

Minutes of the Board of Governors of the Federal Reserve System
on Tuesday, March 20, 1962. The Board met in the Board Room at 10:00 a.m.

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

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Fauver, Assistant to the Board
Mr. Hackley, General Counsel
Mr. Farrell, Director, Division of Bank
Operations
Mr. Solomon, Director, Division of Examinations
Mr. O'Connell, Assistant General Counsel
Mr. Shay, Assistant General Counsel
Mr. Kiley, Assistant Director, Division of
Bank Operations
Mr. Goodman, Assistant Director, Division of
Examinations
Mr. Benner, Assistant Director, Division of
Examinations
Mr. Leavitt, Assistant Director, Division of
Examinations
Mrs. Semia, Technical Assistant, Office of the
Secretary
Mr. Potter, Senior Attorney, Legal Division
Mr. Veret, Attorney, Legal Division

Discount rates. The establishment without change by the Federal Reserve Banks of Boston and Atlanta on March 19, 1962, 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:

3/20/62

-2-

	<u>Item No.</u>
Letter to The First Pennsylvania Banking and Trust Company, Philadelphia, Pennsylvania, transmitting a preliminary permit authorizing First Pennsylvania Overseas Finance Corporation to exercise powers incidental and preliminary to its organization under section 25(a) of the Federal Reserve Act.	1
Letter to the Presidents of all Federal Reserve Banks regarding amendment of a uniform paragraph in noncash operating circulars and letters to provide for a uniform service charge for transmitting noncash collection messages.	2
Telegram to the Federal Reserve Bank of San Francisco regarding a request for the 1958 report of examination of Bank of Belmont Shore (now Coast Bank), Long Beach, California, for use in litigation.	3
Letter to Bank of Slidell, Slidell, Louisiana, approving the establishment of a branch at Broad Street and Ponchartrain Boulevard.	4

Report on competitive factors (Kansas City, Kansas) (Item No. 5).

At its meeting on March 16, 1962, the Board considered an inquiry from the Comptroller of the Currency as to whether, in view of a letter dated December 5, 1961, written to the Board by Mr. Henry G. Blanchard, President, The Commercial National Bank, Kansas City, Kansas, the Board intended to submit an amended report on the competitive factors involved in the proposed consolidation of Security National Bank of Kansas City and Riverview State Bank, both of Kansas City, Kansas. The Comptroller of the Currency had scheduled a hearing on the application on March 21, 1962.

A proposed draft of reply to the Comptroller of the Currency accompanied a memorandum dated March 14, 1962, from the Division of

3/20/62

-3-

Examinations. During discussion at the Board's March 16 meeting, revisions of the draft letter were suggested, and a revised draft was distributed with a memorandum dated March 19 from the Division of Examinations. The only change of substance in the revised draft was in the last paragraph. That paragraph pointed out that through the use of cumulative voting, stockholders now owning control of Riverview State Bank could elect several members of the board of directors of Commercial National Bank, and subsequent to the proposed consolidation of Security National Bank and Riverview State Bank the same situation could exist. The only apparent effect upon the existing situation would be that after the consolidation Commercial would be subject to the competitive capacity of a significantly larger bank.

In discussion at this meeting Governor Robertson suggested a revision of the last paragraph of the letter, for reasons which he stated, after which Governor Mills expressed a preference for a brief reply to the Comptroller of the Currency rather than the relatively long draft that had been prepared. This could be accomplished by omitting the recitation of certain material relating to shareholdings in the banks concerned. Other members of the Board expressed concurrence with that suggestion, the general view being that the reply could consist of the introductory paragraph of the draft and the last paragraph revised as suggested by Governor Robertson. Accordingly, a letter in that form was approved unanimously. A copy is attached as Item No. 5.

3/20/62

-4-

Mr. Goodman then withdrew from the meeting.

Report on competitive factors (West Chester-Avondale, Pennsylvania).

