

109
9/61

Minutes for October 25, 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>(M)</u>
Gov. Mills	<u>[Signature]</u>
Gov. Robertson	<u>[Signature]</u>
Gov. Balderston	<u>CB</u>
Gov. Shepardson	<u>[Signature]</u>
Gov. King	<u>[Signature]</u>
Gov. Mitchell	<u>[Signature]</u>

Minutes of the Board of Governors of the Federal Reserve System on
 Wednesday, October 25, 1961. 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. Mitchell

Mr. Sherman, Secretary
 Mr. Kenyon, Assistant Secretary
 Miss Carmichael, Assistant Secretary
 Mr. Molony, Assistant to the Board
 Mr. Fauver, Assistant to the Board
 Mr. Hackley, General Counsel
 Mr. Solomon, Director, Division of
 Examinations
 Mr. O'Connell, Assistant General Counsel
 Mr. Hooff, Assistant General Counsel
 Mr. Leavitt, Assistant Director, Division
 of Examinations
 Mr. Achor, Review Examiner, Division of
 Examinations

Discount rates. The establishment without change by the Federal Reserve Bank of Atlanta on October 23, 1961, 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.

Items circulated to the Board. The following items, which had been circulated to the Board and copies of which are attached to these minutes under the respective item numbers indicated, were approved unanimously:

Item No.

Letter to The Martin County Bank, Shoals, Indiana,
 granting its request to exercise a specific
 fiduciary power.

1

10/25/61

-2-

	<u>Item No.</u>
Letter to The City National Bank of Plainview, Plainview, Texas, approving its application for fiduciary powers.	2
Letter to Chesterton State Bank, Chesterton, Indiana, approving the establishment of a branch in Portage.	3
Letter to Webb City Bank, Webb City, Missouri, approving the establishment of a branch at 101 Main Street.	4

Report on competitive factors (Seattle-Everett, Washington). A draft of report to the Comptroller of the Currency on the competitive factors involved in the proposed merger of The First National Bank of Everett, Everett, Washington, into Seattle-First National Bank, Seattle, Washington, had been distributed under date of October 20, 1961.

In discussion, certain changes in the wording of the conclusion were agreed upon, following which the report was approved unanimously for transmittal to the Comptroller in a form in which the conclusion read as follows:

The small amount of competition between Seattle-First National Bank and First National Bank of Everett in Snohomish County would be eliminated, along with potential competition. The proposed merger would not affect significantly the competitive banking situation in the State of Washington; however, it would enhance the position of Seattle-First as the largest bank in the State, and would give this bank a dominant position in the present service area of First National (Snohomish and part of Island Counties) where it now holds only a relatively minor portion of banking business.

10/25/61

-3-

Although the resulting bank might expand to some extent the range of banking services now provided by First National, it is not believed that the proposal would be desirable from the standpoint of preserving banking competition in Everett or in the State of Washington.

Application of United California Bank. There had been distributed under date of October 17, 1961, a memorandum from the Division of Examinations recommending, as had the Federal Reserve Bank of San Francisco, approval of the application of United California Bank, Los Angeles, California, for permission to merge with The First National Bank of La Verne, California. The Comptroller of the Currency and the Federal Deposit Insurance Corporation had expressed the view that the proposed merger would not adversely affect competition; the Department of Justice, however, was of the opinion that the effect on competition would be adverse.

Governor Mills said his position would be contrary to that of the Division of Examinations; he would reject the proposed merger. In looking at the various merger applications of United California Bank, he said, there were reasons to differentiate between the localities concerned, and between the conditions within those localities. In the case of the proposed merger with The Southwest Bank, Inglewood, which the Board rejected, his own position favored approval because the independent bank appeared to him to be subsisting, really, and very little more. It was hedged in completely in a rather heavily concentrated commercial district in the city of Los Angeles. In that instance, approval of the

10/25/61

-4-

application would not have altered existing conditions to any material extent or eliminated any alternative source of banking services.

