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Minutes for June 29, 1962

To: Members of the Board

From: Office of the Secretary

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

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

Should you have any question with regard to the minutes, it will be appreciated if you will advise the Secretary's Office. Otherwise, please initial below. If you were present at the meeting, your initials will indicate approval of the minutes. If you were not present, your initials will indicate only that you have seen the minutes.

Chm. Martin

Gov. Mills

Gov. Robertson

Gov. Balderston

Gov. Shepardson

Gov. King

Gov. Mitchell

Minutes of the Board of Governors of the Federal Reserve System on Friday, June 29, 1962. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Balderston, Vice Chairman  
Mr. Mills  
Mr. Robertson  
Mr. Shepardson  
Mr. Mitchell

Mr. Sherman, Secretary  
Mr. Molony, Assistant to the Board  
Mr. Cardon, Legislative Counsel  
Mr. Fauver, Assistant to the Board  
Mr. Noyes, Director, Division of Research and Statistics  
Mr. Holland, Adviser, Division of Research and Statistics  
Mr. Koch, Adviser, Division of Research and Statistics  
Mr. Furth, Adviser, Division of International Finance  
Mr. Spencer, General Assistant, Office of the Secretary  
Mr. Eckert, Chief, Banking Section, Division of Research and Statistics  
Mr. Yager, Chief, Government Finance Section, Division of Research and Statistics  
Mr. Keir, Senior Economist, Division of Research and Statistics

Money market review. Mr. Keir commented on the Government securities market, in which connection he distributed a table summarizing recent changes in yields on Government securities and a chart showing sources of financing of Government securities dealers for the period April 13-June 27, 1962. Following Mr. Keir's remarks, Mr. Koch discussed current economic and banking developments.

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All members of the staff except Messrs. Sherman, Molony, Cardon, Fauver, Noyes, and Spencer then withdrew and the following entered the room:

Mr. Hackley, General Counsel  
Mr. Solomon, Director, Division of Examinations  
Mr. Johnson, Director, Division of Personnel Administration  
Mr. Kiley, Assistant Director, Division of Bank Operations  
Mr. Goodman, Assistant Director, Division of Examinations  
Mr. Leavitt, Assistant Director, Division of Examinations  
Mr. Potter, Senior Attorney, Legal Division

Quarterly survey of consumer buying intentions (Items 1, 2, and 3). In 1959 the Board discontinued financial support of the annual survey of consumer finances conducted by the University of Michigan. Since that time, the Board had contributed funds to the Bureau of the Census to finance quarterly surveys of consumer buying intentions. However, it had been anticipated that the Board would be relieved of that financial responsibility, and funds to finance the quarterly survey were requested in the President's budget for fiscal 1962. The necessary appropriation was approved initially by the House and Senate but was subsequently "deferred without prejudice" at the time the Census Bureau's budget was approved by the Congress. As a result, appropriated funds could not be made available to support the quarterly survey until Congressional action on the fiscal

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1963 Federal budget. Consequently, the Bureau of the Budget and the Council of Economic Advisers asked that the Board give interim support to the first two quarterly surveys for 1962. The Board approved this request at its meeting on October 20, 1961.

There had been distributed a memorandum dated June 28, 1962, from Mr. Noyes stating that, because of delay in action on the 1963 budget of the Bureau of the Census, the Board was being asked by the Budget Bureau to finance the quarterly survey of consumer buying intentions scheduled to be made in July 1962, the estimated cost being \$32,500. In this memorandum, Mr. Noyes somewhat reluctantly recommended that the Board approve the request. Attached to his memorandum were copies of a letter dated June 22, 1962, from the Council of Economic Advisers to the Bureau of the Budget urging continuation of the quarterly survey, and a letter dated June 26, 1962, from the Budget Bureau requesting that the Board finance the July 1962 survey. The Bureau's letter pointed out that the July survey was of special significance for assessing consumer attitudes for the immediate months ahead. Further, the value of having knowledge of consumer buying prospects for major durable goods was sufficiently great to warrant special efforts to insure conduct of the July survey, regardless of the final disposition of the question of continuing the survey.

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In commenting on the Budget Bureau's request, Mr. Noyes recommended that if the Board was disposed to approve support of the third quarterly survey, Mr. Cardon be asked to bring this request to the attention of the Chairmen of the Appropriations Subcommittees of the House and Senate that were handling the matter to determine whether they would have any objection to the Board's financing the costs of the July survey.

Governor Mills asked whether it was also contemplated that the Congressional Subcommittees be advised that the Board's position was not one of its choosing, but rather that it continued to be the Board's desire that the program be undertaken by the Census Bureau out of appropriated funds.

Mr. Cardon replied that he felt the Subcommittees should be advised to the effect that, while the Board was prepared to furnish interim support, it did so because of the interest in preserving the continuity of the statistics.

Mr. Noyes then responded to several questions raised by Governor Mitchell with respect to the Board's reasoning in financing the earlier quarterly surveys. In this connection, Mr. Noyes noted that the Bureau of the Budget and the Council of Economic Advisers had initiated the request that the Board support the first two quarterly surveys in 1962 and that the Board then felt there was sufficient merit in the continuation of the survey to justify the expenditure.

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Governors Robertson and Shepardson indicated that they would vote to approve the request, with the understanding that if the Chairmen of the Appropriations Subcommittees of the Senate and House expressed any reservations about the Board's furnishing interim support, the matter would be brought back to the Board for further consideration.

Governor Mitchell said he would take the position that if the Board felt a survey was worth conducting, then it should give support whether or not the Congress was willing to finance it through appropriations. In this instance, he would be agreeable to the Board furnishing support for the July survey.

Governor Balderston indicated that he also would favor approval of the request.

Following further discussion, the Bureau of the Budget's request was approved, subject to clearance with the Appropriations Subcommittees of the Senate and House, and with the understanding that this action included authorization for any resulting over-expenditure in the 1962 budget of the Division of Research and Statistics. Copies of letters sent to the Chairmen of the appropriate Subcommittees are attached as Items No. 1 and 2.

