

The attached set of minutes of the meeting of the Board of Governors of the Federal Reserve System on November 5, 1959, which you have previously initialed, has been amended at the request of Governor Mills to insert an additional clause as stated in the third full paragraph on page 10.

If you approve these minutes as amended, please initial below.

Gov. Szymczak

A handwritten signature in dark ink, appearing to be 'MS' or similar, written over a horizontal line.

Minutes for November 5, 1959

To: Members of the Board

From: Office of the Secretary

Attached is a copy of the minutes of the Board of Governors of the Federal Reserve System on the above date.

It is not proposed to include a statement with respect to any of the entries in this set of minutes in the record of policy actions required to be maintained pursuant to section 10 of the Federal Reserve Act.

Should you have any question with regard to the minutes, it will be appreciated if you will advise the Secretary's Office. Otherwise, please initial below. If you were present at the meeting, your initials will indicate approval of the minutes. If you were not present, your initials will indicate only that you have seen the minutes.

Chm. Martin

Gov. Szymczak


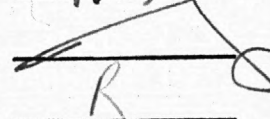
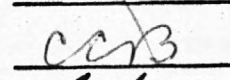
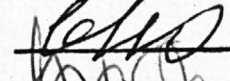
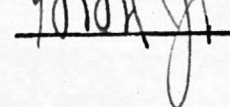
Gov. Mills

Gov. Robertson

Gov. Balderston

Gov. Shepardson

Gov. King

Minutes of the Board of Governors of the Federal Reserve System on  
Thursday, November 5, 1959. The Board met in the Board Room at 10:00 a.m.

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

Mr. Sherman, Secretary  
Mr. Riefler, Assistant to the Chairman  
Mr. Thomas, Economic Adviser to the Board  
Mr. Shay, Legislative Counsel  
Mr. Fauver, Assistant to the Board  
Mr. Young, Director, Division of Research  
and Statistics  
Mr. Hackley, General Counsel  
Mr. Farrell, Director, Division of Bank Operations  
Mr. Solomon, Director, Division of Examinations  
Mr. Noyes, Adviser, Division of Research and  
Statistics  
Mr. Koch, Associate Adviser, Division of Research  
and Statistics  
Mr. Furth, Associate Adviser, Division of Inter-  
national Finance  
Mr. Hexter, Assistant General Counsel  
Mr. Daniels, Assistant Director, Division of  
Bank Operations  
Mr. Hostrup, Assistant Director, Division of  
Examinations  
Mr. Landry, Assistant to the Secretary  
Mr. Davis, Assistant Counsel  
Mr. Ford, Economist, Division of Research and  
Statistics

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

Item No.

Letter to the Peoples Trust Company of Bergen  
County, Hackensack, New Jersey, approving the  
establishment of an in-town branch at 25 Essex  
Street.

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	<u>Item No.</u>
Letter to Leawood National Bank of Kansas City, Kansas City, Missouri, granting permission to maintain reduced reserves.	2
Letter to Citizens State Bank & Trust Company, Kilgore, Texas, waiving the six months' notice of withdrawal from membership in the Federal Reserve System.	3
Letter to the F.D.I.C. with regard to the ownership of First Security Bank of Twin Falls, Idaho, and whether it would be subject to the Bank Holding Company Act.	4
Final Order and Statement in the matter of the applications of The Atlantic National Bank of Jacksonville and Atlantic Trust Company for prior approval of the acquisition of the voting shares of Southside Atlantic Bank, Jacksonville, Florida.	5

With respect to Item No. 4, on a question from Governor Robertson, Mr. Hackley said that the First Security Corporation of Salt Lake City would not be acquiring shares of the proposed First Security Bank of Twin Falls in Twin Falls, Idaho, but rather principal stockholders and officers of First Security Corporation would be acquiring voting shares in the proposed First Security Bank.

Invitation from New York State Bar Association. Governor Balderston reported that a letter addressed to the Chairman had been received from the New York State Bar Association inviting Board participation in a panel discussion of the antitrust law in connection with the organization's next annual meeting on January 28, 1960. Indicating that he doubted the Chairman would wish to participate in such a meeting,



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he asked for an expression of opinion as to whether the Board should accept and, if so, whom the Board might select as its representative. He explained that high ranking representatives from the Federal Power Commission, the Federal Communications Commission, and the Federal Trade Commission, including possibly the chairmen of these agencies, could be expected to participate in the panel discussion. Governor Balderston added that possibly Governor Robertson might serve as the Board's representative, if it wished to participate in this meeting.

