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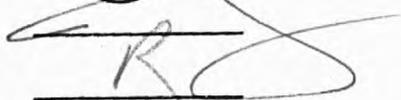
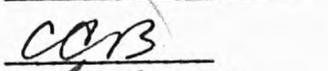
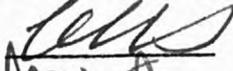
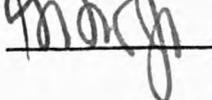
Minutes for September 7, 1961

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

Minutes of the Board of Governors of the Federal Reserve System on  
Thursday, September 7, 1961. The Board met in the Board Room at 10:00 a.m.

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

Mr. Sherman, Secretary  
Mr. Kenyon, Assistant Secretary  
Mr. Molony, Assistant to the Board  
Mr. Fauver, Assistant to the Board  
Mr. Solomon, Director, Division of Examinations  
Mr. Chase, Assistant General Counsel  
Mr. O'Connell, Assistant General Counsel  
Mr. Hostrup, Assistant Director, Division of Examinations  
Mr. Goodman, Assistant Director, Division of Examinations  
Mr. Leavitt, Assistant Director, Division of Examinations  
Mr. Spencer, General Assistant, Office of the Secretary  
Mr. Smith, Legal Assistant  
Mr. McClintock, Review Examiner, Division of Examinations

Items distributed to the Board. The following items, which had been distributed to the members of 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 Boston Overseas Financial Corporation, Boston, Massachusetts, approving its request for (1) consent to transfer shares of (a) International Factors Limited and (b) Corporacion Financiera de Boston S. A. F. y C. from Massnat Corporation to Boston Overseas Financial Corporation; and (2) consent to purchase and hold one-third of the stock of International Factors Corporation, a Massachusetts corporation.	1

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Item No.

Order and Statement, prepared pursuant to the action taken by the Board on August 30, 1961, approving the application of First Security Corporation, Salt Lake City, Utah, for permission to acquire the shares of Sanpete Valley Bank, Mount Pleasant, Utah.

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Messrs. Hostrup, Goodman, and Smith then withdrew from the meeting.

Report on competitive factors (Valley Stream-East Hampton, New York). A draft of report to the Comptroller of the Currency on the competitive factors involved in the proposed consolidation of Osborne Trust Company, East Hampton, New York, and Valley National Bank of Long Island, Valley Stream, New York, had been distributed with a memorandum from the Division of Examinations dated August 30, 1961. The conclusion in the report read as follows:

Because of location and the distances between offices of the consolidating banks, there is no competition between them. The proposed consolidation would have virtually no effect on banking in Nassau County. There would be little, if any, effect on the over-all competitive situation in Suffolk County, but, in the eastern portion of the South Fork of Long Island, the area in which the Osborne bank presently competes, competition would probably be intensified. However, it is believed that the competitive strength of the larger bank would not have a serious adverse effect on the competitive position of the remaining banks in the East Hampton area.

The report was approved unanimously for transmittal to the Comptroller.

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Manufacturers-Hanover merger. Subsequent to the meeting on Wednesday afternoon, September 6, 1961, at which approval was given to the application by Manufacturers Trust Company, New York, New York, to merge with The Hanover Bank, also of New York City, there had been distributed, at the suggestion of Governor Balderston, a proposed statement, prepared by Mr. Hexter, Assistant General Counsel, that might be used in responding to inquiries as to the reasons for the Board's approval. A memorandum from Mr. Hexter dated September 7, 1961, transmitting the draft statement, noted that Governor Balderston had suggested that with some modification such a statement might also be used in the 1961 Annual Report. As the transmittal memorandum pointed out, the statement that had been drafted merely highlighted the principal bases for approval, as inferred from the discussion by the Board at yesterday's meeting, and it was contemplated that a longer, more documented statement would be prepared for possible use in any more elaborate discussions of the merger.

In commenting upon this subject, Chairman Martin questioned, for reasons that he stated, the advisability of making available at this time any explanatory statement in addition to the press release already issued. Instead, he would be inclined to await further developments. In the interim, he suggested, the staff could prepare a statement along the lines contemplated for inclusion in the Annual Report so that such

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a statement, if needed, would be available. In addition, the staff could also be working on a longer statement of the kind referred to in Mr. Hexter's transmittal memorandum, so that such a statement likewise would be available if needed. The Chairman commented that yesterday he called Assistant Attorney General Loevinger on the telephone and advised him of the action taken by the Board. Perhaps the Justice Department would request certain data at some time, but thus far there had been no such request.

Chairman Martin also said that from a public relations point of view he thought there was merit in the suggestion made at yesterday's meeting that in future cases a statement be prepared prior to Board action. Then, after the Board had acted, such a statement, which would be along the lines of those used in the Annual Report, could be released if the Board so desired.

