

Minutes for August 2, 1960

To: Members of the Board

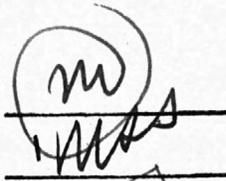
From: Office of the Secretary

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

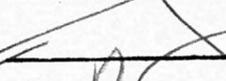
It is not proposed to include a statement with respect to any of the entries in this set of minutes in the record of policy actions required to be maintained pursuant to section 10 of the Federal Reserve Act.

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.

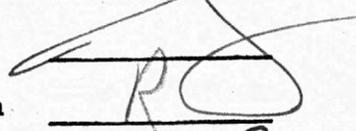
Chm. Martin



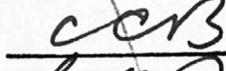
Gov. Szymczak



Gov. Mills



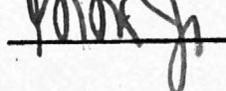
Gov. Robertson



Gov. Balderston



Gov. Shepardson



Gov. King

Minutes of the Board of Governors of the Federal Reserve System
on Tuesday, August 2, 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. King

Mr. Kenyon, Assistant Secretary
Miss Carmichael, Assistant Secretary
Mr. Solomon, Director, Division of Examinations
Mr. Hexter, Assistant General Counsel
Mr. O'Connell, Assistant General Counsel
Mr. Sammons, Associate Adviser, Division of
International Finance
Mr. Hostrup, Assistant Director, Division of
Examinations
Mr. Nelson, Assistant Director, Division of
Examinations
Mr. Thompson, Supervisory Review Examiner, Division
of Examinations

Account for the Government of Liberia (Item No. 1). Pursuant to the favorable recommendation contained in a memorandum from the Division of International Finance dated July 29, 1960, which had been distributed to the Board, unanimous approval was given a telegram to the Federal Reserve Bank of New York authorizing that Bank to open and maintain an account in the name of the Government of Liberia. A copy of the telegram is attached as Item No. 1.

Mr. Sammons then withdrew.

Voting permits for Financial General Corporation and subsidiaries; admission of Bank of Georgia to membership (Items 2 through 7). Pursuant to favorable recommendations of the Division of Examinations and the

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Federal Reserve Banks of New York, Richmond, and Atlanta, as set forth in a comprehensive memorandum from the Division of Examinations dated July 21, 1960, which had been distributed, unanimous approval was given to the issuance of general voting permits to (1) Financial General Corporation, (2) The Morris Plan Corporation, (3) International Equities, Inc., and (4) Southeastern Shares Corporation, all of New York, New York, and (5) Financial General Corporation, Washington, D. C. The voting permits entitled the respective corporations to vote the stock owned or controlled by them in one or more of the following banks: Alexandria National Bank, Alexandria, Virginia; The First National Bank of Washington, Washington, D. C.; and The Bank of Georgia, Atlanta, Georgia.

Copies of the telegrams sent to the Federal Reserve Agents at New York and Richmond pursuant to this action are attached as Items 2 through 6.

In another memorandum dated July 21, 1960, which also had been distributed, the Division of Examinations recommended favorable action on the application of The Bank of Georgia for membership in the Federal Reserve System.

Following supplementary comments by Mr. Nelson, including the comment that the sale of additional common stock for \$900,000 would provide an adequate capital structure, unanimous approval was given to a letter to The Bank of Georgia approving its application for membership. A copy of the letter is attached as Item No. 7.

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Mr. Noyes, Director, Division of Research and Statistics, joined the meeting at this point.

Application of Northwest Bancorporation. A memorandum dated August 1, 1960, from the Legal Division had been distributed in connection with an application of Northwest Bancorporation, Minneapolis, Minnesota, to acquire up to 100 per cent of the shares of the proposed Roseville Northwestern National Bank, St. Paul, Minnesota. Since the application was received at the Board's offices on June 30, 1960, the Board's "tentative decision" procedure was applicable. The Comptroller of the Currency had recommended that the application be approved, and it was being studied currently in the Division of Examinations. It was suggested, however, that at this point the Board might wish to consider whether a hearing should be conducted in connection with the application. Letters had been received from five local banks and from the Secretary of the Independent Bankers Association urging that such a hearing be conducted.

Arguments for and against holding a hearing were presented in the memorandum. Also, in the thought that the Board might wish to postpone its decision, the memorandum suggested transmitting letters to the five objecting banks asking them to identify more accurately the real need for a hearing. A draft of possible letter was attached.