Mr. Hackley said that the desirability of having Board representation at this meeting could be argued on the grounds of the high professional standing of the New York Bar Association and of the opportunity presented for the Board to make clear its position with respect to the Federal antitrust law so far as banking was concerned. On the other hand, Board participation could be awkward in view of the possibility of Federal legislation on bank mergers next year and the difference in views of the bank supervisory agencies as compared with those taken by the Department of Justice on the question of bank mergers as related to the antitrust law.

Governor Mills remarked that it could be embarrassing for the Board to have any one of its members attempt to speak for the whole Board in areas where the Board had not reached a clear determination of its position. For this reason, he would prefer to have the Board's General Counsel attend the meeting as the Board's representative since he was one step removed from the policy area and would be able to confine

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his remarks to the purely legal status of any questions raised.

Governor Robertson said that he was inclined to believe that the Board should participate in the meeting. He would be willing to attend as the Board's representative if there were no objection.

Governor Shepardson said that he felt there was much to be said for taking advantage of an opportunity to get better understanding of the Board's problems through discussions such as this appeared to offer. If a question of protocol was involved, perhaps a Board member should attend the meeting. Otherwise, he favored Governor Mills' suggestion that Mr. Hackley serve as the Board's representative.

Governor King presented the view that it would be best to avoid sending any representative if at all possible, but if it was unavoidable he favored Mr. Hackley's attending for the reason that he would not be presumed to speak for the Board on a policy basis. Subsequently, he indicated that if the other members of the Board felt that it should participate, he would not object strongly.

Governor Szymczak referred to the possibility of other requests of this nature being sent to the Board should the Board acquiesce in the request from the New York Bar Association. However, this involved an issue within the proper purview of the Board, and if Governor Robertson was willing to undertake to deal with the questions that could be expected, he would have no objection to his going. In the alternative, he felt Mr. Hackley could appropriately represent the Board. Governor

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Szymczak suggested, however, that before reaching a definite decision it would be desirable to ascertain whom the other Government agencies planned to send as their representatives to the meeting. There was agreement with this suggestion, and Mr. Hackley was requested to obtain this information and report back to the Board.

Proposals by Congressman Porter for monetary reform (Item No. 6).

On September 25, 1959, Congressman Porter of Oregon had sent copies of proposals for the demonetization of silver and associated changes in the monetary system to the Chairman and Mr. Young, with a request for their comments. The Chairman's interim reply of October 5, 1959, stated that the Board's staff was being asked to study the specific proposals. A memorandum from Mr. Marget dated October 28, 1959, which commented on Congressman Porter's proposals in some detail, had been distributed before this meeting.

In commenting on the memorandum, Mr. Furth said that the general nature of the staff views was that, while silver had no rational place in our present day monetary system, there was no compelling reason to demonetize silver. On the other hand, the Congressman's technical suggestions relating to the cancellation and retirement of United States notes and their replacement by Federal Reserve notes, and the proposal to confine silver certificates to denominations of \$1 and \$2 and gradually to replace circulating silver certificates of \$5 and \$10 face value with Federal Reserve notes, seemed worthwhile.

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A discussion then ensued, during which it was noted that Congressman Porter also had sent his proposals to the Treasury and the Council of Economic Advisers, and it was suggested that the staff inquire regarding the nature of the replies being furnished by those agencies, with the understanding that if they were consistent with the views expressed in the staff memorandum, a copy of the memorandum would be transmitted to Mr. Porter.

Secretary's Note: Pursuant to the understanding, a letter was sent to Congressman Porter on November 12, 1959, transmitting the staff memorandum on his proposals for monetary reform. A copy of this letter is attached as Item No. 6.

Messrs. Thomas, Daniels, and Ford then withdrew from the meeting.

