

09  
9/62

Minutes for August 30, 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

M

Gov. Mills

[Signature]

Gov. Robertson

R

Gov. Balderston

CCB

Gov. Shepardson

[Signature]

Gov. King

[Signature]

Gov. Mitchell

[Signature]

Minutes of the Board of Governors of the Federal Reserve System on Thursday, August 30, 1962. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman  
 Mr. Robertson  
 Mr. Shepardson  
 Mr. Mitchell

Mr. Kenyon, Assistant Secretary  
 Mr. Molony, Assistant to the Board  
 Mr. Hexter, Assistant General Counsel  
 Mr. O'Connell, Assistant General Counsel  
 Mr. Daniels, Assistant Director, Division of Bank Operations  
 Mr. Leavitt, Assistant Director, Division of Examinations  
 Mr. Thompson, Assistant Director, Division of Examinations  
 Mr. Spencer, General Assistant, Office of the Secretary  
 Mr. Ring, Technical Assistant, Division of Bank Operations

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:

	<u>Item No.</u>
Letter to The Cleveland Trust Company, Cleveland, Ohio, approving the establishment of a branch at Wilson Mills and Richmond Roads, Richmond Heights.	1
Letter to The Union Commerce Bank, Cleveland, Ohio, approving the establishment of a branch at 6371 Granger Road, Independence.	2
Letter to the Federal Deposit Insurance Corporation regarding additional information presented in connection with its reconsideration of the proposed merger of Suburban Trust Company, Hyattsville, Maryland, and Citizens Bank of Takoma Park, Takoma Park, Maryland.	3

8/30/62

-2-

Report on competitive factors (Jenkintown-Phoenixville, Pennsylvania). There had been distributed a draft of report to the Federal Deposit Insurance Corporation on the competitive factors involved in the proposed merger of Industrial Valley Bank and Trust Company, Jenkintown, Pennsylvania, with Phoenixville Trust Company, Phoenixville, Pennsylvania. The conclusion in the report read as follows:

Consummation of the proposed merger of Industrial Valley Bank and Trust Company, Jenkintown, Pennsylvania, and Phoenixville Trust Company, Phoenixville, Pennsylvania, would eliminate the moderate amount of competition existing between them. The merger would have little or no effect on banking competition in Philadelphia or in the Jenkintown area but might increase competition in the Phoenixville service area.

The report was approved unanimously for transmittal to the Corporation.

Report on competitive factors (North Wilkesboro-Morganton-Walnut Cove-Madison, North Carolina). There had been distributed a draft of report to the Federal Deposit Insurance Corporation on the competitive factors involved in the proposed merger of State Bank of Burke, Morganton, North Carolina, State Planters Bank, Walnut Cove, North Carolina, and The Bank of Madison, Madison, North Carolina, into The Northwestern Bank, North Wilkesboro, North Carolina.

The report was approved unanimously for transmittal to the Corporation, the conclusion therein being stated as follows:

Consummation of the proposed mergers would eliminate the moderate amount of competition existing between Northwestern and Burke Bank and between State Planters and Madison Bank. It might also have some adverse effect on smaller

8/30/62

-3-

banks in the service areas of the resulting institution. These mergers represent a trend toward area dominance by Northwestern and also further the trend in North Carolina toward concentration of banking resources in a few large banks.

Termination of designation of Kansas City, Kansas, as a reserve city (Items 4 and 5). There had been distributed to the Board a memorandum dated August 28, 1962, from the Division of Bank Operations regarding requests from the member banks in Kansas City, Kansas, for termination of the designation of that city as a reserve city. There had also been distributed to the Board a draft of letter to the Federal Reserve Bank of Kansas City granting the request, along with a proposed amendment to the 1947 Rule for Classification of Reserve Cities. The proposed amendment would be made in accord with section 1(e) of the Rule, as revised July 28, 1962.

The Board approved unanimously the letter to the Kansas City Bank and the amendment to the Rule, with September 6, 1962, prescribed as the effective date for termination of the designation of Kansas City, Kansas, as a reserve city. Copies of the letter and the amendment (as published in the Federal Register) are attached to these minutes as Items 4 and 5.

Messrs. Daniels and Ring then withdrew.