Governor Mills went on to say that he was familiar with the La Verne territory. In this instance, there was an independent bank that was able to serve adequately the community in which it was established. There were age considerations with respect to the management, but he did not consider that problem insurmountable; management could be obtained in a bank of this size. With respect to the prospects of the community, La Verne was moving into the Los Angeles metropolitan area; Los Angeles was moving out to La Verne. This development would continue, and if an independent bank could be preserved in La Verne, he felt that that would be in the public interest. If the independent bank should be absorbed and the community was opened to competition between the large banking institutions, this would overwhelm forever the opportunity for independent banking to exist in the area.

Governor Robertson commented that although this would be another step in the trend toward concentration of banking resources in the State of California, he had been thinking in terms that the application should be approved, in view of the marginal inadequacy of the La Verne bank's capital, the advanced age of the management, and the apparent lack of any significant competition between the two banks involved. However, he was inclined to weigh heavily Governor Mills' knowledge of the area. If the La Verne bank could continue to exist and grow--in this growing

10/25/61

-5-

community where it was desirable to maintain a bank that could meet the needs of the people--he would go along with Governor Mills.

Governor Balderston raised a question at this point concerning the significance of a possible decision denying the application. He asked whether the Board would in effect be saying to United California that it should stop right where it was as far as mergers were concerned, but that an application to establish a new branch might be viewed differently. If this application were for the establishment of a new branch, Governor Balderston said, his position might be different, and Governor Mills commented that his conceivably would. Governor Balderston then observed that the large banks were probably watching with interest the Board's current decisions on merger applications in order to see what standards the Board appeared to be applying.

Governor Shepardson said that, while he was not personally familiar with the La Verne area, he had the impression from reading the file that it was changing rather rapidly from a largely agricultural area to more of a residential and business area. He also had the impression that the La Verne bank had not grown too much in the face of the change that was taking place. If the Board were to take a general position against expansion of the large California banks through mergers, as distinguished from the establishment of new branches, it would be saying to smaller banks that even though they might be withering there

10/25/61

-6-

was nothing for them to do but continue operations and gradually lose business. In the present case, he gathered that there was a significant management succession problem. From time to time it had been suggested that this aspect should not be given too much weight because banks could solve the problem by hiring new staff, but he was not sure this was actually true. The competition for management talent seemed to be such that the larger banking institutions were in a much better position than the smaller banks. They could secure suitable talent more easily to manage a branch, under head office supervision, and they could offer more opportunities for advancement, along with fringe benefits, than the smaller institution. As a result, in order to obtain staff of high caliber, small banks probably would have to pay higher salaries than the large banks. For this reason, he felt that the management problem might be more serious than was sometimes suggested in discussions of the subject in connection with merger applications. Governor Shepardson concluded by stating that he would be inclined to approve the application.

Governor Robertson noted that the total deposits of the La Verne bank had increased 117 per cent during the period 1951 through 1960, while those of the applicant had increased 137 per cent. Also, as of April 12, 1961, loans of First National were equal to 54 per cent and 58 per cent of its assets and deposits, respectively; the comparable percentages for United California were 53 and 59. Governor Shepardson suggested, however,

10/25/61

-7-

that the growth of First National over a period of time had been in a predominantly agricultural area, which was now changing rapidly.

Governor King said he was undecided as to which type of banking institution would serve the public interest better in this locality. However, he thought it was desirable to do whatever was possible to preserve freedom of choice for the public so far as banking connections were concerned. With that in mind, he would be inclined to disapprove the application.

Governor Mitchell commented that this appeared to be a close case. He had the feeling that possibly the representations in the application concerning the management succession problem involved an element of self-serving. Also, since the agricultural activity in the community was declining, it would seem that the banking needs of the community relative to the total population might be somewhat less than in the past, because agricultural activity requires a lot of bank credit. Therefore, a line of argument based on the changing nature of the community did not strike him as particularly persuasive. He would have no objection to approving or disapproving the application and would be inclined to cast his vote with Governor Balderston.

