Minutes for July 21, 1960

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, July 21, 1960. The Board met in the Board Room at 10:00 a.m.

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

Mr. Sherman, Secretary
Mr. Thomas, Adviser to the Board
Mr. Farrell, Director, Division of Bank Operations
Mr. Solomon, Director, Division of Examinations
Mr. Hexter, Assistant General Counsel
Mr. Daniels, Assistant Director, Division of Bank Operations
Mr. Nelson, Assistant Director, Division of Examinations
Mr. Goodman, Assistant Director, Division of Examinations
Mr. Landry, Assistant to the Secretary
Mr. Hooff, Assistant Counsel
Mr. Collier, Chief, Current Series Section, Division of Bank Operations
Mr. Veenstra, Technical Assistant, Division of Bank Operations
Mr. Potter, Legal Assistant

Items circulated to the Board. The following items, which had been circulated 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 First National City Bank of New York, New York City, authorizing the establishment of branches in Brasilia, in Campinas, and in the Castelo District of Rio de Janeiro, all in Brazil.

Letter to The First National City Bank of New York, New York City, approving the establishment of a branch in Frankfurt am Main, Germany.
Mr. Goodman then withdrew from the meeting.

Request for extension of time to establish a branch. There had been circulated to the Board a draft of letter to the Roswell State Bank, Roswell, New Mexico, that would approve an extension of time to establish a branch in the vicinity of Union Avenue and West Second Street. While the file was in circulation, Governor Shepardson indicated disagreement with the favorable recommendation of the Division of Examinations and the Dallas Reserve Bank.

Governor Shepardson pointed out that the letter to the Dallas Reserve Bank from the Roswell State Bank dated July 11, 1960, contained in the file on this matter, gave as reasons for requesting an extension of time the fact that such extension for one year would enable the bank to appraise the development of the particular vicinity and the fact that it would also give the bank an opportunity to observe the effect the branch of a national bank now being located in this vicinity would have on the Roswell State Bank's business. This clearly was not a basis for granting the bank's request, Governor Shepardson said. Therefore, unless a different reason for the request could be clearly documented, he was not in favor of granting an extension of time. Furthermore, even if the bank's request were to be better documented, he was inclined to feel that any extension of time should be for six months rather than one year, since this was the customary period of time for which the Board granted extensions in requests of this kind.
Mr. Nelson recalled that on August 5, 1959, the Board approved the branch referred to, along with one other, provided both branches were established within one year of that date and with the understanding that new capital funds in an aggregate amount of not less than $100,000 be supplied through the sale of capital stock for cash. He noted that the understanding with respect to sale of stock had been fulfilled and that the other branch was expected to be opened prior to expiration of the Board’s approval. So far as the branch involved in the present application was concerned, at the time of the original application the bank had no firm commitment on a site. The Roswell State Bank still contemplated leasing the land and possibly the building it would use; an option on a lease was held but no construction had been started. The favorable recommendation by the Division of Examinations was in part based upon advice received during a telephone conversation with Assistant Vice President Sullivan of the Dallas Reserve Bank to the effect that the President of the Roswell State Bank had stated the bank planned to proceed to establish the branch as soon as possible.

Governor Robertson said that on the basis of the file in this case it appeared that Roswell State Bank was attempting to pre-empt a location as a possible site for a second branch. If it were not for the telephone call referred to by Mr. Nelson, he would also vote against granting the requested extension of time.
In the discussion that ensued, Governor Robertson suggested that the Dallas Reserve Bank be requested to suggest to the Roswell State Bank that it send the Board a letter outlining more specifically the basis for its request than was done in its letter to the Dallas Reserve Bank of July 11, particularly as to when work on the branch building would actually be started.

It was agreed that this procedure would be followed.

Request for reduced reserves (Item No. 3). A memorandum from the Division of Bank Operations dated July 12, 1960, had been circulated relative to a request by the United States Trust Company, Boston, Massachusetts, for permission to maintain reduced reserves. Attached to the memorandum was a draft of letter to that bank granting the requested permission. The file on the matter indicated, among other things, that total demand deposits of the applicant bank during the period June 15, 1959, through May 31, 1960, averaged about $49 million, with $15 million representing special temporary deposits of the State of Massachusetts.