Mr. O'Connell pointed out that normally the application of Northwest Bancorporation would not have come before the Board until appropriate memoranda had been prepared by the Division of Examinations

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and the Legal Division. However, in this instance both Divisions felt that the Board might wish to consider the question of a possible hearing at this time. In connection with the letters received by the Board requesting a public hearing, he noted that the banks concerned were located fairly close to the site of the proposed bank. Although he recognized the general arguments against holding hearings too extensively, he felt that in this case the Board might be in a stronger position if a hearing were held, objectors were in a position to state their views, and the applicant had an opportunity for rebuttal. As suggested in the memorandum, a letter could first be addressed to each of the objecting banks, if the Board so desired, requesting additional information which could be used as a basis for considering whether or not a hearing was needed.

Mr. Hexter noted that the sending of the proposed letter to the five objecting banks would indicate that the Board had given consideration to their requests. Then, if the information submitted seemed to justify the holding of a hearing, the Board could order one. A decision to hold a hearing simply on the basis that certain letters of objection had been received might tend to establish a pattern that the Board would not always wish to follow, particularly in the light of the latitude for more informal procedures suggested in the legislative history of the Bank Holding Company Act.

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Governor Mills commented that the locale of the case was the same as that of a recent case that had proven difficult (the First Bank Stock Corporation-First Eastern Heights State Bank case). Inasmuch as a public hearing had been held in connection with the earlier case, he felt that a hearing also should be held on the application of Northwest Bancorporation. As to sending letters to the objecting banks, he noted that a similar procedure had been followed in connection with a pending bank merger application in Jackson, Mississippi, and that a letter had since been received from the Independent Bankers Association requesting a hearing in that case. The proper procedure, he felt, would be for the Board to determine in its own discretion whether a hearing should be held in a particular case; if it did not take the initiative and instead sent letters encouraging banks to give reasons why hearings should be held, a likely result would be requests for hearings on relatively inconsequential matters. Consequently, rather than invite the objecting banks to expand their views on the Northwest Bancorporation application, he would favor ordering a hearing.

Governor Robertson said that he also would favor ordering a hearing now, rather than to send letters to complaining banks asking for further indications of reasons for holding such a hearing. If such letters were sent, he felt that a hearing would still be held at a later date. While he did not disagree with the general approach referred to by Mr. Hexter, this case involved a holding company with a large

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concentration in the area and, as Governor Mills had pointed out, a hearing was held on an application by a competing bank holding company regarding a proposed acquisition of a bank in the same vicinity. For these reasons, it would appear desirable for the Board to have a complete record.

The other members of the Board indicated concurrence with the views expressed by Governors Mills and Robertson regarding the desirability of a hearing in this case. Accordingly, the Legal Division was authorized to make the necessary arrangements.

During the foregoing discussion Mr. Fauver, Assistant to the Board, entered the room and at its conclusion Messrs. Hostrup and Thompson withdrew.

Reply to question of Commission on Money and Credit. A draft reply to the following question submitted by the Commission on Money and Credit had been distributed to the Board with a transmittal memorandum dated July 26, 1960, from Mr. Koch, Adviser, Division of Research and Statistics:

To what extent do such factors as changes in liquidity positions, loan-deposit ratios, legal and supervisory standards, etc., operate to affect credit availability in periods of expanding credit demands?

In response to a question from Governor Robertson, Mr. Noyes indicated that only one other question submitted by the Commission remained unanswered at the present time.

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Governor Mills commented that the suggested reply seemed adequate, and Governors Robertson, Shepardson, and King concurred. However, Governor Balderston expressed the opinion that the question itself needed clarification. If it was interpreted broadly, he felt that the draft reply might not be adequate. On the other hand, if it was construed narrowly, it would appear desirable to make certain changes in the reply. Under a narrow interpretation the reply could be limited to a discussion of bank liquidity and the legal and supervisory standards pertaining to it, thereby excluding reference to insurance companies and savings and loan associations.

Mr. Noyes noted that the general question of the effect of liquidity on the economy as a whole had been treated to some extent in the replies to other questions from the Commission. Question XI, he suggested, apparently was intended to apply to institutional requirements for liquidity that arise from such items as supervisory standards.

Governor Balderston then suggested a number of minor changes in the draft reply that he felt should be made in any event. Other members of the Board reiterated that they would be favorably inclined toward sending the reply in the form distributed, although they would not object to minor revisions of an editorial and clarifying nature.

