

Minutes for November 4, 1960

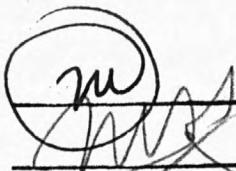
To: Members of the Board
From: Office of the Secretary

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

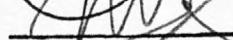
It is not proposed to include a statement with respect to any of the entries in this set of minutes in the record of policy actions required to be maintained pursuant to section 10 of the Federal Reserve Act.

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.

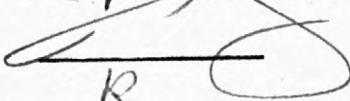
Chm. Martin



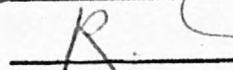
Gov. Szymczak



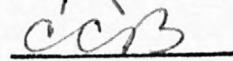
Gov. Mills



Gov. Robertson



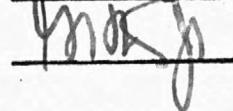
Gov. Balderston



Gov. Shepardson



Gov. King



Minutes of the Board of Governors of the Federal Reserve System
on Friday, November 4, 1960. The Board met in the Board Room at 10:00 a.m.

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

Mr. Sherman, Secretary
Miss Carmichael, Assistant Secretary
Mr. Fauver, Assistant to the Board
Mr. Noyes, Director, Division of Research and
Statistics
Mr. Koch, Adviser, Division of Research and
Statistics
Mr. Keir, Chief, Government Finance Section,
Division of Research and Statistics

Money market review. Mr. Keir reported on the Government securities market, including the latest available information relating to Treasury refunding operations. During the discussion following his remarks, reference was made to recent System purchases of Treasury certificates, notes, and bonds, in addition to bills, and the need for a careful study of the long-range effects of such purchases with a view to developing as much information as possible along this line as a guide for future action.

Mr. Koch then commented on developments in the fields of bank credit, money supply, and bank reserves.

Mr. Molony, Assistant to the Board, entered the room during the money market review and at its conclusion withdrew, along with Messrs. Koch and Keir. At this point the following joined the meeting:

11/4/60

-2-

Mr. Hackley, General Counsel
 Mr. Solomon, Director, Division of Examinations
 Mr. Johnson, Director, Division of Personnel
 Administration
 Mr. Hexter, Assistant General Counsel
 Mr. Rudy, Special Assistant, Legal Division
 Mr. Hostrup, Assistant Director, Division of
 Examinations
 Mr. Goodman, Assistant Director, Division of
 Examinations
 Mr. Benner, Assistant Director, Division of
 Examinations
 Mr. Young, Assistant Counsel
 Mr. Leavitt, Supervisory Review Examiner,
 Division of Examinations

Discount rates. The establishment without change by the Federal Reserve Banks of New York, Philadelphia, Kansas City, and San Francisco on November 3, 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 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:

	<u>Item No.</u>
Letter to Virgin Islands National Bank, Charlotte Amalie, St. Thomas, Virgin Islands, authorizing the establishment of branches in Road Town, Tortola, British Virgin Islands, and in Frederiksted, St. Croix, Virgin Islands.	1
Letter to Union Trust Company, Greensburg, Indiana, approving an extension of time to establish a branch at 122 W. Washington Street.	2
Letter to Glens Ferry Bank, Limited, Glens Ferry, Idaho, approving the establishment of a branch on Main Street in Grand View.	3

11/4/60

-3-

Letter to the Federal Deposit Insurance Corporation regarding the application of Security Bank, Myrtle Point, Oregon, for continuation of deposit insurance after withdrawal from membership in the Federal Reserve System.

4

Letter to Union Bond & Mortgage Company, Port Angeles, Washington, extending the period within which to comply with the provisions of section 4(a)(2) of the Bank Holding Company Act of 1956.

5

Report on competitive factors (New Paltz and Kingston, New York).

A draft of report to the Comptroller of the Currency on the competitive factors involved in the proposed consolidation of The Huguenot National Bank of New Paltz, New Paltz, New York, and The State of New York National Bank, Kingston, New York, had been distributed under date of October 31, 1960. The report concluded as follows:

The proposed consolidation would not eliminate any existing banking facilities and would have little effect on the competitive situation in Ulster County or in the Kingston area. The resulting bank by virtue of its larger resources and wider range of banking services would be expected to intensify competition in the area now served by Huguenot National Bank.

