

Minutes for October 24, 1958

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	<u>MM</u>	x <u>(M)</u>
Gov. Szymczak	x <u>SS</u>	<u> </u>
Gov. Vardaman <u>1/</u>	<u> </u>	x <u> </u>
Gov. Mills	<u> </u>	<u> </u>
Gov. Robertson	x <u>R</u>	<u> </u>
Gov. Balderston	x <u>CB</u>	<u> </u>
Gov. Shepardson	x <u>SS</u>	<u> </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 the Board of Governors of the Federal Reserve System on Friday, October 24, 1958. The Board met in the Board Room at 10:00 a.m.

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

Mr. Sherman, Secretary
 Mr. Kenyon, Assistant Secretary
 Mr. Fauver, Assistant Secretary
 Mr. Riefler, Assistant to the Chairman
 Mr. Thomas, Economic Adviser to the Board
 Mr. Young, Director, Division of Research and Statistics
 Mr. Hackley, General Counsel
 Mr. Masters, Director, Division of Examinations
 Mr. Farrell, Associate Director, Division of Bank Operations
 Mr. Daniels, Assistant Director, Division of Bank Operations
 Mr. Solomon, Assistant General Counsel
 Mr. Hostrup, Assistant Director, Division of Examinations

Union Trust Company of Maryland (Item No. 1). Prior to the meeting there had been distributed a memorandum dated October 20, 1958, from the Division of Examinations presenting a request of Union Trust Company of Maryland, Baltimore, Maryland, for consent, under the provisions of Section 18(c) of the Federal Deposit Insurance Act, to the absorption of Reisterstown-Glyndon Bank, Reisterstown, Maryland, and for approval of the establishment of branches in Reisterstown and Glyndon. The Federal Reserve Bank of Richmond had recommended approval of the request as had the Division of Examinations. Mr. Masters reviewed the application briefly and explained that there were no unusual circumstances concerning this request.

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Thereupon the Board unanimously approved the application and a letter to Union Trust Company in the form attached to these minutes as Item No. 1.

Views of the New York Clearing House Association concerning certain Edge Act corporations (Item No. 2). In conformity with the Board's discussion on October 20, 1958, there had been distributed a draft of reply to a letter of August 18, 1958, from the Federal Reserve Bank of New York, which had transmitted a memorandum of the Bank Examinations Department analyzing and drawing certain tentative conclusions with respect to a letter dated May 29, 1958, from the Clearing House Committee of the New York Clearing House Association relating to the location and activities in New York City of Edge Act corporations owned by out-of-State banks. The New York Bank's letter inquired whether the Board desired preliminary discussions between representatives of the Bank and the Board and also as to the desirability of asking the Clearing House Committee to amplify its views in order that the issues might be delineated and clarified.

The proposed reply indicated that preliminary discussion between the New York Bank and the Board could be held if New York felt this necessary. However, the Board would have no objection if New York concluded that the subject could be more effectively and profitably discussed with the Board following conversations between that Bank and the Clearing House Committee. It pointed out that no views or conclusions should be expressed on behalf of the Federal Reserve until the matter had been further studied by the Board.

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After brief discussion, a letter to the New York Reserve Bank in the form attached to these minutes as Item No. 2 was approved unanimously.

Letter to Department of Justice re First Bank Stock Corporation matter (Item No. 3). Prior to this meeting there had been distributed a memorandum from Mr. Solomon dated October 20, 1958, recommending that the Department of Justice be asked whether in view of certain developments the petition of First Bank Stock Corporation filed with the Eighth Circuit Court of Appeals (St. Louis) on October 2, 1958, might be subject to dismissal on the grounds of mootness and that it might be appropriate to file such a motion before certifying the record in this case. A draft of proposed letter to the Department of Justice had been circulated with Mr. Solomon's memorandum.

In commenting on the memorandum, Mr. Solomon explained that when the matter was first before the Board, First Bank Stock Corporation had applied for permission to acquire stock in a bank that had not yet been organized. Meanwhile, the bank was chartered on October 3, 1958, and First Bank Stock Corporation had asserted that it proposed to file with the Board a new or amended application for permission to acquire the stock of this bank from the Minnesota Mining and Manufacturing Company, which actually organized the bank. It was the change from a "not yet organized bank" to an "existing bank" that the Legal Division felt rendered moot the original application and therefore the petition of the First Bank Stock Corporation.

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Mr. Hackley noted that the Board's letter to the Department of Justice was no more than a procedural suggestion; final decision would be up to that Department.

Thereupon the Board unanimously approved the letter to the Department of Justice in the form attached to these minutes as Item No. 3.

Application of The Marine Corporation, Milwaukee, Wisconsin (Item No. 4). On October 3, 1958, the Board issued a Notice of Tentative Decision which, if finalized, would approve the application of The Marine Corporation, Milwaukee, Wisconsin, filed pursuant to section 3(a) of the Bank Holding Company Act of 1956, for prior approval of the acquisition by that Corporation of at least 80 per cent of the outstanding voting shares of Marine National Exchange Bank of Milwaukee; Holton State Bank, Milwaukee; Cudahy State Bank, Cudahy, Wisconsin; and South Milwaukee Bank, South Milwaukee. The Notice provided an opportunity before issuance of the Board's final order for persons to make objections or comments on the facts stated and the reasons indicated in the Tentative Statement.

Mr. Hackley said that the time for filing objections and comments expired on October 23, and that no objections or comments had been received. He therefore recommended that the Board issue its final order in the form circulated prior to this meeting. This form was exactly like the Tentative Decision except, of course, for the elimination of the word "tentative" and the addition of material reciting the procedure followed and pointing out that no comments had been received. He also

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stated that it was the understanding of the Legal Division that the order would show the position of individual Board members as indicated by their vote on the final order. In a general discussion of the procedure to be followed in such matters, Governor Balderston noted that the decision on the substantive issues in most cases of this kind would take place well before the issuance of the final order. However, the members of the Board present and voting on the final order might be different from those voting on the tentative decision.

Mr. Hackley added that he felt it especially important that the position of the members of the Board be recorded as of the day of issuance of the final order because it was entirely possible that positions taken on the tentative order might be changed by comments received as a result of publication of the tentative decision. This was, in fact, one of the basic purposes for disseminating the tentative conclusions of the Board.

Governor Robertson raised the question whether if there were no dissenting views and no known objections to a particular decision, the final order could simply show its issuance "by the Board" rather than listing the individual members who voted for it. This was discussed, but there was agreement that the difficulty of being certain as to views of an absent member made it desirable to show those acting on the final order.

Along this same line, Governor Shepardson commented that cases as simple and straightforward as the one now before the Board presented

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little difficulty. On the other hand, where the Board was divided on a specific case and where the results might depend upon attendance at a particular meeting, he thought it desirable that final action be deferred until all Board members could be present, or at least until those acting on the tentative decision were present. There was general agreement with this view.