Accordingly, it was agreed that Mr. Noyes would discuss the matter further with Governor Balderston, having in mind particularly the relationship of replies to other questions of the Commission, with the

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understanding that if the draft reply, with possible minor changes, was then satisfactory to Governor Balderston it would be sent to the Commission on Money and Credit.

Secretary's Note: The draft reply having been discussed further by Governor Balderston and Mr. Noyes, and certain minor revisions having been agreed upon, the reply was sent to the Commission on August 12, 1960.

Mr. O'Connell then withdrew from the meeting.

Discount rates. The establishment without change by the Federal Reserve Bank of Atlanta on August 1, 1960, of the rates on discounts and advances in its existing schedule was approved unanimously, with the understanding that appropriate advice would be sent to that Bank.

Department of Justice proposal regarding bank merger procedures.

At the Board meeting on July 28, 1960, consideration was given a letter dated June 30, 1960, from the Department of Justice in connection with the new bank merger legislation, which requested that the Board (1) send the Department copies of its reports to the other bank supervisory agencies on competitive factors, after the 30-day period for filing such reports had passed; (2) send the Department copies of approvals of applications at the same time the banks are informed of the Board's action; and (3) give the Department five days' notice before the date on which the banks are permitted to merge. It was noted that the Comptroller of the Currency and the Federal Deposit Insurance Corporation had received similar communications from the Department of Justice.

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Pursuant to the discussion at the July 28 meeting, copies of the reply sent to the Justice Department by the Federal Deposit Insurance Corporation and the proposed reply from the Comptroller of the Currency had been obtained and distributed. The letter from the Federal Deposit Insurance Corporation indicated that the Corporation would comply with the request to furnish its reports on competitive factors to the Department of Justice, but that the sending of such copies would be deferred until the agency having jurisdiction on the merger had acted. The letter also indicated that the Corporation would send the Department of Justice copies of approvals of applications at the same time that banks were informed of the Corporation's action. The letter stated further that the Corporation did not find it advisable to provide the Department of Justice with advance notice of application approvals, since it did not believe that such a procedure would be consistent with the intent and purposes of the bank merger legislation.

The proposed letter from the Comptroller of the Currency would indicate willingness on the part of that Office to furnish copies of its reports to the Department of Justice after the 30-day period for filing them had passed and to send copies of approvals of applications at the same time banks were informed of the Comptroller's action. The letter would indicate that the Comptroller of the Currency did not deem it appropriate to comply with the request for five days' notice before the date on which banks were permitted to merge.

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Governor Mills expressed the opinion that a letter from the Board along the lines of the letter sent by the Federal Deposit Insurance Corporation would be satisfactory. Further, the position taken would be generally consistent with that indicated in the proposed letter from the Comptroller of the Currency, so uniformity of approach among the three bank supervisory agencies would be achieved.

Governor Robertson suggested that the draft letter considered at the July 28 meeting be changed to indicate, in connection with the first request in the letter from Justice, that although the Board was inclined to doubt the advisability of a full exchange of reports, it wished to cooperate with the Department and would furnish specific reports upon request.

With regard to the third request, Governor Robertson suggested that the letter state that the Board would not want to follow a general practice of deferring the effective date of mergers, but that it go on to indicate that occasions might arise which would call for deviation from this position and that the Board would be glad to consider requests for deferment in specific cases.

Governor Mills stated that as he interpreted the third request, it would in effect subordinate the position of the Federal Reserve Board. He did not think this was consistent with the Board's statutory authority and responsibilities. With reference to a memorandum from Mr. Hackley, General Counsel, dated May 16, 1960, he noted that there was a clear

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indication in the legislative history of the bank merger legislation that each of the bank supervisory agencies would operate according to its own independent judgment. Further, it was indicated that it would not be appropriate for those agencies to provide the Department of Justice with information abstracted from reports of examination or accumulated by the agencies on a confidential basis. Governor Mills then reiterated his preference for a letter similar to that sent to the Department of Justice by the Federal Deposit Insurance Corporation.

Governor Robertson noted that the third request had to do with the effective date of a merger rather than supplying confidential information. It was his opinion that, by indicating that it would be glad to consider special cases, the Board would not be abdicating its authority. This was, he thought, simply a matter of appropriate cooperation which should be extended by one agency of the Government to another such agency.