There had been distributed a draft of report to the Comptroller of the Currency on the competitive factors involved in the proposed consolidation of The National Bank of Avondale, Avondale, Pennsylvania, and National Bank of Chester County and Trust Company, West Chester, West Chester, Pennsylvania.

During discussion, a change suggested by Governor Mills in the wording of the conclusion of the report was agreed upon, after which the report was approved unanimously for transmittal to the Comptroller of the Currency. The conclusion in the report so approved read as follows:

At present, competition between The National Bank of Avondale, Avondale, Pennsylvania, and National Bank of Chester County and Trust Company, West Chester, West Chester, Pennsylvania, is negligible. However, there would be some competition between the subject banks following establishment of West Chester National's branch in Kennett Square. If the proposed consolidation is approved, West Chester National's service area would be enlarged and the resulting bank would hold 45 per cent of the area's commercial bank IPC deposits. Consummation of this proposal probably would not have serious consequences on the other two commercial banks in the continuing institution's service area, and would augment the resulting bank's capacity to compete in a more extended regional trade territory served by a variety of banking and other types of financial institutions.

Application of Union Trust Company of Maryland (Items 6 and 7).

Pursuant to the unanimous decision by the Board on March 14, 1962, to approve the application of Union Trust Company of Maryland, Baltimore, Maryland, to merge with The Kingsville Bank, Kingsville, Maryland, there

3/20/62

had been distributed drafts of an order and a statement reflecting that decision.

During discussion at this meeting, Mr. Shay indicated that he would like to make minor editorial changes in the statement and, with the understanding that he would do so, the issuance of the order and statement was authorized. Copies of the documents issued pursuant to this authorization are attached as Items 6 and 7.

Application of First Trust Company of Albany (Items 8 and 9).

Pursuant to the unanimous decision by the Board on March 14, 1962, to approve the application of First Trust Company of Albany, Albany, New York, to merge with The Broadalbin Bank, Broadalbin, New York, there had been distributed drafts of an order and a statement reflecting that decision.

Mr. Shay stated that he would like to make minor editorial changes in the statement, and it was understood that he would do so. The issuance of the order and statement was thereupon authorized. Copies of the documents issued pursuant to this authorization are attached as Items 8 and 9.

Messrs. O'Connell, Shay, Benner, Potter, and Veret then withdrew from the meeting and Mr. Molony, Assistant to the Board, entered the room.

"Articles of Association" of Federal Reserve Banks (Item No. 10).

A memorandum dated March 19, 1962, from Mr. Hackley had been distributed in connection with a request known (from Reserve Bank sources) to have

3/20/62

-6-

been sent by the Comptroller of the Currency to several Federal Reserve Banks, and presumably to all of them, requesting a current copy of each Bank's Articles of Association. The memorandum noted that the Federal Reserve Act contained no reference to Articles of Association of the Reserve Banks. Section 4 required each Reserve Bank, upon its organization, to file its organization certificate with the Comptroller and provided that thereupon the Reserve Bank should become a body corporate and should have the corporate powers set forth in the fourth paragraph of section 4. The law also provided that no Reserve Bank should transact any business until it received authorization from the Comptroller to commence business. The letter sent by the Comptroller of the Currency to the Reserve Banks stated that his files contained these organization certificates and authorizations to commence business. The Board's records did not indicate that any Federal Reserve Bank had ever voluntarily adopted Articles of Association. In any event, there was clearly no requirement for the filing of any such articles with the Comptroller of the Currency. Attached to the memorandum was a draft of wire that Mr. Hackley suggested might be sent to the Reserve Bank Presidents for their guidance. A preliminary wire already had been sent to the Reserve Banks suggesting that replies to the Comptroller's letter be deferred pending receipt of a further telegram from the Board.