Mr. Hackley then raised another procedural question. It had been proposed originally when the procedure for tentative decision was agreed upon that tentative dissents as well as the tentative majority view would be released. It was now the view of the Legal Division that this would not be desirable and that dissenting opinions should be made public only at the final stage. Again, the principal reason was related to the fact that the initial step was tentative and that views and comments received might cause Board members to alter their positions. Mr. Hackley recommended, therefore, that positions of individual Board members not be indicated in tentative decisions. There was general concurrence with this suggestion.

Thereupon the Board unanimously approved a final order approving the application of The Marine Corporation, Milwaukee, Wisconsin, for prior approval of action to become a bank holding company under section 3 of the Bank Holding Company Act of 1956 in the form attached to these minutes as Item No. 4. It was understood that the voting record would relate to the members present at this meeting, and also that the order would be released to the press and published in the Federal Register.

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During the foregoing discussion Mr. Molony, Special Assistant to the Board, entered the meeting, as did Messrs. Hexter, Assistant General Counsel, and Davis, Assistant Counsel, and Miss Hart, Assistant Counsel.

Application of BancOhio Corporation (Item No. 5). A memorandum from the Legal Division distributed under date of October 20, 1958, presented for Board consideration a draft of Notice of Tentative Decision that the Board proposed to approve an application from BancOhio Corporation, Columbus, Ohio, for authority to acquire up to 100 per cent of the outstanding voting shares of capital stock of The Kenton Savings Bank, Kenton, Ohio. The Notice would be accompanied by a tentative statement setting forth the factors considered by the Board in this matter. It would point out that the Superintendent of Banks for the State of Ohio interposed no objection to the application and that the Board's view was that the proposed transaction would not expand BancOhio's system beyond limits consistent with adequate and sound banking, the public interest, or the preservation of competition in the field of banking. It would also point out that the financial history and condition, prospects, and management of both BancOhio and The Kenton Savings Bank were satisfactory.

Thereupon the Board unanimously approved the issuance of a Tentative Decision and Tentative Statement in the form attached to these minutes as Item No. 5. It was understood that the Tentative Decision and Tentative Statement would be released to the press in the regular manner and that notice would be published in the Federal Register.

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Applications of Union Bond & Mortgage Company, Port Angeles, Washington (Items 6 and 7). There had been distributed memoranda from the Division of Examinations dated October 10 and the Legal Division dated October 20 relating to applications under section 3 of the Bank Holding Company Act for the Board's prior approval of the acquisition by Union Bond & Mortgage Company of 30 shares of capital stock of Forks State Bank, Forks, Washington, and 10 shares of Bank of Sequim, Sequim, Washington. Both Divisions recommended approval of the applications. In the view of the Legal Division, disapproval might be subject to reversal in the event of judicial review as action "arbitrary, capricious, or unsupported by substantial evidence."

The Legal Division pointed out that the issues in these applications were so clear that it might be reasonable to dispense with tentative decisions and to issue final orders and statements. On the other hand, if this were done, question would arise as to where to draw the line in making exceptions in future cases that might not be so clear.

Governor Robertson commented that, while he would not now favor skipping the tentative decision, after further experience the Board might consider whether the tentative decision procedure was always necessary.

Governor Shepardson agreed that the possibility of dropping the tentative decision stage in a given matter should not be foreclosed, especially since in a case like this it served little apparent purpose.

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Mr. Hackley observed that cases like the Union Bond were exceedingly rare, and he preferred to follow the established procedure until there was more evidence of cases that would warrant exceptions to the rule.

Mr. Hexter expressed the view that a Notice of Tentative Decision would help offset possible Congressional criticism of the way in which such applications were handled. To have a hard and fast rule, he said, would spare the Board from frequently being in the position of deciding when to, and when not to, publish such tentative decisions.

Following further discussion, the Board unanimously approved the issuance of Notices of Tentative Decisions and Tentative Statements on the applications of Union Bond & Mortgage Company in the form attached to these minutes as Items 6 and 7. It was understood that the Tentative Decisions and Tentative Statements would be released to the press in the regular manner and that notice would be published in the Federal Register.

Reply to wire of Robert D. Holmes, Governor of Oregon. On October 22, 1958, the Board received a wire from Robert D. Holmes, Governor of the State of Oregon, commenting on recent credit and monetary actions of the System and pointing out that in his view blanket restrictions on credit constituted a particular burden on the building of homes and schools and were causing "disastrous fluctuations in the economy of the Pacific Northwest". There followed a discussion of a draft reply, during which it was understood that a new draft would be submitted for Board consideration at the afternoon session.

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At this point all of the members of the staff except Mr. Sherman withdrew, and Chairman Hall and First Vice President Koppang of the Kansas City Bank entered the room.

Denver Branch building (Item No. 8). Chairman Hall reviewed recent discussions relating to the proposed purchase of a new site for the Denver Branch known as the "Post Office" site, concluding his remarks with the statement that the directors of the Kansas City Bank and of the Denver Branch had voted to drop negotiations for that site, purchase of which had been authorized by the Board of Governors on April 4, 1958, and August 29, 1958, at a total cost not to exceed \$785,000, including \$35,000 real estate fee. Chairman Hall stated his personal view that the proposed Post Office site would have been better for the branch than any other location considered but that the conditions under which it might be purchased would have resulted in a delay of a year in securing title and might involve the Bank in a lawsuit. In his judgment, this precluded the Bank's entering into a contract to purchase that property. For this and other reasons, the directors of the Bank did not feel that there should be further negotiations for the site and, as indicated, they had voted to drop such negotiations.

Chairman Hall went on to outline reasons why it now appeared that the Bank might be able to acquire at an acceptable price lots adjoining the present Denver Branch property on Arapahoe Street and on 17th Street with the view either to erecting a new building or making an

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addition to the present building. The directors had voted, subject to the approval of the Board of Governors, to secure 90-day options on six lots adjoining the present property on Arapahoe Street running to 18th Street and on seven lots adjoining the present property on 17th Street running to Lawrence Street, each such option to be obtained at a cost not in excess of \$1,000. These options would be obtained with a view to securing from the Bank's architects within the 90-day option period, at no expense to the Bank, an idea of what kind of building might be developed on the property.

There followed a general discussion of the various sites that had been considered for the Denver Branch and of the reasons why the directors of the Kansas City Bank and the Denver Branch had concluded that it was best to proceed to secure options on the lots adjoining the present property and to permit lapse of the existing authorization of the Board of Governors for purchase of the property opposite the Denver Post Office.

At the conclusion of the discussion, the Board approved unani-
mously the request of the Kansas City Bank as presented by Chairman Hall for authority to pay, not to exceed \$2,000, for the two 90-day options described, with the understanding that the Bank would secure from its architects within the 90-day period a general proposal as to possible use of the property. In giving this authorization, it was understood that the existing authorization for purchase of the property opposite the Denver Post Office was cancelled. Pursuant to this authorization a

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telegram attached as Item No. 8 was sent to the Kansas City Bank under date of October 28, 1958.