With respect to the first request, Governor Shepardson indicated that he could see no reason for not sending copies of the reports on competitive factors if the Department of Justice wished to receive them, provided that, as stated by the Federal Deposit Insurance Corporation, they were not sent until the agency with jurisdiction had acted on the application. On the second request, he felt it was appropriate to send the Department of Justice copies of approvals of applications at the time the applicant banks were informed of the Board's actions. On the third request, Governor Shepardson said that, like Governor Mills, he felt the

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Board should not in any way abdicate its responsibilities. He also thought, however, that the question of cooperation between Government agencies should be considered. On balance, he would prefer to let the letter stand as drafted; if a change was made along the lines that Governor Robertson had suggested, he would favor making the language quite restrictive.

There followed several suggestions for alternative wording with respect to the third request, after which Governor King indicated that he would be inclined, on balance, to send all of the Board's reports on competitive factors to the Department of Justice after the agency with jurisdiction had acted. If reports were sent upon request, he felt that the number of requests would be large and the amount of work involved would be increased. In connection with the third request, he thought it was not necessary to extend an invitation to the Department of Justice to make requests for the Board to furnish that Department with advance notice in specific cases. If the Department felt compelled to intervene in a particular case and make a request of the Board for deviation from regular procedures, he felt the Department would do so without receiving an invitation. Therefore, he would extend none.

Governor Balderston indicated that he would be agreeable to furnishing the reports on competitive factors to the Department of Justice because he doubted whether any other position could be defended. He then suggested several possible changes in wording in connection with the portion of the reply dealing with the third request of the Department.

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After further discussion, it was understood that the proposed letter to the Department of Justice would be redrafted for further consideration by the Board.

In this connection, Governor Mills stated that he wished his position to be clear on the record. He could not accept any compromise that would vary to any degree from the position expressed in the letter sent by the Federal Deposit Insurance Corporation. This was a time when he regarded it as necessary to stand up and be counted. The letter from the Corporation, with which he had no quarrel, went as far as he thought it desirable for any of the Federal bank supervisory agencies to move.

During the foregoing discussion Mr. Noyes withdrew from the meeting.

Request from Department of Justice for information. Mr. Hexter stated that Mr. Hooff had received a telephone request from the Department of Justice for information relating to the ownership of two banks in Akron, Ohio, in connection with the preparation of a report on the competitive aspects of a proposed bank merger in that area. It developed that only one of the banks about which inquiry was made was a member bank; and, after discussion with the other members of the staff, Mr. Hooff had transmitted certain information on that bank to the Department of Justice informally. Mr. Hexter raised the question whether there was any objection to such a procedure in the light of the Board's rules relating to unpublished information.

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It was agreed that this matter had been handled appropriately and that there would be no objection to handling similar matters in the same way. It was understood, however, that the staff would exercise discretion, depending on the nature of the inquiry, and would present the matter to the Board for consideration where there was doubt as to whether the requested information should be furnished.

The meeting then adjourned.

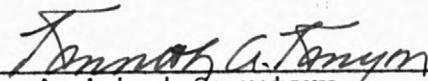
Secretary's Note: Pursuant to recommendations contained in memoranda from appropriate individuals concerned, Governor Shepardson today approved on behalf of the Board the following items relating to the Board's staff:

Salary increase

Richard C. Pickering, Economist, Division of Research and Statistics, from \$8,860 to \$9,215 per annum, effective August 7, 1960.

Acceptance of resignation

Harold L. Emerson, Personnel Assistant, Division of Personnel Administration, effective August 10, 1960.


Assistant Secretary

TELEGRAM
LEASED WIRE SERVICEBOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTONItem No. 1
8/2/60

August 2, 1960

COOMBS - NEW YORK

Your wire July 28. Board approves the opening and maintenance of an account on your books in the name of the Government of Liberia subject to the usual terms and conditions upon which your Bank maintains accounts for foreign central banks and governments.

It is understood that you will in due course offer participation in this account to the other Federal Reserve Banks.

(Signed) Kenneth A. Kenyon

KENYON

TELEGRAM
LEASED WIRE SERVICE

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 2
8/2/60

REED - NEW YORK

August 2, 1960

KEBJE

A. Financial General Corporation, New York, New York.

B. The First National Bank of Washington, Washington, D. C.

Alexandria National Bank, Alexandria, Virginia.

The Bank of Georgia, Atlanta, Georgia.

C. (1) Prior to issuance of permit authorized herein, applicant shall execute and deliver to you in duplicate an agreement in form accompanying Board's letter S-964 (F.R.L.S. #7190), (2) simultaneously with issuance of general voting permit authorized herein, there shall be issued to The Morris Plan Corporation, International Equities, Inc., Southeastern Shares Corporation, and Financial General Corporation (D.C.), the general voting permits authorized in Board's telegrams of this date; the latter mentioned permit will be issued by the Federal Reserve Agent at Richmond. STOP.