No objection being indicated, the report was approved unanimously for transmittal to the Comptroller of the Currency.

Application of Marine Midland Corporation (Items 6 and 7).

Pursuant to the Board's discussion on October 31, 1960, of an application by Marine Midland Corporation, Buffalo, New York, for prior approval under section 3(a)(2) of the Bank Holding Company Act of the acquisition of voting shares of The First National Bank of Poughkeepsie, Poughkeepsie, New York, an Order approving the application, a supporting Statement,

11/4/60

-4-

and a press release had been prepared and distributed with a memorandum dated November 3, 1960, from the Legal Division.

There being no objection, the Order and Statement were approved unanimously. Copies are attached as Items 6 and 7, respectively.

Messrs. Noyes, Hostrup, Rudy, and Leavitt then withdrew from the meeting.

Use of examiners and examination reports in a criminal case (Item No. 8). There had been distributed a memorandum from the Division of Examinations dated November 3, 1960, regarding further developments in the use of examiners and examination reports in the criminal case of U.S. v. Baron deHirsch Meyer, et al, involving the trial of certain officers of North Shore Bank, a member bank in Miami Beach, Florida. Attached to the memorandum was a telegram from Chief Examiner Sheffer, Federal Reserve Bank of Atlanta, quoting a report from Federal Reserve Examiner R. Paul Wilson who, pursuant to a request from the Department of Justice, had been sent to Miami in connection with this case. Examiner Wilson indicated that it was likely that he would be requested by Assistant United States Attorney Brons to testify in the trial and to produce examination reports, condition reports, and supporting papers relative to North Shore Bank. Also, he had been requested by Mr. Brons to go into North Shore Bank and Industrial National Bank to review records. Mr. Sheffer, in his telegram, indicated that the Federal Reserve Bank

11/4/60

-5-

of Atlanta preferred not to use examining powers in aid of criminal investigation and requested advice from the Board on the two questions raised in Examiner Wilson's report.

It was noted in the memorandum that Mr. Coburn, General Counsel of the Federal Deposit Insurance Corporation, had informed the Division of Examinations that the Corporation had directed their examiner, who was also in Miami with reference to this case, to refuse to enter either of the banks. However, Mr. Coburn felt that the question was somewhat different so far as the Corporation was concerned since both banks were member banks and there would be considerably less reason for a Federal Deposit Insurance Corporation examiner to enter them for any kind of an examination than if the bank were an insured nonmember. Mr. Coburn had indicated that he planned to meet with Mr. Kossack of the Department of Justice in order to discuss the need for maintaining the confidentiality of examination reports and to clarify the function of examiners in this and similar cases.

In commenting on the memorandum, Mr. Solomon said that the immediate question was whether Examiner Wilson should be permitted to go into North Shore Bank and Industrial National Bank to review their records. There was the further question involving testimony by Examiner Wilson and use of bank examination reports during the trial.

Mr. Hackley reported that he had talked with Mr. Coburn following his (Mr. Coburn's) meeting with Mr. Kossack, who had said that the case

11/4/60

-6-

would be tried by the United States District Attorney rather than by Mr. Brons, Assistant United States District Attorney. As a result of the conference with Mr. Kossack, Mr. Coburn was inclined to be as cooperative as possible with the Department of Justice, and he was prepared to recommend to the Board of Directors of the Federal Deposit Insurance Corporation that their copies of examination reports be sent to Miami with the understanding that they would remain in the custody of their examiner and that only pertinent excerpts from the reports relating to the specific charges involved could be used as evidence in the trial. Also, Mr. Coburn now felt that it would not be unreasonable to permit examiners to go into the two banks to review records if the banks and the counsel for the defense consented. The alternative would be for the bank records to be impounded and for the examiners to go into the banks as prospective witnesses for the Government rather than as examiners.

In response to a question from Chairman Martin regarding the possibility of the issuance of a subpoena, Mr. Solomon replied that, while he had no information as to the plans of the United States District Attorney, it would appear that the issuance of a subpoena related more to the trial itself. The immediate question was whether the Federal Reserve Examiner should go into the two banks with or without the consent of the banks and the defense. If the Examiner were asked to go in as an examiner against the wishes of the banks, this would, Mr.