Chairman Hall, Mr. Koppang, and Mr. Sherman then withdrew, and the Board went into executive session.

Following the executive session Messrs. Kenyon, Riefler, Young, and Molony were called into the meeting.

Actions taken in executive session. Governor Balderston stated that during the executive session the Board approved the following items, copies of which are attached to these minutes under the respective numbers indicated:

Item No.

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Letter to the Federal Reserve Bank of Philadelphia approving the payment of salaries to three officers at the respective rates fixed by the Board of Directors and approving the appointment of Mr. Campbell as officer in charge of the bank examination function.

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Letter to the United Nations Economic Commission for Latin America advising that Mr. Sammons had been authorized to attend a conference to be held in Rio de Janeiro, Brazil, from November 24 to December 4, 1958.

Discount rates. There was a discussion of the action taken by the Board yesterday in approving, effective today, the establishment of discount rates of 2-1/2 per cent by the Federal Reserve Banks of Philadelphia, Richmond, St. Louis, Minneapolis, and Dallas during which Governor Balderston reiterated the views he expressed by telephone at yesterday's meeting.

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Further discussion related to the meeting dates of the directors at those Reserve Banks where action had not yet been taken to establish 2-1/2 per cent rates, and it was noted that arrangements were being made at some of those Banks to meet next week even though such meetings were not regularly scheduled. The suggestion was made that additional information be obtained on the meeting plans of the respective Banks in order that the Board might give further consideration to procedural questions. In this connection the thought was expressed that there would be administrative advantages in an arrangement under which directors' meetings at all of the Reserve Banks would be held on the same dates.

Contract with National Bureau of Economic Research. Governor Shepardson presented a memorandum from Mr. Young dated October 15, 1958, recommending that the Board contract with the National Bureau of Economic Research whereby, at a cost of \$6,000, the Bureau would supply the Board, beginning in January 1959, statistical information useful in the analysis of cyclical movements in the economy. Since the terms of the contract would provide that additional statistical material, if desired, would result in extra cost, the tentative 1959 budget of the Division of Research and Statistics provided a figure of \$7,500. Permission to enter into the contract was requested at this time so that the service might be instituted at the beginning of the calendar year 1959. In a memorandum dated October 20, 1958, the Controller interposed no objection.

Following comments by Governor Shepardson and Mr. Young concerning the nature and prospective use of the material, the Board authorized

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execution of the contract with the National Bureau of Economic Research.

The meeting then recessed and reconvened at 2:00 p.m. with Governors Balderston, Szymczak, Robertson, and Shepardson present. Chairman Mitchell of the Federal Reserve Bank of Atlanta also was present along with Messrs. Sherman, Kenyon, Fauver, Riefler, Molony, Farrell, and Daniels of the Board's staff.

New Orleans building site (Item No. 11). Prior to the meeting there had been distributed a memorandum from the Division of Bank Operations dated October 21 reviewing a request of the Federal Reserve Bank of Atlanta for authorization to purchase a site at a cost not to exceed \$1,000,000 for relocation of the New Orleans Branch. A letter of October 17, 1958, from Atlanta indicated that the Bank did not expect to pay more than the appraised value of \$900,000 and might obtain the property for less, but it requested authority to bid up to \$1,000,000 at a public auction which would probably be held before the end of October. The proposed site was owned by the City of New Orleans and covered a total land area of approximately 64,000 square feet, about the same size as the new Houston site and somewhat smaller than the Buffalo and San Antonio Branch sites. Directors of both the New Orleans Branch and the Atlanta Bank were unanimously in favor of the purchase of the site, and Governor Vardaman who had inspected the property recently had also indicated he favored the proposal.

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At Governor Balderston's request, Chairman Mitchell reviewed the circumstances surrounding the request for authorization to buy the property. Following Chairman Mitchell's presentation, Governor Balderston inquired of Mr. Farrell whether sufficient funds were available under existing Congressional authority to construct a branch building if the site were purchased. To this Mr. Farrell responded that he did not think there was any question but that as of this moment there was sufficient leeway under existing Congressional authority to build the building. It depended entirely on how the remaining \$3.1 million of unallocated funds would be spent, and this sum was available for the Denver, New Orleans, and Oklahoma City projects.

Governor Robertson indicated that he would not object to the request for authority to purchase the land in question, but he hoped it might be possible to acquire only that portion of the property which the Branch would need for its own use. Specifically, he questioned the wisdom of buying, or at least of holding, that part of the land on which a 6-story office building now stands, and if it were acquired as part of the immediate transaction he hoped steps would be taken to dispose of the building promptly. He said he was fearful of a white elephant in the existing structure.

At the conclusion of the discussion, the Board unanimously authorized the Bank to purchase the proposed New Orleans Branch site at a cost not to exceed \$1,000,000, as set forth in the telegram attached to these minutes as Item No. 11.

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Messrs. Mitchell, Farrell, and Daniels left the meeting at this point and Messrs. Thomas and Molony re-entered.

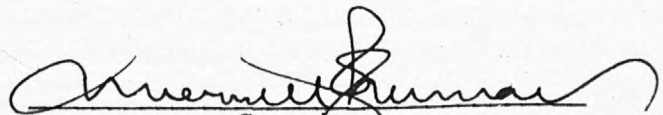
Reply to wire of Robert D. Holmes, Governor of Oregon (Item No. 12).

A redraft of the proposed reply to the October 22 wire of Governor Holmes of Oregon was presented to the Board for consideration. Following brief discussion, the sending of the wire attached to these minutes as Item No. 12 was unanimously approved.

Thereupon the meeting adjourned.

Secretary's Notes: On October 22, 1958, Governor Shepardson approved on behalf of the Board a letter to the Federal Reserve Bank of Boston (attached Item No. 13) approving the appointment of William Carleton Butler as examiner.

On October 23, 1958, Governor Shepardson approved on behalf of the Board a letter to the Federal Reserve Bank of Richmond (attached Item No. 14) approving the designation of Thomas W. Gaulding as special assistant examiner.


Secretary

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

Item No. 1
10/24/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 24, 1958



Board of Directors,
Union Trust Company of Maryland,
Baltimore 3, Maryland.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Richmond, the Board of Governors hereby gives its written consent, under the provisions of Section 18(c) of the Federal Deposit Insurance Act, to the absorption by the purchase of assets of the Reisterstown-Glyndon Bank, Reisterstown, Maryland, by the Union Trust Company of Maryland, Baltimore, Maryland, and approves the establishment by the latter bank of a branch in Reisterstown, Maryland, and a branch in Glyndon, Maryland. This approval is given provided:

- (1) the absorption is effected substantially in accordance with the copy of agreement between the two banks submitted with your request,
- (2) formal approval of the appropriate State authorities is obtained,
- (3) the absorption and the establishment of the branches are effected within six months from the date of this letter,
- (4) the banking houses acquired from the Reisterstown-Glyndon Bank are not placed upon the books of the Union Trust Company of Maryland in amounts in excess of their depreciated value for Federal income tax purposes, and
- (5) securities acquired from the Reisterstown-Glyndon Bank will not be placed on the books of the Union Trust Company of Maryland in excess of the market value thereof as of the date of consummation of the absorption.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

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

Item No. 2
10/24/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 24, 1958.



