, such as those Mr. Erickson had mentioned, which would be derived from the proposed merger and which would flow through to the community. However, in the light of the Bank Holding Company Act the Division was concerned about expanding the size of the bank holding company in the area, for the reasons indicated in the memorandum previously submitted to the Board and also made available to the Boston Reserve Bank.

Mr. Groot stated that the Reserve Bank was inclined to take exception to the conclusion of the Division of Examinations that the area of competition used in analyzing this application should be the area comprising the city of Springfield and contiguous communities rather than the area within a radius of 15 miles from the center of the city. He pointed out that in the latter area the percentage of deposits controlled by Baystate would not be nearly as significant. He also felt that consideration should be given to the deposits of the mutual savings banks, and that if they were excluded the savings deposits of the merged institution should also be excluded.

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At this point, as well as at other times during the meeting, attention was drawn by Messrs. Erickson and Groot to the number, size, powers, and activities of the mutual savings banks in the Springfield area, including the extent of competition afforded to the commercial banks by such institutions. In his opening remarks, summarized earlier, Mr. Erickson had cited the number of offices and volume of deposits of the savings banks in the city of Springfield and nearby communities. He had pointed out that the savings banks make personal and consumer loans and that they are very active and competitive, as are the savings and loan associations. Later, he noted that one of the mutual savings banks in Springfield has deposits larger than those of any commercial bank in the city.

In response to a question by Governor Robertson as to whether savings banks in Massachusetts make business loans, Mr. Groot said that they make real estate loans on business properties and collateral loans under certain restrictions, and that they make personal loans and sell checks. He added that the powers of the savings banks in the State had been liberalized in the last few years. For the purpose of the fifth factor required to be considered by the Board in connection with applications under the Bank Holding Company Act like the Baystate application, he felt that the general field of banking should be considered. On this point, Mr. Erickson observed that if the deposits of mutual savings banks located in the area within a 15-mile radius of Springfield were taken

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into account, Baystate would, upon the acquisition of Union Trust Company, control only about 11 per cent of the total deposits.

In a further reference to the functions of the savings banks, Governor Balderston asked if the fact that they do not make industrial loans is the sole important distinction between their activities and those of the commercial banks. In replying, Mr. Erickson noted that the savings banks of course do not accept demand deposits.

Mr. Groot then said he did not feel that there was much question about being able to justify the need for another large bank like Third National in the Springfield area. He thought it undesirable for one bank to have what was in effect a dominant position in the area, and he considered that Third National's position was now one of dominance.

Mr. Erickson agreed and then spoke further about the prospective growth of the area, along with the banking facilities needed to accommodate and promote this growth.

Governor Balderston referred to the list of large companies in the area which had been cited previously by Mr. Erickson and asked to what extent it was the practice of these companies to go to Boston and New York for their banking requirements. Mr. Erickson's reply indicated that this was now the case to a rather large extent and that the existence of a second large and aggressive bank would be conducive to greater use of local institutions by some of these companies. Mr. Groot added that large companies are understood generally to be interested in maintaining

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sizable deposits only in large banks - that they are not interested in spreading out their deposits through a number of small banks.

There followed a discussion about the extent of ownership of stock in commercial banks in New England by mutual savings banks, from which it developed that several savings banks as a group may in effect control a particular institution. However, this was not understood to be the case with respect to any of the commercial banks in the Springfield area.

Governor Balderston, using certain cities outside of New England for purposes of illustration, then discussed the problem of deciding upon the minimum number of banks that would be appropriate for an area in order to maintain the proper degree of competition. At the conclusion of his comments, he asked Messrs. Erickson and Groot to suggest the minimum number of banks that they would consider appropriate for the Springfield metropolitan area.

In response, Mr. Erickson read a list of the existing institutions within a 15-mile radius of the city and expressed the view that, to cover the area properly, at least four or five banks would be necessary. In reply to a question by Governor Szymczak, he said that if Baystate wished to expand in this area any further, after acquiring Union Trust Company, he doubted whether he would recommend favorably.

This led to a discussion of the extent of competition between banks in the city of Springfield and those located in Holyoke and other

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nearby communities, following which Governor Mills noted that the Third National Bank was the result of a merger and inquired to what extent it was felt that the present position of the bank might be traced to that circumstance.

Mr. Groot responded that this was no doubt a factor in the existing bank's development, but not the only factor. The bank taken over, he said, was one that needed improved management, and with the change in leadership the movement toward branch activities gained momentum. Mr. Erickson added the comment that in the period from 1940 to 1950 the banks in Springfield grew at more or less the same rate, while in the ensuing years the forward progress of Third National in relation to the other banks had been more pronounced.