Governor Balderston indicated that he was inclined to disapprove the application. He found the situation in California perplexing, for a "Chrysler against General Motors" problem was involved. However, he

10/25/61

-8-

kept reminding himself that there were not many independent banks left in the State; each time one was merged into a large branch bank, there was one less independent bank. From that standpoint, Governor King's reference to freedom of choice had a bearing.

It appearing from the discussion that a majority of the Board was disposed to disapprove the application, Governor Balderston turned to the Secretary, who stated that under the procedure adopted on July 27, 1961, United California Bank would be invited to present additional information or views in writing, or by means of an oral presentation, if it so desired.

Governor Mills raised a question regarding the desirability of that procedure. He asked whether the leaning of the Board should not be measured according to the proportions in which the members had expressed themselves. It appeared that five of the members present were prepared, on the basis of the information at hand, to disapprove the La Verne application. Unless there was some doubt as to whether the Board was adequately supplied with information, he questioned whether it was necessary to reopen the matter with the applicant bank.

In the discussion that followed, Mr. Solomon noted that the procedure agreed upon at the July 27 meeting had been followed since that date in the case of each bank merger application where a majority of the Board was unwilling to approve upon initial consideration, with

10/25/61

-9-

the applicant given an opportunity to present arguments on those points, particularly, concerning which questions had been raised.

Governor Mitchell commented that he would have no objection to affording United California an opportunity for oral argument. He would like to know, he said, why United California had not elected to apply to establish a branch in La Verne.

In this connection Governor Mills commented that over a period of time any one of the large California banks could have sought to establish a branch in La Verne. However, it appeared to have been the judgment of those banks that the community could not support a banking office in addition to the local independent bank, and the large banks had probably assumed that the independent bank was content to carry on as it had in the past.

Mr. Solomon mentioned that sometimes when a fairly small bank is operating in a community, the bank supervisory authorities may be rather reluctant to approve the entrance of a large bank into the community by means of a branch. In this case, he noted, several large banks had branches in nearby locations, but not in La Verne itself.

Mr. Hackley recalled that the question as to when oral presentations should be arranged had been discussed a number of times. Then in July the Board, upon the recommendation of the Legal Division and the Division of Examinations, adopted the procedure referred to

10/25/61

-10-

previously, on the ground that it was preferable, particularly in close cases, to afford applicants an opportunity to present their views fully prior to Board action rather than for the Board to act and then face the possibility of a request for reconsideration. The procedure had been suggested not only for public relations reasons but also because it was felt that in the event of litigation the Board's position would be stronger if its action were supported by a record of oral presentation in which the applicant had been given an opportunity to present its views, especially on aspects of the matter that were of particular concern to the Board.

Governor Mills said his own estimate of the cases handled in accordance with the July 27 procedure did not support the wisdom of that procedure, which he thought had just opened up controversy and discussion and had given the impression that the Board was indecisive, even when it had had weeks or months to assemble information. He believed the Board would be better advised to reach a decision, after which an applicant could resort to the courts if it so desired, and let the courts determine whether the decision was right or wrong.

Governor Mitchell noted that a general consideration by the Board of procedures to be followed in the processing of bank merger and bank holding company applications was scheduled for Monday, October 30, and Governor Balderston asked whether the Board would

10/25/61

-11-

wish in the meantime to continue to follow the procedure agreed upon at the July 27 meeting, which would involve offering United California Bank an opportunity to present additional information and to make an oral presentation, if desired. Another possibility would be to wait until after October 30 and consider the matter in the light of such procedures as the Board might agree upon for general use.

After discussion, it was agreed that the latter alternative would be followed.

Messrs. Hooff, Leavitt, and Achor then withdrew from the meeting and Mr. Sammons, Adviser, Division of International Finance, entered the room.