When issuing the general voting permit, please advise the applicant that, in accordance with paragraph (c), Section 5144, Revised Statutes, the Board has designated Financial General Corporation, New York, New York, as the holding company affiliate which shall establish and maintain any reserve of readily marketable assets required by that Section. STOP.

Please forward to Richmond Reserve Bank, copies of permits issued by your Bank to Financial General Corporation (New York), The Morris Plan Corporation, and International Equities, Inc., and forward to Atlanta Reserve Bank, copies of permits issued to Financial General Corporation (New York), The Morris Plan Corporation, and Southeastern Shares Corporation.

(Signed) Kenneth A. Kenyon

KENYON

Definition of KEBJE

The Board authorizes the issuance of a general voting permit, under the provisions of section 5144 of the Revised Statutes of the United States, to the holding company affiliate named below after the letter "A", entitling such organization to vote the stock which it owns or controls of the bank(s) named below after the letter "B" at all meetings of shareholders of such bank(s), subject to the condition(s) stated below after the letter "C". The period within which a permit may be issued pursuant to this authorization is limited to thirty days from the date of this telegram unless an extension of time is granted by the Board. Please proceed in accordance with the instructions contained in the Board's letter of March 10, 1947, (S-964).

T E L E G R A M
LEASED WIRE SERVICE

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 3
8/2/60

August 2, 1960

REED - NEW YORK

KEBJE

- A. The Morris Plan Corporation, New York, New York.
- B. The First National Bank of Washington, Washington, D. C.
Alexandria National Bank, Alexandria, Virginia.
The Bank of Georgia, Atlanta, Georgia.
- C. (1) Prior to issuance of permit authorized herein, applicant shall execute and deliver to you in duplicate an agreement in form accompanying Board's letter S-964 (F.R.L.S. #7190), (2) simultaneously with issuance of general voting permit authorized herein, there shall be issued to Financial General Corporation (N.Y.C.), International Equities, Inc., Southeastern Shares Corporation, and Financial General Corporation (D.C.), the general voting permits authorized in Board's telegrams of this date; the latter mentioned permit will be issued by the Federal Reserve Agent at Richmond. STOP.

When issuing the general voting permit, please advise the applicant that, in accordance with paragraph (c), Section 5144, Revised Statutes, the Board has designated Financial General Corporation, New York, New York, as the holding company affiliate which shall establish and maintain any reserve of readily marketable assets required by that Section.

(Signed) Kenneth A. Kenyon

KENYON

T E L E G R A M
LEASED WIRE SERVICE

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 4
8/2/60

August 2, 1960

REED - NEW YORK

KEBJE

- A. International Equities, Inc., New York, New York.
- B. The First National Bank of Washington, Washington, D. C.
- C. (1) Prior to issuance of permit authorized herein, applicant shall execute and deliver to you in duplicate an agreement in form accompanying Board's letter S-964 (F.R.L.S. #7190), (2) simultaneously with issuance of general voting permit authorized herein, there shall be issued to Financial General Corporation (N.Y.C.), The Morris Plan Corporation, Southeastern Shares Corporation, and Financial General Corporation (D.C.), the general voting permits authorized in Board's telegrams of this date; the latter mentioned permit will be issued by the Federal Reserve Agent at Richmond. STOP.

When issuing the general voting permit, please advise the applicant that, in accordance with paragraph (c), Section 5144, Revised Statutes, the Board has designated Financial General Corporation, New York, New York, as the holding company affiliate which shall establish and maintain any reserve of readily marketable assets required by that Section.

(Signed) Kenneth A. Kenyon

KENYON

T E L E G R A M
LEASED WIRE SERVICE

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 5
8/2/60

August 2, 1960

REED - NEW YORK

KEB JE

- A. Southeastern Shares Corporation, New York, New York.
- B. The Bank of Georgia, Atlanta, Georgia.
- C. (1) Prior to issuance of permit authorized herein, applicant shall execute and deliver to you in duplicate an agreement in form accompanying Board's letter S-964 (F.R.L.S. #7190), (2) simultaneously with issuance of general voting permit authorized herein, there shall be issued to Financial General Corporation (N.Y.C.), The Morris Plan Corporation, International Equities, Inc., and Financial General Corporation (D. C.), the general voting permits authorized in Board's telegrams of this date; the latter mentioned permit will be issued by the Federal Reserve Agent at Richmond.
STOP.

