

Minutes for November 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	x <u>[Signature]</u>	_____
Gov. Szymczak	x _____	_____
Gov. Vardaman	x _____	_____
Gov. Mills	x <u>[Signature]</u>	_____
Gov. Robertson	x <u>R</u>	_____
Gov. Balderston	x <u>CCB</u>	_____
Gov. Shepardson	_____	x <u>[Signature]</u>

Minutes of the Board of Governors of the Federal Reserve System on Monday, November 24, 1958. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman
 Mr. Balderston, Vice Chairman
 Mr. Szymczak 1/
 Mr. Vardaman 1/
 Mr. Mills
 Mr. Robertson

Mr. Sherman, Secretary
 Mr. Kenyon, Assistant Secretary
 Mr. Riefler, Assistant to the Chairman
 Mr. Thomas, Economic Adviser to the Board
 Mr. Hackley, General Counsel
 Mr. Masters, Director, Division of Examinations
 Mr. Noyes, Adviser, Division of Research and Statistics
 Mr. Solomon, Assistant General Counsel
 Mr. Hexter, Assistant General Counsel
 Mr. Nelson, Assistant Director, Division of Examinations
 Mr. Holahan, Supervisory Review Examiner, Division of Examinations

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:

	<u>Item No.</u>
Letter to the Hempstead Bank, Hempstead, New York, approving the establishment of a branch in North Massapequa, New York. (For transmittal through the Federal Reserve Bank of New York)	1

1/ Entered meeting at point indicated in minutes; Governor Vardaman attended morning session only.

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	<u>Item No.</u>
Letter to The Union Commerce Bank, Cleveland, Ohio, granting an extension of time within which to establish a branch in a shopping center on Mayfield Road, Mayfield Heights, Ohio. (For transmittal through the Federal Reserve Bank of Cleveland)	2
Letter to the Citizens Bank of Darlington, Darlington, South Carolina, approving the establishment of an in-town branch and an investment in bank premises. (For transmittal through the Federal Reserve Bank of Richmond)	3
Letter to the Comptroller of the Currency recommending approval of an application to organize a national bank at Lake Geneva, Wisconsin.	4
Letter to Alan L. Austin, Watertown, South Dakota, replying to a question regarding the Bank Holding Company Act. (With a copy to the Federal Reserve Bank of Minneapolis)	5

Meeting with representatives of The Michigan Bank. A meeting with representatives of The Michigan Bank, Detroit, Michigan, had been arranged for 2:30 p.m. this afternoon to permit them to submit additional statements relative to the Board's decision to approve certain branches applied for by the bank provided the bank's capital was increased through the sale of not less than \$1 million of additional common stock.

Following a discussion of the procedures to be followed, it was agreed that such arguments, particularly of a legal character, as might be made by the representatives of The Michigan Bank regarding the use of preferred stock as part of a bank's capital structure would be received for consideration and would not be debated at the meeting.

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Mr. Holahan then withdrew from the meeting and Mr. Dembitz, Research Associate, Division of Research and Statistics, entered the room.

Study of Federal funds. A memorandum from Messrs. Thomas and Young dated November 17, 1958, which had been distributed to the Board, summarized comments received from the Reserve Bank Presidents in response to the Board's letter of October 20, 1958, regarding the proposed collection of certain statistics as an additional phase of the Federal funds study. Two of the Presidents (Messrs. Bryan and Mangels) entered objections to the new statistical program. Those objections were summarized in an attached memorandum from Mr. Dembitz dated November 14, 1958, and copies of the letters from Messrs. Bryan and Mangels also were attached. It was noted also that President Erickson of the Boston Bank had suggested that the statistics be collected for a trial period of one year rather than deciding now on a total period of three years.

The background and objectives of the Federal funds study, the reported discussion thereof by the Presidents' Conference, the nature of and reasons for the proposed collection of statistics on Federal funds transactions, and the objections raised, particularly by Mr. Bryan, were reviewed by Mr. Thomas and discussed by the Board in some detail. In this connection, Mr. Thomas stated that members of

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the staff had been in touch with Mr. Bryan who indicated that he did not wish to push too strongly the points that he had raised.