Governor Balderston said he could appreciate that improvement in banking facilities might result from the proposed merger. However, he pointed out, this was not the only community where the same kind of situation might arise. If the Board's decision were favorable in this case, it might set a precedent that would make it difficult for the Board to decide adversely in a whole series of subsequent cases.

Mr. Erickson then developed certain hypothetical cases where Third National Bank might merge with other nearby banks and Baystate would then seek permission to acquire additional institutions. In such event, he said, he might wish to look into the matter carefully before reaching the conclusion that the Baystate application should be denied. In other words, he felt upon further reflection that, as

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contrasted with his previously expressed view, it might be necessary to examine the circumstances of each proposed transaction and the resulting competitive situation before coming to a definite conclusion.

Mr. Groot expressed the view that unless the entrance of a holding company into a community would provide definite benefits to the community, it would seem proper to deny the application, his position being based on the theory that in most circumstances the holding company should not be placed in direct competition with an existing local bank. However, if the local bank sought to be acquired by the holding company was handicapped by poor management, he felt that the situation would deserve careful study.

This occasioned comment by Governor Shepardson regarding the problem posed by gradual expansion of a bank holding company in a particular area, with no single bank acquisition creating any substantial change percentagewise in the holding company's share of total deposits. He brought out that this presented a very difficult problem from the standpoint of determining the point at which the expansion of the holding company should be stopped.

Mr. Masters then returned to the question of the area of competition which should be taken into account in analyzing the Baystate application. He said that on the basis of available information the volume of loans and deposits of the Springfield banks coming from the 15-mile area outside of Springfield and contiguous communities was very small. Therefore, it appeared to the Division of Examinations that the

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area comprising Springfield and contiguous communities should properly be used.

In this connection, Governor Balderston commented that one of the important factors to be considered in making such an analysis is the extent to which a choice of banking facilities is available. While circumstances in the past may have caused the bulk of deposits of Springfield banks to come from within the city, nevertheless an individual in a nearby community still had the opportunity, if he so desired, to go into Springfield and have a choice of banking connections.

On this point, Mr. Hexter noted that by and large the depositors and borrowers from outlying areas would not be the larger customers. If the acquisition and merger should take place, the people living in the nearby communities would have a fewer number of banking alternatives, and certainly it must be admitted that both Union and Springfield are in a position to serve adequately such persons in the outlying area.

The comments made in response by Messrs. Erickson and Groot stressed the number of banking facilities in the communities within a 15-mile area surrounding the city of Springfield. They felt especially that the Springfield, Chicopee, and Holyoke areas should be considered as one integrated area for the purpose of appraising banking facilities, and that persons within this area would continue to have a sufficient range of selection with respect to banking connections.

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When Governor Robertson pointed out that the smaller customers in Holyoke presumably would patronize local banks to a large extent and that only the larger customers would desire to go to Springfield, where there would be one less choice of banking connections if the merger were consummated, Messrs. Erickson and Groot responded that there would still be six banks in the two cities.

Governor Robertson then stated that if the savings banks in Massachusetts were competitive with the commercial banks in every respect, one would of course have to consider them as part of the whole group of banking institutions. He wondered, however, if it was not contemplated by the Bank Holding Company Act that only those banks should be considered which provide commercial banking services. In this connection, Mr. Hexter pointed out that unless and until the Act is amended, the objectives and purposes currently stated are those to which consideration must be given in deciding on applications made under the Act.

Governor Mills referred to the necessity for Baystate Corporation to obtain approval of the proposed stock acquisition under both the Bank Holding Company Act of 1956 and the Massachusetts Bank Holding Company Act and then asked certain questions designed to clarify what would occur in the event of conflicting decisions under the Federal and State law, including whether in such event it would be necessary for the courts to determine the relationship of the Federal law to the State law.

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Mr. Hackley suggested that the situation was similar to that prevailing in the case of applications by State member banks for the establishment of branches, where the applicant bank has to obtain the approval of both the State and Federal banking authorities. It was not, he thought, a question whether the State or Federal law prevailed, but a situation where either the State or Federal authorities could exercise a veto power.

Mr. Hexter supplemented Mr. Hackley's comments by reading section 7 of the Bank Holding Company Act of 1956, which provides that the enactment of the Act by the Congress "shall not be construed as preventing any State from exercising such powers and jurisdiction which it now has or may hereafter have with respect to banks, bank holding companies, and subsidiaries thereof".