Mr. Farrell noted that there were two factors to consider in connection with the request of United States Trust Company: (1) In favor of approving the request was the action of the Board granting similar requests to banks in Chicago having total demand deposits each of not more than $43 million, with the understanding that this absolute figure would not necessarily be applicable to banks in other districts. Also, by any standard that might ultimately be adopted by the Board, United States Trust
apparently would be eligible to carry reduced reserves. (2) On the other hand, in view of the fact that the Board was moving toward a decision regarding the whole problem of standards for reclassifying reserve cities and granting permission to individual banks in reserve cities to carry reduced reserves, it might be considered premature to act upon this specific request. He then referred to the fact that, following receipt of this request, Mr. Collier had analyzed the country as a whole and had ascertained that total demand deposits of $75 million would appear to be a workable maximum figure in granting permission to banks to carry reduced reserves.

Governor Mills observed that so far as he was concerned it would be in order to approve the request of the United States Trust Company. However, in granting such approval, it might be desirable to follow the same procedure as had been followed in the case of the City National Bank of Beverly Hills, California, whose application was approved on June 17, 1960. It was noted in the letter to the bank that approval was being given prior to complete determination of standards by the Board, so that it might be necessary for the Board to change the classification of the bank following adoption of such standards. So far as the use of an absolute figure, such as $75 million, for total demand deposits was concerned, Governor Mills was doubtful whether this would be advisable. He noted that it would be necessary for the Board to make determinations in this area that would not fit into established patterns.
Governor Robertson stated that he would not wish at this time to approve the application by United States Trust Company for permission to carry reduced reserves. He was confident that United States Trust would be reclassified in any event, but he disliked "skimming off all the cream" now by granting individual requests to carry reduced reserves in advance of determining general standards since, when effective reclassification was accomplished, it would be necessary to offset this kind of action by requiring other banks to carry higher reserves. It was his thought that United States Trust Company could be told that it was not being declassified at present but that the whole problem of banks in reserve cities was under consideration by the Board and that the application of the bank would be reconsidered following determination of this problem. It could be made clear to the bank, he said, that its declassification was simply being postponed.

Governor Robertson went on to say, in response to a question by Governor Shepardson, that he understood the study of the problem of developing standards for reclassifying reserve cities had been completed by the staff and that the question was now up to the Board for determination. He noted that he had requested Messrs. Farrell and Collier to work out a fourth possible basis for such reclassification additional to the three bases discussed in the staff memorandum of June 23, 1960, that had been the subject of discussion at the Board meeting on June 29. This fourth approach would employ a single dollar figure of deposits to determine
whether or not a given city should be reclassified as a reserve city. Under this proposal all banks with deposits under a certain figure, taking into account interbank deposits and deposit turnover, would automatically be declassified, leaving an intervening group in a "gray" area between this figure and a higher figure, such as $100 million. This proposal had been turned over to Messrs. Thomas, Robinson, and Dembitz for comment without any indication that it was superior to the other three proposals contained in the staff memorandum of June 23.

Governor Robertson suggested the possibility of treating in a package the questions of (1) reclassification of reserve cities, (2) termination of central reserve cities, (3) reducing float, and (4) including the remainder of vault cash in the reserve base, using these various interrelated parts of the problem to even out the whole package. The staff was trying to determine whether this was feasible. In response to a question by Governor Balderston, he said that each Board member would receive a copy of the Farrell-Collier memorandum.

Governor Mills observed that since the Board apparently was a long way from agreement on appropriate standards for reclassifying cities for reserve purposes and granting permission to individual banks to carry reduced reserves under such standards, it seemed undesirable to penalize United States Trust by requiring it to wait an indefinite period before receiving what it clearly deserved.
Governor Shepardson agreed, noting, however, that favorable action on this request would raise the issue of what to do about several outstanding requests from banks in Chicago.

Governor Balderston remarked that the basic question was whether the Board could wait until the entire reclassification problem had been solved before making any adjustments in response to requests by individual banks for permission to carry reduced reserves. He said that he did not feel as keenly as Governor Robertson the need to balance the release of required reserves involved in granting permission to smaller banks to carry reduced reserves against the increase in reserve requirements for banks that were reclassified as reserve city banks. However, he would not favor granting permission to carry lower reserves to every bank having deposits of less than $75 million. He went on to say that as a practical matter, even if the Board should decide this question within the next month, it would be necessary to give banks that would be required to carry higher reserves an opportunity to adjust their positions.

In this connection, it was pointed out that there would appear to be no reason for having a delayed effective date for banks whose reserve requirements would be reduced under the standards adopted by the Board.

Following further discussion, Governor Shepardson said he would be in favor of acting on the aforementioned banks in Chicago, and Governor Mills expressed agreement, pointing out, however, that the
position of United States Trust in Boston differed somewhat from that of the banks in Chicago, since the fact that there was no branch banking in the latter city tended to give the banks there a wider range of business and correspondingly greater responsibilities.