11/4/60

-7-

Solomon thought, be a serious matter. On the other hand, if the banks and counsel for the defense agreed that this would be a convenient way to have the records brought into court, there would still be some question as to the procedure.

Chairman Martin expressed the opinion that the Board should cooperate with the Department of Justice although the method and extent of such cooperation were not clear. It would seem appropriate for examiners to review the records of the two banks if the banks and the defense consented. If they did not consent, the problem would be different, possibly involving the issuance of a subpoena.

Governor Mills said that he would agree with the approach suggested by the Chairman but with the understanding that examiners would enter the banks only on the basis of unequivocal consent on the part of the banks and the defense. His approach was based on the premise that the examination of a bank and the record of examination were confidential between the bank and the supervisory agency and, as such, were completely apart from the litigation now in progress. That being the case, Governor Mills observed that the only basis on which he could justify release of information from examination reports by the Federal Reserve Bank of Atlanta as the supervisory agency would be if, in the process of examination, the Reserve Bank had discovered operations within the bank that were of a character that should have been reported to the Federal Bureau of Investigation. If there were

11/4/60

-8-

no such occurrences and no allegations to that effect, it was his opinion that the Board should not permit examiners to enter the case except under subpoena, the same as any other witness that would be subpoenaed and brought before the court. If there was a completely friendly invitation from all parties concerned to permit the examiner to enter the banks and compile information, Governor Mills thought that the procedure would be in order. That, he said, was the extent of cooperation that he thought should be permissible.

Chairman Martin indicated that he would favor permitting examiners to go into the two banks to obtain information if consent could be obtained from the banks and counsel for the defense.

There being no objection to this procedure, it was understood that a telegram would be sent to the Federal Reserve Bank of Atlanta granting permission for Examiner Wilson to review records of North Shore Bank and Industrial National Bank provided written consent was obtained from defendants and the two banks, or counsel therefor. A copy of the telegram sent pursuant to this action is attached as Item No. 8.

Governor Balderston then suggested that it might be helpful for Mr. Hackley to discuss with the Department of Justice the other questions raised in the telegram from Mr. Sheffer, indicating the Board's desire to cooperate and expressing the hope that the United States District Attorney would not issue a subpoena that the Board might find it necessary to oppose.

11/4/60

-9-

Mr. Solomon said that he thought such a procedure would be desirable in connection with the immediate question and also because such a conference might serve as a means of disposing of further questions that may arise with reference to the case.

Mr. Hackley asked whether, in talking with Mr. Kossack, it would be appropriate to indicate that the Board wished to cooperate as fully as possible in this case but was opposed to the use of examination reports in evidence and hoped that Federal Reserve Examiners would not be placed in the position of responding to subpoenas.

Chairman Martin said that the Board's thinking appeared to be along these lines and that Mr. Hackley might discuss the matter with Mr. Kossack. In this connection, he felt it might be desirable to delegate authority for disposing of this particular problem, which had already taken a considerable amount of the Board's time.

Governor Robertson observed that on November 2, 1960, the Board had taken the position that the confidential section of the examination report would not be furnished for use in the trial, and he felt it important to maintain this position. He noted that other similar cases would be coming up from time to time, and he wondered if there might not be some procedure for disposing of them without bringing the details to the Board for consideration.

Governor Mills expressed the view that in matters of this type where there were differences of opinion the problem should be brought

11/4/60

-10-

to the Board for consideration. If, for example, the problem under consideration were delegated to him for solution, he might reach a different decision than if the disposition of the same problem had been delegated to another Board member. He felt that matters of this type should be considered by the entire Board.

Chairman Martin indicated that further questions on this case should be brought back to the Board for consideration. He then expressed concern over the large portion of the Board's time that was involved in details relating to bank supervision, relative to that available for consideration of monetary and credit matters. It was important for the Board to give attention to this problem and to review the whole procedure for carrying on the Board's work in order to determine whether more effective methods than those now used could be agreed upon.

Salaries for officers at New York Reserve Bank (Item No. 9).

Pursuant to the favorable recommendation of the Division of Personnel Administration, as set forth in a file that had been circulated to the Board, unanimous approval was given to a letter to the Federal Reserve Bank of New York approving payment of salaries to Robert L. Cooper and Paul Meek as Managers at the rates fixed by the Board of Directors. A copy is attached at Item No. 9.