Secretary's Note: Following receipt of advice that the Chairmen of the Subcommittees had indicated that they would have no objection to the Board's furnishing interim financial support for the quarterly survey of consumer buying intentions

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scheduled to be made in July 1962, a letter was sent to the Bureau of the Budget stating that the Board had authorized payment of the costs estimated at \$32,500. A copy of the letter is attached as Item No. 3.

Branch deposit survey (Item No. 4). Governor Mitchell referred to a letter sent to all national banks by the Comptroller of the Currency under date of June 5, 1962, informing them that the furnishing of reports asked for by the Board at Congressman Patman's request regarding chain banking and those requested by the Board relating to data of deposits by branches as of June 30, 1962, was a matter for the discretion of the national bank concerned. He pointed out that the branch deposit report was a part of the Government statistical program, and he inquired whether the Bureau of the Budget had been informed of the contents of the Comptroller's letter, since this represented an instance in which one agency of Government was interfering with the collection of a report by another agency after the report had been appropriately cleared by the Bureau.

Comments indicated uncertainty as to whether the Comptroller's letter referred to by Governor Mitchell, which was dated June 5, had come to the attention of the Bureau of the Budget. The Secretary also stated that the Board's letter of June 5 to all Reserve Banks requesting collection of branch deposit data had not been sent to the Bureau of the Budget in its final form, although

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the Bureau had approved the form of report and commented on the draft of letter to the Reserve Banks containing reporting instructions, in line with the Bureau's responsibility for the Government's statistical programs.

During the ensuing discussion, the Secretary was requested to send to the Bureau of the Budget a copy of the Board's letter regarding the branch deposit survey in the form sent to all Federal Reserve Banks on June 5, together with a copy of the Board's telegram to the Presidents on June 25 advising that the report of member bank deposits by branches was a mandatory report. A copy of the letter to the Bureau of the Budget is attached as Item No. 4.

Messrs. Molony, Cardon, and Noyes withdrew from the meeting at this point.

National bank examination reports. Governor Robertson raised the question whether the Board had received a reply to its letter of June 27, 1962, to the Comptroller of the Currency with respect to charges for national bank examination reports.

Mr. Sherman responded that no reply had been received.

However, a copy of a letter dated June 27, 1962, from the Comptroller to the Presidents of all Federal Reserve Banks informing them of a new schedule of charges for providing Reserve Banks with copies of reports of examination of national banks and a covering transmittal

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letter dated June 26 from the Administrative Assistant to the Comptroller had been received at the Board on June 28. It was noted that the Board's letter of June 27 to the Comptroller regarding proposed charges for such reports was sent on the same date as the Comptroller's letter to the Reserve Bank Presidents informing them of the new rates.

Discount rates. The establishment without change by the Federal Reserve Banks of New York, Cleveland, Richmond, Atlanta, St. Louis, Minneapolis, and Dallas on June 28, 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.

Circulated or distributed items. The following items, which had been circulated or 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:

Item No.

Letter to The First National Bank of Bar Harbor, Bar Harbor, Maine, approving its supplemental application for fiduciary powers.

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Letter to Chemical International Finance, Ltd., New York, New York, granting consent to the purchase of shares of First Acceptance and Investment Corporation, Manila, Philippines.

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|   | <u>Item No.</u> |
|---|-----------------|
| Letter to International Banking Corporation, New York, New York, granting consent to the purchase of additional capital stock of The First National City Bank of New York (South Africa) Ltd., Johannesburg, Union of South Africa. | 7               |
| Letter to New Jersey Bank and Trust Company, Clifton, New Jersey, approving an extension of time to comply with a condition of membership.  | 8               |
| Letter to the Federal Reserve Bank of Cleveland approving the payment of salaries to four officers at rates fixed by the Bank's Board of Directors.   | 9               |
| Letter to the Federal Reserve Bank of Richmond approving the payment of salaries to three officers at rates fixed by the Bank's Board of Directors.   | 10              |
| Letter to The Washington County National Bank of Abingdon, Abingdon, Virginia, approving its supplemental application for fiduciary powers.   | 11              |
| Letter to the Federal Reserve Bank of Chicago approving the payment of salaries to the Bank's engineers and firemen at specified rates.   | 12              |
| Letter to The Citizens State Bank of Petersburg, Petersburg, Indiana, approving an investment in bank premises.   | 13              |
| Letter to St. Joseph Valley Bank, Elkhart, Indiana, approving an extension of time to establish a branch in the vicinity of Nappanee and West Indiana Streets.  | 14              |
| Letter to Red River National Bank of Grand Forks, Grand Forks, North Dakota, approving its application for fiduciary powers.  | 15              |

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|  | <u>Item No.</u> |
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| Letter to the Federal Reserve Bank of San Francisco interposing no objection to the execution of a fallout shelter license to the Federal Government permitting the use of certain areas in the Bank's service building, 241 Battery Street, for fallout shelter purposes.   | 16              |
| Letter to United California Bank, Los Angeles, California, approving an extension of time to establish a branch at 1800 Van Ness Avenue, San Francisco.  | 17              |
| Letter to the Department of Justice granting its request that representatives of the Antitrust Division be permitted to examine reports of condition filed by Morgan Guaranty Trust Company of New York for the years 1959 through 1961 relative to an investigation of possible violations of the antitrust laws. | 18              |
| Letter to Hempstead Bank, Hempstead, New York, approving the establishment of a branch in Old Bethpage, Nassau County.   | 19              |
| Letter to The Detroit Bank and Trust Company, Detroit, Michigan, approving the establishment of a branch in the vicinity of Ten Mile and Greenfield Roads, Royal Oak Township.   | 20              |
| Letter to United California Bank, Los Angeles, California, approving the establishment of a branch in the Coddington Regional Shopping Center, Sonoma County, and rescinding the Board's April 18, 1962 approval of a branch in Santa Rosa, Sonoma County.   | 21              |

In connection with Item No. 18, a letter to the Department of Justice giving access to reports of condition of a member bank, Governor Mills stated that he approved the position taken even though that might seem contrary to the position he had taken with

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respect to holding certain information confidential. However, he did not regard the regular required report of condition, including the reverse side which is not published, as containing the kind of information relating to transactions between a bank and its customers that should be held in confidence.

Mr. Goodman then withdrew.