With Governor Robertson voting in the negative, the request of United States Trust Company for permission to maintain reduced reserves was then approved. A copy of the letter granting this permission is attached as Item No. 3.

Mr. Dembitz, Associate Director, Division of Research and Statistics, entered the meeting during the preceding discussion. He withdrew at its conclusion, as did Messrs. Thomas, Collier, and Veenstra.

At this point Mr. Robert L. Myers, Secretary of Banking of Pennsylvania, and Messrs. Wigfield, Director of the Bureau of Banking, Brandt, Assistant Director, and Steinbach, Counsel, all of the Department of Banking, Commonwealth of Pennsylvania, entered the room.

Mr. Myers had requested that he be permitted to make a statement on a proposed consolidation involving two banks in York, Pennsylvania, concerning which a memorandum dated July 20, 1960, had been distributed to the Board. The Board had agreed to hear Mr. Myers during its meeting today.

Statement by Mr. Myers. Mr. Myers stated that he and his colleagues were concerned with respect to the indicated policy of the Board of requiring banks applying for membership in the Federal Reserve
System to divorce themselves from certain nonbanking activities. This problem was typified by the current plan of the York Trust Company, York, Pennsylvania, a State member bank with deposits of $32.5 million, to consolidate with The York National Bank and Trust Company, an institution with deposits of almost $48 million. Therefore, he and his associates had requested an opportunity to meet with the Board to present the factual background of this case as well as to state the position of the Department of Banking of the Commonwealth of Pennsylvania.

The plan of combination agreed upon by the two banks involved the formation of a new corporation through a consolidation rather than a merger of one bank into the other. The reason for following this procedure, Mr. Myers said, was that neither bank wished the public to regard the transaction as one bank absorbing the other. York Trust Company had inquired of the Federal Reserve Bank of Philadelphia whether the new corporation would be permitted to continue the real estate brokerage business which it had operated for many years and had received a negative indication. This was difficult to understand, Mr. Myers said, since at the time the trust company came into membership in 1922, no conditions were prescribed with respect to the real estate business and no objection had been lodged at the time of examinations of the bank.

Mr. Myers noted that York Trust Company was exercising its power to engage in the real estate business under a section of Pennsylvania law granting to banks and trust companies the power to buy and sell real
estate for others. Although the trust company was relatively active in this field, its earnings from this source were comparatively small. However, it had been found that this type of business acted as a feeder of other business into the bank, such as mortgage loans. The York National Bank was a corporate entity which, under the National Banking Act, could not engage in the real estate business, although under an interpretation of the Comptroller of the Currency it could engage in real estate transactions in a fiduciary capacity. Of the six banks in York, a city with a population of about 70,000, five were national banks and one, York Trust Company, a State member bank. The desirability of forming a new State bank as a successor in part to the York Trust Company had been discussed by the officers and directors of the two banks concerned, who had concluded that it would be advantageous to have a representative of the State banking system in the community.

Mr. Myers referred to the fact that representatives of the System had indicated that if the proposal were changed to provide for a merger under Pennsylvania law whereby York Trust Company would be the surviving institution, there would be no question of its continuing to operate a real estate business as it has been doing for some time. On the other hand, it was suggested that since a consolidation plan would result in the creation of a new corporate entity, the problem arose as to the resulting new bank engaging in the real estate business.
Mr. Myers said that the mere raising of this question by representatives of the System had caused him serious concern because this development threw into delicate balance the aspect of membership of the proposed new bank in a Federal or State system. He then referred to a case involving the Easton Trust Company and Easton National Bank, both Pennsylvania institutions, which about a year and a half ago had decided to merge under the charter of Easton Trust Company, a State corporation. Since both banks were members of the Federal Reserve System, they had conferred with the Philadelphia Reserve Bank with regard to their plans and had been told that there was a possibility of the question being raised as to overlapping branch territories of the type involved in the matter of Old Kent Bank and Trust Company, Grand Rapids, Michigan. In the Easton Trust Company case, he said, the merger occurred under the charter of the national bank rather than of the State bank. He emphasized that in this case there had been no statement by the Board. However, a question had been raised and doubt had been expressed by the Reserve Bank in such a way as to influence the banks toward continuing under a national charter.