Application of Marine Midland Corporation (Item No. 6). There had been distributed a memorandum from the Legal Division dated August 29, 1962, discussing certain requests relating to an oral presentation scheduled for September 17, 1962, on the application of Marine Midland

8/30/62

-4-

Corporation, Buffalo, New York, for acquisition of voting shares of Security National Bank of Long Island, Huntington, New York.

It was pointed out that in a letter to the Board dated June 5, 1962, the Comptroller of the Currency recommended disapproval; in a letter dated July 16, 1962, the Department of Justice expressed the view that the application should not be approved. Counsel for Marine Midland had requested that Marine Midland be furnished with a copy of each letter and that it be informed of the persons to whom the Board would grant permission to appear at the oral presentation for the purpose of expressing views. The memorandum indicated that it was the recommendation of the Legal Division that both requests of Marine Midland's Counsel be approved.

The memorandum went on to state that three requests for permission to express views at the oral presentation had been submitted within the period of time allowed for such requests. The names of the requesting parties were listed, and the recommendation made that each party be allowed to appear.

In discussing the recommendations of the Legal Division, Mr. O'Connell pointed out that it was contemplated that Marine Midland might request permission to present to the Board certain views with respect to the management of Security National and also ask that those views not be made part of the public record. It was recommended that a request of that nature, if made, be granted.

Following discussion, the Board agreed that should Marine Midland so request, views on the management of Security National would be heard in

8/30/62

-5-

private and such presentation would not be part of the public record. The recommendations of the Legal Division, as set forth in its memorandum of August 29, were then approved unanimously. A copy of the letter sent to Counsel for Marine Midland Corporation pursuant to this action is attached as Item No. 6.

The meeting then adjourned.

Secretary's Notes: Pursuant to the action taken by the Board on July 23, 1962, the letter of which a copy is attached as Item No. 7 was sent today to the Presidents of all Federal Reserve Banks regarding two application forms (F.R. Y-1 and F.R. Y-2) under the Bank Holding Company Act. Letters also were sent today to the Comptroller of the Currency, to the Department of Justice, and to the Association of Registered Bank Holding Companies and a notice was transmitted to the Federal Register.

Pursuant to recommendations contained in memoranda from appropriate individuals concerned, Governor Shepardson today approved on behalf of the Board the following actions relating to the Board's staff:

#### Appointment

Thessolonia Prince as Messenger, Division of Administrative Services, with basic annual salary at the rate of \$3,185, effective on the date of entrance upon duty.

#### Acceptance of resignations

George J. Viksnins, Economist, Division of Research and Statistics, effective at the close of business August 31, 1962.

Franklin R. Edwards, Summer Research Assistant, Division of Research and Statistics, effective at the close of business September 6, 1962.

8/30/62

-6-

Acceptance of resignation

James L. Pierce, Summer Research Assistant, Division of Research and Statistics, effective at the close of business August 31, 1962.

*Kenneth A. Farnum*

---

Assistant Secretary

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

Item No. 1  
8/30/62

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



August 30, 1962

Board of Directors,  
The Cleveland Trust Company,  
Cleveland, Ohio.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by The Cleveland Trust Company, Cleveland, Ohio, of a branch at the southeast corner of the intersection of Wilson Mills and Richmond Roads, Richmond Heights, Cuyahoga County, Ohio, provided the branch is established within six months from the date of this letter.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.

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

Item No. 2  
8/30/62



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

August 30, 1962

Board of Directors,  
The Union Commerce Bank,  
Cleveland, Ohio.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch by The Union Commerce Bank at 6371 Granger Road, Independence, Ohio, 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. 3  
8/30/62



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

August 30, 1962

The Honorable Erle Cocke, Sr., Chairman,  
Federal Deposit Insurance Corporation,  
Washington 25, D. C.

Dear Mr. Cocke:

The Board of Governors has considered the additional information presented in connection with the reconsideration of the proposed merger of Suburban Trust Company, Hyattsville, Maryland, and Citizens Bank of Takoma Park, Takoma Park, Maryland.