Mr. William F. Treiber,
First Vice President,
Federal Reserve Bank of New York,
New York 45, New York.

Dear Mr. Treiber:

With your letter of August 18, 1958, you transmitted a memorandum prepared by the Bank Examinations Department analyzing and drawing certain tentative conclusions with respect to the representations contained in a letter dated May 29, 1958, from the Clearing House Committee of the New York Clearing House Association relating to the location and activities in New York City of Edge Act corporations owned by out-of-State banks.

The Board agrees that it would be desirable to ask the Clearing House Committee to amplify its views in order that the issues may be delineated and clarified.

Your letter raises the question whether there should first be preliminary discussion between representatives of your Bank and of the Board. If this intermediate step seems desirable to you, the Board will be glad to arrange a meeting on a mutually convenient date. If, on the other hand, you conclude that the subject could be more effectively and profitably discussed with the Board following initial conversations between representatives of your Bank and the Committee, the Board would have no objection. This would be with the understanding, of course, that participation in any such meetings would be limited to the Reserve Bank and the Committee. Obviously, no views or conclusions should be expressed on behalf of the Federal Reserve until the matter has been studied by the Board in the light of the available information and the recommendations of your Bank.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 3
10/24/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 24, 1958

BY MESSENGER

Mr. George Cochran Doub,
Assistant Attorney General,
Civil Division,
Department of Justice,
Washington 25, D. C.

Attention Sam Slade, Esq., Chief,
Appellate Section, Room 3706

Re: First Bank Stock Corporation v. Board of Governors
of the Federal Reserve System, No. 16098, U. S.
Court of Appeals for the Eighth Circuit

Dear Mr. Doub:

This is with further reference to the above matter which Mr. Frederic Solomon of the Board's staff discussed with Mr. Slade and Mr. Slade's associate, Mr. John Laughlin, on October 3, 1958. At that time Mr. Solomon handed Mr. Slade copies of the following:

- (1) Letter of October 1, 1958, from Counsel to the First Bank Stock Corporation to the Board's General Counsel enclosing copy of the petition for review in this case.
- (2) The Board's Statement and Order in this matter, together with a Dissenting Statement.
- (3) Blank form of application, prescribed by this Board for acquisition of bank stock by a bank holding company.
- (4) Copy of this Board's Regulation Y, including the Bank Holding Company Act in the Appendix.

Subsequent to that time Mr. Slade was supplied with a copy of a letter of October 2, 1958, from Mr. Robert C. Tucker, Clerk of the United States Court of Appeals for the Eighth Circuit, enclosing a copy of the petition for review.

Mr. George Cochran Doub

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As indicated by the Statement mentioned in item (2) above, and explained in the discussion with Mr. Slade on October 3, the application by First Bank Stock Corporation was to acquire stock in a bank which had not yet been organized. As Mr. Slade was also advised, it is understood that the following circumstances have developed since the Board's issuance of that Statement and Order: (a) The bank here in question was chartered on October 3, 1958; (b) all shares of the bank except directors' qualifying shares have been acquired by Minnesota Mining and Manufacturing Company, which indicates that it is prepared to continue its ownership of the stock but would prefer to transfer that ownership to First Bank Stock Corporation; and (c) First Bank Stock Corporation asserts that it does not own or control any shares of the bank but that it proposes to file with the Board a new or amended application for permission to acquire the stock from Minnesota Mining and Manufacturing Company.

In view of these facts, which it is believed could be suitably presented to the Circuit Court of Appeals by affidavit or similar exhibit, it appears that the question presented by the petition for review in this case may well have become moot and ceased to be a justiciable controversy, and that it might be appropriate to file with the Court a suggestion of mootness before filing the record. The Board would propose, therefore, that this possible procedure be explored further by the members of the staffs of your Department and the Board of Governors, and that it be followed unless found to be inappropriate or inadvisable.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 4
10/24/58

! In the Matter of the Application of !
!
! THE MARINE CORPORATION !
!
! for prior approval of action to become !
! a bank holding company under section 3 !
! of the Bank Holding Company Act of 1956 !
!-----

ORDER APPROVING APPLICATION FOR PRIOR
APPROVAL UNDER SECTION 3(a)(1)

In the matter of the application of The Marine Corporation, Milwaukee, Wisconsin, for prior approval of action to become a bank holding company under section 3 of the Bank Holding Company Act of 1956.

There having come before the Board of Governors, pursuant to section 3(a)(1) of the Bank Holding Company Act of 1956 (12 USC 1842) and section 4(a)(1) of the Board's Regulation Y (12 CFR 222.4(a)(1)), an application on behalf of The Marine Corporation, a Wisconsin corporation with its principal office in Milwaukee, for the Board's prior approval of action whereby Applicant would become a bank holding company through the acquisition of at least 80 per cent of the outstanding voting shares of Marine National Exchange Bank of Milwaukee, Holton State Bank, Milwaukee, Cudahy State Bank, Cudahy, Wisconsin, and South Milwaukee Bank, South Milwaukee; a Notice of Tentative Decision, referring to a Tentative Statement, on said application having been published in

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the Federal Register on October 8, the said Notice having provided persons an opportunity, before issuance of the Board's final order, to make objections or comments upon the facts stated and the reasons indicated in the Tentative Statement and the time for filing such objections and comments having expired,

IT IS HEREBY ORDERED, for the reasons set forth in the Board's Statement of this date that the application of The Marine Corporation pursuant to section 3(a)(1) of the Bank Holding Company Act of 1956, shall be and hereby is, approved.

This 24th day of October, 1958.

By order of the Board of Governors.

Voting for this action: Vice Chairman Balderston and Governors Szymczak, Robertson, and Shepardson.

Absent and not voting: Chairman Martin and Governors Vardaman and Mills.

(signed) Merritt Sherman

Merritt Sherman,
Secretary.

(SEAL)

Washington, D. C.
October 24, 1958.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

APPLICATION BY THE MARINE CORPORATION, MILWAUKEE, WISCONSIN,
FOR PRIOR APPROVAL OF ACTION TO BECOME A BANK HOLDING COMPANY

STATEMENT

General nature of the proposal. - The Marine Corporation, Milwaukee, Wisconsin ("Marine"), has submitted an application to the Board pursuant to section 3(a)(1) of the Bank Holding Company Act of 1956 ("the Act"), for the Board's prior approval of action that would result in that company becoming a bank holding company under the Act. The action that would cause it to become a bank holding company would be the proposed acquisition by Marine of at least 80 per cent of the outstanding voting shares of the following four existing banks in Milwaukee, Wisconsin, and Milwaukee County: Marine National Exchange Bank of Milwaukee ("National"), Holton State Bank, Milwaukee ("Holton"), Cudahy State Bank, Cudahy, Wisconsin ("Cudahy"), and South Milwaukee Bank, South Milwaukee ("South").