There was a discussion that centered upon the terms in which it would be appropriate to advise the Reserve Banks concerning a reply to

3/20/62

-7-

the Comptroller. Question was raised as to whether it might be advisable for the Board's staff to give the necessary information to the Comptroller's staff informally, but the consensus was that, since the Comptroller had written to the Reserve Banks, it would seem preferable for the Banks to reply to him. Suggestions were made for revisions in the telegram to the Reserve Bank Presidents, after which a telegram was approved unanimously in the form attached as Item No. 10.

Costs of bank examination. Governor Shepardson stated that, in connection with the Board's consideration of what reply it should make to the Comptroller of the Currency's letter of March 16, 1962, again urging that the Board contribute to meeting the cost of national bank examinations, it seemed to him important to have comparative information on the cost of examinations of State and national banks. Chairman Cocke of the Federal Deposit Insurance Corporation had indicated that the Corporation had current information and that he would send a copy to Governor Shepardson. If it developed that the Corporation's information would serve the purpose, it would be distributed to the Board. If not, Governor Shepardson felt that the staff should be instructed to develop comparative information.

Use of Board's computer. Governor Shepardson referred to the fact that the Board's computer was used to process data from reports of condition and earnings and dividend reports for the Federal Deposit Insurance Corporation and the Comptroller of the Currency as well as

3/20/62

-8-

for the Board. He stated that Chairman Cocke of the Federal Deposit Insurance Corporation had inquired whether there was any likelihood that the Board would find it necessary to discontinue providing service on its computer in the foreseeable future. The Corporation's new building was under construction, and in allocating space it would be helpful to know if it would be necessary for the Corporation to make room for its own computer installation. Governor Shepardson had indicated that it seemed reasonably certain that the service on the Board's computer could be continued for at least several more years.

Building space. Governor Shepardson stated that he expected to present to the Board within the near future a report on present and projected building space needs for the Board and its staff.

The meeting then adjourned.

Secretary's Notes: On March 19, 1962, Governor Shepardson approved on behalf of the Board a letter to the Federal Reserve Bank of San Francisco (attached Item No. 11) approving the appointment of Charles L. Buckley as assistant examiner.

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

Letter to the Federal Reserve Bank of Philadelphia (attached Item No. 12) approving the designation of nine persons as special assistant examiners.

Memoranda from appropriate individuals concerned recommending the following actions relating to the Board's staff:

3/20/62

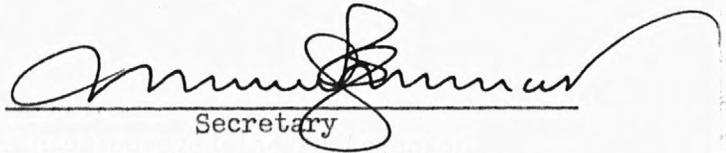
-9-

Appointment

John H. Wood as Economist in the Division of Research and Statistics, with basic annual salary at the rate of \$9,215, effective the date of entrance upon duty.

Salary increase with change in title

Marjorie J. Hollingshead, from \$4,250 to \$4,510 per annum, with a change in title from Clerk-Stenographer to Secretary in the Division of Research and Statistics, effective April 1, 1962.



Secretary

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

Item No. 1
3/20/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 20, 1962



Mr. William L. Day, Chairman of the Board,
The First Pennsylvania Banking and Trust Company,
15th & Chestnut Streets,
Philadelphia 1, Pennsylvania.

Dear Mr. Day:

The Board of Governors has approved the Articles of Association and the Organization Certificate, dated February 13, 1962, of First Pennsylvania Overseas Finance Corporation, and there is enclosed a preliminary permit authorizing that Corporation to exercise such of the powers conferred by Section 25(a) of the Federal Reserve Act as are incidental and preliminary to its organization. As you are aware, the Corporation may not exercise any of the other powers conferred by Section 25(a) until it has received a final permit from the Board authorizing it generally to commence business. The steps which must be taken prior to issuance of a final permit are enumerated in Section 211.3(c) of the Board's Regulation K.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