Request from Justice Department for notice of receipt of applications under the Bank Holding Company Act. There had been circulated to the Board under date of October 30, 1959, a memorandum from the Legal Division indicating that the Board currently sends the Department of Justice a copy of each "Notice of Tentative Decision" on a bank holding company application and of each "Notice of Hearing" on each application at the time of transmittal of any such notice for publication in the Federal Register, a practice enunciated in a letter dated February 27, 1959, to Victor Hansen, Assistant Attorney General in charge of the Antitrust Division of the Department of Justice. The memorandum also noted that at the time the Board considered adoption of the foregoing procedure it was pointed out in a memorandum of February 24, 1959, from the Legal Division



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that the Department of Justice might conceivably wish to be advised promptly upon the receipt of every application.

Mr. Hackley commented that recently the Department of Justice, through Mr. Daniel Ohlbaum, an attorney in the Department's Antitrust Division, informally inquired as to whether the Board would advise the Department of Justice of the receipt of every application under the Bank Holding Company Act. The Board's staff had made no suggestion to Mr. Ohlbaum that this inquiry be put in writing since it seemed preferable to present the matter to the Board for its preliminary consideration before suggesting to Justice that a written request be sent to the Board in this matter.

Mr. Hackley noted that the Department of Justice had a direct and legitimate interest in cases involving acquisition of bank stock by holding companies since they fell within the scope of section 7 of the Clayton Act, with respect to which the Attorney General as well as the Board had enforcement authority. Furthermore, section 11 of the Bank Holding Company Act made it plain that such acquisitions, even though regulated by that Act, were also subject to the antitrust law. In view of the foregoing, as well as of the fact that the Board's Rules of Organization expressly recognized that the requested material was available to certain other agencies of the United States which had a proper interest in such material, the Legal Division believed it would be appropriate to advise Justice of the receipt of each holding

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company application on a confidential basis at the same time that a copy of the application was sent to the Comptroller of the Currency or the State bank supervisory authority.

Governor Mills stated that in his judgment the Board would be in error if it acceded to a request of Justice in this matter since it involved extending the theory of interagency cooperation beyond its proper province by releasing unpublished information that could be used adversely against an applicant. In his opinion, should the Board accede to Justice's request, it would be abdicating its responsibility under the Bank Holding Company Act. He referred to a bill pending in Congress requiring corporations to give Justice preliminary notice of intentions to merge with one another, and he suggested that should the request of Justice be followed, the intent of Congress might be contravened. Governor Mills also referred to another pending piece of legislation, the bank merger bill, involving the reaching of agreement by bank supervisory agencies regarding the disposition of bank mergers falling within their province and specifying that Justice would only be involved on a consulting basis. He also pointed out that neither of these bills had been acted on favorably in Congress and, should the Board accede to the request of Justice, it would in a sense be admitting the contention of Justice that it should have an equal status with bank supervisory agencies in this field as well as its contention that it should have an equal voice wherever establishment of branch banks was concerned.

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Mr. Hexter said that, should a formal request be made by Justice for information as to receipt of applications, it was not clear that the Board could easily refuse to give the information. He based this position upon the fact that Justice was not now able to acquire full information about applications under the Bank Holding Company Act of 1956, in contrast to the situation obtaining with respect to its jurisdiction in other areas under the Sherman and Clayton Antitrust Acts where it had a working arrangement with the Federal Trade Commission for exchanging information.

Governor Robertson said that he could see no basis on which the Board could justify declining to comply with a request by Justice for this information, provided a written official request was received. He could hardly imagine the Board placing itself in a position where Justice could say that it could not act on a timely basis because the Board had declined to inform it of an application. He agreed with Mr. Hackley's comments, and he felt that the staff member from Justice who had made the informal inquiry should be told that the Board could not act on the question without a formal request from the Attorney General.

Governor Shepardson commented that it might be difficult to refuse a formal request. However, he noted that there currently was pending a civil antitrust suit by the Justice Department against First-America Corporation, following Board approval in January, 1959 of acquisition by that Corporation under section 3(a)(2) of the Bank

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Holding Company Act of stock of the California Bank, Los Angeles, California, and he wondered whether that might provide a basis for not acceding to a request from Justice until that question was settled. Also, since legislation that might affect the Board's position in these matters was pending, it might be desirable to wait until Congress had acted.

Mr. Hexter responded that Justice unquestionably had jurisdiction over Clayton Act matters parallel to the Board's, and there could be no question as to the right of Justice to look into any acquisition of bank stock by a holding company.