Report on competitive factors (Pittsfield-Adams, Massachusetts).

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 First National Bank of Adams, Adams, Massachusetts, and First Agricultural National Bank of Berkshire County, Pittsfield, Massachusetts.

After agreement was expressed with a suggestion to change the wording of the second paragraph of the conclusion, the report was approved unanimously for transmittal to the Comptroller in a form in which the conclusion read as follows:

Competition between applicant banks is minor and little competition would be eliminated by the proposed consolidation. While the proposed consolidation will not result in any substantial lessening of competition, it is in furtherance of a trend toward concentration of commercial banking resources in a few large banks.

Since prior to December 29, 1961, the number of commercial banks in the service area with which this application is concerned has been reduced from seven to four. This consolidation would further reduce the number to three. The impact of this trend toward

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concentration of commercial banking resources in a few banks is tempered somewhat by the strong competitive capabilities of savings institutions in the area.

Report on competitive factors (Windsor Locks-Thompsonville, Connecticut). A draft of report to the Comptroller of the Currency on the competitive factors involved in the proposed consolidation of First National Bank of Windsor Locks, Windsor Locks, Connecticut, and First National Bank of Thompsonville, Thompsonville, Connecticut, had been distributed.

After brief discussion, the report was approved unanimously for transmittal to the Comptroller. The conclusion in the report read as follows:

This proposal would unite two affiliated banks between which little, if any, competition exists. The resulting bank might be able to compete more effectively with the two large banks which operate branches in its service area.

Report on competitive factors (Shirley-Kennard, Indiana).

A draft of report to the Federal Deposit Insurance Corporation on the competitive factors involved in the proposed merger of Kennard State Bank, Kennard, Indiana, with The Citizens State Bank of Shirley, Shirley, Indiana, had been distributed. The conclusion in the report read as follows:

The proposed merger of Kennard State Bank, Kennard, Indiana, with The Citizens State Bank of Shirley, Shirley, Indiana, would not have any adverse effect on competition.

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The report was approved unanimously for transmittal to the Corporation.

Report on competitive factors (Humeston, Iowa). There had been distributed a draft of report to the Federal Deposit Insurance Corporation on the competitive factors involved in the proposed acquisition of assets and assumption of liabilities of Citizens State Bank, Humeston, Iowa, by The Citizens State Bank, Humeston, Iowa. The conclusion in the report read as follows:

The proposed acquisition of assets and assumption of liabilities of Citizens State Bank, Humeston, Iowa, by The Citizens State Bank, Humeston, Iowa, would have no effect on competition.

The report was approved unanimously for transmittal to the Corporation.

Report on competitive factors (Leon, Iowa). There had been distributed a draft of report to the Federal Deposit Insurance Corporation on the competitive factors involved in the proposed acquisition of assets and assumption of liabilities of Decatur County State Bank, Leon, Iowa, by The Decatur County State Bank, Leon, Iowa.

The report, in which the conclusion read as follows, was approved unanimously for transmittal to the Corporation:

The proposed acquisition of assets and assumption of liabilities of Decatur County State Bank, Leon, Iowa, by The Decatur County State Bank would have no effect on competition.

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Purchase of computer by Atlanta Bank (Item No. 22). A telegram dated June 27, 1962, had been received from the Federal Reserve Bank of Atlanta advising that that Bank had elected to exercise its option to purchase an IBM 1401 computer, effective July 1, 1962. In this connection, Mr. Sherman reported that a draft of telegram had been prepared that would note without objection the Bank's proposal to purchase the computer presently rented under authority of the Board's telegram of December 21, 1961. It was understood that the purchase price would be approximately \$230,000 after allowance for a portion of the Bank's rental payment on the equipment.

There being no objection, it was understood that the telegram, a copy of which is attached as Item No. 22, would be sent to the Atlanta Reserve Bank.

Application of Asbury Park and Ocean Grove Bank (Items 23 and 24). Pursuant to the decision at the meeting on June 18, 1962, distribution had been made under date of June 27 of drafts of an order and statement reflecting the Board's denial of the application of Asbury Park and Ocean Grove Bank, Asbury Park, New Jersey, to merge with The Central Jersey Bank and Trust Company, Freehold, New Jersey. Subsequently, distribution was made under date of June 28 of a revised draft of the summary and conclusion set forth in the proposed statement.

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After several changes were agreed upon, the issuance of the order and statement was authorized, it being understood that the statement would contain the revised summary and conclusion. Copies of the order and statement, as issued, are attached hereto as Items 23 and 24.

All members of the staff then withdrew and the Board went into executive session.

Salary increase. The Secretary was later informed that during the executive session the Board approved an increase in the basic annual salary of Jerome W. Shay, Assistant General Counsel, Legal Division, from \$15,850 to \$16,850, effective July 1, 1962.

The meeting then adjourned.

Secretary's Note: Governor Shepardson today approved on behalf of the Board the following items:

Letter to the Federal Reserve Bank of Cleveland (attached Item No. 25) approving the appointment of Robert H. Farber, Jr., as assistant examiner.

Letters to the Federal Reserve Bank of New York (attached Items 26 and 27) and to the Federal Reserve Banks of Boston and Philadelphia (attached Items 28 and 29) regarding a call for reports of condition as of June 30, 1962, from foreign banking and foreign financing corporations.

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

Reemployment following maternity leave

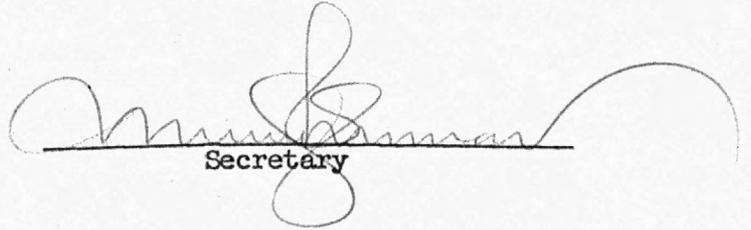
Shirley R. Sherman as Secretary, Office of the Secretary, with basic annual salary at the rate of \$5,170, effective July 2, 1962.

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Outside activities

J. H. Atkinson, Economist, Division of Research and Statistics, to continue general supervision of research, review of manuscripts, theses, etc., at Purdue University (with no compensation), and to complete two contracts in egg futures entered into prior to his entering the Board's employ.