All members of the staff with the exception of Messrs. Sherman and Fauver then withdrew from the meeting.

11/4/60

-11-

Appointment of directors at Federal Reserve Banks and branches.

There had been distributed three memoranda from Mr. Fauver dated November 2 and 3, 1960, containing names of possible appointees as Class C directors at the Federal Reserve Banks of New York and Minneapolis and a director at the Helena Branch.

Question was raised as to whether there would be objection to having men connected with foundations, such as the Ford, Rockefeller, and Carnegie Foundations, serve as Federal Reserve Bank or branch directors. It was the consensus that there should be no general rule against drawing directors from the academic world or from foundations and that each appointment should be considered on the basis of the particular circumstances existing at the time.

After discussion it was voted unanimously to ascertain whether the individuals listed below were eligible for and would accept appointment as directors of the Federal Reserve Banks and branch indicated for the terms shown:

Everett Needham Case, President of Colgate University, Hamilton, New York, as a Class C director of the Federal Reserve Bank of New York for a three-year term beginning January 1, 1961.

Owen Meredith Wilson, President of the University of Minnesota, Minneapolis, Minnesota, as a Class C director of the Federal Reserve Bank of Minneapolis for a three-year term beginning January 1, 1961.

Harry K. Newburn, President of Montana State University, Missoula, Montana, as a director of the Helena Branch of the Federal Reserve Bank of Minneapolis for a two-year term beginning January 1, 1961.

11/4/60

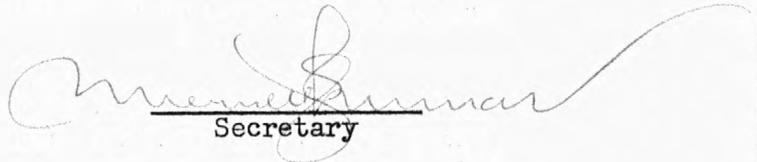
-12-

Secretary's Note: It having been ascertained that these appointments would be accepted, telegrams were sent to Messrs. Case, Wilson, and Newburn on November 10, 21, and 8, 1960, respectively.

The Board also appointed Erwin D. Canham, Editor, The Christian Science Monitor, Boston, Massachusetts, as Deputy Chairman of the Federal Reserve Bank of Boston for the year 1961.

The meeting then adjourned.

Secretary's Note: Governor Shepardson today approved on behalf of the Board a memorandum dated November 1, 1960, from John T. McNeil, Secretary in the Board Members Offices, requesting permission to work part time as a secretary at Georgetown University, Washington, D. C.


Secretary

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

Item No. 1
11/4/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 4, 1960



Virgin Islands National Bank,
Charlotte Amalie, St. Thomas,
Virgin Islands.

Gentlemen:

The Board of Governors of the Federal Reserve System authorizes Virgin Islands National Bank, Charlotte Amalie, St. Thomas, Virgin Islands, pursuant to Section 25 of the Federal Reserve Act, to establish a branch in Road Town, Tortola, British Virgin Islands; and to operate and maintain such branch subject to the provisions of such Section.

The Board of Governors also authorizes the establishment by Virgin Islands National Bank of a branch at No. 5A Strand Street, Frederiksted, St. Croix, Virgin Islands, pursuant to the Agreement entered into with the Board of Governors of the Federal Reserve System under the provisions of Section 25 of the Federal Reserve Act; and to operate and maintain such branch subject to the provisions of such Agreement.

The locations of the branches may not be changed, after establishment, without the prior approval of the Board of Governors. Unless the branches are actually established and opened for business on or before November 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 branches are opened for business, furnishing information as to the exact location of the Road Town branch.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

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

Item No. 2
11/4/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 4, 1960



Board of Directors,
Union Trust Company,
Greensburg, Indiana.

Gentlemen:

Pursuant to your request, the Board of Governors of the Federal Reserve System extends the time within which Union Trust Company may establish a branch at 122 W. Washington Street, in Greensburg, Indiana, to February 2, 1961, under the authorization contained in the Board's letter dated May 4, 1960.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

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

Item No. 3
11/4/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



November 4, 1960

Board of Directors,
Glenns Ferry Bank, Limited,
Glenns Ferry, Idaho.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of San Francisco, the Board of Governors of the Federal Reserve System approves the establishment of a branch on Main Street in Grand View, Idaho, by Glenns Ferry Bank, Limited, Glenns Ferry, Idaho, provided the branch is established within six months from the date of this letter and provided the approval of the State authorities is in effect at the time the branch is established.