While it was the consensus that the program should go forward as proposed, the feeling was expressed that it would be desirable to have clarification of the views of the Presidents' Conference in the light of President Bryan's suggestion that there might have been certain misunderstandings. Accordingly, it was suggested that the Chairman of the Presidents' Conference be asked to arrange for further discussion of the matter at the meeting of the Conference on December 15 and that in the meantime certain procedural aspects of the program needing further staff consideration be discussed at the meeting of the System Research Advisory Committee scheduled for December 2.

The suggested procedure was approved unanimously.

With regard to proposed publication of the initial Federal funds study in the form of a pamphlet, Mr. Thomas stated that the text had been fully reviewed at staff level and would be submitted to the Board shortly.

Messrs. Noyes and Dembitz then withdrew from the meeting.

Question regarding "cash transactions" under Regulation T.

(Item No. 6). There had been circulated to the Board a memorandum from Mr. Solomon dated November 14, 1958, regarding a question raised by the New York Stock Exchange about "cash transactions" under Regulation T. The question related to purchases of securities by pension, welfare,

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or similar funds operated and controlled by a State or one of its subdivisions and purchases by savings banks, credit unions, and other financial institutions subject to State laws and regulations where certain formal procedures are specified before money may be disbursed or where the purchaser is prevented from accepting delivery of a particular security until it is placed on a legal list or otherwise approved by appropriate State officials. These procedures might require payment to be delayed beyond the seven-day period specified in section 4(c)(2) of Regulation T. The question, therefore, was whether such delays would prevent the transactions from being included in the special cash account under section 4(c) of Regulation T and also whether an extension of time would be permissible under section 4(c)(6). Submitted with the memorandum was a draft of interpretation which would hold that in the situations described the transaction could qualify for inclusion in the special cash account and for an extension of time under section 4(c)(6).

When the item was in circulation, Governor Mills attached a memorandum in which he questioned the desirability of the proposed interpretation, stating that the fact that funds may be available could not be taken as conclusive evidence that they would eventually be applied to the purchase of securities for which acquisition had been negotiated where a veto power resided with trustees, public officials, or others. He noted that as a practical matter any delay in obtaining final approval

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of purchases of the kind referred to would not necessarily kill the dealer's sale where he was able to arrange a carry of the securities pending their regular delivery upon confirmation of the transaction.

Governor Robertson attached to the file a note in which he inquired whether the proposed interpretation inferred that the State laws and regulations were designed as formalities only, so that the approving officials were only "rubber stamps."

At the request of the Board, Mr. Solomon commented on the origin and nature of the question raised. In the course of his remarks, he pointed out that in 1957 the Board expressed the view that a purchase of securities by a municipal employees' retirement fund could not qualify for inclusion in the special cash account where the securities were available for prompt delivery but where it was known that the retirement fund would delay payment because the supervisors administering the fund must approve the payment and they met only once or twice a month. In the present case, however, the delay would be due entirely to laws or regulations essentially beyond the control of the purchaser.

There followed a full discussion of the matter in the light of the memorandum that had been circulated and the questions raised by Governors Mills and Robertson. It was not entirely clear from the information that had been submitted to the Board to what extent a decision against issuing the suggested interpretation might impede transactions of the kind described. It appeared, however, that the

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matter had been presented by the New York Stock Exchange to the New York Reserve Bank in terms of the provisions of the regulation constituting an annoyance such as to suggest a need for a liberalizing interpretation. The comment was made in this connection that the current provisions of the regulation had been in effect for many years, during which time there was no indication of complaint that they were such as to constitute a serious impediment to securities transactions.

The possibility was suggested of informing the Federal Reserve Bank of New York that the Board was inclined to leave the matter in status quo but that the Reserve Bank or the Stock Exchange might wish to present additional reasons in support of a liberal interpretation. It was noted, however, that if the Board were simply to deny the requested interpretation, the Stock Exchange or other parties could bring the question to the Board again if they had strong feelings.

