

Minutes for September 9, 1960


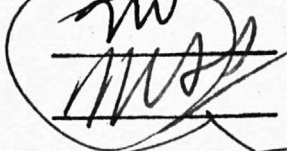
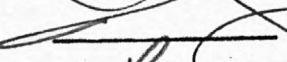
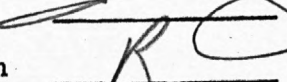

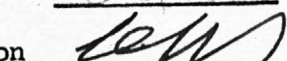
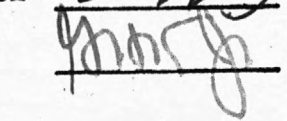
To: Members of the Board

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	<u></u>
Gov. Szymczak	<u></u>
Gov. Mills	<u></u>
Gov. Robertson	<u></u>
Gov. Balderston	<u></u>
Gov. Shepardson	<u></u>
Gov. King	<u></u>

Minutes of the Board of Governors of the Federal Reserve System

On Friday, September 9, 1960. The Board met in the Board Room at 10:00 a.m.

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

Mr. Sherman, Secretary
 Mr. Hackley, General Counsel
 Mr. Solomon, Director, Division of Examinations
 Mr. Nelson, Assistant Director, Division of Examinations
 Mr. Sprecher, Assistant Director, Division of Personnel Administration
 Mr. Landry, Assistant to the Secretary
 Mr. Hooff, Assistant Counsel

Discount rates. The establishment without change by the Federal Reserve Banks of New York, Cleveland, Richmond, Atlanta, St. Louis, Minneapolis, and Kansas City on September 8, 1960, of the rates on discounts and advances in their existing schedules was approved unanimously, with the understanding that appropriate advice would be sent to those Banks.

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:

	<u>Item No.</u>
Letter to Security-Peoples Trust Company, Erie, Pennsylvania, approving an investment in bank premises.	1
Letter to The Union Commerce Bank, Cleveland, Ohio, approving the establishment of a branch at 15316 Detroit Avenue, Lakewood, a drive-in branch in the parking area immediately to the rear, and an additional investment in bank premises.	2

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Item No.

Telegram to the Federal Reserve Agent at Chicago authorizing the issuance of a general voting permit to The Marine Corporation, Milwaukee, Wisconsin, covering stock in Peoples Trust & Savings Bank, Green Bay, Wisconsin.

3

Letter to the Federal Reserve Bank of Chicago approving the payment of salaries to the Bank's elevator operators and starters at specified rates.

4

Mr. Sprecher then withdrew from the meeting.

Merger application: Syracuse-Auburn, New York (Item No. 5).

Under date of August 23, 1960, there had been circulated to the Board a memorandum from the Division of Examinations recommending favorably with respect to an application under the provisions of section 18(c) of the Federal Deposit Insurance Act, as amended on May 13, 1960, by Marine Midland Trust Company of Central New York, Syracuse, New York, to merge with Auburn Trust Company, Auburn, New York, and to establish two branches incident to the proposed merger. Attached to the memorandum was a draft of letter to the Marine Midland Trust Company of Central New York consenting to the proposed merger and approving the establishment of branches in Auburn and Port Byron.

Mr. Nelson noted that Marine Midland Corporation, Buffalo, New York, a holding company, now owned 93.90 per cent of the outstanding shares of Marine Midland Trust Company of Central New York and 97.73 per cent of stock of Auburn Trust Company. He recalled that shortly after Marine

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Midland Corporation acquired the stock of Auburn Trust in 1955, it proposed that Auburn merge into Marine of Syracuse, but that proposal was withdrawn later in the year when the New York State Banking Department indicated it would not approve such a merger. Mr. Nelson said that the State Banking Department had now granted permission for the merger. As to the effect of the proposed transaction on competition, the holding company now possessed and would continue to possess after the proposed merger 28.6 per cent of deposits in the Sixth New York Banking District, and Marine of Syracuse would remain the second largest bank in that district. He noted that in the city of Auburn, Auburn Trust Company was not materially larger than the National Bank of Auburn and that during recent years the national bank had grown much more rapidly than had Auburn Trust. Furthermore, savings banks in Auburn were important competitors. Mr. Nelson added that the Comptroller's Office, the Federal Deposit Insurance Corporation, and the Justice Department all indicated that in their view the proposed transaction would have no adverse effect on competition.

Governor Mills stated that he was prepared to accept the recommendation of the Division of Examinations largely on the ground that, as he recalled, in 1955 the Board informed Marine Midland Corporation that on the basis of informal advice received the Board would have no objection to its acquiring the controlling stock of the Auburn Trust Company.

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Subsequently, control of the bank was acquired by Marine Midland Corporation and a request was submitted for the Board's consent to merge Auburn Trust into Marine Midland Trust Company of Central New York, a bank already owned by Marine Midland Corporation, and to establish branches at the locations of the head office and branch of the Auburn institution. Before the Board took formal action, the request was withdrawn in view of an indication from the Superintendent of Banks for the State of New York that he was not prepared to approve the merger.

The letter to Marine Midland Trust Company of Central New York, Syracuse, New York, consenting to its proposed merger with Auburn Trust Company, Auburn, New York, and approving the establishment of branches in Auburn and Port Byron, was then approved unanimously. A copy of the letter is attached as Item No. 5.

Merger application: Cumberland-Grantsville, Maryland (Item No. 6).

There had been circulated a memorandum from the Division of Examinations dated August 30, 1960, recommending approval of an application by The Liberty Trust Company, Cumberland, Maryland, under the provisions of section 18(c) of the Federal Deposit Insurance Act, as amended, to merge with The First State Bank of Grantsville, Maryland, under the charter and name of The Liberty Trust Company and to operate the present office of the Grantsville bank as a branch. Attached to the memorandum was a draft of letter to The Liberty Trust Company consenting to the proposed merger and approving the establishment of a branch in Grantsville.