Views and recommendations of bank supervisory authorities. - Of the banks the stock of which would be acquired by the Applicant, one is a national bank and three are State banks. Accordingly, pursuant to section 3(b) of the Act, the Board gave notice of the application to the Comptroller of the Currency and the Commissioner of Banks for the State of Wisconsin and requested their views and recommendations

with respect to the application. The Comptroller of the Currency recommended approval of the application and the Wisconsin Commissioner of Banks expressed no objection to the application.

In his letter to the Board of April 15, 1958, the Comptroller of the Currency stated, in part, as follows:

"Careful study and consideration have been given to this proposal in the light of the factors enumerated in section 3(c) of the Bank Holding Company Act: (1) the financial history and condition of the company or companies and the banks concerned; (2) their prospects; (3) the character of their management; (4) the convenience, needs, and welfare of the communities and the area concerned; and (5) whether or not the effect of such acquisition would be to expand the size or extent of the bank holding company system involved beyond limits consistent with adequate and sound banking, the public interest, and the preservation of competition in the field of banking. On the basis of this study we recommend that the Board approve the application."

In his letter to the Board dated April 21, 1958, the Commissioner of Banks for the State of Wisconsin stated, in part, as follows:

"As you are aware, Section 221.56, Wisconsin Statutes, permits the holding of a majority of the stock of a Wisconsin state bank by a holding company and, therefore, I find no legal prohibition against formation and operation of The Marine Corporation as a bank holding company.

"With respect to the points covered in Section 3(c) of the ... bank holding company act, I wish to advise that I am not aware of anything of an adverse nature with respect to points 1, 2, 3 and 4 of that section. As for point 5 it appears that the resources of the proposed system of banks contemplated by the application would be in nominal ratio to the total bank resources of Milwaukee County. The combined resources of the banks which would be owned by the holding company now rank third in relation to the individual resources of First Wisconsin National Bank and of Marshall and Ilsley Bank, Milwaukee.

"In my analysis of this matter I do not find a basis for valid objection to the application."

Statutory factors. - Section 3(c) of the Bank Holding Company Act provides:

"(c) In determining whether or not to approve any acquisition or merger or consolidation under this section, the Board shall take into consideration the following factors: (1) the financial history and condition of the company or companies and the banks concerned; (2) their prospects; (3) the character of their management; (4) the convenience, needs, and welfare of the communities and the area concerned; and (5) whether or not the effect of such acquisition or merger or consolidation would be to expand the size or extent of the bank holding company system involved beyond limits consistent with adequate and sound banking, the public interest, and the preservation of competition in the field of banking."

Financial history and condition, prospects, and character of management. - Marine was organized recently for the specific purpose of becoming a bank holding company, and therefore it has only nominal assets; and, if it becomes a bank holding company, its principal earning assets at the outset and presumably for the foreseeable future would be its shares of subsidiary banks. The directors of Marine are directors and/or officers of the proposed subsidiary banks. Consequently, the financial condition, prospects, and management of Marine will largely depend upon and parallel those of the proposed subsidiary banks.

On the basis of the information before it, the Board finds that the condition and prospects of the proposed subsidiary banks are good and their management competent, and that the prospects and management of Marine would likewise be favorable. As indicated in previous decisions of the Board under the Bank Holding Company Act, these

findings are consistent with approval of the application but do not provide substantial affirmative support for such approval.

Convenience, needs, and welfare of communities and area concerned. - In view of the locations of the four banks that would be subsidiaries of the proposed holding company, the communities and areas most directly concerned in this case would be the cities of Milwaukee, Cudahy, South Milwaukee and Oak Creek, in particular, and the County of Milwaukee, in general.

National, with deposits of \$159 million, is the largest of the proposed subsidiary banks and is the third largest bank in the City of Milwaukee. That city, according to the 1950 census, had a population of 637,392. The city's trade area includes 45 per cent of the population of the State.

Holton is also located in the City of Milwaukee about two miles north of National in a section of the city said to be an important commercial and industrial area and with a population in 1957 of about 25,000.

Cudahy is located in the City of Cudahy about eight miles south of the downtown business section of Milwaukee. As of 1950, it had a population of 12,182 and its present population is estimated to be about 16,300. The city has a number of sizeable industrial plants and is growing rapidly as a residential area.

South is located in South Milwaukee, Wisconsin, about ten miles from the downtown section of the City of Milwaukee. As of 1950, it had a population of 12,855. South Milwaukee and the adjoining City

of Oak Creek, the primary service area of South, together are estimated to have a present population of about 24,300. The two cities are expanding rapidly as a residential section and a number of diversified industrial concerns have located in this area.

All of the proposed subsidiary banks are located in Milwaukee County, one of the leading industrial areas of the country, which has a presently estimated population of about 977,600.

The proposed plan would neither increase nor lessen the number of banking offices serving the areas concerned.

The control of National and the three smaller banks by the proposed holding company would conceivably increase their joint and several ability to serve the communities and areas concerned through the benefits that might be expected to flow from an association of the three smaller banks with National which, with its greater resources, technical skills, and experience and depth of management, would presumably be able to improve or broaden the banking services rendered by the smaller banks.

It is possible that, through their closer association with National, the three smaller banks would be better able than at present to meet the credit needs of larger businesses in their respective local areas. However, there is no evidence that requests for loans beyond their present legal lending limits have not been or could not be satisfactorily handled by the three smaller banks through participations with correspondent banks; and, in view of the relatively short

distance from the locations of such banks to the locations of the larger downtown banks of the city, it seems unlikely that an increase in their ability to handle large loans and accounts is necessary to the needs and welfare of their respective communities.

In the circumstances, the Board concludes that consummation of the proposed transaction would not be inconsistent with the needs and welfare of the areas concerned and should contribute to some extent to the convenience of those areas.

Effect upon adequate and sound banking, the public interest, and the preservation of competition. - It does not appear that the size or extent of the proposed bank holding company would adversely affect the adequacy or soundness of banking in the areas concerned. The four proposed subsidiary banks are in good condition and under capable management, and the proposed association of those banks under the common control of the Applicant would not appear to reduce the effectiveness of any of such banks.

In the downtown section of Milwaukee, National presently is in active competition with five other commercial banks, two of which are larger than National. The largest of these two banks, a subsidiary of a bank holding company, has 13 offices in the City of Milwaukee. Each of the three smaller proposed subsidiary banks primarily serves its particular local area and is not in substantial competition with the other two or with National. There are no other banking offices located within the section of the city which comprises Holton's primary service area. Cudahy is the only bank within the limits of the

City of Cudahy. In the area primarily served by South (South Milwaukee and the adjoining City of Oak Creek), there is only one other banking office; and there is no evidence that South's proposed association with Marine or National would increase its competitive position to such an extent as would prevent the other bank in that area from participating in the future growth of banking resources in the area.