Mission to Liberia (Items 5 and 6). There had been distributed a memorandum from Mr. Sammons dated October 24, 1961, relating to a request from the International Cooperation Administration for technical assistance in the form of experts to study the banking needs of Liberia and to make recommendations, and possibly draft legislation for, a banking code, including consideration of the establishment of a central bank. According to the information received, there was need for two persons, one a specialist in bank supervision and the other a lawyer. After discussing the request with Governor Shepardson and checking with Reserve Banks, Mr. Sammons had found that Mr. Scanlon, First Vice President of the Federal Reserve Bank of Chicago, and Mr. Strothman, Vice President and General Counsel of the

10/25/61

-12-

Federal Reserve Bank of Minneapolis, would be available to participate in the mission, and favorable action had been taken or was expected to be taken by the respective boards of directors. It was contemplated that the mission would be for a period of one month and that the salaries of the two participants would continue to be paid by the respective Reserve Banks, with travel and other direct costs incident to the mission paid by the International Cooperation Administration or the Government of Liberia. Attached to the memorandum were drafts of letters to the Presidents of the Federal Reserve Banks of Chicago and Minneapolis approving the arrangements on the basis indicated.

In commenting on the proposed mission, Mr. Sammons indicated that it was also proposed that Messrs. Scanlon and Strothman, on their return trip from Liberia, would visit briefly at one or more European central banks, and that costs incident to those visits would be paid by the respective Federal Reserve Banks.

After discussion, unanimous approval was given to letters to the Federal Reserve Banks of Chicago and Minneapolis in the form attached as Items 5 and 6, respectively.

In connection with the discussion of the mission, the suggestion was made that Messrs. Scanlon and Strothman be requested, while in Liberia, to observe the economy and banking resources of the country with a view to furnishing to the Board upon their return whatever information they

10/25/61

-13-

obtained that might be helpful in reaching decisions with respect to questions that might be presented to the Board regarding foreign banking corporations or other operations in Liberia. There was general agreement with this suggestion.

As to the procedure followed in arranging requested technical assistance missions, the suggestion was made that in the future the staff advise the Board upon receipt of such requests, in order that the Board might be adequately informed on a current basis and have an opportunity to make any comments before the staffing of a mission had been explored and carried to a point where the Board's concurrence became a formality. It was indicated that this would be done.

Mr. Sammons then withdrew from the meeting.

Application of Morgan New York State Corporation (Item No. 7).

There had been distributed a draft of reply to Hennesey & Co., Montclair, New Jersey, in connection with a request by that company to present an oral statement of views at the hearing before the Board on December 7, 1961, on the application of Morgan New York State Corporation, under the Bank Holding Company Act of 1956, for approval of the formation of a bank holding company. The letter from Hennesey & Co. indicated that as a shareholder in two of the banks involved in the application it wished to be heard in opposition to the proposed transaction. The draft of reply would list the factors required to be considered in connection with an application

10/25/61

-14-

of this kind under the Bank Holding Company Act and state that on the basis of the information contained in the incoming letter, it did not appear that the reason for opposition to the proposal was relevant to any of those factors. Accordingly, the proposed letter would deny the request.

Mr. Molony suggested for consideration an alternative reply, a draft of which he distributed. This letter would state, in essence, that the Board would be glad to schedule an appearance by Hennesey & Co. if the Board should be advised that such a presentation would be relevant to the factors that the Board was required to consider in connection with bank holding company applications.

Governor Mills expressed a preference for the draft of letter distributed prior to the meeting. It was his feeling that it would be unwise for the door to be left open for anyone to express views at the public proceeding who might wish to do so. A letter denying the request for the reasons outlined appeared to him more appropriate than the alternative draft.

Mr. O'Connell said it was for the reason mentioned by Governor Mills that the original draft of reply had been proposed. As indicated therein, a number of persons had indicated their desire to present views directly relating to the five factors required to be considered by the Board in holding company applications and it would not seem advisable to

10/25/61

-15-

expand unduly either the scope of or time allotted for the oral presentation in order to receive views that might more appropriately be addressed to the management of the banks concerned.

In this connection, Mr. Molony referred to the following portion of the Board's order dated October 9, 1961:

It now appears to the Board to be in the interest of the public, as well as the Applicant, to afford further opportunity for the expression of views and opinions by interested persons in a public proceeding before the Board. Accordingly,

IT IS HEREBY ORDERED, that a public proceeding before the Board be held commencing at 10 a.m. on December 7, 1961, at the offices of the Board of Governors, Washington, D. C.