Secretary



BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

Item No. 1  
6/29/62

OFFICE OF THE CHAIRMAN

July 2, 1962.

The Honorable Spessard L. Holland,  
Chairman, Subcommittee on Department of  
Commerce and Certain Related Agencies,  
Committee on Appropriations,  
United States Senate,  
Washington 25, D. C.

Dear Mr. Chairman:

The Bureau of the Budget has requested the Board of Governors of the Federal Reserve System to continue through the third quarter of 1962 the temporary arrangements agreed upon last November for financing the Quarterly Survey of Consumer Buying Anticipations. As I am sure you will recall, the Bureau of the Census last year requested appropriations to make this survey, which had previously been financed on an experimental basis by the Federal Reserve, but action by the Congress on this request was deferred "without prejudice." The Board then agreed to finance the survey for the first two quarters of 1962, after taking steps to determine that the Appropriations Subcommittees handling the matter had no objection.

This year, the Bureau of the Census again requested funds for the survey, but Congress had not yet acted on it. If the third quarter survey is to be completed on schedule, work should start within the next few days in order to prepare for field operations in mid-July. The Board is prepared to agree to the Bureau of the Budget's request as an interim measure, to permit the survey to be continued pending final action by the Congress on the appropriation requested, unless you feel that this would be an unwarranted extension of last year's agreement.

This proposal was discussed informally on Friday with Chairman Rooney of the House Appropriations Subcommittee on State, Justice, Commerce, and the Judiciary and Related Agencies. He indicated he has no objection to the proposal, which would not involve appropriated funds.

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

Item No. 2  
6/29/62

OFFICE OF THE CHAIRMAN

July 2, 1962.

The Honorable John J. Rooney,  
Chairman, Subcommittee on Department of  
Commerce and Certain Related Agencies,  
Committee on Appropriations,  
United States House of Representatives,  
Washington 25, D. C.

Dear Mr. Chairman:

The Bureau of the Budget has requested the Board of Governors of the Federal Reserve System to continue through the third quarter of 1962 the temporary arrangements agreed upon last November for financing the Quarterly Survey of Consumer Buying Anticipations. As I am sure you will recall, the Bureau of the Census last year requested appropriations to make this survey, which had previously been financed on an experimental basis by the Federal Reserve, but action by the Congress on this request was deferred "without prejudice." The Board then agreed to finance the survey for the first two quarters of 1962, after taking steps to determine that the Appropriations Subcommittees handling the matter had no objection.

This year, the Bureau of the Census again requested funds for the survey, but Congress has not yet acted on it. If the third quarter survey is to be completed on schedule, work should start within the next few days in order to prepare for field operations in mid-July. The Board is prepared to agree to the Bureau of the Budget's request as an interim measure, to permit the survey to be continued pending final action by the Congress on the appropriation requested, unless you feel that this would be an unwarranted extension of last year's agreement.

Robert L. Cardon, legislative counsel of the Board, advises me that you indicated in a telephone conversation on Friday that you have no objection to this proposal. It would involve an expenditure of \$32,000.00, and contemplates financing only the third quarter survey, on which, as indicated above, work would normally start next week.

Sincerely yours,

(Signed) Wm McC. Martin, Jr.  
Wm McC. Martin, Jr.

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

Item No. 3  
6/29/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

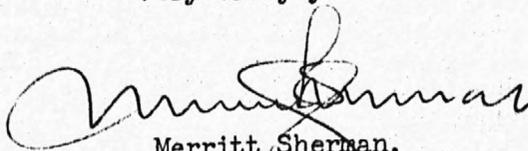
July 5, 1962

Mr. Raymond T. Bowman,  
Assistant Director for  
Statistical Standards,  
Bureau of the Budget,  
Washington 25, D. C.

Dear Mr. Bowman:

In accordance with the request contained in your letter of June 26, 1962, addressed to Mr. Noyes, the Board has authorized the payment of the costs, understood to be estimated at \$32,500, of a survey of consumer buying intentions scheduled to be made in July 1962. The Board's authorization for payment of these costs has been given with the knowledge of the Chairmen of the Congressional Committees now considering the Census Bureau's 1963 budget request, which contained provision for the making of the quarterly survey of consumer buying intentions but on which action has not yet been completed by the Congress.

Very truly yours



Merritt Sherman,  
Secretary.

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

Item No. 4  
6/29/62



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

June 29, 1962

Mr. David E. Cohn, Clearance Officer,  
Office of Statistical Standards,  
Bureau of the Budget,  
Washington 25, D. C.

Dear Mr. Cohn:

On May 25, 1962, your office approved a form for use by the Board of Governors in collecting data of deposits of branches of banks having branches outside their head office city, assigning to the form Budget Bureau No. 55-6203. This form was subsequently transmitted to the Federal Reserve Banks with the Board's letter of June 5, 1962, a copy of which is enclosed. The Reserve Banks in turn presented the form to member banks having such branch offices with a request that they supply the data specified as of June 30, 1962.

For your information, there is also enclosed a photostatic copy of a letter and attachments sent under date of June 5 by the Comptroller of the Currency to all national banks, in the second paragraph of which reference is made to the Board's above mentioned request for reports of branch deposit data of member banks. The letter of the Comptroller, in the last sentence of the paragraph referred to, informed national banks that participation in this survey was at their discretion.

Because a question was raised with the Board late last week as to whether member banks were required to complete the report of branch deposits or whether participation was voluntary, the Board sent a wire to the Presidents of all Federal Reserve Banks on June 25 confirming that banks were required to complete this report pursuant to Section 11(a) of the Federal Reserve Act. The Board's wire read as follows:

"Question has been raised as to whether report of member bank deposits by branches referred to in Board letter of June 5, 1962, is a mandatory report. Such report is required by the Board pursuant to Section 11(a) of the Federal Reserve

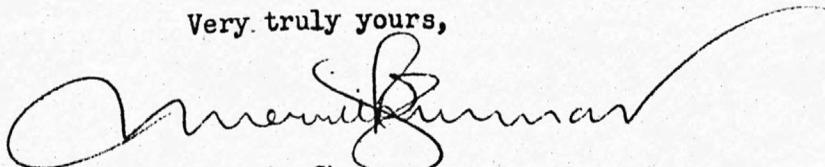
Mr. David E. Cohn

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Act, and any member bank inquiring as to the necessity for supplying information should be informed accordingly."