Accordingly, it was agreed to advise the Federal Reserve Bank of New York that the Board was not prepared to give favorable consideration to an interpretation of the kind that had been suggested by the New York Stock Exchange. In this connection, Governor Balderston noted that as a general principle he hoped that rules of the Board might be such as not to interfere unduly with securities operations in the absence of a clear indication of necessity.

A copy of the letter sent to the Federal Reserve Bank of New York pursuant to the Board's action is attached as Item No. 6.

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Mr. Thomas then withdrew and Mr. Fauver, Assistant Secretary, entered the room.

Appointment of director at Boston Reserve Bank. There was discussion of the appointment of a Class C director at the Federal Reserve Bank of Boston for the three-year term beginning January 1, 1959, in the light of information concerning possible appointees contained in memoranda from Mr. Fauver dated November 20 and 21, 1958, following which it was understood that Governor Balderston would discuss the matter further with Chairman Sprague of the Boston Bank.

At this point Governor Vardaman joined the meeting.

Application of Wachovia Bank and Trust Company (Item No. 7).

Pursuant to the understanding at the meeting on Friday, November 21, further consideration was given to the application of Wachovia Bank and Trust Company, Winston-Salem, North Carolina, to establish two branches in Wilmington incident to a merger with The Wilmington Savings & Trust Company. At the Chairman's request, the Secretary read the following memorandum which had been prepared by Governor Shepardson:

A careful review of the memorandum dated November 20 from the Division of Examinations, which was received subsequent to the Board meeting on November 21, points out that the total share accounts of the four Wilmington savings and loan associations exceed the total bank deposits of the city. While the proposed merger would give Wachovia 68.9 per cent of bank deposits and 50 per cent of banking offices pending the proposed closing of one branch, Wachovia would have only 33 per cent of the total deposits of banks and savings and loan associations and 33 per cent of the offices.

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Considering the relative size of Wilmington and Grand Rapids, the degree of dominance both in offices and deposits would seem to be significantly less in the case of Wachovia than in the case of Old Kent and not sufficient to be harmful to the needs and welfare of the community.

The memorandum further points out that in four of five cities in which Wachovia has acquired banks through merger since March 1, 1954, its per cent of total deposits has decreased. In the fifth city the bank acquired was not a commercial bank at time of merger. This would not tend to show any hurtful competitive dominance.

In view of these facts and in view of the apparent convenience and public need for the services of the Third Street branch, it is my conclusion that the Wachovia application for this branch should be approved and that the application for the second branch should be given temporary approval for a limited time pending completion of building arrangements to permit the consolidation of the principal office of Wilmington Savings and Trust with the Front Street branch of Wachovia. I would so vote if I were present.

Governor Mills said he continued to feel that the Board should adhere to its original decision and deny the application. As he saw it, the issue was one of market power and dominance in a single locality, and the Board had had an indication from the court decision in the Transamerica case that it should focus its consideration of monopolistic tendencies on a community-by-community basis. The Board had made a decision on that basis, and Wachovia recognized it, in the case of Old Kent Bank and Trust Company. Looking at the dominance and market power that would be vested in Wachovia in the city of Wilmington, he did not think the Board had any choice except to deny the application. To him, Governor Balderston's carefully prepared memorandum of November 20 and

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Governor Shepardson's opinion were beside the point because it had been rather clearly established through legal precedents that in cases involving questions of monopolistic tendencies the issue was market power. It had been clearly recognized that monopoly could contribute to community convenience and to the efficiency of institutions operating within a community, but that those conditions were of secondary importance to an administrative body such as the Board with the task of passing on monopolistic problems. In this connection, Governor Mills referred to the recent decision of a Federal District Court against a proposed merger of Bethlehem Steel Corporation and Youngstown Sheet & Tube Company. He concluded by expressing the view that the Board would be derelict in its duty if it did not deny the application.

Governor Robertson said he would favor reaffirming the position taken previously by the Board.