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The memorandum pointed out that the two banks involved in this application did not appear to compete with each other to any appreciable extent on any basis. Although the acquisition of First State by Liberty Trust would expand the sphere of the latter bank some 24 miles to the west, no advantage other than a numerical increase in offices and deposits would appear likely and such an advantage for Liberty Trust should not operate to the detriment of other banks in the area since each competed within its respective sphere of influences. It was noted that the reports from the other bank supervisory agencies and the Department of Justice on the competitive aspects of the application foresaw no substantial adverse effects on competition.

Governor Mills said that he was agreeable to accepting the recommendation of the Division of Examinations in this instance, because the effect of the proposed merger would presumably be to strengthen the general banking structure in what was essentially an area of economic drift. Otherwise, he said, a question might be raised regarding this application since the applicant bank was jumping 24 miles into another competitive area.

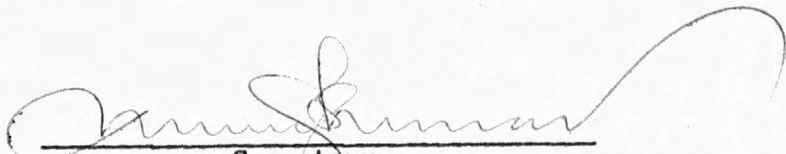
Unanimous approval was then given to a letter to The Liberty Trust Company, Cumberland, Maryland, consenting to its proposed merger with The First State Bank of Grantsville and approving the establishment of a branch in Grantsville. A copy of the letter is attached as Item No. 6.

The meeting then adjourned.

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Secretary's Note: Pursuant to the recommendation contained in a memorandum dated September 8, 1960, from Mr. Marget, Director, Division of International Finance, Governor Shepardson today approved on behalf of the Board acceptance of the resignation of Allan F. Rau, Jr., Economist in that Division, effective September 13, 1960.



Secretary

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

Item No. 1
9/9/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 9, 1960

Board of Directors,
Security-Peoples Trust Company,
Erie, Pennsylvania.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Cleveland, the Board of Governors of the Federal Reserve System approves an investment in bank premises by Security-Peoples Trust Company, Erie, Pennsylvania, of not to exceed \$631,908.76 for the purpose of remodeling and expanding its main office quarters.

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
9/9/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 9, 1960

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

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Cleveland, the Board of Governors of the Federal Reserve System approves the establishment of a branch by The Union Commerce Bank, Cleveland, Ohio, at 15316 Detroit Avenue, Lakewood, Ohio, and a drive-in branch in the parking area immediately in the rear of 15316 Detroit Avenue, Lakewood, Ohio, provided the branches are established within six months from the date of this letter.

The Board of Governors also approves, under the provisions of Section 24A of the Federal Reserve Act, the additional investment in bank premises of not to exceed \$108,000 for leasehold improvements for the proposed branches.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

T E L E G R A M
LEASED WIRE SERVICEItem No. 3
9/9/60BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

September 9, 1960

PRALL - CHICAGO

KEBJE

- A. The Marine Corporation, Milwaukee, Wisconsin.
- B. Peoples Trust & Savings Bank, Green Bay, Wisconsin.
- C. None. STOP. Please advise The Marine Corporation that it should execute and file Exhibit P (Form P-5) with respect to Peoples Trust & Savings Bank within 90 days from August 24, 1960.

(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).

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

Item No. 4
9/9/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 9, 1960



CONFIDENTIAL (FR)

Mr. H. J. Newman, Vice President,
Federal Reserve Bank of Chicago,
Chicago 90, Illinois.

Dear Mr. Newman:

The Board of Governors approves the payment of salaries by the Federal Reserve Bank of Chicago to the incumbents of the positions shown below at the rates indicated, effective October 3, 1960, in accordance with the request contained in your letter of August 31, 1960:

<u>Title</u>	<u>Annual Salary</u>
Building Elevator:	
Starter	\$5,153.20
Assistant Starter	4,888.00
Split Shift Operators	4,950.40
Operators	4,680.00

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 5
9/9/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 9, 1960

Board of Directors,
Marine Midland Trust Company
of Central New York,
Syracuse, New York.

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 Auburn Trust Company, Auburn, New York, into and with Marine Midland Trust Company of Central New York, Syracuse, New York, under the charter and title of Marine Midland Trust Company of Central New York. The Board of Governors also approves the establishment of branches by the continuing bank at the following locations:

Genesee and North Streets, Auburn, New York
Port Byron, New York

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 Plan of Merger dated June 24, 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.

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

Item No. 6
9/9/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 9, 1960

Board of Directors,
The Liberty Trust Company,
Cumberland, Maryland.

Gentlemen:

Pursuant to your application submitted through the Federal Reserve Bank of Richmond and subject to the circumstances described therein, the Board of Governors of the Federal Reserve System, after considering all factors set forth in section 18(c) of the Federal Deposit Insurance Act, as amended by the Act of May 13, 1960, finds the transaction to be in the public interest and grants its consent to the merger of The First State Bank of Grantsville, Maryland, Grantsville, Maryland, into and under the corporate title of The Liberty Trust Company, Cumberland, Maryland. The Board of Governors also approves the establishment of a branch by The Liberty Trust Company at the present location of The First State Bank of Grantsville, Maryland.

This approval is given provided the transactions are consummated within six months from the date of this letter and shares of stock acquired from dissenting stockholders are disposed of within six months from date of acquisition.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.