The City of Milwaukee has 19 commercial banks with a total of 32 offices and deposits aggregating \$1,342.2 million of which \$1,032.3 million represent deposits of individuals, partnerships, and corporations ("IPC"). If this application should be approved, Marine would control 2 of the 32 commercial banking offices in the city (6.25 per cent), and \$169.1 million of the total deposits (12.6 per cent) of such offices. Its two subsidiary banks in the city would control \$127.4 million of the city's IPC deposits (12.3 per cent).

The County of Milwaukee has 43 commercial banking offices with deposits aggregating \$1,495.2 million of which \$1,163.6 million represent IPC deposits. Approval of the proposed transaction would cause Marine to have 4 of the total commercial banking offices in the County (9.3 per cent) and to control \$189.7 million of the total deposits of such offices (12.7 per cent) of which \$145 million represent IPC deposits (12.5 per cent). The combined IPC deposits for the proposed 4 subsidiary banks would be \$33.5 million less than those

held by the second largest bank in the City of Milwaukee and \$315.7 million less than those of the largest bank in that city.

On the basis of the facts, the Board concludes that any actual or potential competition among the four proposed subsidiary banks, assuming it would be eliminated by the proposed transaction, is not substantial; that the proposed transaction would not afford the four proposed subsidiary banks or the holding company an undue competitive advantage over other banks either in their respective areas or the over-all area concerned; that it would preserve adequate freedom of choice by residents of those areas among banking facilities not under common control; and that it would not cause the Applicant to control an unduly large proportion of the offices or deposits of commercial banks in the City or County of Milwaukee. In the circumstances, formation of the proposed holding company would not, in the Board's opinion, be inconsistent with adequate and sound banking, the public interest, or the preservation of competition in the field of banking.

Conclusion. - The above views were incorporated in a Tentative Statement issued in connection with a Notice of Tentative Decision in this case published in the Federal Register on October 8, 1958 (23 F. R. 7786) affording interested persons an opportunity to submit comments on or objections to the Board's proposed action, and no such comments or objections were received within the period specified for their submission.

In the light of the facts stated and for the reasons indicated, it is the Board's judgment that approval of the application

would be in accordance with factors stated in section 3(c) of the Act and with the purposes of the Act, and that, accordingly, the application should be approved. It is so ordered.

Item No. 5
10/24/58BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEMNOTICE OF TENTATIVE DECISION ON APPLICATION FOR PRIOR
APPROVAL OF ACQUISITION BY A BANK HOLDING COMPANY
OF VOTING SHARES OF A BANK

Notice is hereby given that, pursuant to section 3(a) of the Bank Holding Company Act of 1956 ("the Act"), BancOhio Corporation, Columbus, Ohio ("Applicant"), has applied for the Board's prior approval of action whereby Applicant would acquire up to 100 per cent of the 3,000 outstanding voting shares of capital stock of The Kenton Savings Bank, Kenton, Ohio. The application, which is on file at the offices of the Board, the views and recommendations of the Superintendent of Banks for the State of Ohio, requested in accordance with section 3(b) of the Act, and other facts relied upon by the Board as the basis of its tentative decision, are set forth or summarized in the Board's Tentative Statement of this date, which Tentative Statement is attached hereto and made a part hereof, and is on file with the Federal Register Division and available at the office of the Board's Secretary and at the several Federal Reserve Banks.

The record in this proceeding to date consists of the application, the views and recommendations of the Superintendent of Banks for the State of Ohio, this Notice of Tentative Decision and the facts set forth in the Board's Tentative Statement on this date.

For the reasons set forth in the said Tentative Statement, the Board proposes to grant the said application.

Notice is further given that any interested person may, not later than fifteen (15) days after the publication of this notice in the Federal Register, file with the Board in writing, any comments on or objections to the Board's proposed action, stating the nature of his interest, the reasons for such comment or objection, and the issues of fact or law, if any, raised by said application which he desires to controvert. Any such statement should be addressed: Secretary, Board of Governors of the Federal Reserve System, Washington 25, D. C.

Following expiration of the said 15-day period, the Board's tentative decision will be made final by order to that effect, unless for good cause shown other action is deemed appropriate by the Board and is so ordered.

Dated at Washington, D. C., this 24th day of October, 1958.

By the Board of Governors.

(signed) Merritt Sherman

Merritt Sherman,
Secretary.

(SEAL)

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

APPLICATION BY BANCOHIO CORPORATION, COLUMBUS, OHIO,
FOR PRIOR APPROVAL OF ACQUISITION OF VOTING SHARES
OF THE KENTON SAVINGS BANK, KENTON, OHIO

TENTATIVE STATEMENT

BancOhio Corporation, Columbus, Ohio (hereafter referred to as "BancOhio"), a bank holding company, has applied, pursuant to section 3(a)(2) of the Bank Holding Company Act of 1956 ("the Act"), for the Board's prior approval of the acquisition of up to 100 per cent of the 3,000 outstanding voting shares of The Kenton Savings Bank (hereafter referred to as "Kenton"), a commercial bank located in Kenton, Ohio.

Views and recommendations of Superintendent of Banks. -

As required by section 3(b) of the Act, the Board gave notice of the application to the Superintendent of Banks for the State of Ohio. The Superintendent interposed no objection to the application.

Statutory factors. - Section 3(c) of the Act requires the Board to take into consideration the following five factors: (1) the financial history and condition of the holding company and bank concerned; (2) their prospects; (3) the character of their management; (4) the convenience, needs, and welfare of the communities and the area concerned; and (5) whether or not the effect of the acquisition would be to expand the size or extent of the bank holding company system involved beyond limits consistent with adequate and sound

banking, the public interest, and the preservation of competition in the field of banking.

Discussion. - It appears that the financial history and condition, the prospects, and the management of both BancOhio and Kenton are satisfactory.

The city of Kenton (population of about 8,700) is the county seat of Hardin County and is served by three commercial banks, including Kenton. With deposits of about \$5 million, Kenton is the largest bank in the city and the county. It operates two branches, one about 9-1/2 miles north and one about 9-1/2 miles south of the city. There is no evidence that control of Kenton by BancOhio would be inconsistent with the convenience, needs, and welfare of the area concerned. On the other hand, it seems probable that acquisition of control of Kenton by BancOhio would be followed by a broadening of banking services and thus contribute to the convenience and welfare of the area involved.

BancOhio now controls 21 commercial banks with a total of 47 banking offices and deposits in excess of \$608 million. The banks are located in 19 Ohio counties, principally in the central and south-central parts of the State. BancOhio's principal bank is located in Columbus, the State capital, and it has two other banks in the same county; otherwise, no county contains more than one of BancOhio's subsidiary banks.

Control of Kenton by BancOhio would bring within the holding company system the largest bank in a county in which BancOhio is not now operating. It would cause BancOhio to control (a) the largest of

-3-

three banking offices in the city of Kenton and about 43 per cent of the total deposits held by such offices, and (b) three of the ten banking offices in Hardin County and about 25 per cent of their deposits.