Following the Chairman's remarks there was a general discussion in which a view was expressed that in future merger cases it would be desirable, as the Chairman had indicated, to have a prepared statement available that could be released following Board action, in much the same manner as the procedure followed in bank holding company cases. With respect to the Manufacturers-Hanover merger, it was understood that no further statement would be issued at this time, but that the staff would prepare for the Board's consideration and use, if needed, (1) a statement regarding the merger that would be appropriate for inclusion

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in the 1961 Annual Report, and (2) a longer, more detailed statement of the type issued in bank holding company cases.

At this point all of the members of the staff except Mr. Sherman and Mr. Fauver withdrew from the meeting.

Appointment of directors. Chairman Martin referred to a memorandum from Mr. Fauver dated September 6, 1961, copies of which had been distributed to the members of the Board, reviewing the appointments of Chairmen and Deputy Chairmen and Class C directors of the Federal Reserve Banks to be made as of the end of 1961, and listing Board-appointed directors of Federal Reserve Bank branches who would not be eligible for reappointment for additional periods beyond their existing terms. At his suggestion there ensued a general discussion of appointments that might be made by the Board and of the procedure to be followed in connection with such appointments as were to be made later this year.

Thereupon the meeting 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 actions relating to the Board's staff:

Salary increases, effective September 17, 1961

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
	<u>Office of the Secretary</u>		
Pearl S. Thompson, Senior Records Clerk		\$5,005	\$5,170

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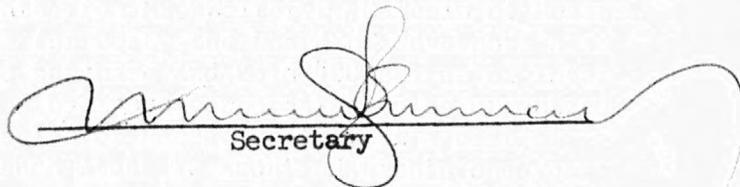
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Salary increases, effective September 17, 1961 (continued)

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
<u>Research and Statistics</u>			
Joyce Ann Kohan, Secretary		\$ 4,840	\$ 5,005
Phyllis H. Lockhart, Draftsman		4,145	4,250
<u>Examinations</u>			
Virginia Crawford, Special Assistant Federal Reserve Examiner		4,145	4,250
Francis D. Dargo, Assistant Federal Reserve Examiner		6,600	6,765
<u>Personnel Administration</u>			
John J. Hart, Personnel Assistant		10,895	11,155
<u>Administrative Services</u>			
Grace R. MacVean, Reservations Clerk		5,005	5,170
John S. Hollis, Jr., Messenger		3,395	3,500
<u>Office of the Controller</u>			
Maria Jo Peterson, Payroll Clerk		5,170	5,335

Acceptance of resignation

Marian Jean Kline, Draftsman, Division of Research and Statistics, effective at the close of business September 15, 1961.

  
Secretary

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

Item No. 1  
9/7/61

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

September 7, 1961.



Boston Overseas Financial Corporation,  
67 Milk Street,  
Boston, Massachusetts.

Gentlemen:

In accordance with the request contained in your letter of August 14, 1961, transmitted through the Federal Reserve Bank of Boston, the Board of Governors grants its consent for Massnat Corporation ("Massnat") to transfer to Boston Overseas Financial Corporation ("BOFC") the shares of International Factors Limited and Corporacion Financiera de Boston S. A. F. y C. presently owned by Massnat. It is noted that, concurrently with this transfer, Massnat will transfer to BOFC substantially all its cash not needed to meet accrued liabilities. It is understood that you desire to preserve the corporation for the time being on an inactive basis against the possibility that it may be useful at some future time, and that the corporation will not be reactivated without the prior approval of the Board of Governors.

The Board's consent to the transfer is given subject to the same limitations as to amounts and dates and the conditions as stated in its letter of October 21, 1960, with respect to investments in the stock of the Financiera and its letter of December 28, 1960, with respect to the purchase and holding of stock of International Factors Limited.

In accordance with the request contained in your letter of August 14, 1961, and on the basis of information furnished therein and in a letter of the same date from Mr. Walter D. Malcolm of Messrs. Bingham, Dana & Gould, counsel for BOFC, the Board of Governors also grants its consent for BOFC to purchase and hold 400 shares of International Factors Corporation, a business corporation to be organized under the laws of the Commonwealth of Massachusetts, at a cost of approximately \$400, provided such stock is acquired within one year from the date of this letter.