This information is being transmitted to you in order that your office may be currently informed as to developments in the program for collection of deposits of branches outside the head office city of the parent bank. The Board is not aware that any member bank operating such branches does not intend to furnish the information called for.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Merritt Sherman", with a long, sweeping flourish extending to the right.

Merritt Sherman,  
Secretary.

Enclosures

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

Item No. 5  
6/29/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

June 29, 1962

Board of Directors,  
The First National Bank of Bar Harbor,  
Bar Harbor, Maine.

Gentlemen:

The Board of Governors of the Federal Reserve System has given consideration to your supplemental application for fiduciary powers and grants you authority to act as 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 Maine. 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.

In addition to the fiduciary powers herein authorized, the bank was granted authority, on January 23, 1917, to act as trustee, executor, administrator and registrar of stocks and bonds.

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  
WASHINGTON 25, D. C.

Item No. 6  
6/29/62



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

June 29, 1962.

Chemical International Finance, Ltd.,  
20 Pine Street,  
New York 8, New York.

Gentlemen:

In accordance with your request and on the basis of the information furnished in your letter of June 4, 1962, transmitted through the Federal Reserve Bank of New York, the Board of Governors grants consent for Chemical International Finance, Ltd. to purchase and hold 900,000 shares of common stock, par value P1 each, of First Acceptance and Investment Corporation, Manila, Republic of the Philippines, at a cost of approximately US\$250,000, provided such stock is acquired within one year from the date of this letter.

The Board's consent is granted upon condition that Chemical International Finance, Ltd. shall dispose of its holdings of stock in the Philippine corporation, as promptly as practicable, in the event that the Philippine corporation should at any time (1) engage in issuing, underwriting, selling or distributing securities in the United States; (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 Chemical International Finance, Ltd. to be inappropriate under the provisions of Section 25(a) of the Federal Reserve Act or regulations thereunder.

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. 7  
6/29/62



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

June 29, 1962.

International Banking Corporation,  
399 Park Avenue,  
New York 22, New York.

Gentlemen:

In accordance with the request and on the basis of information furnished in your letter of June 14, 1962, transmitted through the Federal Reserve Bank of New York, the Board of Governors grants its consent to the purchase and holding by your Corporation of additional capital stock of The First National City Bank of New York (South Africa) Limited in the amount of 200,000 South African Rands (approximately US\$280,000.)

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.

Item No. 8  
6/29/62

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

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

June 29, 1962

Board of Directors,  
New Jersey Bank and Trust Company,  
Clifton, New Jersey.

Gentlemen:

Under condition of membership numbered 3, New Jersey Bank and Trust Company was to dispose, within a period of not to exceed three years, of all corporate stocks owned at the time of admission to membership. The Board subsequently extended this period one year to June 20, 1962. After considering the circumstances and in accordance with the request in your letter of June 13, 1962, addressed to the Federal Reserve Bank of New York, the Board has extended until June 20, 1963, the time within which to comply with membership condition numbered 3.

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. 9  
6/29/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



June 29, 1962

CONFIDENTIAL (FR)

Mr. Wilbur D. Fulton, President,  
Federal Reserve Bank of Cleveland,  
Cleveland 1, Ohio.

Dear Mr. Fulton:

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Cleveland for the period July 1 through December 31, 1962, at the rates indicated, which are the rates fixed by your Board of Directors as reported in your letter of June 14, 1962:

| <u>Name</u>      | <u>Title</u>                 | <u>Annual<br/>Salary</u> |
|------------------|------------------------------|--------------------------|
| Paul Breidenbach | Counsel                      | \$14,500                 |
| Maurice Mann     | Senior Monetary<br>Economist | 15,000                   |
| T. E. Ormiston   | Assistant Cashier            | 11,500                   |
| George Booth     | Assistant Counsel            | 13,500                   |

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.

Item No. 10  
6/29/62

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

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

June 29, 1962



CONFIDENTIAL (FR)

Mr. Alonzo G. Decker, Jr., Chairman,  
Federal Reserve Bank of Richmond,  
Richmond 13, Virginia.

Dear Mr. Decker:

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Richmond for the period July 1 through December 31, 1962, at the rates indicated, which are the rates fixed by your Board of Directors as reported in your letter of June 14:

| <u>Name</u>             | <u>Title</u>             | <u>Annual Salary</u> |
|-------------------------|--------------------------|----------------------|
| Raymond E. Sanders, Jr. | Vice President           | \$15,000             |
| James Parthemos         | Assistant Vice President | 13,000               |
| J. Lander Allin, Jr.    | Assistant Cashier        | 10,500               |

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

WASHINGTON 25, D. C.

Item No. 11  
6/29/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

June 29, 1962

Board of Directors,  
The Washington County National Bank of Abingdon,  
Abingdon, Virginia.

Gentlemen:

The Board of Governors of the Federal Reserve System has given consideration to your supplemental application for fiduciary powers and grants you authority to act, when not in contravention of State or local law, as registrar of stocks and bonds, assignee, receiver 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 Virginia. 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.

In addition to the fiduciary powers herein authorized, the bank was granted authority, on December 23, 1938, to act as trustee, executor, administrator, guardian of estates, and committee of estates of lunatics.

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  
WASHINGTON 25, D. C.

Item No. 12  
6/29/62



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

June 29, 1962

CONFIDENTIAL (FR)

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

Dear Mr. Newman:

The Board of Governors approves the payment of salaries by the Federal Reserve Bank of Chicago to the incumbents of the positions shown below at the rates indicated, effective July 2, 1962, in accordance with the request contained in your letter of June 18:

| <u>Title</u> | <u>Annual Salary</u> |
|--------------|----------------------|
| Engineers    | \$7,342.40           |
| Firemen      | 6,510.40             |

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.

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

Item No. 13  
6/29/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

June 29, 1962

Board of Directors,  
The Citizens State Bank of Petersburg,  
Petersburg, Indiana.