Governor Szymczak commented that, in his opinion, the more inter-departmental cooperation in Government the better, and he said that he was in favor of acceding to the request of Justice.

Governor Mills said that it appeared to him that the suggestion made by Governor Robertson to have the Legal Division return Mr. Ohlbaum's call and say the Board would not consider this request unless it was received in writing from the Attorney General invited a reply. He would vote against this suggestion and, instead, if it should be decided to advise Justice of bank holding company applications, would ask that bank holding companies be notified through the Federal Register or by direct communication that Justice would be informed of all applications under the Bank Holding Company Act at the time of their receipt by the Board.

Governor King said that, as suggested by Governor Mills, to tell Justice the Board would not act on the request unless it was



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submitted formally would no doubt result in the Board's receiving such a letter. However, he did not like to negotiate or act on an inquiry from the staff level reported in this discussion, and he would prefer to tell Mr. Ohlbaum frankly that if his Department wanted such a request to be considered it should be put in writing at the top level.

Governor Shepardson said that, on the basis of the discussion, it seemed to him entirely appropriate for the Board staff member who received Mr. Ohlbaum's call to respond that it was not the Board's practice to consider requests of this type except when made officially, but that if and when the Department of Justice should make a request, the matter would doubtless have consideration.

Governor Szymczak observed that there was a possibility that the Justice Department would be reticent to put its request in writing should Governor Robertson's suggestion be followed. Personally, he would not ask for a formal request but would make the applications available to Justice now. He would not object to a formal request, however, if the majority of the Board favored that procedure.

Following further discussion as to the alternative courses of action available in this matter, Governor Robertson's proposal was approved with Governor Mills dissenting.

Mr. Hexter then withdrew from the meeting.

Draft answers to questions submitted to Chairman Martin by Congressman Patman (Item No. 7). There had been attached to a

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transmittal memorandum from Mr. Young dated October 29, 1959, and circulated to the Board, draft answers to the questions submitted to Chairman Martin by Congressman Patman in supplementation of the Chairman's testimony before the Joint Economic Committee on July 30, 1959.

Mr. Young said that there was still some editing to be done on the answers to the questions from Mr. Patman, that it was hoped they could be completed and submitted by the end of next week, and that the staff would appreciate receiving the general reaction of the members of the Board to the proposed replies as well as any specific suggestions for change.

After a general discussion, during which a few suggestions for changes were made, approval was given to the general form of the draft replies with the understanding that when they were revised in a form satisfactory to the Chairman they would be transmitted to Mr. Patman.

Secretary's note: A copy of the letter transmitting the replies to Mr. Patman on November 18, 1959, is attached as Item No. 7.

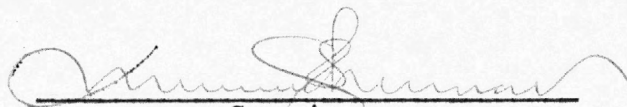
The meeting then adjourned.

Secretary's note: Governor Shepardson today approved on behalf of the Board a letter to the Federal Reserve Bank of

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Boston (attached Item No. 8) approving  
the designation of Fred D. Sahagian as  
special assistant examiner.

  
Secretary



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

Item No. 1  
11/5/59

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

November 5, 1959

Board of Directors,  
Peoples Trust Company of Bergen County,  
Hackensack, New Jersey.

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 25 Essex Street, Hackensack, New Jersey, by Peoples Trust Company of Bergen County, Hackensack, New Jersey, provided the branch is established within six months from the date of this letter.

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  
11/5/59

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

November 5, 1959

Mr. W. N. Brownfield, Executive  
Vice President,  
Leawood National Bank of Kansas City,  
Kansas City, Missouri.

Dear Mr. Brownfield:

Pursuant to your request submitted through the Federal Reserve Bank of Kansas City, the Board of Governors, acting under the provisions of Section 19 of the Federal Reserve Act, grants permission to your bank to maintain the same reserves against deposits as are required to be maintained by banks located outside of central reserve and reserve cities, effective as of the date your bank opened for business.

Your attention is called to the fact that such permission is subject to revocation by the Board of Governors of the Federal Reserve System.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.

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

Item No. 3  
11/5/59

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

November 5, 1959

Board of Directors,  
Citizens State Bank & Trust Company,  
Kilgore, Texas.