IT IS FURTHER ORDERED, that any person desiring to express orally a view or opinion on the application before the Board should file with the Secretary of the Board on or before November 13, 1961, a written request relative thereto, setting forth therein a general statement of the nature of the views he wishes to express. Persons submitting such requests will be notified of the Board's decision thereon.

Governor Mills suggested that this might be likened to the situation that arises when an individual who owns a few shares of stock attends a shareholders' meeting merely to raise objections that take time without producing concrete benefits. In a proceeding such as that scheduled in connection with the Morgan New York State Corporation application, problems could be expected to arise if anyone, even without showing good cause, could invite himself to the proceeding and make an oral presentation.

Governor King commented that the Board, through its order of October 9, took a position that it would permit interested persons to

10/25/61

-16-

express their views. The Board, he said, could prescribe the amount of time allowed various parties. On the basis of the information available, he believed, for example, that three to five minutes might be adequate for the presentation of Hennesey & Co. In view of the language of the order, he questioned the advisability of denying Hennesey & Co. an opportunity to be heard on the ground that the nature of the objection stated in its letter did not appear to relate to the factors that the Board must consider. He was not sure, in fact, that the objection might not be construed to relate to the factors involving character of management and the needs and welfare of the communities concerned. The five factors that the Board must consider in holding company applications were so broadly stated as to suggest to him that the Congress had in mind that the Board should consider all related information. In this instance, he saw nothing in the incoming letter to indicate a lack of good faith on the part of the writer. Accordingly, he would favor permitting an oral statement limited, perhaps, to a specified period of time.

Mr. O'Connell pointed out that his thinking on the matter was based somewhat on conferences that he had had with representatives of Morgan New York State Corporation. As a result of those conferences, the number of appearances on behalf of the Corporation at the public proceeding had been voluntarily reduced. It had been suggested that

10/25/61

-17-

where a number of persons wished to present approximately the same arguments, a combined statement be prepared and presented so that the proceeding might not be prolonged unduly.

After Governor King commented that he would not object to listening to statements from opponents of the application for a short period of time, even if they were not particularly relevant, Governor Robertson said he thought one of the difficulties in oral presentations in the past had been the lack of expression of opposing views. Therefore, he would favor a general policy of hearing those who expressed a desire to speak in opposition to an application. Accordingly, he would grant the request of Hennesey & Co.

Governor Shepardson inquired whether a number of opponents of the application were expected to make statements at the proceeding, to which Mr. O'Connell replied that at least three indications of interest had been received from members of the Congress. He was not yet certain whether the Independent Bankers Association and two banks in New York State that had indicated opposition would request permission to make oral presentations.

Governor Shepardson then commented that, since the Board had invited the views of interested parties, he felt it was difficult to deny persons an opportunity to appear. There was, of course, a question as to whether the Board should not exercise some discretion in considering requests. As to the letter from Hennesey & Co., he questioned whether

10/25/61

-18-

there was any purpose in telling the company that its remarks should be related to certain factors. It would be his disposition merely to grant the company permission to appear and leave to the discretion of the chairman of the proceeding a determination as to whether the remarks were relevant.

Mr. O'Connell noted that the Board's order of October 9 specified that persons desiring to express views or opinions before the Board should file their requests not later than November 13. Shortly after that date, he had had in mind that all of the requests received would be acknowledged, with the advice that information would be furnished as to the amount of time allotted each party. After all of the requests for oral presentation had been analyzed, the amount of time that might be allotted to each person could be better determined.

In response to a query from Governor King, Mr. O'Connell indicated that to date no other request from a private individual or nonbanking business firm had been received to present views in opposition to the application. Governor King then commented that since only one such request had been received, this would be a further indication to him that it would be advisable to grant that request.

Governor Robertson made the observation that perhaps nothing would come out of the request of Hennesey & Co. This might be an example of someone attempting to find out if the Board really intended to give parties an opportunity to be heard. If this was the case and the Board granted

10/25/61

-19-

permission, he believed that probably nothing more would be heard from the request. On the other hand, if the Board denied the request, an issue might be made of the matter.