It is understood that capital funds in the amount of \$25,000 will be provided through the sale of additional capital stock prior to the establishment of the proposed branch.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

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

Item No. 4
11/4/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 4, 1960



The Honorable Jesse P. Wolcott,
Federal Deposit Insurance Corporation,
Washington 25, D. C.

Dear Mr. Wolcott:

Reference is made to your letter of October 17, 1960, concerning the application of Security Bank, Myrtle Point, Oregon, for continuance of deposit insurance after withdrawal from membership in the Federal Reserve System.

No corrective programs which the Board believes should be incorporated as conditions to the continuance of deposit insurance have been urged upon or agreed to by the bank.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

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

Item No. 5
11/4/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 4, 1960

Mr. F. O. Fountain, Secretary,
Union Bond & Mortgage Company,
First National Bank Building,
Port Angeles, Washington.

Dear Mr. Fountain:

This refers to Union Bond & Mortgage Company's application for an extension, from November 9, 1960, of the period within which it must comply with the provisions of section 4(a)(2) of the Bank Holding Company Act of 1956.

In accordance with the provisions of section 4(a) of the Act, the Board has granted the requested extension to and including May 9, 1961.

Except for Union's holdings of voting shares of First American Insurance Agency which are specifically exempted under the provisions of section 4(c)(6) of the Bank Holding Company Act of 1956, the assumption made in Union's application is correct; namely, that pursuant to sections 4(a) and 4(c)(5) of the Act, by May 9, 1961, Union's direct and indirect holdings of shares of nonbanking organizations shall not include more than five per cent of the outstanding voting shares of any such organization.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

Item No. 6
11/4/60

UNITED STATES OF AMERICA
BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D. C.

:

In the Matter of the Application of :

:

MARINE MIDLAND CORPORATION, Buffalo, New York :

:

for prior approval of acquisition of :

voting shares of The First National Bank :

of Poughkeepsie, Poughkeepsie, New York :

:

ORDER APPROVING APPLICATION 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)), an application on behalf of Marine Midland Corporation, Buffalo, New York, for the Board's prior approval of the acquisition of all the voting shares of The First National Bank of Poughkeepsie, Poughkeepsie, New York; a Notice of Receipt of Application having been published in the Federal Register on August 11, 1960 (25 Federal Register 7662); the said Notice having provided interested persons an opportunity, before issuance of the Board's final order, to file comments and views regarding the proposed acquisition; and no such comments or views having been filed;

-2-

IT IS HEREBY ORDERED, for the reasons set forth in the Board's Statement of this date, that the said application be and hereby is granted, and the acquisition by Marine Midland Corporation of all the voting shares of The First National Bank of Poughkeepsie, Poughkeepsie, New York, is hereby approved, provided that such acquisition is completed within three months from the date hereof.

Dated at Washington, D. C., this 4th day of November, 1960.

By order of the Board of Governors.

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

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

(SEAL)

Item No. 7
11/4/60BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEMAPPLICATION BY MARINE MIDLAND CORPORATION, BUFFALO, NEW YORK,
FOR PRIOR APPROVAL OF ACQUISITION OF VOTING SHARES OF THE
FIRST NATIONAL BANK OF POUGHKEEPSIE, POUGHKEEPSIE, NEW YORKSTATEMENT

The Marine Midland Corporation, Buffalo, New York ("Marine"), a bank holding company, has 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 all the voting shares of The First National Bank of Poughkeepsie, Poughkeepsie, New York ("Bank").

Views and recommendations of the Comptroller of the Currency. - As required by section 3(b) of the Act, the Board forwarded notice of the application to the office of the Comptroller of the Currency. The Comptroller responded by recommending approval of the transaction.

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 company and bank concerned; (2) their prospects; (3) the character of their management; (4) the convenience, needs, and welfare of the

-2-

communities and 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. - Marine presently controls ten banks, all in New York State, with 173 offices and total deposits of about \$2 billion. Bank is located in Poughkeepsie, the county seat of Dutchess County, about 72 miles north of New York City on the east bank of the Hudson River. With total deposits of about \$49.7 million, Bank is the largest commercial bank in the County.