Gentlemen:

The Federal Reserve Bank of Dallas has forwarded to the Board of Governors your letter of October 15, 1959, and the accompanying resolution signifying your intention to withdraw from membership in the Federal Reserve System and requesting waiver of the six months' notice of such withdrawal.

In accordance with your request, the Board of Governors waives the requirement of six months' notice of withdrawal. Upon surrender to the Federal Reserve Bank of Dallas of the Federal Reserve Bank stock issued to your institution, such stock will be canceled and appropriate refund will be made thereon. Under the provisions of Section 10(c) of the Board's Regulation H, as amended effective September 1, 1952, your institution may accomplish termination of its membership at any time within eight months from the date the notice of intention to withdraw from membership was given.

It is requested that the certificate of membership be sent to the Federal Reserve Bank of Dallas for disposition.

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. 4  
11/5/59

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

November 5, 1959

Mr. Edward H. DeHority, Deputy Chief,  
Division of Examination,  
Federal Deposit Insurance Corporation,  
Washington 25, D. C.

Dear Mr. DeHority:

This refers to your letter to Mr. Solomon of August 6, 1959, inquiring, in effect, whether ownership of shares of the then proposed First Security Bank of Twin Falls, Twin Falls, Idaho, by principal stockholders and officers of First Security Corporation, Salt Lake City, Utah, would be subject to the Bank Holding Company Act of 1956.

You state in your letter that Mr. Harry Eaton, President of the Twin Falls Bank and Trust Company, was writing in detail to Chairman Martin with respect to this matter. In this connection, Chairman Martin had received a letter dated May 29, 1959, from Mr. Eaton, which Chairman Martin answered under date of June 10, 1959. The letter to which you refer, however, has not yet been received by Chairman Martin.

The relevant provisions of the Bank Holding Company Act are applicable only to acquisition of direct or indirect ownership or control of voting shares of a bank by a bank holding company as such, and they are not applicable to the acquisition of bank stock by individuals. Accordingly, it does not appear that organization of the First Security Bank of Twin Falls under the circumstances set forth in your letter would fall within the scope of the Bank Holding Company Act or within any other area of Federal law under which the Board has jurisdiction.

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. 5  
11/5/59

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In the Matter of the Applications of  
THE ATLANTIC NATIONAL BANK OF JACKSONVILLE  
and  
ATLANTIC TRUST COMPANY  
for prior approval of acquisition of  
voting shares of Southside Atlantic Bank,  
Jacksonville, Florida  
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ORDER APPROVING APPLICATIONS UNDER  
BANK HOLDING COMPANY ACT

There having come before the Board of Governors pursuant to section 3(a)(2) of the Bank Holding Company Act of 1956 (12 USC 1843) and section 4(a)(2) of the Board's Regulation Y (12 CFR 222.4(a)(2)), applications on behalf of The Atlantic National Bank of Jacksonville and the Atlantic Trust Company, whose respective principal offices are in Jacksonville, Florida, for the Board's prior approval of the acquisition of up to 94.75 per cent of the outstanding voting shares of a proposed bank, the Southside Atlantic Bank, Jacksonville, Florida; a Notice of Tentative Decision referring to a Tentative Statement on said applications having been published in the Federal Register on October 16, 1959 (24 FR 8423); said Notice having provided interested persons an opportunity, before issuance of the Board's final order, to file objections to or comments upon the facts stated and the reasons indicated in the Tentative Statement; and the time for filing such



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objections and comments having expired and comments received having been duly considered;

IT IS HEREBY ORDERED, for the reasons set forth in the Board's Statement of this date, that the said applications be and hereby are granted, and the acquisition by The Atlantic National Bank of Jacksonville and the Atlantic Trust Company of up to 94.75 per cent of the outstanding voting shares of the proposed bank, the Southside Atlantic Bank, Jacksonville, Florida, is hereby approved, provided that such acquisition is completed within three months from the date hereof.

Dated at Washington, D. C., this 5th day of November, 1959.

By order of the Board of Governors.

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

Absent and not voting: Chairman Martin.

(signed) Merritt Sherman

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Merritt Sherman,  
Secretary.