Mr. Myers then reviewed the provisions of the Pennsylvania Banking Code pertinent to the case at hand. He went on to say that in York, Pennsylvania, an old national bank would be combining under a State charter with a younger and smaller bank. Because of this fact, some directors of The York National Bank and Trust Company doubted the wisdom of a merger, preferring instead a consolidation whereby neither bank would take over
the other. In his personal view, there was an obligation of State banks to contribute to the strength of the System by joining the Federal Reserve, particularly the larger State banks. The State Banking Department took no position on the question, but this was his personal attitude.

It was the view of the State Banking Department, Mr. Myers said, that the United States Code contains a mandate from Congress that banks merging under a State charter have the right to continue as members of the System. After referring to section 9 of the Federal Reserve Act and Regulation H of the Board of Governors, he said that from examination of the provisions of both the banking laws of the Commonwealth of Pennsylvania and the Federal banking statutes, it appeared to him that it was not only the intent of the Pennsylvania Legislature but also the intent of Congress to continue the rights of banks following their consolidation that they had enjoyed previously. The State Banking Department believed that the Board had not provided in its Regulation H a declared policy concerning the question of inconsistency with the purposes of the Federal Reserve Act of a member bank’s conducting a real estate business. Since, in the case of York Trust Company, this business was of a nontransitory nature, the only legal way that the Board could properly prohibit the bank from continuing such operations following consolidation would be for the Board to issue a regulation on the subject. In further comments, Mr. Myers referred to the fact that State member banks with trust powers involving the right to engage in real estate transactions had been admitted to
membership and permitted to continue these transactions following admission to membership. In this connection, he cited the instance of Farmers and Merchants Trust Company of Chambersburg, Pennsylvania, admitted to System membership in 1943. If time had permitted further review of the record, he felt sure many similar situations would have been discovered in which both nonmember and State member banks were engaging in real estate activities to some degree in Pennsylvania.

Mr. Myers then turned to the question of national banks with trust powers being permitted by the Comptroller of the Currency to engage in a real estate business, and suggested that a bank not possessing trust powers could apply to the Board for same and then engage in real estate operations. After raising the question of discrimination between State member banks, nonmember banks, and national banks, he said that, as he viewed the matter, it was not sufficient to say that Federal Reserve membership is voluntary and that State banks may withdraw from membership if they are dissatisfied with the regulations of the Board. He believed strongly that membership in the System is an important right that should be exercised by State banks and that this right should not be denied them by a questionable legal argument. He found no express or implied authority of the Board to prevent a State bank from joining the System if it intended to engage in real estate operations. In making this comment, he was aware, of course, the Board had not yet reached a decision on the York case, but in his opinion the question at issue should never have been raised. It
was his suggestion that if the Board claimed to possess the power to state that engaging in the real estate business would be an improper activity for a new member bank, it should make a statement to this effect, as had been done by the Federal Deposit Insurance Corporation in connection with the writing of insurance by insured banks, through the issuance of a regulation in order that interested parties might have an opportunity to be heard.

There followed comments on some of the issues presented by Mr. Myers in the course of which Mr. Hexter noted that Mr. Myers had raised two legal points: (1) whether the Board of Governors has general authority to prescribe conditions of membership limiting the exercise of charter powers of member banks; (2) whether such conditions ought to be published as regulations of the Board. He said that the Legal Division had gone into both of these questions a number of years ago but had not recently reviewed them. Mr. Myers' arguments were forceful ones, and for that reason the Legal Division would like to have an opportunity to study the memorandum that Mr. Myers had brought with him into the meeting.

With reference to whether the Board, if it wished to prevent member banks from engaging in the real estate business, should issue a regulation, Governor Robertson pointed out that conditions of membership laid down by the Board upon admission of banks into the Federal Reserve System differ in character from regulations of the Federal Deposit Insurance Corporation. With respect to the regulation of the Corporation
that had been referred to, he commented that activities listed therein as prohibited for insured banks are simply examples and the listing is not all-inclusive.

Mr. Myers replied that this regulation, adopted in 1956, had impressed him as being intended to contain a complete enumeration, since logically the purpose of regulations affecting a given area of activity is to permit individuals to have a knowledge of the limitations to which they are subject. He then referred to the fact that the Board, in its Annual Report for 1916, expressed concern over the fact that only a small number of State banks had seen fit to join the System; and that, as a result, section 9 of the Federal Reserve Act was amended to make membership in the System more attractive to State banks. He expressed fear that the Board might be put back to the position in which it found itself prior to 1917, when membership in the System by State-chartered banks was apparently considered of doubtful advantage.