Enclosure.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

March 20, 1962

Preliminary Permit

IT IS HEREBY CERTIFIED that the Board of Governors of the Federal Reserve System, pursuant to authority vested in it by Section 25(a) of the Federal Reserve Act, as amended, has this day approved the Articles of Association and Organization Certificate, dated February 13, 1962, of FIRST PENNSYLVANIA OVERSEAS FINANCE CORPORATION duly filed with said Board of Governors, and that FIRST PENNSYLVANIA OVERSEAS FINANCE CORPORATION is authorized to exercise such of the powers conferred upon it by said Section 25(a) as are incidental and preliminary to its organization pending the issuance by the Board of Governors of the Federal Reserve System of a final permit generally to commence business in accordance with the provisions of said Section 25(a) and the rules and regulations of the Board of Governors of the Federal Reserve System issued pursuant thereto.

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM

By (Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

(SEAL)

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

Item No. 2
3/20/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

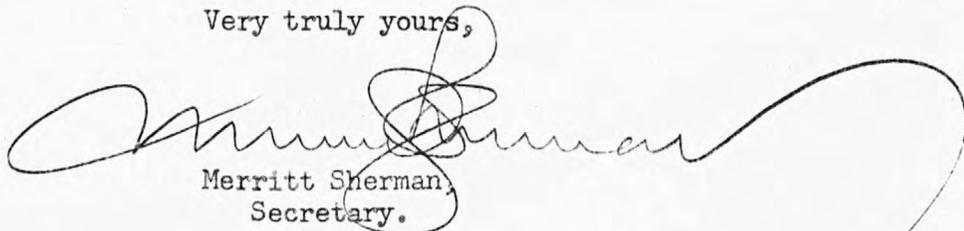
March 20, 1962.

Dear Sir:

The Board of Governors concurs in the approval by the Conference of Presidents at its meeting on March 5, 1962, of the recommendation contained in the Joint Report of the Subcommittee on Collections and the Subcommittee of Counsel on Collections, dated January 26, 1962, regarding amendment of the uniform paragraph entitled "Telegraphic advice" in the noncash operating circulars and letters of Federal Reserve Banks, with certain minor changes requested by the Conference of Presidents and subsequently agreed to by such Subcommittees. It is understood that the amended paragraph, to become effective April 1, 1962, will read as follows:

"When instructed to do so by forwarding banks, this Bank will request telegraphic advice of payment or nonpayment of noncash items and will transmit by telegraph any information received. A service charge of \$1.50 will be made against the forwarding bank's account for each telegram transmitted over the leased wire pertaining to payment, nonpayment or tracing of items, and in connection with receiving or transmitting any other information or instructions. Charges for telegrams transmitted over commercial wire facilities will be made at commercial wire rates against the forwarding bank's account; telegrams to such banks will be sent 'collect'."

Very truly yours,



Merritt Sherman,
Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS.

T E L E G R A M
LEASED WIRE SERVICEItem No. 3
3/20/62BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

March 20, 1962.

O'Kane - San Francisco

Re your telegram March 14 requesting to be advised whether your Bank should furnish to Attorney Baker a copy of Board's 1958 report of examination of Bank of Belmont Shore, Long Beach, for use in defendant's behalf in pending case of Nicholson v. Wade. You also ask whether response should be made to duly served subpoena duces tecum demanding this report. Board will not make the 1958 report of examination or any other report of examination of Bank of Belmont Shore available to Baker for use in subject litigation. Should Baker effect service of subpoena duces tecum on appropriate personnel of your Bank calling for production of the report of examination requested, or of any other report of examination, the person subpoenaed should follow the procedures set forth in section 261.5(a) and (b) of the Board's Rules Regarding Information, Submittals, and Requests. Board is advised that the FDIC has wired its refusal to comply with similar request for copy of 1958 FDIC report of examination of Bank.