The financial history and condition, prospects, and management of both Marine and Bank are satisfactory.

Considerations relating to the "convenience, needs, and welfare of the communities and area concerned" lend little support for, but would not be inconsistent with, approval of the application. There is some suggestion that the acquisition of Bank by Marine would provide Bank's community with additional banking services. However, there is no evidence that Bank is not now providing adequate banking services.

-3-

An additional judgment required of the Board by section 3(c) of the Act is whether the effect of the proposed acquisition would be to expand the size or extent of Marine's holding company system beyond limits consistent with adequate and sound banking, the public interest, and the preservation of competition in the field of banking.

The proposed acquisition would not appear to result in any significant lessening of existing competition between Bank and Marine's present subsidiaries, the nearest office of which is located about 40 miles from Bank.

Bank's primary service area is regarded as a semicircle with a radius of about 10 miles from Bank's main office and with its western boundary being the Hudson River. Bank is by far the largest of four commercial banks in the primary service area. However, a mutual savings bank in Poughkeepsie, one of two such banks in the area, is much larger than Bank and it appears appropriate to consider competition afforded by mutual savings banks as well as by commercial banks. The following tabulation shows Marine's percentages of offices and deposits (both total deposits and deposits of individuals, partnerships and corporations, "IPC" deposits) in various areas before and after the proposed acquisition, both as to commercial banks and all banks:

-4-

	Per cent of					
	Banking Offices		Deposits			
	Prior to acq.	After acq.	Total		IPC	
Prior to acq.			After acq.	Prior to acq.	After acq.	
Primary service area:						
Commercial banks	-	33.3	-	55.2	-	58.3
All banks	-	27.3	-	25.8	-	25.3
Dutchess County:						
Commercial banks	-	14.3	-	36.3	-	38.6
All banks	-	11.1	-	17.5	-	17.3
Third Banking District:						
Commercial banks	2.1	3.6	1.7	5.0	1.8	5.3
All banks	1.8	3.1	1.1	3.2	1.1	3.2
State of New York:						
Commercial banks	10.0	10.1	5.0	5.1	5.6	5.7
All banks	8.6	8.8	3.3	3.4	3.3	3.4

In the light of all relevant considerations, it is the Board's judgment that the proposed acquisition would not expand the size or extent of Marine's holding company system beyond limits consistent with adequate and sound banking, the public interest, and the preservation of competition in the field of banking.

Conclusion. - Notice of Receipt of the Application was published in the Federal Register on August 11, 1960 (25 Federal Register 7662) affording interested persons an opportunity to submit comments and views regarding the proposed acquisition. No comments or views were received.

-5-

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

T E L E G R A M
LEASED WIRE SERVICEItem No. 8
11/4/60BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

November 4, 1960

SHEFFER - ATLANTA

Reurtel November 3. Please send following telegram in quotation to Examiner Wilson: Quote. You are permitted to review records of North Shore Bank and Industrial National Bank provided written consent is obtained from all defendants and two banks, or counsel therefor, authorizing you to make such investigation. You must see such written and signed authorization and it must be clear that investigation is not a regular or special examination of the two banks performed under examining powers of Federal Reserve Act but is solely for purpose of reviewing records and getting facts concerning litigation. If you have any question about written agreement to investigate, communicate with Federal Reserve Bank. This telegram should be shown to Mr. Brons. End of quote. In connection with use of examination reports and other records at trial, contact is being made with Justice Department to reach agreement as to restrictions on use and you will be further advised.

(Signed) Merritt Sherman

SHERMAN

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

Item No. 9
11/4/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



November 4, 1960

CONFIDENTIAL (FR)

Mr. Alfred Hayes, President,
Federal Reserve Bank of New York,
New York 45, New York.

Dear Mr. Hayes:

The Board of Governors approves the payment of salaries to the following named officers of the Federal Reserve Bank of New York for the period October 14 through December 31, 1960, at the rates indicated, which are the rates fixed by your Board of Directors as reported in your letter of October 18, 1960:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Robert L. Cooper	Manager	\$13,500
Paul Meek	Manager	13,500

The Board has noted the advice regarding the separations of Assistant Vice Presidents Larkin and Gaines, and the change in assignments of Messrs. Stone, Timlen, Trued, MacInnes, and Waage, referred to in your letter.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.