Gentlemen:

The Board of Governors of the Federal Reserve System approves, under the provisions of Section 24A of the Federal Reserve Act, an investment in bank premises by The Citizens State Bank of Petersburg, Petersburg, Indiana, of \$113,000 (includes purchase price of adjoining building) for remodeling and extending present banking quarters into the adjoining building.

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. 14  
6/29/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

June 29, 1962

Board of Directors,  
St. Joseph Valley Bank,  
Elkhart, Indiana.

Gentlemen:

The Board of Governors of the Federal Reserve System extends to August 1, 1962, the time within which St. Joseph Valley Bank may establish an in-town branch in the vicinity of the intersection of Nappanee and West Indiana Streets.

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. 15  
6/29/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

June 29, 1962

Board of Directors,  
Red River National Bank of Grand Forks,  
Grand Forks, North Dakota.

Gentlemen:

The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers and grants Red River National Bank of Grand Forks 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 North Dakota. 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  
WASHINGTON 25, D. C.

Item No. 16  
6/29/62



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

June 29, 1962

Mr. Eliot J. Swan, President,  
Federal Reserve Bank of San Francisco,  
San Francisco 20, California.

Dear Mr. Swan:

This is in reply to your letter of June 14, 1962, requesting the Board's comments relative to the proposed execution of a standard form fallout shelter license to the Federal Government permitting the use of certain areas in the basement and on the first floor of the Bank's Service Building, 241 Battery Street, San Francisco, California, for fallout shelter purposes.

It is understood that the use of the areas for shelter purposes under the terms of the license would not in any way interfere with the Bank's operations, the Bank's exclusive use of its own shelter in the main Bank building, nor the security of the Bank's premises. It is further understood that the license may be revoked on ninety days' notice if for any reason the Bank might find such action desirable.

Under these circumstances, the Board has no objection to the execution of the license, and would encourage such act as further evidence of the System's full cooperation with the Government in its shelter program.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.

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

Item No. 17  
6/29/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

June 29, 1962

Board of Directors,  
United California Bank,  
Los Angeles, California.

Gentlemen:

The Board of Governors of the Federal Reserve System extends to January 31, 1963, the time within which the United California Bank may establish a branch at 1800 Van Ness Avenue, San Francisco, California.

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. 18  
6/29/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

June 29, 1962

The Honorable Lee Loevinger,  
Assistant Attorney General,  
Antitrust Division,  
U. S. Department of Justice,  
Washington 25, D. C.

Dear Judge Loevinger:

This will acknowledge your letter of June 14, 1962, requesting that representatives of the Antitrust Division be permitted to examine reports of condition filed by Morgan Guaranty Trust Company of New York for the years 1959 through 1961 relative to an investigation being made on possible violations of the antitrust laws.

In response to your request, the Board will make available at its offices for examination by your representatives the reports in question. It is suggested that your representatives communicate with Mr. Gerald M. Conkling, Assistant Director of the Board's Division of Bank Operations, regarding arrangements for access to these reports.

In making these reports available to your Division, it should be understood that, while the front sides of the reports of condition are published material, the reverse sides thereof are not published information. It is requested that appropriate precautions be taken by your Division to avoid disclosure of unpublished information from this source.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.

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

Item No. 19  
6/29/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

June 29, 1962

Board of Directors,  
Hempstead Bank,  
Hempstead, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch by Hempstead Bank in the Tru-Value Shopping Center, Old Bethpage Road, Old Bethpage, unincorporated area of Plainview, Town of Oyster Bay, Nassau County, New York, provided the branch is established within one year from the date of this letter.

The Board is aware of the concern of the New York State Banking Board regarding the capital structure of Hempstead Bank and notes that the Banking Department has approved the subject application provided capital position of the bank will not be permitted to fall below the minimum standards established by the Banking Department. The Board has also expressed its concern in this matter and wishes to stress the need for strengthening the bank's capital structure at the earliest opportunity.

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. 20  
6/29/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

June 29, 1962



Board of Directors,  
The Detroit Bank and Trust Company,  
Detroit, Michigan.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch by The Detroit Bank and Trust Company in the vicinity of the intersection of Ten Mile and Greenfield Roads, Royal Oak Township, Oakland County, Michigan, 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  
WASHINGTON 25, D. C.

Item No. 21  
6/29/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

June 29, 1962

Board of Directors,  
United California Bank,  
Los Angeles, California.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch by United California Bank in the Coddington Regional Shopping Center, Guerneville Highway and U. S. Highway 101, Sonoma County, California, provided the branch is established within one year from the date of this letter. The approval of a branch in the vicinity of Mendocino Avenue between Fourth Street and College Avenue, Santa Rosa, Sonoma County, California, granted by the Board on April 18, 1962, is hereby rescinded.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.



6/29/62

T E L E G R A M  
LEASED WIRE SERVICEBOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON

June 29, 1962.

Patterson - Atlanta

Reurtel June 27, Board has noted without objection your proposal to purchase IBM 1401 computer presently rented under authority of Board's telegram December 21, 1961. Board understands that purchase price will be approximately \$230,000 after allowance for a portion of your rental payments on such equipment.

(Signed) Merritt Sherman

SHERMAN

UNITED STATES OF AMERICA

BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

WASHINGTON, D. C.

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|   |   |
|---|---|
| In the Matter of the Application of       | : |
| ASBURY PARK AND OCEAN GROVE BANK          | : |
| for approval of merger with               | : |
| The Central Jersey Bank and Trust Company | : |

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ORDER DENYING APPLICATION FOR APPROVAL OF MERGER OF BANKS

There has come before the Board of Governors, pursuant to the Bank Merger Act of 1960 (12 U.S.C. 1828(c)), an application by Asbury Park and Ocean Grove Bank, Asbury Park, New Jersey, a member bank of the Federal Reserve System, for the Board's prior approval of the merger of The Central Jersey Bank and Trust Company, Freehold, New Jersey, with and into Asbury Park and Ocean Grove Bank, under the charter of the latter and title of The Central Jersey Bank and Trust Company. Notice of the proposed merger, in form approved by the Board, was published pursuant to said Act.