Governor Mills indicated that he continued to have some question whether this line of reasoning would necessarily be sustained by the courts. Judging from the press and comments on the part of those who had followed the law, he sensed that there might be some doubt whether section 7 is a controlling provision of the law and this, he pointed out, was a matter that could be decided finally only if the constitutionality of the provision should be brought into question. Where there was an element of doubt, he felt that it was not within the province of the Board, as the administering agency, to settle the question. Rather, the Board should be guided by what it believed to be the spirit of the law and then let the courts be the final arbiter.

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Question then was raised by Governor Shepardson whether the Board should make a decision on the Baystate application prior to having received advice of the action taken by the State. He suggested that the Board would naturally be interested in the attitude of the State authorities whether or not it was bound by the decision. In the case of branch applications, he brought out, the Board had followed the practice of deferring action until being advised of the action taken by the State authorities.

Governor Robertson agreed with Governor Shepardson, saying that he thought the Board should have the benefit in this case of the facts and views presented at the public hearing to be held on the application.

Thereupon, it being the consensus of the Board that action on the Baystate application should be deferred until the public hearing on the application had been held and the State authorities had acted, it was agreed that the matter would be held in abeyance until such time.

Messrs. Erickson and Groot then withdrew from the meeting.

Items circulated to the Board. The following items, which had been circulated to the members of the Board and copies of which are attached to these minutes under the respective item numbers indicated, were approved unanimously:

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Item No.

Letter to the Federal Reserve Bank of Richmond regarding the proposed change in location of the Baltimore executive office of the County Trust Company of Maryland, Cambridge, Maryland. 1

Letter to Union Bank & Trust Co. of Los Angeles, Los Angeles, California, approving the establishment of a branch on Wilshire Boulevard between El Camino and Beverly Drive, Beverly Hills, California. (For transmittal through the Federal Reserve Bank of San Francisco) 2

Discount rates. Telegrams to the following Federal Reserve Banks approving the establishment without change on the dates indicated of the rates of discount and purchase in their existing schedules were approved unanimously:

Boston	September 23
Atlanta	September 23
San Francisco	September 25
New York	September 26
Cleveland	September 26
Richmond	September 26
St. Louis	September 26
Minneapolis	September 26
Kansas City	September 26
Dallas	September 26

Request of General Contract Corporation (Item No. 3). In a letter dated September 20, 1957, Counsel for General Contract Corporation, St. Louis, Missouri, requested an extension from October 1, 1957, to October 16, 1957, of the time allowed for filing objections and a brief with respect to the Hearing Examiner's Report and Recommended Decision on the application filed by the Corporation under section 4(c)(6) of the Bank Holding Company Act. In a memorandum dated September 24, 1957, of

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which copies had been sent to the members of the Board along with copies of the incoming letter, Mr. Solomon expressed the view that the request was reasonable and should be granted. A draft of Order was submitted with the memorandum.

Following comments on the matter by Mr. Solomon, the Board adopted by unanimous vote an Order in the form attached hereto as Item No. 3, with the understanding that copies would be sent to the appropriate parties.

Messrs. Masters, Hexter, Hostrup, Thompson, and Davis then withdrew from the meeting.

Expenses of savings bond luncheons. In a letter dated September 18, 1957, Mr. Paul Wren, Assistant to the Secretary of the Treasury, advised Chairman Martin that the Savings Bonds Division was holding three regional conferences in early December 1957 to acquaint the volunteers and staff with plans for the 1958 sales program, that luncheons would be held at hotels in Washington, St. Louis, and San Francisco, that for the last year or so the expenses of such luncheons had been paid by various companies, but that this year conditions had changed to some extent and the Treasury would prefer to ask that the affairs be sponsored by the Board of Governors in Washington and by the St. Louis and San Francisco Reserve Banks in their respective cities. The estimated cost at Washington and St. Louis would be between \$500 and \$600 in each city and the estimated cost at San Francisco would be between

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\$200 and \$250. Copies of Mr. Wren's letter had been distributed to the members of the Board.

Chairman Martin stated that, with the new administration at the Treasury Department, he felt that the System should lean over backward to be helpful, but that he had some question about paying the cost of luncheons held outside of System buildings. He went on to say that the Treasury was not pressing the matter, but would like to find some way of paying the expenses of these luncheons other than to get a private corporation to meet the cost. He thought quite a good case could be made for paying the cost of a savings bond luncheon held in the Federal Reserve Building and that this would not be essentially different from paying the cost of various other luncheons tendered by the Board.