Mr. Hexter commented, with respect to the 1956 regulation of the Federal Deposit Insurance Corporation, that he understood from Counsel for that Corporation that the regulation was not intended to set forth a complete enumeration of prohibited activities. It contained simply a listing of the items most frequently encountered. If a bank applied for insurance and had some unusual power, the Federal Deposit Insurance Corporation could impose other conditions of membership on that bank.

Governor Robertson then suggested a hypothetical example in which a small bank engaging in real estate activities to a minor degree was made
an offer of consolidation by a large bank that wished to get into the real estate business. He asked Mr. Myers whether he believed the Board would be justified in not imposing a condition of membership in such a case.

Mr. Myers replied that the hypothetical situation described by Governor Robertson would be one calling for correction, but that in his opinion it should be taken care of by legislation. He realized that a purpose of the Federal Reserve Act was the improvement of bank supervision, but it had been held in a number of cases that the authority granted to the Board is not without limit. There was no indication that Congress had ever declared that real estate operations represented an unsound activity for State banks.

Governor Robertson said Congress had decided that national banks should not engage in real estate operations, except to a minor extent in connection with the exercise of fiduciary powers. He then referred to an instance in which a trust company, in a State other than Pennsylvania, that had engaged in the real estate business, applied to establish a branch and wished to expand into commercial banking. The Board told this bank that it must give up its real estate business. He supposed that Mr. Myers would consider that in making this decision the Board had exceeded its powers.

Mr. Myers replied in the affirmative, adding that if the Congress had felt it was improper for all banks, both State member and national,
to engage in real estate activities, it probably would have expressed this view and would not have confined itself to prohibiting national banks from this type of activity.

Observing that the question at issue need never have been raised had the two banks in York elected to merge instead of consolidate, Governor Robertson inquired why the issue had not been avoided by a decision to merge under the charter of one of the banks. He raised this question recognizing that it did not affect Mr. Myers' fundamental argument.

Mr. Myers acknowledged that the issue could have been avoided by such a decision. However, as previously indicated, the directors of both banks were reluctant to enter into a merger. The directors therefore had chosen a method they had a right to choose, and they believed the Board did not have the power to deny System membership to the resulting bank. Also, the use of a consolidation rather than a merger avoided the problem of premiums.

Mr. Myers and his associates then withdrew from the meeting, it being understood that the Board would give further consideration to the subject Mr. Myers had discussed.

Proposed merger involving Peoples Trust Company of Wyomissing, Pa. (Item No. 4). There had been circulated under date of July 12, 1960, a memorandum from the Division of Examinations recommending approval of an application by Peoples Trust Company of Wyomissing, Pa., Wyomissing, Pennsylvania, for consent under the provisions of section 18(c) of the
Federal Deposit Insurance Act, as amended, to merge City Bank and Trust Company of Reading, Reading, Pennsylvania, into and with the applicant bank under the name of Peoples Trust City Bank, Reading, Pennsylvania, as well as for permission to establish branches at four locations consisting of applicant's main office and three branches of City Bank and Trust Company. The Federal Reserve Bank of Philadelphia had also recommended approval of the application, expressing the opinion that the banks remaining in metropolitan Reading would provide adequate competition. It was noted further that the State authorities had approved the proposed merger and the resulting establishment of four branches on June 30, 1960. It was the opinion of the Division of Examinations that although the proposed merger would eliminate present and potential competition of the fourth largest bank in Berks County, Pennsylvania, by continuing the third and fourth largest banks in the Reading area, it would seem to improve the competitive position of the continuing bank, which would have substantially larger lending facilities.

Mr. Nelson said that the bank resulting from the merger would be second in size of four banks serving the metropolitan area of Reading, by virtue of holding 29 per cent of deposits and 50 per cent of offices, compared to the dominant Berks County Trust Company with 51 per cent of deposits and 41 per cent of offices. On a county basis, the bank resulting from the proposed merger would have 22 per cent of deposits and 29 per cent of offices.
Following discussion, unanimous approval was given to a letter to the Peoples Trust Company of Wyomissing, Pa., consenting to its proposed merger with the City Bank and Trust Company under the name of Peoples Trust City Bank, Reading, and approving the establishment of four branches by the continuing bank. A copy of this letter is attached as Item No. 4.

Report on competitive factors--Madisonville, Kentucky. There had been distributed under date of July 12, 1960, a memorandum from the Division of Examinations submitting a proposed report to the Federal Deposit Insurance Corporation on the competitive factors involved in the proposed purchase of assets and assumption of liabilities of Farmers and Merchants Bank, Slaughters, Kentucky, by Peoples Bank and Trust Company, Madisonville, Kentucky. The report concluded:

The proposed transaction would eliminate one independent banking unit, as such, from local competition. However, operation of the banking office would be continued and, on the basis of evidence at hand, the continuing office would actually be more competitive.

After discussion, the report was approved unanimously.

Report on competitive factors--Somerville, Tennessee. There had been distributed under date of July 11, 1960, a memorandum from the Division of Examinations submitting a proposed report to the Federal Deposit Insurance Corporation on the competitive factors involved in the proposed merger of Rossville Savings Bank, Rossville, Tennessee, into and with Somerville Bank and Trust Company, Somerville, Tennessee. The report concluded as follows:
The two banks involved in the proposed transaction are related through common senior management and ownership and would, for that reason, not be considered truly competitive. While the transaction formalizes a combination of banks, already noncompetitive for practical purposes, and reduces the number of so-called "independent" units in the combined trade area from 8 to 7, it does not appear to materially affect actual competition.

Following discussion, the report was approved unanimously.

The meeting then adjourned.
Item No. 1
7/21/60

The First National City Bank of New York,
55 Wall Street,
New York, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System
authorizes The First National City Bank of New York, New York,
New York, pursuant to the provisions of Section 25 of the Federal
Reserve Act, to establish branches in Brazil in

Brasilia, Distrito Federal;
Campinas, Estado da Sao Paulo; and
Castelo District of Rio de Janeiro,
Estado da Guanabra;

and to operate and maintain such branches subject to the provisions of
such Section. The location of the branches may not be changed, after
establishment, without the prior approval of the Board of Governors.

Unless the Brasilia Branch is actually established and opened
for business on or before January 1, 1962, and the branches in Campinas
and the Castelo District of Rio de Janeiro on or before August 1, 1961,
all rights granted hereby shall be deemed to have been abandoned and
the authority hereby granted will automatically terminate on those dates.

Please advise the Board of Governors, in writing, through
the Federal Reserve Bank of New York, when each of the three
branches is opened for business, furnishing information as to the exact
location of each branch.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.
July 21, 1960

The First National City Bank of New York,
55 Wall Street,
New York, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System authorizes The First National City Bank of New York, New York, New York, pursuant to the provisions of Section 25 of the Federal Reserve Act, to establish a branch in Frankfurt am Main, Federal Republic of Germany; and to operate and maintain such branch subject to the provisions of such Section. The location of the branch may not be changed, after establishment, without the prior approval of the Board of Governors.

Unless the branch is actually established and opened for business on or before August 1, 1961, all rights granted hereby shall be deemed to have been abandoned and the authority hereby granted will automatically terminate on that date.

Please advise the Board of Governors, in writing, through the Federal Reserve Bank of New York, when the branch is opened for business, furnishing information as to the exact location of the branch.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.
Board of Directors,
United States Trust Company,
Boston, Massachusetts.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Boston, the Board of Governors, acting under the provisions of Section 19 of the Federal Reserve Act, grants permission to the United States Trust Company to maintain the same reserves against deposits as are required to be maintained by banks located outside of central reserve and reserve cities, effective with the first biweekly reserve computation period beginning after the date of this letter.

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

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.
Board of Directors,
Peoples Trust Company of
Wyomissing, Pa.,
Wyoming, Pennsylvania.

Gentlemen:

The Board of Governors of the Federal Reserve System, after consideration of all factors set forth in section 18(c) of the Federal Deposit Insurance Act as amended by the Act of May 13, 1960, and finding the transaction to be in the public interest, hereby consents to the merger of City Bank and Trust Company of Reading, Reading, Pennsylvania, into and with Peoples Trust Company of Wyomissing, Pa., Wyomissing, Pennsylvania, under the charter of Peoples Bank and Trust Company of Wyomissing and title of Peoples Trust City Bank with head office in Reading, Pennsylvania. The Board of Governors also approves the establishment of branches by the resulting bank at the following locations:

- 800 Penn Street, Wyomissing, Pennsylvania
- 206-214 North Fifth Street, Reading, Pennsylvania
- 160 Spring Street, Reading, Pennsylvania
- 234 North Mill Street, Birdsboro, Pennsylvania

This approval is given provided: (1) the proposed merger and establishment of the branches are effected within six months from the date of this letter and substantially in accordance with the Agreement of Merger dated April 14, 1960, (2) shares of stock acquired from dissenting stockholders are disposed of within six months from the date of acquisition.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.