Governor Balderston stated that he was torn between the theoretical considerations implicit in the Old Kent case and the practical considerations that seemed important in this case. He suggested that a resident of Wilmington who happened to be a customer at one of the banking offices in question might ask how a closing of that office was going to benefit him as a citizen. The resident might ask whether Wachovia was not just as sound an institution as the one with which he had been doing business and why he should be subjected to inconvenience in order that Wachovia's dominance might be curbed. Governor Balderston noted that the proposed

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merger would not be prevented by an adverse decision on the branch application. Therefore, he was concerned about the futility of such a decision as well as about possible misunderstanding on the part of the public as to why the Board was taking that action and who was being benefited. For these reasons, he said, he would like to be recorded as favoring approval of the revised application submitted by Wachovia.

Chairman Martin said he felt that the Board would be subjected to a good deal of discussion as time went on from the standpoint of whether it was serving the public by split decisions. However, that was all that could be done under present operating procedures.

The Chairman then said he had been trying to persuade himself over the week end that this case did not involve value judgments. However, he concluded that there were real differences between the cities of Grand Rapids and Wilmington from the standpoint of the mores of the citizens, the composition of the two communities, and the climate and environment in various respects. When talking about section 7 of the Clayton Act, he observed, the Board was dealing with a very delicate and difficult area involving judgment about what tends toward monopoly or the lessening of competition. In this particular instance, he felt that there was a clear case for denying the proposed merger, and if the merger could be stopped he would have no compunctions about taking such action. Being unable to stop the merger, he felt that the Board must face up to the possibility of a charge of harassment. Instead of harassment, the Board through its

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decisions should be trying to make it easier for those under its jurisdiction to "make a living." The Board's objective and purpose should be to give those parties as much opportunity as possible to develop their communities and resources. Putting himself in the position of the "man on the street," he found it difficult to make a case for closing the two branches. The case for such a decision, he noted, would have to be made more on the basis of what might develop five or ten years hence than on the basis of the foreseeable future. The Chairman then stated that he would like to be recorded as voting against denial of the application.

The discussion turned to procedure in the light of the absence of two members of the Board and it was stated by the Secretary that Governor Szymczak had arrived at his office and would join the meeting shortly.

Reference then was made to certain cases under the Bank Holding Company Act where Board consideration had been delayed, in one case because of the delay of the Reserve Bank concerned in submitting a recommendation. When question was raised about whether the desirability of speeding up procedures should be brought to the attention of the Presidents' Conference, the view was expressed by Mr. Masters that the Reserve Banks were aware of the need for expediting such cases and that delays were the exception rather than the rule.

After further discussion of certain matters in the bank supervisory field, the members of the staff withdrew and Governor Szymczak joined the meeting.

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Secretary's Note: Following the executive session Chairman Martin informed the Secretary that during that session the Board voted to deny the application of Wachovia Bank and Trust Company for permission to establish two branches in Wilmington incident to its merger with The Wilmington Savings & Trust Company. On this action Governors Szymczak, Vardaman, Mills, and Robertson voted for denial and Chairman Martin and Governor Balderston voted for approval. A copy of the letter sent to Wachovia through the Federal Reserve Bank of Richmond pursuant to this action is attached as Item No. 7.

The meeting then recessed and reconvened at 2:30 p.m. with Chairman Martin and Governors Balderston, Szymczak, Mills, and Robertson present along with Messrs. Sherman, Hackley, Masters, Solomon, Hexter, Nelson, and Holahan of the staff.

Meeting with representatives of The Michigan Bank. Pursuant to arrangements made at their request, Messrs. John C. Hay, President, Howard Stoddard, a director and stockholder, and James B. Alley, Counsel, of The Michigan Bank, Detroit, Michigan, presented to the Board certain additional views relating to the use of preferred stock in a bank's capital structure, with particular reference to the situation of The Michigan Bank. A stenographic record was made of the meeting and a copy of the transcript has been placed in the Board's files.

The meeting then adjourned.