In the counties in which it would be operating after the proposed acquisition, the holding company would control about 26 per cent of commercial banking offices and 44.6 per cent of their total deposits, as compared with its present control of 24.5 per cent of offices and 44.3 per cent of such deposits in the same counties.

The proposed acquisition would not reduce the number of competing banking offices in the area or otherwise eliminate any substantial banking competition. It does not appear that any of BancOhio's present subsidiaries competes appreciably in the city of Kenton or in Hardin County. The nearest present subsidiary of BancOhio is more than 20 miles distant from the nearest branch of Kenton. The history of BancOhio suggests that the transaction would not be likely to result in its domination of banking in the area concerned.

In the circumstances, it is the Board's opinion that the proposed transaction would not expand BancOhio's system beyond limits consistent with adequate and sound banking, the public interest, or the preservation of competition in the field of banking.

Conclusion. - For the reasons indicated, it is the Board's judgment that the application should be approved.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Item No. 6
10/24/58

NOTICE OF TENTATIVE DECISION ON APPLICATION FOR PRIOR APPROVAL OF
ACQUISITION BY A BANK HOLDING COMPANY OF VOTING SHARES OF
A BANK

Notice is hereby given that, pursuant to section 3(a) of the Bank Holding Company Act of 1956 ("the Act"), Union Bond & Mortgage Company, Port Angeles, Washington ("Applicant"), has applied for the Board's prior approval of the acquisition of voting shares of Forks State Bank, Forks, Washington. The application, which is on file at the offices of the Board, the views and recommendations of the Supervisor of Banking for the State of Washington, requested in accordance with section 3(b) of the Act, and other facts relied upon by the Board as the basis of its tentative decision, are set forth or summarized in the Board's Tentative Statement of this date, which Tentative Statement is attached hereto and made a part hereof, and is on file with the Federal Register Division and available at the office of the Board's Secretary and at the several Federal Reserve Banks.

The record in this proceeding to date consists of the application, the views and recommendations of the Supervisor of Banking for the State of Washington, this Notice of Tentative Decision and the facts set forth in the Board's Tentative Statement of this date.

For the reasons set forth in the said Tentative Statement, the Board proposes to grant the said application.

Notice is further given that any interested person may, not later than fifteen (15) days after the publication of this notice in the Federal Register, file with the Board in writing, any comments on or objections to the Board's proposed action, stating the nature of his interest, the reasons for such comment or objection, and the issues of fact or law, if any, raised by said application which he desires to controvert. Any such statement should be addressed: Secretary, Board of Governors of the Federal Reserve System, Washington 25, D. C.

Following expiration of the said 15-day period, the Board's tentative decision will be made final by order to that effect, unless for good cause shown other action is deemed appropriate by the Board and is so ordered.

Dated at Washington, D. C., this 24th day of October, 1958.

By the Board of Governors.

(SEAL)

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

APPLICATION BY UNION BOND & MORTGAGE COMPANY, PORT ANGELES,
WASHINGTON, FOR PRIOR APPROVAL OF ACQUISITION OF VOTING
SHARES OF FORKS STATE BANK, FORKS, WASHINGTON

TENTATIVE STATEMENT

Union Bond & Mortgage Company, Port Angeles, Washington (hereafter referred to as "Union") has applied, pursuant to section 3(a)(2) of the Bank Holding Company Act of 1956 (the "Act"), for the Board's prior approval of the acquisition of direct ownership of 30 shares of the capital stock of Forks State Bank, Forks, Washington ("Forks").

As required by section 3(b) of the Act, the Board gave notice of this application to the Supervisor of Banking for the State of Washington and requested his views and recommendations. In his letter to the Board, the State Supervisor of Banking stated in part:

"Union Bond & Mortgage Company has for many years held a substantial stock interest in Forks State Bank with the knowledge and approval of this division. I will therefore interpose no objection to the acquiring by Union Bond & Mortgage Company of thirty additional shares."

Section 3(c) of the Act requires the Board to take into consideration the following five factors: (1) the financial history and condition of the holding company and the bank concerned;

(2) their prospects; (3) the character of their management; (4) the convenience, needs, and welfare of the communities and the area concerned; and (5) whether or not the effect of the acquisition would be to expand the size or extent of the bank holding company system involved beyond limits consistent with adequate and sound banking, the public interest, and the preservation of competition in the field of banking.

Union now owns 23.5 per cent of the outstanding shares of Forks. In addition, it owns more than 25 per cent of the stock of each of two other banks and 24.5 per cent of the stock of a fourth bank. The proposed acquisition of additional stock of Forks would cause Union to own exactly 25 per cent of the outstanding shares of that bank. It further appears that the proposed acquisition of 30 additional shares would not affect control of the bank.

With respect to the first three statutory factors, it appears that the financial history and condition, prospects, and management of both Union and Forks are satisfactory. In the circumstances of this case, the proposed acquisition would in no way affect the convenience, needs, and welfare of the communities and the area concerned, nor would the acquisition result in any expansion of the size or extent of Union's system of banks.

On the basis of the facts and in the light of the statutory factors, it is the judgment of the Board that the application should be approved.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Item No. 7
10/24/58

NOTICE OF TENTATIVE DECISION ON APPLICATION FOR PRIOR APPROVAL OF
ACQUISITION BY A BANK HOLDING COMPANY OF VOTING SHARES OF
A BANK

Notice is hereby given that, pursuant to section 3(a) of the Bank Holding Company Act of 1956 ("the Act"), Union Bond & Mortgage Company, Port Angeles, Washington ("Applicant"), has applied for the Board's prior approval of the acquisition of voting shares of Bank of Sequim, Sequim, Washington. The application, which is on file at the offices of the Board, the views and recommendations of the Supervisor of Banking for the State of Washington, requested in accordance with section 3(b) of the Act, and other facts relied upon by the Board as the basis of its tentative decision, are set forth or summarized in the Board's Tentative Statement of this date, which Tentative Statement is attached hereto and made a part hereof, and is on file with the Federal Register Division and available at the office of the Board's Secretary and at the several Federal Reserve Banks.

The record in this proceeding to date consists of the application, the views and recommendations of the Supervisor of Banking for the State of Washington, this Notice of Tentative Decision and the facts set forth in the Board's Tentative Statement of this date.

For the reasons set forth in the said Tentative Statement, the Board proposes to grant the said application.

Notice is further given that any interested person may, not later than fifteen (15) days after the publication of this notice in the Federal Register, file with the Board in writing, any comments on or objections to the Board's proposed action, stating the nature of his interest, the reasons for such comment or objection, and the issues of fact or law, if any, raised by said application which he desires to controvert. Any such statement should be addressed: Secretary, Board of Governors of the Federal Reserve System, Washington 25, D. C.

Following expiration of the said 15-day period, the Board's tentative decision will be made final by order to that effect, unless for good cause shown other action is deemed appropriate by the Board and is so ordered.