(Signed) Merritt Sherman

Sherman

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

Item No. 4
3/20/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 20, 1962

Board of Directors,
Bank of Slidell,
Slidell, Louisiana.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Atlanta, the Board of Governors of the Federal Reserve System approves the establishment of a branch by the Bank of Slidell, at the corner of Broad Street and Ponchartrain Boulevard, Slidell, Louisiana, which may be operated in temporary quarters at the corner of Fremaux Avenue and Second Street in Slidell, pending completion of permanent branch quarters.

Approval is given to the establishment of the branch provided (1) the branch is established within one year from the date of this letter, and (2) the temporary branch will be discontinued simultaneously with the establishment of the permanent 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. 5
3/20/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 20, 1962

BY MESSENGER

Comptroller of the Currency,
Treasury Department,
Washington 25, D. C.

Dear Mr. Comptroller:

This refers to your letter of February 23, 1962, concerning letter dated December 5, 1961, written by Mr. Henry G. Blanchard, President, The Commercial National Bank, Kansas City, Kansas, relative to the proposed consolidation of Security National Bank and Riverview State Bank, both of Kansas City, Kansas, and your letter of March 1, 1962, concerning a public hearing in this proposed consolidation.

At present, the Riverview and Security banks are controlled by persons holding a strong minority position in the Commercial Bank. The merger would consolidate this existing community of ownership, with its attendant concentration of banking power. The other smaller banks would have to face competition, not only from two larger banks, but from two larger banks that are interrelated.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

UNITED STATES OF AMERICA

Item No. 6
3/20/62

BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

WASHINGTON, D. C.

In the Matter of the Application of	:
UNION TRUST COMPANY OF MARYLAND	:
for approval of merger with	:
The Kingsville Bank	:

ORDER APPROVING MERGER OF BANKS

There has come before the Board of Governors, pursuant to section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. 1828(c)), an application by Union Trust Company of Maryland, Baltimore, Maryland, a member bank of the Federal Reserve System, for the Board's prior approval of the merger of The Kingsville Bank, Kingsville, Maryland, with and into Union Trust Company of Maryland, under the charter and title of the latter.

Pursuant to said section 18(c), notice of the proposed merger, in form approved by the Board of Governors, has been published, and reports on the competitive factors involved in the proposed transaction have been furnished by the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Department of Justice and have been considered by the Board.

-2-

IT IS ORDERED, for the reasons set forth in the Board's Statement of this date, that said merger be, and hereby is, approved, provided that said merger shall not be consummated (a) sooner than seven calendar days after the date of this Order or (b) later than three months after said date.

Dated at Washington, D. C., this 20th day of March, 1962.

By order of the Board of Governors.

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

Absent and not voting: Governor Mitchell.

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

(SEAL)

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Item No. 7
3/20/62

APPLICATION BY UNION TRUST COMPANY OF MARYLAND
FOR PRIOR APPROVAL OF MERGER WITH THE KINGSVILLE BANK

STATEMENT

Union Trust Company of Maryland, Baltimore, Maryland ("Union Trust"), with deposits of \$245 million, has applied, pursuant to section 18(c) of the Federal Deposit Insurance Act, for the Board's prior approval of the merger of that bank and The Kingsville Bank, Kingsville, Maryland, with deposits of \$8.5 million. Under the Agreement of Merger, the banks would merge under the charter and title of Union Trust; and the two offices of The Kingsville Bank would become branches of Union Trust, the total banking offices of which would be thereby increased from 31 to 33.

Under the law, the Board is required to consider (1) the financial history and condition of each of the banks involved, (2) the adequacy of its capital structure, (3) its future earnings prospects, (4) the general character of its management, (5) whether its corporate powers are consistent with the purposes of the Federal Deposit Insurance Act, (6) the convenience and needs of the community to be served, and (7) the effect of the transaction on competition (including any tendency toward monopoly). The Board may not approve the transaction

-2-

unless, after considering all these factors, it finds the transaction to be in the public interest.