Governor Mitchell indicated that he would be inclined to favor sending a letter that would inform Hennesey & Co. regarding the factors required to be considered by the Board in connection with bank holding company applications. As had been suggested earlier, the chairman of the proceeding would be responsible for having remarks limited to relevant issues. An indication of the relevant factors in the Board's letter, however, might be helpful to a party in determining whether he wanted to pursue his request to appear before the Board.

Governor Robertson said it would be his preference to send a one-paragraph letter merely indicating that the Board had granted the company's request to make an oral presentation and stating that information regarding the time allotted for the presentation would be furnished later. He would leave to the chairman of the proceeding the determination as to whether or not the remarks made were relevant. However, he would have no objection to listing in the letter as a matter of information the five factors required to be considered by the Board in connection with holding company applications.

Governor King said that he would not object to indicating, as a matter of information, the factors required by statute to be considered

10/25/61

-20-

by the Board, provided the letter was so phrased as to avoid any negative tone.

After further discussion it was the consensus that the letter to Hennesey & Co. should grant its request to make an oral presentation on December 7, 1961, indicate the factors that the Board must consider on bank holding company applications, and state that it was assumed that the remarks of the company would be pertinent to one or more of those factors. A copy of the letter sent pursuant to this action is attached as Item No. 7.

The meeting then adjourned.

Secretary's Notes: Pursuant to recommendations contained in memoranda from appropriate individuals concerned, Governor Shepardson approved on behalf of the Board on October 24, 1961, increases in the basic annual salaries of the following persons on the Board's staff, effective October 29, 1961:

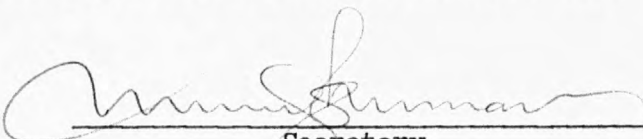
Fredrick L. Frost, Messenger, Board Members' Offices, from \$4,340 to \$4,445.

Bishop Hart, Bindery Worker, Division of Administrative Services, from \$4,514 to \$4,555.

Governor Shepardson today approved on behalf of the Board the following items:

Memorandum from the Division of International Finance recommending acceptance of the resignation of James C. Wallace, Economist in that Division, effective at the close of business November 10, 1961.

Letter to the Federal Reserve Bank of Richmond (attached Item No. 8) approving the appointment of Larry R. Cameron as assistant examiner.


Secretary

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM Item No. 1
WASHINGTON 25, D. C. 10/25/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 25, 1961



Board of Directors,
The Martin County Bank,
Shoals, Indiana.

Gentlemen:

This refers to your request for permission, under applicable provisions of your condition of membership numbered 1, to act in a specific fiduciary capacity.

Following consideration of the information submitted, the Board of Governors of the Federal Reserve System grants permission to The Martin County Bank to act as trustee under a pension plan agreement for the benefit of the bank's employees. This permission is given with the understanding that your bank will not accept any other fiduciary appointments without first obtaining permission of the Board.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM Item No. 2
WASHINGTON 25, D. C. 10/25/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 25, 1961

Board of Directors,
The City National Bank of Plainview,
Plainview, Texas.

Gentlemen:

The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers and grants The City National Bank of Plainview authority to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies, or other corporations which come into competition with national banks are permitted to act under the laws of the State of Texas. The exercise of such rights shall be subject to the provisions of Section 11(k) of the Federal Reserve Act and Regulation F of the Board of Governors of the Federal Reserve System.

A formal certificate indicating the fiduciary powers that your bank is now authorized to exercise will be forwarded in due course.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM Item No. 3
WASHINGTON 25, D. C. 10/25/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 25, 1961

Board of Directors,
Chesterton State Bank,
Chesterton, Indiana.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Chicago, the Board of Governors of the Federal Reserve System approves the establishment of a branch in the vicinity of the intersection of U.S. Highway 20 and Center Street, Portage, Indiana, by Chesterton State Bank, provided the branch is established within six months from the date of this letter.

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
10/25/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 25, 1961



Board of Directors,
Webb City Bank,
Webb City, Missouri.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Kansas City, the Board of Governors approves the establishment of a branch at 101 Main Street, Webb City, Missouri, by Webb City Bank, Webb City, Missouri. This approval is given provided the branch is established within one year from the date of this letter.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM Item No. 5
WASHINGTON 25, D. C. 10/25/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 26, 1961

Mr. Carl E. Allen, President,
Federal Reserve Bank of Chicago,
P. O. Box 834,
Chicago 90, Illinois.

Dear Mr. Allen:

The Board of Governors has been advised that tentative arrangements have been made for First Vice President Charles J. Scanlon of your Bank to participate in a mission of one month's duration under the sponsorship of the International Cooperation Administration to advise the Government of Liberia on banking problems. It is understood that Mr. Sammons of the Board's staff has discussed this proposed mission with you and that your Bank will bear the cost of Mr. Scanlon's salary for the time of the assignment, but that his travel and other expenses relating to the mission would be paid either by International Cooperation Administration or by the host government.

The Board of Governors has approved these arrangements.

Sincerely yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM Item No. 6
WASHINGTON 25, D. C. 10/25/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 26, 1961

Mr. Frederick L. Deming, President,
Federal Reserve Bank of Minneapolis,
72 South Fifth Street,
Minneapolis 2, Minnesota.

Dear Mr. Deming:

The Board of Governors has been advised that tentative arrangements have been made for Vice President and General Counsel M. H. Strothman, Jr., of your Bank, to participate in a mission of one month's duration under the sponsorship of the International Cooperation Administration to advise the Government of Liberia on banking problems. It is understood that Mr. Sammons of the Board's staff has discussed this proposed mission with you and that your Bank will bear the cost of Mr. Strothman's salary for the time of the assignment, but that his travel and other expenses relating to the mission would be paid either by International Cooperation Administration or by the host government.

The Board of Governors has approved these arrangements.

Sincerely yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Item No. 7
10/25/61

WASHINGTON 25, D. C.

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 25, 1961

Hemesey & Co.,
427 Bloomfield Avenue,
Montclair, New Jersey.

Gentlemen:

This will acknowledge your letter of October 11, 1961, requesting an opportunity to appear before the Board of Governors on December 7, 1961, to present an oral statement of views in connection with the application of Morgan New York State Corporation under the Bank Holding Company Act of 1956 for the Board's approval of the formation of a bank holding company. The Board has granted your request to appear and you will be subsequently advised of the time allotted for your presentation of views.

As to the nature of your presentation, the Board's purpose in scheduling oral presentation of views was to make available to the Board, to the fullest extent possible, opinions on the proposal, formed in the light of the statutory factors that the Board must consider in passing upon the application under the Bank Holding Company Act. In determining whether or not to approve an acquisition under the Act, the Board is required to consider (1) the financial history and condition of the company and banks concerned; (2) their prospects; (3) the character of their management; (4) the convenience, needs, and welfare of the communities in the area concerned; and (5) whether the effect of the proposed 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 banking competition. It is assumed that your remarks will be pertinent to one or more of the above-mentioned factors.

For your information, the application filed with the Board identifies Morgan New York State Corporation, the applicant, as a corporation organized under the laws of the State of New York, with its principal place of business in Albany, New York.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 8
10/25/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 26, 1961



CONFIDENTIAL (FR)

Mr. John L. Nosker, Vice President,
Federal Reserve Bank of Richmond,
Richmond 13, Virginia.

Dear Mr. Nosker:

In accordance with the request contained in your letter of October 19, 1961, the Board approves the appointment of Larry R. Cameron as an assistant examiner for the Federal Reserve Bank of Richmond, effective today.

It is noted that Mr. Cameron is indebted to Bank of Warren, Front Royal, Virginia, a State member bank, in the amount of \$1,156. Accordingly, the Board's approval of Mr. Cameron's appointment is given with the understanding that he will not participate in examinations of that bank until his indebtedness has been liquidated.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.