Governor Robertson noted that the luncheons involved a public function, that the System would be aiding the Treasury in endeavoring to stimulate the sale of savings bonds, and that it could be held that the System should do everything within reason to be of assistance. Therefore, there would seem to be some merit in paying the cost of the luncheons, even though they were held outside of Federal Reserve premises.

There followed a discussion of the means available to the Treasury for meeting costs incident to promoting the sale of savings bonds, including the possibility that the Treasury might go to the Congress for appropriations for this purpose. It was recalled, however, that in the past the Treasury had hesitated to seek appropriations, with the result

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that for a number of years the Board and the Federal Reserve Banks frequently were called upon to pay expenses of this kind.

Chairman Martin said that he had mentioned the possibility of seeking appropriations to the incoming Under Secretary of the Treasury, but that the cost of the luncheons mentioned in Mr. Wren's letter was an immediate problem for which some other solution must be found.

In these circumstances, it was suggested by Governor Robertson that the matter could be handled in such a way as not to set a precedent for the future, and that in the meantime the Treasury could consider further how the promotional costs of the savings bond program should be met and take appropriate action.

At the conclusion of the discussion, during which the System's interest from a policy standpoint in the success of the savings bond program was pointed out, it was understood that Chairman Martin would explore the matter with the Secretary of the Treasury on the basis that the Board was sympathetic with the Treasury's problem but that there were certain aspects of the matter to which the Board would like to be sure that consideration was given.

Chicago building program. Mr. Carpenter referred to the meeting of the Board on September 11, 1957, with representatives of the Federal Reserve Bank of Chicago to discuss the head office building program and to the subsequent decision of the Board to authorize acceptance of the

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low bids received, with the understanding that the Reserve Bank would first request revised bids from the five general contractors who originally submitted bids on the project. He then reported having received yesterday a telephone call from First Vice President Harris, who said that the new bids had just been opened and that the result would be a cost to the Bank about \$52,000 higher than the previous low bid. The increase was occasioned by the fact that the bid of the previous low general contractor was now about \$176,000 higher, while the second lowest bidder had increased his figure about \$26,000; with this development the latter concern was now the low bidder. Including architect's fees, the total cost would be about \$55,000 more than when the representatives of the Reserve Bank met with the Board. Other original bidders, Mr. Carpenter reported, either refused to bid because they had made other commitments or did not answer the invitation. He also said that a meeting was to be held at the Chicago Bank this afternoon for the purpose of considering further steps in connection with the building program, because the Bank felt that the contract should be signed and made definite as promptly as possible to avoid further possible cost increases. Mr. Harris, he said, raised the question whether the Bank was authorized to go ahead under the authority of the Board's letter of September 11, 1957, to which he had replied that this was his understanding but that he would mention the matter to the Board of Governors at this meeting.

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Following a brief discussion, it was agreed unanimously that the Federal Reserve Bank of Chicago was authorized by the Board's letter to accept the revised low bid for general contracting, with the understanding that the Reserve Bank would negotiate with the low bidder in an effort to achieve such reductions in cost as might be possible before the contract was actually signed. It was understood that the Secretary would advise Mr. Harris accordingly.

The meeting then adjourned.

Secretary's Notes: Governor Shepardson today approved on behalf of the Board the recommendation contained in a memorandum from the Division of Personnel Administration dated September 27, 1957, relating to the application of the leave regulations to members of the field examining staff of the Division of Examinations under certain circumstances. A copy of the memorandum is attached hereto as Item No. 4.

Governor Shepardson also approved on behalf of the Board today a telegram to the Federal Reserve Bank of Boston approving the designation of Edward F. Cotter as special assistant examiner. A copy of the telegram is attached hereto as Item No. 5.



Secretary

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 1

9/27/57

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 27, 1957



Mr. N. L. Armistead, Vice President,
Federal Reserve Bank of Richmond,
Richmond 13, Virginia.

Dear Mr. Armistead:

This will acknowledge receipt of your letter of September 13, 1957, advising that the County Trust Company of Maryland, Cambridge, Maryland, has decided to move its administrative office now located in the city of Baltimore to quarters in its branch building at Glen Burnie, Maryland. The office which the bank has maintained in the city of Baltimore to facilitate the administration of its general executive business has not been regarded as a branch inasmuch as deposits are not accepted or checks paid and loans negotiated at that location are closed at the head office at Cambridge or at one of the bank's branches.