Banking factors. - Concerning the first five factors to be considered, both Union Trust and The Kingsville Bank have good financial histories. Both are in good condition; they are adequately capitalized; the future earnings prospects for both are satisfactory; and each has competent management. The same would hold true for the resulting bank. There is no evidence that the corporate powers of the banks are or would be inconsistent with the purposes of the Federal Deposit Insurance Act.

Convenience and needs of the communities. - The City of Baltimore, a major seaport and commercial, industrial, and financial center, has a population of 940,000, reflecting a decline of about 10,000 since 1950. The Baltimore metropolitan area (i.e., The Standard Metropolitan Statistical Area, as defined by the Bureau of the Census), which is comprised of Anne Arundel, Baltimore, Carroll and Howard Counties and the City of Baltimore, has a population of 1,725,000, an increase of 322,000 since 1950. Of this increase, 222,000 was in Baltimore County, the population of which increased 82 per cent. Congestion in the City of Baltimore has resulted in both industrial and residential development in the four counties surrounding the city, and it appears that this trend will continue.

Union Trust, with its head office in Baltimore and presently operating 30 branches, has pending applications for the establishment of two more branches. All of the bank's presently established offices

-3-

are located in the City of Baltimore (19 offices), Baltimore County (11 offices), and Anne Arundel County (1 office). None of the bank's out-of-city offices is farther than ten miles from the Baltimore city limits except two, which are located 15 to 20 miles away at Reistertown and Glyndon.

Kingsville, with about 2,000 population, is located 16 miles northeast of downtown Baltimore on U. S. Highway 1. The Kingsville Bank's only branch is at Perry Hall, 12 miles northeast of Baltimore on the same highway. The Perry Hall area, which is unincorporated, has a population of about 26,000. Kingsville and Perry Hall, both in Baltimore County, are mostly residential, with some farming in the general area, and many of their residents are employed in Baltimore. Consistent with the trend in Baltimore County, Kingsville and Perry Hall have had a substantial growth in population since 1950. The nearest alternate banking office to The Kingsville Bank or its branch is the Overlea branch of Union Trust, located about four miles northeast of Baltimore on U. S. Highway 1. Maryland National Bank, the largest bank in the State, with deposits of almost \$430 million and operating 39 offices in the Baltimore metropolitan area, has been granted permission to establish a branch at Perry Hall.

If the merger is approved, the complete range of trust and banking services offered by Union Trust would become available in the Kingsville-Perry Hall area. Another beneficial effect of the merger

in that area would be the substitution of the resulting bank's basic loan limit of \$2.3 million for the \$57,500 basic loan limit of The Kingsville Bank.

Competition. - The service areas of Union Trust's Overlea branch (deposits \$2.4 million) and of the two offices of The Kingsville Bank do not overlap and there are now no other banking offices along U. S. Highway 1 from Baltimore to a point 11 miles beyond Kingsville. Nor are there other banking offices within the service areas of these offices or between the respective service areas.

The few common loan and deposit relationships that exist between Union Trust and The Kingsville Bank, indicate only a minor amount of competition. The Overlea branch of Union Trust and the Perry Hall branch of Kingsville Bank represent alternate banking offices for some individuals and businesses.

Following the merger, Union Trust would continue to rank third in size, based on deposits, among the 13 commercial banks in the Baltimore metropolitan area; and Union Trust would continue to be second only to Maryland National Bank in number of banking offices in the metropolitan area.

The competitive relationships between Union Trust and other large banks in the Baltimore metropolitan area would change very little as a result of the merger. The authorized branch of Maryland National Bank at Perry Hall will compete with an office of the third largest bank in the area, instead of with a small local bank. This should

-5-

intensify competition. There are no small banks in The Kingsville Bank's service areas to be affected by the proposed merger.

Summary and conclusion. - If approved, the merger will provide more complete banking services to the rapidly growing service areas of The Kingsville Bank. Little, if any, competition will be eliminated since practically none of consequence exists between the two banks involved. Union Trust will be in a better position to compete more effectively in the Kingsville-Perry Hall area with one of the two largest banks in the Baltimore metropolitan area.

Accordingly, the Board finds that the proposed merger would be in the public interest.

March 20, 1962

UNITED STATES OF AMERICA

Item No. 8

3/20/62

BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

WASHINGTON, D. C.

In the Matter of the Application of
 FIRST TRUST COMPANY OF ALBANY
 for approval of merger with
 The Broadalbin Bank

ORDER APPROVING MERGER OF BANKS

There has come before the Board of Governors, pursuant to section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. 1828(c)), an application by First Trust Company of Albany, Albany, New York, a member bank of the Federal Reserve System, for the Board's prior approval of the merger of The Broadalbin Bank, Broadalbin, New York, with and into First Trust Company of Albany, under the charter and title of the latter.

Pursuant to said section 18(c), notice of the proposed merger, in form approved by the Board of Governors, has been published, and reports on the competitive factors involved in the proposed transaction have been furnished by the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Department of Justice and have been considered by the Board.

-2-

IT IS ORDERED, for the reasons set forth in the Board's Statement of this date, that said merger be, and hereby is, approved, provided that said merger shall not be consummated (a) sooner than seven calendar days after the date of this Order or (b) later than three months after said date.

Dated at Washington, D. C., this 20th day of March, 1962.

By order of the Board of Governors.

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

Absent and not voting: Governor Mitchell.

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

(SEAL)

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Item No. 9
3/20/62

APPLICATION BY FIRST TRUST COMPANY OF ALBANY
FOR PRIOR APPROVAL OF MERGER WITH THE BROADALBIN BANK

STATEMENT

First Trust Company of Albany, Albany, New York ("First Trust"), with seven banking offices and deposits of \$83.8 million, has applied, pursuant to section 18(c) of the Federal Deposit Insurance Act, for the Board's prior approval of the merger of that bank and The Broadalbin Bank, Broadalbin, New York, with deposits of \$2.8 million. Under the Plan of Merger the banks would merge under the charter and title of First Trust; and the single office of The Broadalbin Bank would become a branch of First Trust.

Under the law, the Board is required to consider (1) the financial history and condition of each of the banks involved, (2) the adequacy of its capital structure, (3) its future earnings prospects, (4) the general character of its management, (5) whether its corporate powers are consistent with the purposes of the Federal Deposit Insurance Act, (6) the convenience and needs of the community to be served, and (7) the effect of the transaction on competition (including any tendency toward monopoly). The Board may not approve the transaction unless, after considering all these factors, it finds the transaction to be in the public interest.

-2-

Banking factors. - Consideration of the five so-called "banking factors" shows that First Trust has a satisfactory financial history. Its condition is good, its capital is adequate, and it has favorable earnings prospects and competent management. The Broadalbin Bank has adequate capital, but its earnings prospects are uncertain and strengthened management is needed to maintain its present satisfactory condition. This, the bank feels, it cannot afford. The merger would solve this problem by making available the management services of First Trust. The earnings prospects of the resulting bank would be satisfactory, its condition would be sound, and its capital adequate. There is no evidence that the corporate powers of the banks are or would be inconsistent with the purposes of the Federal Deposit Insurance Act.

Consideration of the banking factors, therefore, lends support to the application.

Convenience and needs of the community to be served. - Albany, with a population of about 130,000, is the capital of the State of New York and the center of a trade area with over 600,000 persons. It is a distribution center for the surrounding industrial and agricultural area, and the local manufacturing is expanding and well diversified. In addition to six offices of First Trust, Albany County is served by four other commercial banks operating 22 offices, and by two branches of out-of-county banks.

-3-

The village of Broadalbin is 35 miles northwest of Albany. It has a population of about 1,400, is located in Fulton County, and serves a trade area of about 3,500 people. Broadalbin is primarily a summer resort community with little industry. The Broadalbin Bank is the only bank in the village.