Upon consideration of all relevant materials in the light of the factors set forth in said Act, including reports furnished by the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Department of Justice on the competitive factors involved in the proposed merger and the information received at and in connection with

the public proceeding which was ordered in this matter (27 Federal Register 4575) pursuant to the Board's Rules of Procedure (12 C.F.R. 262.2(f)(3)),

IT IS HEREBY ORDERED, for the reasons set forth in the Board's Statement of this date, that the said application be and hereby is denied.

Dated at Washington, D. C., this 29th day of June, 1962.

By order of the Board of Governors.

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

Absent and not voting: Governors King and Mitchell.

(Signed) Merritt Sherman

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Merritt Sherman,  
Secretary.

(SEAL)

Item No. 24  
6/29/62BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEMAPPLICATION BY ASBURY PARK AND OCEAN GROVE BANK  
FOR APPROVAL OF MERGER WITH  
THE CENTRAL JERSEY BANK AND TRUST COMPANY

## STATEMENT

Asbury Park and Ocean Grove Bank, Asbury Park, New Jersey ("Asbury Bank"), with deposits of \$33.7 million, has applied, pursuant to the Bank Merger Act (12 U.S.C. 1828(c)), for the Board's prior approval of the merger of that bank and The Central Jersey Bank and Trust Company, Freehold, New Jersey ("Central Jersey"), with deposits of \$75 million. Under the Agreement of Merger, the banks would merge under the charter of Asbury Bank and the title of Central Jersey. The resulting bank's facilities would consist of the five offices of Asbury Bank and the ten offices of Central Jersey, the main office of which would be the main office of the resulting bank.

To assist the Board in its consideration of the matter, a public proceeding in the form of an oral presentation before members of the Board, pursuant to section 262.2(f)(3) of its Rules of Procedure, was ordered (27 Federal Register 4575) and conducted on the application, and views and other data urging both approval and disapproval of the application were submitted at such proceeding.

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 12 U.S.C., Ch. 16 (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.

Banking factors. - While none of the first five factors enumerated above--the "banking factors"--has been urged as a basis for the approval of the application, both Asbury Bank and Central Jersey are in satisfactory condition. The earnings prospects of each bank are favorable. They are both well-managed. There is nothing to suggest any inconsistency with the purposes of 12 U.S.C., Ch. 16. Although considerations relating to the banking factors are not inconsistent with approval of the proposal, they are not necessarily determinative of the matter but must be balanced with considerations relating to the remaining statutory factors.

Convenience and needs of the communities to be served. - Asbury Park (population about 17,400) is located on the Atlantic Ocean, some 55 miles from New York City. It is the leading shore resort of Monmouth County, New Jersey, and is an important retail center. Although the city will probably continue to be an important residential and commercial community, it is already well developed and its growth

prospects are therefore limited. Freehold, New Jersey (population 9,200), the seat of Monmouth County, is about 15 miles west of Asbury Park.

Monmouth County (population about 335,000), with some 40 to 50 miles of Atlantic Ocean shore line, has had an increase of almost 50 per cent in population since 1950, and the prospects for continued residential and industrial growth of the County are favorable. Virtually all the County's recent development has taken place in the eastern part of the County, which includes Freehold and Asbury Park.

Asbury Park proper is served by the main office and a branch of Asbury Bank and by the main office and a branch of the County's third largest bank. Within a radius of two miles from downtown, however, are seven other offices of commercial banks, three of Asbury Bank and four of Central Jersey. These three offices of Asbury Bank are located at Ocean Grove, Ocean Township, and Neptune Township. Two of the four Central Jersey offices are located at Allenhurst (considered by the bank as one office), and the other two are located at Bradley Beach and Neptune City. All of the banking offices within the area just described are in close and convenient proximity.

The contention is made that the merger would serve the County's needs and convenience by increasing from some \$538,000 to about \$888,000 the lending limit of Central Jersey, already the highest in Monmouth County. However, although industry has moved into the County at a sizeable rate, and the dollar amount of loans held

by commercial banks has increased, there is little evidence of any substantial need for a larger lending limit than that now available in the County. From the record it appears that Central Jersey, although having the highest loan limit in the County, has had no more than isolated instances of demands for credit in excess of such limit. Participations by Central Jersey do not indicate that such transactions were necessary because of the bank's loan limit. Thus, although there may be some advantage in increasing Central Jersey's lending limit, there has not been shown a substantial public need for such an increase.

It is also claimed that the Asbury Park community would be benefited by the extension of Central Jersey's specialized services to Asbury Bank's offices. However, such services would appear to be already available at the Central Jersey offices located near Asbury Park.

Competition. - As already indicated, four offices of Central Jersey and all five offices of Asbury Bank are located within a two-mile radius of downtown Asbury Park. The nearest offices of each bank are within a few blocks of one another. The four offices of Central Jersey, which were recently acquired by merger, represent about 36 per cent of Central Jersey's total deposits. This is an amount almost equal to Asbury Bank's total deposits. Thus, the evidence suggests considerable competition between the two banks. Furthermore, even greater competition may be expected as Asbury Bank continues its progress in changing past conservative policies, and as Central Jersey resolves the problems of meshing operations of its newly acquired offices in the Asbury Park vicinity.

At present, the three commercial banks in the Asbury Park area almost equally divide the area's commercial bank deposits. Approval of the proposed merger would leave the resulting bank with close to two-thirds of these deposits. Perhaps even more important in terms of competition, the resulting bank would then operate nine of the eleven banking offices and facilities in the Asbury Park area.

In support of the application, proponents urged that the situation be considered on the basis of the area within a six-mile radius of downtown Asbury Park. But even on this basis, the resulting bank would hold over 42 per cent of the area's commercial bank deposits. The remainder would be distributed among 14 offices of other commercial banks. In any event, use of the enlarged area tends to obscure the significance of the dominant position which would be acquired by the resulting bank in the Asbury Park area.

In terms of total deposits, Asbury Bank is the fourth largest and Central Jersey the second largest bank in the County. The resulting bank would be the largest. Consummation of the merger, therefore, would increase substantially the already large concentration of banking resources in the three largest banks. These banks then would hold approximately 70 per cent of the deposits, 72 per cent of the loans, and 63 per cent of the offices of the County's commercial banks. The remaining ten smaller banks have few branches and, unlike the three largest banks, do not compete significantly on a county-wide basis.