We concur in your opinion that no action by the Board of Governors is required in connection with the proposed change in location of the executive office of the County Trust Company of Maryland to the branch quarters in Glen Burnie.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25. D. C.

Item No. 2
9/27/57

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 27, 1957



Board of Directors,
Union Bank & Trust Co. of Los Angeles,
Los Angeles, California.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of San Francisco, the Board of Governors approves the establishment of a branch on the south side of Wilshire Boulevard between El Camino and Beverly Drive, Beverly Hills, California, by Union Bank & Trust Co. of Los Angeles, Los Angeles, California, provided the branch is established within six months from the date of this letter and that formal approval of the Superintendent of Banks of the State of California is effective at the time the branch is established.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Assistant Secretary.

Item No. 3
9/27/57

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

IN THE MATTER OF THE APPLICATIONS
OF GENERAL CONTRACT CORPORATION
FOR DETERMINATION PURSUANT
TO SECTION 4(c)(6) OF THE
BANK HOLDING COMPANY ACT OF 1956

DOCKET NO.
BHC4-17, 19-27

ORDER EXTENDING TIME FOR GENERAL CONTRACT CORPORATION
TO FILE EXCEPTIONS AND BRIEF TO THE HEARING EXAMINER'S
REPORT AND RECOMMENDED DECISION

Additional time having been requested by General Contract Corporation within which to file with the Secretary of the Board its exceptions and brief to the Hearing Examiner's Report and Recommended Decision and it appearing to the Board that such request should be granted, it is hereby ORDERED that the time within which General Contract Corporation may file such exceptions and brief be, and the same hereby is, extended to and including October 16, 1957.

This 27th day of September 1957.

By order of the Board of Governors.

(Signed) S. R. Carpenter

(Seal)

S. R. Carpenter,
Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Item No. 4

9/27/57

Date September 27, 1957.

Office Correspondence

To Board of Governors
From Division of Personnel Administration

Subject: _____

In consideration of the leave regulations as they affect members of the field force of the Division of Examinations, as a result of a discussion in the meeting on September 26 between this Division and the assembled members of the field force, it is recommended that provision be made for emergency situations involving necessary leave from the force, other than for sick leave purposes.

Most of the men on the force are entitled to from 13 to 20 days, dependent upon years of service (13 days of annual leave if less than 3 years of employment and 20 days of annual leave if between 3 and 15 years of employment). For the convenience of the force the present leave regulations do recognize that there is a necessity for relief on annual leave regulations to provide for the mandatory vacation periods. To provide for this, section 2.6 states that:

"Annual leave for a member of the field staff of the Division of Examinations may be advanced in such an amount as is necessary for the proper scheduling of the regular vacation periods of the field staff. Such advance shall be canceled at the end of the calendar year and not charged against the allowance for the following year."

However, even with this exception most of the employees of the force will have all of their annual leave used up every year with no carry over available, as the vacation of the force usually takes about 22 days. This results in a further problem when emergencies arise where an employee must be away from the force for such as death in the family, serious illnesses in immediate family, and other emergencies not provided for by charge to sick leave. Accordingly, when such emergencies arise, the member of the field force usually must be placed on leave without pay for the entire period away from duty station. This is an inequity with regard to the travel time, in comparison with the treatment given the Board's employees in Washington who go on annual leave for emergency reasons.

It is therefore recommended that upon approval of the Division of Examinations the period of travel from the duty station to the headquarters or place of emergency (if other than headquarters) and return to duty station be considered excused to the extent that the amount of

Board of Governors

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time involved would not exceed that to the headquarters and return. However, a member of the field force will continue to go off per diem under this arrangement at the time of leaving his duty station and pay his travel expenses as at present. While at headquarters or the place of emergency the member of the field force will be placed on annual leave to be charged to his account which may be carried forward from year to year until liquidated. In no instance of this type will the employee be placed upon leave without pay.

Approved on behalf
of the Board:

lms

E. J. Johnson

September 27, 1957

T E L E G R A M
LEASED WIRE SERVICEBOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTONItem No. 5
9/27/57

September 27, 1957.

King - Boston

Reurtel September 25, 1957, Board approves designation of Edward F. Cotter as special assistant examiner for Federal Reserve Bank of Boston for purpose of participating in examinations of Depositors Trust Company, Augusta, Maine; The Merrill Trust Company, Bangor, Maine; The Connecticut Bank and Trust Company, Hartford, Connecticut; and Rhode Island Hospital Trust Company, Providence, Rhode Island.

(Signed) Merritt Sherman

Sherman