The merger, if approved, would have no effect on the Albany area aside from increasing slightly First Trust's loan limit. The village of Broadalbin, however, would benefit, not only from improved bank management, but also from conveniently available, expanded, and more efficient banking services, such as a higher lending limit, special checking accounts, commercial and travelers' letters of credit, postal money orders, automatic savings accounts, FHA modernization loans, and trust and bank wire services.

Competition. - The two largest banks in the area served by First Trust hold, in the aggregate, 84 per cent of the commercial bank deposits in Albany County. These banks would continue to provide strong competition for First Trust, the third largest bank in the County, which holds about 12 per cent of the commercial deposits of the area.

There is little overlap of service areas. Moreover, First Trust and The Broadalbin Bank have only a small number of common depositors and borrowers involving only a small volume of dollars. Competition between the two banks is negligible. Except for The Broadalbin Bank, no other bank has an office closer than ten miles to Broadalbin; and none

-4-

of the offices of these other banks solicit business, other than savings deposits, in the Broadalbin area.

Summary and conclusion. - The banking factors are favorable to approval of the merger. The need for improved management at The Broadalbin Bank would be fulfilled by consummation of the merger, whereas there is no evidence that this need might be otherwise resolved. The Broadalbin area would be supplied with more varied and improved banking services. Otherwise, the effects of the merger would not be significant in any area served by the merging institutions.

Accordingly, the Board finds that the proposed merger would be in the public interest.

March 20, 1962

TELEGRAM
LEASED WIRE SERVICE

Item No. 10
3/20/62

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

March 20, 1962

Presidents, all Federal Reserve Banks

Referring to Board's wire March 19, 1962, regarding letters sent by Comptroller of the Currency to Federal Reserve Banks requesting copies of Articles of Association. Board understands that no Reserve Bank has ever adopted Articles of Association, which are not provided for by law. Statute provides that, upon filing of organization certificate with Comptroller, each Federal Reserve Bank shall become body corporate with corporate powers stated in statute. It is suggested that you may wish to include advice along these lines in any response made to Comptroller's letter.

Sherman



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

Item No. 11
3/20/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 19, 1962



CONFIDENTIAL (FR)

Mr. H. E. Hemmings, First Vice President,
Federal Reserve Bank of San Francisco,
San Francisco 20, California.

Dear Mr. Hemmings:

In accordance with the request contained in your letter of March 12, 1962, the Board approves the appointment of Charles L. Buckley as an assistant examiner for the Federal Reserve Bank of San Francisco. Please advise the effective date of the appointment.

It is noted that Mr. Buckley is indebted to Somerville National Bank, Somerville, Massachusetts, Federal Reserve District No. 1, but that he will not participate in any examinations of that 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. 12
3/20/62

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 20, 1962



CONFIDENTIAL (FR)

Mr. Joseph R. Campbell, Vice President,
Federal Reserve Bank of Philadelphia,
Philadelphia 1, Pennsylvania.

Dear Mr. Campbell:

In accordance with the request contained in your letter of March 14, 1962, the Board approves the designation of the following employees as special assistant examiners for the Federal Reserve Bank of Philadelphia for the purpose of participating in examinations of State member banks:

- | | |
|-------------------|-----------------------|
| Arthur B. Lecates | Joseph F. Aliano, Jr. |
| Roy Guerra | Eugene R. Pomendale |
| Thomas D. Miller | Robert L. Sharpe |
| Philip S. Boyer | Francis Finnegan |

The Board also approves the designation of Bernard E. Beck as a special assistant examiner for the Federal Reserve Bank of Philadelphia for the purpose of participating in examinations of State member banks except First Pennsylvania Banking and Trust Company, Philadelphia, Pennsylvania.

Appropriate notations have been made on our records of the names to be deleted from the list of special assistant examiners.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.