Summary and conclusion. - The proposed merger would eliminate the substantial competition between Asbury Bank and Central Jersey. The resulting bank would obtain a dominant position in the Asbury Park area where it would operate nine of the eleven banking offices and facilities and would hold almost two-thirds of the area's commercial bank deposits. On a county-wide basis, the merger would eliminate the fourth largest bank and increase the concentration of resources in the three largest banks.

Although some benefit to the County might accrue through the increased loan limit of the resulting bank, there is no substantial evidence that such an increase in the limit is needed. Moreover, the specialized services of Central Jersey which would become available at Asbury Bank offices are already conveniently accessible to the Asbury Park community. Any benefits that might accrue to the public as a result of the merger would be more than offset by the substantial diminution of competition and the elimination of one of the three banks serving the Asbury Park area.

Accordingly, the Board is unable to find that the proposed merger would be in the public interest.

June 29, 1962.

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

Item No. 25  
6/29/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



July 2, 1962

CONFIDENTIAL (FR)

Mr. Paul C. Stetzelberger, Vice President,  
Federal Reserve Bank of Cleveland,  
Cleveland 1, Ohio.

Dear Mr. Stetzelberger:

In accordance with the request contained in your letter of June 25, 1962, the Board approves the appointment of Robert H. Farber, Jr., as an assistant examiner for the Federal Reserve Bank of Cleveland. Please advise the effective date of the appointment.

It is noted that Mr. Farber is indebted to The Ohio National Bank and The Huntington National Bank, both located in Columbus, Ohio. Accordingly, the Board's approval of Mr. Farber's appointment is given with the understanding that he will not participate in the examination of either bank to which he is indebted until such indebtedness has been liquidated.

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. 26  
6/29/62



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

July 2, 1962

Mr. Howard D. Crosse, Vice President,  
Federal Reserve Bank of New York,  
New York 45, New York.

Dear Mr. Crosse:

Enclosed are copies of letters calling for reports of condition as of June 30, 1962, from the following foreign banking and foreign financing corporations in the Second District operating under the provisions of Section 25 and Section 25(a) of the Federal Reserve Act:

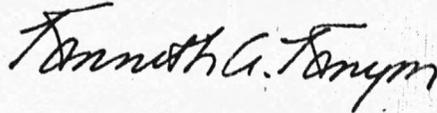
Bankers Company of New York  
Chase Manhattan Overseas Corporation  
The Gallatin Company, Inc.  
International Banking Corporation  
Virgin Islands National Bank  
Bank of America  
Bankers International Corporation  
Bankers International Financing Company, Inc.  
Chase International Investment Corporation  
Chemical International Banking Corporation  
Chemical International Finance, Ltd.  
Continental International Banking Corporation  
The First Bank of Boston International  
Manufacturers Hanover International Banking Corporation  
Manufacturers Hanover International Finance Corporation  
Morgan Guaranty International Banking Corporation  
Morgan Guaranty International Finance Corporation  
Western Bancorporation International Bank

You will observe that the letters request that the reports called for be submitted in duplicate to the Federal Reserve Bank for transmittal to the Board of Governors.

Upon receipt of the reports it will be appreciated if you will have a proof made of the footings and obtain the correction of any obvious errors in the reports. Please forward the original copy of the reports to the Board and retain a copy for your files.

A complete review of the reports will be made in the Board's Division of Examinations, and any correspondence which may be necessary as a result thereof will be initiated by the Board with a copy to you for your information.

Very truly yours,



Kenneth A. Kenyon,  
Assistant Secretary.

Enclosures

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

Item No. 27  
6/29/62



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

July 2, 1962

Mr. Howard D. Crosse,  
Vice President,  
Federal Reserve Bank of New York, . . .  
New York 45, New York.

Dear Mr. Crosse:

Supplementing Mr. Kenyon's letter of this date,  
enclosed are copies of letters calling for reports of con-  
dition, as of June 30, 1962, from the following corporations  
in the Second District operating under the provisions of  
Section 25(a) of the Federal Reserve Act:

- Chase Manhattan Overseas Banking Corporation
- First National City Overseas Investment Corporation

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.

Enclosure

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

Item No. 28  
6/29/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

July 2, 1962



Mr. B. F. Groot, Vice President,  
Federal Reserve Bank of Boston,  
Boston 6, Massachusetts.

Dear Mr. Groot:

Enclosed is a copy of a letter dated today, addressed to Boston Overseas Financial Corporation, calling for a report of condition as of June 30, 1962. You will observe that the letter requests that the report called for be submitted in duplicate to the Federal Reserve Bank for transmittal to the Board of Governors.

Upon receipt of the report it will be appreciated if you will have a proof made of the footings and obtain the correction of any obvious errors in the report. Please forward the original copy of the report to the Board and retain a copy for your files.

A complete review of the report will be made in the Board's Division of Examinations, and any correspondence which may be necessary as a result thereof will be initiated by the Board with a copy to you for your information.

Very truly yours,

A handwritten signature in cursive script that reads "Kenneth A. Kenyon".

Kenneth A. Kenyon,  
Assistant Secretary.

Enclosure

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

Item No. 29  
6/29/62



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

July 2, 1962

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

Dear Mr. Campbell:

Enclosed are copies of letters dated today, addressed to First Pennsylvania Overseas Finance Corporation and Philadelphia International Investment Corporation, calling for reports of condition as of June 30, 1962. You will observe that the letters request that the reports called for be submitted in duplicate to the Federal Reserve Bank for transmittal to the Board of Governors.

Upon receipt of the reports it will be appreciated if you will have a proof made of the footings and obtain the correction of any obvious errors in the reports. Please forward the original copy of the reports to the Board and retain a copy for your files.

A complete review of the reports will be made in the Board's Division of Examinations, and any correspondence which may be necessary as a result thereof will be initiated by the Board with a copy to you for your information.

Very truly yours,

A handwritten signature in cursive script that reads "Kenneth A. Kenyon".

Kenneth A. Kenyon,  
Assistant Secretary.

Enclosure