Dated at Washington, D. C., this 24th day of October, 1958.

By the Board of Governors.

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

(SEAL)

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

APPLICATION BY UNION BOND & MORTGAGE COMPANY, PORT ANGELES,
WASHINGTON, FOR PRIOR APPROVAL OF ACQUISITION OF VOTING
SHARES OF BANK OF SEQUIM, SEQUIM, WASHINGTON

TENTATIVE STATEMENT

Union Bond & Mortgage Company, Port Angeles, Washington (hereafter referred to as "Union") has applied, pursuant to section 3(a)(2) of the Bank Holding Company Act of 1956 (the "Act"), for the Board's prior approval of the acquisition of direct ownership of 10 shares of the capital stock of Bank of Sequim, Sequim, Washington ("Sequim").

As required by section 3(b) of the Act, the Board gave notice of this application to the Supervisor of Banking for the State of Washington and requested his views and recommendations. In his letter to the Board, the State Supervisor of Banking stated in part:

"Union Bond & Mortgage Company has for many years held a substantial stock interest in the Bank of Sequim with the knowledge and approval of this division. I will therefore interpose no objection to the acquiring by Union Bond & Mortgage Company of 10 additional shares."

Section 3(c) of the Act requires the Board to take into consideration the following five factors: (1) the financial history and condition of the holding company and the bank concerned; (2) their prospects; (3) the character of their management; (4) the convenience, needs, and welfare of the communities and the area concerned; and (5) whether or not the effect of the acquisition would be to expand the size or extent of the bank holding company system involved beyond limits consistent with adequate and sound banking, the public interest, and the preservation of competition in the field of banking.

Union now owns 24.5 per cent of the outstanding shares of Sequim. In addition, it owns more than 25 per cent of the stock of each of two other banks and 23.5 per cent of the stock of a fourth bank. The proposed acquisition of additional stock of Sequim would cause Union to own exactly 25 per cent of the outstanding shares of that bank. It further appears that the proposed acquisition of 10 additional shares would not affect control of the bank.

With respect to the first three statutory factors, it appears that the financial history and condition, prospects, and management of both Union and Sequim are satisfactory. In the circumstances of this case, the proposed acquisition would in no way affect the convenience, needs, and welfare of the communities

and the area concerned, nor would the acquisition result in any expansion of the size or extent of Union's system of banks.

On the basis of the facts and in the light of the statutory factors, it is the judgment of the Board that the application should be approved.

T E L E G R A M
LEASED WIRE SERVICEItem No. 8
10/24/58BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

October 28, 1958

KOPPANG - KANSAS CITY

Retel October 27, 1958 requesting authority to spend up to \$2,000 in option money to obtain options on lots adjoining present Denver Branch property as described in your telegram. This wire will confirm action taken by the Board on October 24, 1958, in authorizing expenditure of up to \$2,000 for purpose stated following oral presentation and request for such authority by Chairman Hall and yourself. This action was taken with the understanding that authorizations of April 4, 1958 and August 29, 1958 for the acquisition of a new site for the Denver Branch opposite the Denver Post Office are cancelled as a result of decision by directors of your Bank to drop negotiations for acquisition of that site.

(Signed) Merritt Sherman

SHERMAN

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

Item No. 9
10/24/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 24, 1958



CONFIDENTIAL (FR)

Mr. Karl R. Bopp, President,
Federal Reserve Bank of Philadelphia,
Philadelphia 1, Pennsylvania.

Dear Mr. Bopp:

The Board of Governors approves the appointment of Mr. Joseph R. Campbell as the officer in charge of the Bank Examination Department at the Federal Reserve Bank of Philadelphia, with the title of Vice President, effective November 1, 1958, in accordance with the action taken by the Board of Directors as reported in your letter of October 16, 1958.

The Board of Governors also approves the payment of salaries to the following officers of the Federal Reserve Bank of Philadelphia for the period November 1, 1958 through December 31, 1958, at the rates indicated.

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Joseph R. Campbell	Vice President	\$15,000
Zell G. Fenner	Assistant Vice President	13,000
Joseph M. Case	Chief Examiner	12,000

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 10
10/24/58

OFFICE OF THE VICE CHAIRMAN

October 24, 1958



AIR MAIL

Dr. Raul Prebisch, Director,
United Nations Economic Commission
for Latin America,
Santiago, Chile.

Dear Dr. Prebisch:

The Board of Governors of the Federal Reserve System is happy to accept the invitation contained in your letter of September 25 to Chairman Martin to send an observer to the Second Session of the Central Banks Working Group to be held in Rio de Janeiro, November 24 to December 4, 1958.

The observer for the Board at this meeting will be Mr. Robert L. Sammons, Associate Adviser, Division of International Finance. Mr. Sammons is also in charge of the Latin American Section of that Division. I presume you will be sending Mr. Sammons further details regarding the place of the meeting, time of the opening session and similar matters.

Very truly yours,

(Signed) C. Canby Balderston

C. Canby Balderston.

TELEGRAM
LEASED WIRE SERVICE

3087

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 11
10/24/58

October 24, 1958

Bryan - Atlanta

Reurlet October 17, 1958, Board will interpose no objection to your Bank's purchase of proposed new site for New Orleans Branch at a cost not to exceed \$1,000,000. It is understood that the property will be bid for at a public auction, and may be secured for considerably less than the maximum herein authorized.

(Signed) Merritt Sherman

Sherman

Item No. 12
10/24/58

T E L E G R A M
Board of Governors
of the
Federal Reserve System
Washington

October 24, 1958

The Honorable Robert D. Holmes
Governor of Oregon
Salem, Oregon.

Your wire has been brought to attention each member of Board, which appreciates receiving expression of your views with respect to credit matters. Supplies of funds available for mortgages and for capital expenditures are determined primarily by the volume of savings of the public. Board has no authority to direct such funds into particular channels nor does it administer Federal Government mortgage programs. Except for stock market credit, authority given Federal Reserve System by Congress is limited to general measures which affect the volume of credit extended by commercial banks. In the use of its authority the Board is continuously concerned with fostering a healthy and growing economy in which all will share.

(Signed) C. Canby Balderston

C. Canby Balderston, Vice Chairman,
Board of Governors of the Federal Reserve System.

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

3089

Item No. 13
10/24/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 22, 1958

Mr. Benjamin F. Groot, Vice President,
Federal Reserve Bank of Boston,
Boston 6, Massachusetts.

Dear Mr. Groot:

In accordance with the request contained in your letter of October 17, 1958, the Board approves the appointment of William Carleton Butler as an examiner for the Federal Reserve Bank of Boston. Please advise as to the date upon which the appointment is made effective.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.



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

Item No. 14
10/24/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 23, 1958



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

Dear Mr. Armistead:

In accordance with the request contained in your letter of October 21, 1958, the Board approves the designation of Thomas W. Gaulding as a special assistant examiner for the Federal Reserve Bank of Richmond to participate in the examinations of State member banks only.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.