The Board's consent to the purchase of stock of IFC is granted upon condition that BOFC shall dispose of its holdings of stock of IFC,

Boston Overseas Financial Corporation

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as promptly as practicable, in the event that IFC should at any time (1) engage in issuing, underwriting, selling or distributing securities; (2) engage in the general business of buying or selling goods, wares, merchandise, or commodities in the United States or transact any business in the United States except such as is incidental to its international or foreign business; or (3) otherwise conduct its operations in a manner which, in the judgment of the Board of Governors, causes the continued holding of its stock by BOFC to be inappropriate under the provisions of Section 25(a) of the Federal Reserve Act or regulations thereunder.

Upon completion of the organization of IFC, it is requested that the Board of Governors be furnished (1) a copy of the general agreement between IFC, IFL, and The First National Bank of Boston; and (2) copies of the articles of organization and by-laws of IFC. Please advise the Board of Governors, through the Federal Reserve Bank of Boston, when the acquisition of stock has been made.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.



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IT IS HEREBY ORDERED, for the reasons set forth in the Board's Statement of this date, that said application be and hereby is granted, and the acquisition by the First Security Corporation of all the outstanding common stock of Sanpete Valley Bank, Mount Pleasant, Utah, is hereby approved, provided that such acquisition is completed within three months from the date hereof.

Dated at Washington, D.C. this 7th day of September, 1961.

By order of the Board of Governors.

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

Absent and not voting: Governors Robertson and King.

(Signed) Merritt Sherman

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Merritt Sherman,  
Secretary.

(SEAL)

9/7/61

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

APPLICATION BY FIRST SECURITY CORPORATION FOR  
APPROVAL OF THE ACQUISITION OF ALL THE VOTING SHARES  
OF SANPETE VALLEY BANK, MOUNT PLEASANT, UTAH

STATEMENT

First Security Corporation ("First"), 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 Sanpete Valley Bank, Mount Pleasant, Utah ("Bank").

Views and recommendations of supervisory authority. - Pursuant to section 3(b) of the Act the Bank Commissioner of the State of Utah was asked for his views and recommendations. He interposed no objection to approval of the application.

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 communities and the area concerned; and (5) whether or not the effect of the acquisition would be to expand the size or extent of the bank holding company system involved beyond limits consistent with adequate and sound banking, the public interest, and the preservation of competition in the field of banking.

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Discussion. - The Applicant is a bank holding company with its principal office in Salt Lake City, Utah. It owns a large majority of the stock of four banks in Utah, Wyoming, and Idaho, the largest of which is the First Security Bank of Utah, N.A. The percentages of all bank deposits and banking offices in the State of Utah that are held by First are 31 per cent and 36 per cent, respectively.

Bank is located in Mount Pleasant, approximately the geographical center of Utah and is the only banking office located in its primary service area, which has been defined as the northern part of Sanpete County. Deposits of Bank were about \$3.6 million at the end of 1960. It appears that most of the people in Sanpete County live in cities and towns which are centered in irrigated lands. Between the northern and southern populated portions of the County lies a considerable area of barren land, and this has resulted in the political subdivision of the County into two school districts and is also an economic factor determining the centers of trade and business. There are three independent banks in the southern portion of Sanpete County, ranging from 17 to 39 miles from Mount Pleasant.

The financial prospects and the financial history and condition of both First and Bank are satisfactory.

The management of First is capable and experienced and if the application is approved, Bank will undoubtedly benefit from the supervision which First would be able to provide.

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Bank appears to have been serving the convenience, needs, and welfare of its community in a satisfactory manner. However, the acquisition by First would probably enable Bank to expand its mortgage and installment loan programs and to offer additional services, should the need for such increased or additional services arise.

Turning to the fifth factor enumerated in section 3(c) of the Act, the acquisition would not, in the Board's judgment, 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.

First's banking office nearest to Bank, a branch of First Security Bank of Utah, N.A., is in the Town of Nephi, some 30 miles northwest of Mount Pleasant. As of June 21, 1961, the Nephi Office had total deposits of individuals, partnerships and corporations ("IPC deposits") of \$3.7 million. Of such deposits, \$237,850 (6.4 per cent of total IPC deposits) originated from the northern Sanpete County area. Of the latter amount, \$202,300 were from the Town of Fountain Green, in the northwest section of the County, about 14 miles from Nephi with no intervening towns, and about 15 miles from Mount Pleasant with the community of Moroni in between. Thus, it may be seen that the Nephi Office of First Security Bank of Utah does not have a large volume of deposits originating from Bank's primary service area and by far the larger portion derived from such area comes from Fountain Green. Further, from the standpoint of highway access, Nephi's location

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in relation to either the northern portion or the southern portion of Sampete County militates against its having any strong competitive force in such areas. Consequently, it is the Board's opinion that no significant reduction in competition would result from approval of the proposed acquisition.

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

September 7, 1961.