(SEAL)

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

APPLICATIONS BY THE ATLANTIC NATIONAL BANK OF JACKSONVILLE AND  
ATLANTIC TRUST COMPANY FOR PRIOR APPROVAL OF ACQUISITION OF  
VOTING SHARES OF SOUTHSIDE ATLANTIC BANK

STATEMENT

The Atlantic National Bank of Jacksonville ("National") and the Atlantic Trust Company ("Atlantic"), both of Jacksonville, Florida, at times hereinafter referred to as "Applicants", have 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 37,900 of the 40,000 voting shares of a proposed new bank, Southside Atlantic Bank, Jacksonville, Florida ("Southside"). Both National and Atlantic are bank holding companies under the Act since Atlantic (which is not itself a bank) directly owns a controlling interest in 7 banks and all of Atlantic's outstanding stock is held by trustees for the benefit of the stockholders of National.

Views and recommendations of the Commissioner of Banking and the Comptroller of the Currency. - One of the Applicants is a national bank and the proposed bank is to be a Florida State bank. Accordingly, as required by section 3(b) of the Act, the Board gave notice of the applications to the Comptroller of the Currency and to the Commissioner of Banking for the State of Florida. The Comptroller advised that careful consideration had been given this proposal in the light of the five factors set

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forth in section 3(c) of the Act and he recommended the Board's approval of these applications. The Commissioner advised that the proposal met with his approval and he also recommended approval by the Board.

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 companies 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.

Discussion. - Applicants operate 8 banks (including National) in 6 counties of the State of Florida, with aggregate deposits of \$324,602,000. As of December 31, 1958, these banks represented 2.9 per cent of the total number, and held 7.2 per cent of the total deposits, of all banks in Florida. Applicants presently have 3 banks in Duval County (in which Jacksonville is located) and one bank in each of 5 other counties, none of which immediately adjoins Duval County. As of June 10, 1959, there were 15 banks operating in Duval County with total deposits of \$604,389,000, of which Applicants' banks held \$210,075,000 or 34.8 per cent.

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Although the proposed site of Southside is referred to as being in Jacksonville, it is actually about one-half mile south of the city limits of Jacksonville, at the intersection of Emerson Avenue and Phillips Highway, in an area designated as South Jacksonville. This area extends approximately 10 miles south and east of the downtown section of Jacksonville. The population of Jacksonville as of January 1, 1959, has been estimated at approximately 235,000. An analysis of relative growth shows that the population increase in the city of Jacksonville has been at a much slower pace than the growth elsewhere within Duval County.

It appears that Southside's primary service area would encompass a major portion of South Jacksonville, extending from the proposed location of Southside approximately two miles to the St. Johns River to the north, northwest, and southwest; beyond and somewhat parallel to U. S. Highway 90 to the northeast; and about four to seven miles to the south and southeast. This area has an estimated population of between 15,000 and 20,000, and presently no bank is located therein. Two banks not connected with bank holding companies are located, respectively, about 2 miles and 3.5 miles to the northwest of Southside's proposed site. The facts indicate that the over-all growth and development in the South Jacksonville area in the recent past has been greater in the designated primary service area of Southside than in the remaining portion of South Jacksonville, and the primary service area should enjoy a major share of South Jacksonville's future growth.



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With respect to the statutory factors that the Board must consider in passing upon this application, it appears that the condition and prospects of the holding companies are good and that their managements are competent, and that Southside's prospects would also be favorable and its management competent. The facts support the conclusion that establishment and operation of the bank would contribute materially to the convenience of present and future businesses and residents of the portion of South Jacksonville to be served by the new bank, especially in view of anticipated continued growth in that area.

It remains to be considered whether the proposed acquisition would expand the size or extent of the holding company system beyond limits consistent with adequate and sound banking, the public interest, and preservation of competition in the field of banking.

The proposed acquisition would not significantly increase Applicants' percentages of control of banking offices or deposits within the State of Florida. It would cause Applicants to control 4 of 16 banks in Duval County and 4 of 15 banks in the Jacksonville area. According to Applicants' estimate of Southside's deposits at the end of its first year of operation, an estimate that appears reasonable in the judgment of the Board, the acquisition would result in an increase in Applicants' percentage of control of total deposits of banks from 34.8 per cent to 35.1 per cent in Duval County and from 35.1 per cent to 35.5 per cent in the Jacksonville area; and it would cause Applicants to control one of 3 banks in the South Jacksonville area, with approximately 7 per cent of the total deposits of these 3 banks.