When issuing the general voting permit, please advise the applicant that, in accordance with paragraph (c), Section 5144, Revised Statutes, the Board has designated Financial General Corporation, New York, New York, as the holding company affiliate which shall establish and maintain any reserve of readily marketable assets required by that Section.

(Signed) Kenneth A. Kenyon

KENYON

T E L E G R A M
LEASED WIRE SERVICE

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 6
8/2/60

August 2, 1960

DECKER - RICHMOND

KEBJE

- A. Financial General Corporation, Washington, D. C.
- B. Alexandria National Bank, Alexandria, Virginia.
- C. (1) Prior to issuance of permit authorized herein, applicant shall execute and deliver to you in duplicate an agreement in form accompanying Board's letter S-964 (F.R.L.S. #7190), (2) simultaneously with issuance of general voting permit authorized herein, there shall be issued by the Federal Reserve Agent at New York, general voting permits covering the aforementioned bank authorized today for Financial General Corporation, New York, New York, and The Morris Plan Corporation, New York, New York. STOP.

When issuing the general voting permit, please advise the applicant that, in accordance with paragraph (c), Section 5144, Revised Statutes, the Board has designated Financial General Corporation, New York, New York, as the holding company affiliate which shall establish and maintain any reserve of readily marketable assets required by that Section. STOP.

Please forward to New York Reserve Bank, copy of permit issued by your Bank to Financial General Corporation (D.C.).

(Signed) Kenneth A. Kenyon

KENYON

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

Item No. 7

8/2/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 2, 1960



Board of Directors,
The Bank of Georgia,
Atlanta, Georgia.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the application of The Bank of Georgia, Atlanta, Georgia, for stock in the Federal Reserve Bank of Atlanta, subject to the numbered conditions hereinafter set forth:

1. Such bank at all times shall conduct its business and exercise its powers with due regard to the safety of its depositors, and, except with the permission of the Board of Governors of the Federal Reserve System, such bank shall not cause or permit any change to be made in the general character of its business or in the scope of the corporate powers exercised by it at the time of admission to membership.
2. The net capital and surplus funds of such bank shall be adequate in relation to the character and condition of its assets and to its deposit liabilities and other corporate responsibilities.

In connection with the foregoing conditions of membership, particular attention is called to the provisions of the Board's Regulation H regarding membership of State banking institutions in the Federal Reserve System, with especial reference to Section 7 thereof. A copy of the regulation is enclosed.

The Board of Governors also approves the retention and operation of the present branches of The Bank of Georgia, now being operated in Atlanta at the following locations: 494 Ponce de Leon Avenue, N. E.; 936 Gordon Street, S. W.; 1430 W. Peachtree Street, N. W.; and 3272 Peachtree Road, N. E.

It is noted that under its articles of incorporation the bank may exercise fiduciary powers but that at the present time is not exercising such powers. Should the bank at any future time desire to broaden the

The Bank of Georgia

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scope of its corporate activities or exercise any powers not exercised at the time of admission to membership it will be necessary, under condition of membership numbered 1, to obtain permission of the Board of Governors.

If at any time a change in or amendment to the bank's charter is made, the bank should advise the Federal Reserve Bank, furnishing copies of any documents involved, in order that it may be determined whether such change affects in any way the bank's status as a member of the Federal Reserve System.

Acceptance of the conditions of membership contained in this letter should be evidenced by a resolution adopted by the Board of Directors and spread upon its minutes, and a certified copy of such resolution should be filed with the Federal Reserve Bank. Arrangements will thereupon be made to accept payment for an appropriate amount of Federal Reserve Bank stock, to accept the deposit of the required reserve balance, and to issue the appropriate amount of Federal Reserve Bank stock to the bank.

The time within which admission to membership in the Federal Reserve System in the manner described may be accomplished is limited to 30 days from the date of this letter, unless the bank applies to the Board and obtains an extension of time. When the Board is advised that all of the requirements have been complied with and that the appropriate amount of Federal Reserve Bank stock has been issued to the bank, the Board will forward to the bank a formal certificate of membership in the Federal Reserve System.

The Board of Governors sincerely hopes that you will find membership in the System beneficial and your relations with the Reserve Bank pleasant. The officers of the Federal Reserve Bank will be glad to assist you in establishing your relationships with the Federal Reserve System and at any time to discuss with representatives of your bank means for making the services of the System most useful to you.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

Enclosure.