The Board feels that entry of the large Baltimore banks into the area does not alter the facts that Suburban Trust Company remains the dominant bank in the area, and that the proposed merger would increase banking concentration in the area while eliminating substantial existing and potential competition. It is the opinion of the Board that the conclusions expressed in its earlier report are still correct.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.

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

Item No. 4  
8/30/62



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

August 30, 1962.

Mr. Henry O. Koppang,  
First Vice President,  
Federal Reserve Bank of Kansas City,  
Kansas City 6, Missouri.

Dear Mr. Koppang:

Referring to your letter of August 22, 1962, the Board has granted the request of the member banks in Kansas City, Kansas, that the reserve city designation of their city be terminated, pursuant to the July 28, 1962, amendment to the 1947 Rule for Classification of Reserve Cities.

The termination of Kansas City, Kansas, as a reserve city will be effective on Thursday, September 6, 1962. A notice to this effect will be published in the Federal Register and in the Federal Reserve Bulletin.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,  
Assistant Secretary.

## TITLE 12 - BANKS AND BANKING

## CHAPTER II - FEDERAL RESERVE SYSTEM

## SUBCHAPTER A - BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

## PART 204 - RESERVES OF MEMBER BANKS

## Termination of Designation as Reserve City

1. Effective immediately, Part 204 is amended by adding thereto

§ 204.55 reading as follows:

§ 204.55. Termination of Kansas City, Kansas designation as reserve city.

In accordance with paragraph (e) of section 204.51, as revised effective July 28, 1962, member banks in Kansas City, Kansas, have submitted written requests for the termination of the designation of such city as a reserve city, and, acting pursuant to such paragraph (e) the Board of Governors has granted such request. Accordingly, the designation of Kansas City, Kansas, as a reserve city is hereby terminated effective September 6, 1962.

2. The notice and public procedure described in sections 4(a) and 4(b) of the Administrative Procedure Act and the prior publication described in section 4(c) of such Act are impracticable, unnecessary and contrary to the public interest in connection with this action for the reasons and good cause found as stated in § 262.1(e) of the Board's rules of procedure (Part 262) and especially because such

-2-

notice, procedure and prior publication would serve no useful purpose.

(Sec. 11, 38 Stat. 261 as amended; 12 U.S.C. 248. Interprets or applies sec. 19, 38 Stat. 270, as amended; sec. 19, 48 Stat. 54, as amended; 12 U.S.C. 461, 462, 462b, 464, 465)

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

(SEAL)

(Signed) Kenneth A. Kenyon

---

Kenneth A. Kenyon,  
Assistant Secretary.

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

Item No. 6  
8/30/62



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

August 31, 1962

AIR MAIL

Charles G. Blaine, Esq.,  
Phillips, Mahoney, Lytle, Yorkey & Letchworth,  
Marine Trust Building,  
Buffalo 3, New York.

Dear Mr. Blaine:

Reference is made to the oral presentation of views scheduled for September 17, 1962, on the application of Marine Midland Corporation, Buffalo, New York, under section 3 of the Bank Holding Company Act, for approval by the Board of Applicant's acquisition of 100 per cent of the voting shares of the Security National Bank of Long Island, Huntington, New York. The presentations will commence at 10 a.m. in Room 1202 of the Federal Reserve Building, 20th and Constitution Avenue, N. W. 1/

Presentations on behalf of the Applicant, which it is hoped can be completed within one hour, will be the first received following the opening of the session. An additional brief period of time will be allowed, however, for any statement Applicant may wish to present in private relating to the subject of the Bank's management. The opportunity to make a nonpublic presentation regarding the matter of management is afforded on the basis of Applicant's earlier request that certain information on this subject be received and treated confidentially. It is to be understood, however, absent a request by Applicant for permission to address remarks in private to the Board, that all presentations will be public and will be available to the public in the form of a transcript of the proceedings.

In respect to any person appearing on behalf of Applicant, he may place in the record a prepared statement and thereafter orally present a summary of that statement. As indicated, a transcript of the presentations will be made and copies thereof will be available for purchase. Orders for such copies may be placed with the reporter on September 17.

1/ Corrected by subsequent wire to state that presentations would commence at 2:30 p.m.

Charles G. Blaine, Esq.