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Applicants' present 3 banks in Duval County are located, respectively, 3.8, 4.9, and 9.5 miles from the site of the proposed new bank. The nearest of these banks, and by far the largest, is located in the downtown section of Jacksonville and is in competition with 4 other downtown banks, 2 of which are large banks.

On the basis of these facts, it does not appear that the proposed transaction would result in undue concentration of control of banking resources by the Applicants in the relevant areas indicated above.

The proposed transaction would not, in the Board's judgment, have an adverse competitive effect upon non-holding-company banks in the areas concerned, in view of the distances of the nearest of such banks from the proposed location of Southside, the size of those banks, and the present and probable future population of the South Jacksonville area and, more particularly, of Southside's primary service area.

On the basis of the entire record in this case, the Board concludes that the proposed acquisition would probably meet existing and potential needs for banking services in, and materially contribute to the convenience and welfare of, the communities and area concerned, and that the proposed acquisition would not expand the Applicants' holding company system beyond limits consistent with adequate and sound banking, the public interest, and preservation of competition in the field of banking.

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Conclusion. - The above views were incorporated in the Tentative Statement issued in connection with the Notice of Tentative Decision published in the Federal Register on October 16, 1959 (24 FR 8423), affording interested persons an opportunity to submit comments on, or objections to, the Board's proposed action. Consideration has been given to comments that have been received.

Viewing the relevant facts in the light of the purposes of the Act and the factors enumerated in section 3(c) of the Act, it is the judgment of the Board that the proposed acquisition would be consistent with the statutory objectives and the public interest and that, accordingly, the applications should be approved. It is so ordered.

November 5, 1959



BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

Item No. 6  
11/5/59

OFFICE OF THE CHAIRMAN

November 12, 1959

The Honorable Charles O. Porter,  
House of Representatives,  
Washington 25, D. C.

Dear Mr. Porter:

In my letter of October 5 I stated that the Board's staff was being asked to study the questions presented in your letter of September 25, 1959, regarding the feasibility of the suggestions in the monetary reform bill that you contemplate introducing in the next session of Congress.

The staff has now provided the Board with a memorandum summarizing the results of its study of your tentative proposal. As you may be interested in reading the memorandum, I enclose a copy for your information.

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.

Enclosure.





BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

Item No. 7  
11/5/59

OFFICE OF THE CHAIRMAN

November 18, 1959

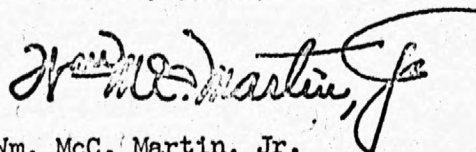
The Honorable Wright Patman,  
Vice Chairman,  
Joint Economic Committee,  
1201 House Office Building,  
Washington 25, D. C.

Dear Mr. Patman:

I am transmitting herewith copies of answers to your 48 supplementary questions to my testimony before the Joint Economic Committee on July 27, submitted with your letter of August 17. In preparing the answers, we have tried to accommodate your request that replies be brief. In every case, however, I am afraid we have not succeeded, although we have endeavored to avoid repetition by combining answers to related questions.

Even though you suggested that quick and short answers to the questions should be possible, the preparation of adequate responses has taken a good deal of time. In part this has resulted from the range of subjects covered. I trust that the time required to complete answers to your questionnaire has not impeded unduly your Committee's work.

Sincerely yours,



Wm. McC. Martin, Jr.

Enclosures



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

Item No. 8  
11/5/59

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

November 5, 1959

Mr. B. 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 15, 1959, the Board approves the designation of Fred D. Sahagian as a special assistant examiner for the Federal Reserve Bank of Boston for the purpose of participating in the examinations of:

Depositors Trust Company, Augusta, Maine;  
The Merrill Trust Company, Bangor, Maine;  
The Connecticut Bank and Trust Company,  
Hartford, Connecticut; and  
Rhode Island Hospital Trust Company,  
Providence, Rhode Island.

The authorization heretofore given your Bank to designate Mr. Sahagian as a special assistant examiner is hereby canceled.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,  
Assistant Secretary.