Secretary's Note: On the basis of information contained in a memorandum from Mr. Sherman,

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

Item No. 1
11/24/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 24, 1958



Board of Directors,
Hempstead Bank,
Hempstead, New York.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors of the Federal Reserve System approves the establishment of a branch at 1079 Massapequa-Hicksville Road, in the unincorporated area of North Massapequa, Nassau County, New York, by Hempstead Bank, Hempstead, New York, provided the branch is established within six months from the date of this letter and approval of the State authorities is in effect as of the date of the establishment of the branch.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 2
11/24/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 24, 1958

Board of Directors,
The Union Commerce Bank,
Cleveland 1, Ohio.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Cleveland, the Board of Governors extends to May 20, 1959, the time within which The Union Commerce Bank may establish a branch in a shopping center to be constructed on the south side of Mayfield Road, west of SOM Center Road, Mayfield Heights, Ohio.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 3
11/24/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 24, 1958



Board of Directors,
Citizens Bank of Darlington,
Darlington, South Carolina.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Richmond, the Board of Governors of the Federal Reserve System approves the establishment by the Citizens Bank of Darlington of a branch at the corner of South Main and Siskron Streets in Darlington, South Carolina, provided the branch is established within twelve months from the date of this letter, and approval of the State authorities is effective as of the date the branch is established.

The Board of Governors also approves, under the provisions of Section 24A of the Federal Reserve Act, an additional investment by Citizens Bank of Darlington of an amount not exceeding \$65,266, for the purpose of constructing the branch building, including heating plant, drive-in window and night depository.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 4
11/24/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 24, 1958



Comptroller of the Currency,
Treasury Department,
Washington 25, D. C.

Attention Mr. W. M. Taylor,
Deputy Comptroller of the Currency.

Dear Mr. Comptroller:

Reference is made to a letter from your office dated June 13, 1958, enclosing copies of an application to organize a national bank at Lake Geneva, Wisconsin, signed by Norman L. Cavado and associates, and requesting a recommendation as to whether or not the application should be approved.

A report of investigation of the application made by an examiner for the Federal Reserve Bank of Chicago indicates that a capital structure of \$350,000, instead of \$280,000 as shown in the application, will be provided for the bank and this amount of capital is regarded as adequate. The proposed management of the bank is reported to be satisfactory and our informant advises that conditions in the community favor the establishment of the bank and its profitable operation. Accordingly, the Board of Governors recommends favorable consideration of the application.

The Board's Division of Examinations will be glad to discuss any aspects of this case with representatives of your office if you so desire.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 5
11/24/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 24, 1958

Alan L. Austin, Esq.,
Austin & Hinderaker,
Way-Penney Building,
Watertown, South Dakota.

Dear Mr. Austin:

This refers to your letter of October 28, 1958, presenting the question, in effect, of the applicability of the Bank Holding Company Act of 1956 to certain facts as indicated below:

It is understood that Farmers and Merchants Investment Co., a South Dakota corporation engaged in a general insurance business, owns a majority of the shares of Farmers and Merchants Bank of Watertown, Watertown, South Dakota; that except for one director's qualifying share, two persons hold all the stock of the investment company; that these two individuals own over 50 per cent of the total shares of common stock of Monona Grove State Bank of Madison, Wisconsin; that the two individuals propose to sell 24 per cent of the stock of Monona Grove State Bank to the investment company, with the result that the investment company and the two individuals mentioned could control the election of the majority of the directors of Monona Grove State Bank.

On the basis of the information presented, the Board concurs in your opinion that the Bank Holding Company Act is not applicable to either Farmers and Merchants Investment Co. or the two individuals. Since Farmers and Merchants Investment Co. does not own 25 per cent or more of the stock, or control the election of a majority of the directors, of more than one bank, it does not fall within the definition of a "bank holding company" set forth in section 2(a) of that Act. The fact that two individuals own all of the stock of the investment company and 25 per cent or more of the shares of a bank is without significance, since an individual is not within the definition of "company" contained in section 2(b) of the Act; nor is it significant that the investment company and those two individuals in concert may be able to control the election of a majority of the directors of the two banks involved. Accordingly, the proposed transaction would not be subject to the Bank Holding Company Act.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.



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

Item No. 6
11/24/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 24, 1958

Mr. Howard D. Crosse,
Assistant Vice President,
Federal Reserve Bank of New York,
New York 45, New York.

Dear Mr. Crosse:

This refers to your letter of July 16, 1958 regarding a question raised under section 4(c) of Regulation T by the New York Stock Exchange.

The question arises from purchases of securities by pension, welfare, or similar funds operated and controlled by a State or one of its subdivisions, and also from purchases by savings banks, credit unions, and other financial institutions subject to State laws and regulations. In the cases presented, the purchasers have the necessary means of payment readily available, and agree in good faith to make full cash payment as promptly as possible. However, the purchasers are obliged to comply with State laws or regulations which specify formal procedures to be followed, such as approval of the State Attorney General, before money in the fund may be disbursed, or which prevent the purchaser from accepting delivery of a particular security until it is placed on a legal list or otherwise approved by the appropriate State officials. Such State laws or regulations may require payment to be delayed beyond the 7-day period specified in section 4(c)(2). The question is whether such delays prevent the transactions from being included in the special cash account under section 4(c) of Regulation T and also whether an extension of time would be permissible under section 4(c)(6).

Section 4(c)(1)(A) of Regulation T provides that for a customer's purchases of securities to qualify for inclusion in the special cash account, the purchases must be "bona fide cash transactions", and that among other things, funds to cover the purchase must be held in the account or there must be "an agreement accepted by the [broker] in good faith that the customer will promptly make full cash payment for the security"

Under section 4(c)(2), if the customer does not make full cash payment for a purchase in the account within 7 days after the date of the purchase, the broker must promptly cancel or otherwise

Mr. Howard D. Crosse

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liquidate the transaction, unless the transaction falls within certain exceptions. One of these exceptions, stated in section 4(c)(6), authorizes an appropriate committee of a national securities exchange or national securities association to extend the 7-day period; but such extensions are not permissible unless the transaction is of the kind that may properly be included in the special cash account.

In an interpretation published at p. 911 of the 1957 Federal Reserve Bulletin the Board expressed the view that a purchase of securities by a certain municipal employees' retirement fund could not qualify for inclusion in the special cash account where the securities were available for prompt delivery but it was known that the retirement fund would delay payment because the supervisors who administer the fund must approve the payment and they meet only once or twice a month.

Upon careful consideration of the present question the Board is of the opinion that the principles stated in the 1957 interpretation are applicable to the present cases and that the transactions here in question cannot qualify for inclusion in the special cash account under section 4(c) of Regulation T.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 7
11/24/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 25, 1958

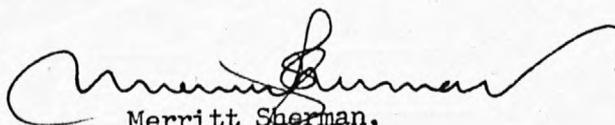
Board of Directors,
Wachovia Bank and Trust Company,
Winston-Salem, North Carolina.

Gentlemen:

Reference is made to your application of November 17, 1958, submitted through the Federal Reserve Bank of Richmond, for the Board's approval of the establishment of two additional branches at 110 Princess Street and 400 North Third Street, Wilmington, North Carolina, incident to the proposed merger of The Wilmington Savings & Trust Company with and into Wachovia Bank and Trust Company. You state that as soon as practicable it is proposed to consolidate the banking operations now conducted by Wachovia Bank and Trust Company at its branch at 109 North Front Street with those of the proposed branch at 110 Princess Street, thus eliminating banking operations at one location.

Consideration has been given to the application in the light of the discussion at the meeting of the Board with representatives of the merging banks on November 19. The current proposal does not seem to involve any significant change in the factors that caused the Board to disapprove your previous application with respect to these branches. Accordingly, for the reason set forth in its letter of November 13, 1958 the Board does not feel justified in approving your application dated November 17.

Very truly yours,



Merritt Sherman,
Secretary.