-2-

Pursuant to your request that there be made available to the Applicant a copy of the views on this application expressed by the Comptroller of the Currency and the Department of Justice, there is enclosed a copy of a letter to the Board from the Comptroller of the Currency, dated June 5, 1962, together with a copy of each of the enclosures mentioned therein, and a copy of a letter dated July 16, 1962, from the Assistant Attorney General, Antitrust Division, Department of Justice. Pursuant to your additional request that you be informed of those persons to whom the Board has granted permission to appear at the oral presentation for the purpose of expressing views, the names of such persons follow:

Mr. Arthur T. Roth,  
Chairman of the Board,  
The Franklin National Bank,  
Franklin Square, New York.

John G. Keenan, Esq.,  
Alexander, Keenan & Lally,  
Attorneys and Counsellors at Law,  
250 West 57th Street,  
New York 19, New York.

Peter J. Byrnes, Esq.,  
O'Connell & Byrnes,  
1929 Beech Street,  
Wantagh, New York.

Very truly yours,

**(Signed) Kenneth A. Kenyon**

Kenneth A. Kenyon,  
Assistant Secretary.

Enclosures

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

Item No. 7  
8/30/62



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

August 30, 1962.

Dear Sir:

There are enclosed drafts of (1) a proposed Form F.R. Y-1, application for prior approval of action to become a bank holding company pursuant to section 3(a)(1) of the Bank Holding Company Act of 1956, and (2) a proposed revision of Form F.R. Y-2, application for prior approval of the acquisition of bank shares pursuant to section 3(a)(2) of the Act.

We are submitting to the Federal Register today a notice regarding the forms which contains an invitation for comments from interested persons to be submitted not later than September 21, 1962, and the usual suggestion that such comments be submitted through the Reserve Banks.

The notice, which is expected to appear in the Federal Register within the next few days, states that copies of the revision of Form F.R. Y-2 and the proposed Form F.R. Y-1 are available upon request to the Board or to any Federal Reserve Bank. However, in order that the registered bank holding companies may have ample opportunity to offer any comments, it is requested that a copy of Form F.R. Y-2 be sent to each registered bank holding company having its principal place of business in your District, inviting each such holding company to submit any comments through the Reserve Bank prior to September 21, and advising each that the form has been tentatively adopted and should be used as a guide for the preparation of future applications until the revised form as formally adopted is in use.

Similarly, it is suggested that proposed Form F.R. Y-1 be supplied to, and used as a guide by, any known organization which may be in process of filing, and to any representative of a prospective applicant who may subsequently discuss the filing of an application for permission to become a bank holding company.

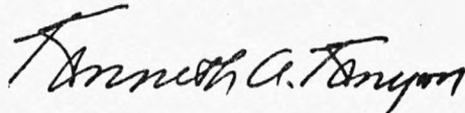
With reference to the use of both forms, it is not intended that an undue burden be placed on any applicant who is in process of filing an application. If, upon inquiry, it develops that deposit data has already been analyzed, no further analysis need be made, and in the transitional period if an application is well along toward completion and about ready to be filed, it is not intended that any undue delay in filing result from the compilation of additional data. However, as in the past, additional supplemental information may be requested either by your Bank or on behalf of the Board.

-2-

Your Bank's comments and suggestions are solicited. The following items may be of general interest and are commented on briefly for your information. The overlap of deposits into the primary service area or areas of the Bank to be acquired and those subsidiary banks of Applicant for which information is desired, and data with respect to common depositors, are confined to IPC deposits, because it is felt that it is in that area that the deposit competitive impact of the proposed acquisition(s) would be felt principally. However, in addition, certain correspondent bank deposit data is requested. Further, applications will involve large and small banks, and those located in cities, and urban and rural areas. Therefore, since the form is one for general application, the overlap of loans and data with respect to common borrowers are confined to "commercial and industrial," "farm loans," and "consumer loans," as defined in Exhibits E, because it is felt that in the majority of the cases it is in those areas where, with respect to loans, the greater actual and potential lessening of competition between the banks proposed to be in the one system would be evidenced most.

A supply of 15 copies of each form is being sent to you under separate cover.

Very truly yours,



Kenneth A. Kenyon,  
Assistant Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS