Minutes for October 5, 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, October 5, 1962. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Mills
Mr. Shepardson
Mr. King
Mr. Mitchell
Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
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. Brill, Associate Adviser, Division of Research and Statistics
Mr. Eckert, Chief, Banking Section, Division of Research and Statistics
Mr. Yager, Chief, Government Finance Section, Division of Research and Statistics
Mr. Bernard, Economist, Division of Research and Statistics
Mr. Mattras, General Assistant, Office of the Secretary

Money market review. Mr. Brill discussed recent developments in the Government securities market and the outlook for Treasury financing operations during the fourth quarter of 1962. Mr. Holland then distributed a table summarizing monetary developments during the four-week period ended October 3, 1962, and discussed recent trends in business activity and bank credit.

All members of the staff then withdrew except Messrs. Sherman, Kenyon, Fauver, and Mattras and the following entered the room:
Discount rates. The establishment without change by the Federal Reserve Banks of New York, Philadelphia, and San Francisco on October 4, 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, copies of which are attached to these minutes under the respective numbers indicated, were approved unanimously:

Letters to Bankers International Corporation, New York, New York, granting permission to purchase shares of (1) Societe Generale de Banques en Cote d'Ivoire, Abidjan, Ivory Coast, and (2) Societe Generale de Banques au Senegal, Dakar, Senegal.

Letter to the Federal Reserve Bank of Chicago approving an adjustment in salaries of certain service employees retroactive to October 1, 1962.
Letter to Devon-North Town State Bank, Chicago, Illinois, granting its request for permission to exercise additional fiduciary powers.

Letter to The First Commercial Bank, Chicago, Illinois, granting its request for permission to act in certain fiduciary capacities.

Letter to Citizens Commercial Trust and Savings Bank of Pasadena, Pasadena, California, approving a change in the location of a branch on Colorado Boulevard.

Letter to Bankers Trust Company, New York, New York, approving the establishment of a branch at 845 Third Avenue, Borough of Manhattan.

Letter to The Oystermen's Bank and Trust Company, Sayville, New York, approving the establishment of a branch on Veterans Memorial Highway, Bohemia.

Letter to Marine Midland Trust Company of Central New York, Syracuse, New York, approving the establishment of a branch at 700-730 Erie Boulevard, East, Syracuse, concurrent with the discontinuation of branch operations at 321 Erie Boulevard, East.

Letter to State-Planters Bank of Commerce and Trusts, Richmond, Virginia, approving the establishment of a branch at Forest Hill Avenue and 48th Street.

Letter to Sellersburg State Bank, Sellersburg, Indiana, approving the establishment of a branch in Borden.

Letter to United California Bank, Los Angeles, California, approving the establishment of a branch in the vicinity of University Avenue and Cowper Street, Palo Alto.

During a discussion with regard to Items 4 and 5, Governor Mills inquired about the effect of the termination of Regulation F, Trust Powers of National Banks, on the standards applied in the examination of trust departments of State Banks.
Staff comments indicated that the termination of Regulation F would have no effect on current practices. Examiners would continue to scrutinize the trust operations of State member banks in the light of applicable State laws, court decisions, and well-recognized principles of trust administration.

Report on competitive factors (Athens, Ohio). 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 Bank of Athens National Banking Association, Athens, Ohio, with The Athens National Bank, Athens, Ohio.

The report was approved unanimously for transmission to the Comptroller of the Currency with the understanding that the conclusion of the report would be revised to reflect a change suggested by Governor Mitchell. The conclusion of the report, as revised, read as follows:

While the proposed consolidation of The Bank of Athens National Banking Association and The Athens National Bank would probably not have any material effect on competition because of common ownership, it would eliminate potential competition between these institutions if the managements were separated.

Interest on foreign time deposits (Item No. 13). There had been distributed a draft of letter to the Bureau of the Budget reporting on enrolled bill H. R. 12080, "To permit domestic banks to pay interest on time deposits of foreign governments at rates differing from those applicable to domestic depositors".
The letter, which indicated that the Board would have no objection to approval of the enrolled bill, was approved unanimously. A copy is attached to these minutes as Item No. 13.

Messrs. Hooff, Young, Hill and Poundstone then withdrew from the meeting.

Peoples Union Bank and Trust Company (Items 14 and 15). Pursuant to the decision reached by the Board at the meeting on September 28, 1962, there had been distributed a proposed order and statement reflecting approval of the application of Peoples Union Bank and Trust Company, McKeesport, Pennsylvania, to merge with The Bank of Glassport, Glassport, Pennsylvania.

The issuance of the order and statement was authorized. Copies of the documents, as issued, are attached to these minutes as Items 14 and 15.

First Oklahoma Bancorporation (Item No. 16). There had been distributed a memorandum from the Legal Division dated September 28, 1962, regarding a request by a group of protesting banks for oral argument before the Board with regard to the application by First Oklahoma Bancorporation, Inc., Oklahoma City, Oklahoma, to become a bank holding company by acquiring shares of two national banks. The memorandum also covered two issues of late filing raised by Counsel for the protesting banks.

Mr. O'Connell noted that on August 20, 1962, the Hearing Examiner in the case recommended approval of the application filed by First Oklahoma after the issues involved had been the subject of extensive
comment both at a public hearing and in written submissions. The Legal Division felt that oral argument would contribute little to the material already developed. Mr. O'Connell also stated that there was some reason to feel that the protesting banks were seeking to delay a decision on the application until 1963, when it appeared that the State Legislature might pass legislation barring the formation of bank holding companies in Oklahoma.

With regard to the first issue of late filing, the protesting banks maintained that the applicant's rebuttal brief should not have been considered by the Hearing Examiner since the Examiner's Report indicated that it was filed on July 31, 1962, one day beyond the date allowed by the Examiner. The Legal Division felt that this motion should be denied since the stamp of the Secretary's Office established the date of receipt of the applicant's brief to be July 30, 1962.

The second issue of timeliness was a "Motion to Strike Purported Response of Applicant to Exceptions of Protesting Banks." The protesting banks contended that the applicant failed to file the response within the five-day period following the date of service of such exceptions as required under section 263.7 of the Board's Rules of Practice for Formal Hearings. Mr. O'Connell noted that the motion to strike contained no allegation concerning the date on which service of the exceptions was made on Counsel for the applicant, nor was there any support of the motion by a registered mail receipt or other probative evidence as required by section 263.12(b) of the Board's Rules of Practice. Moreover, a review
of the applicant's response did not disclose any substantive matter not contained elsewhere in the record. The Legal Division therefore felt that denial of the motion to strike would not prejudice the position of the protesting banks.

Chairman Martin stated that the reasons for denying the request for oral argument appeared quite persuasive. However, in view of the rather widespread interest that had been generated by this case, he would be inclined to grant the request if it could be done expeditiously and without setting a harmful procedural precedent.

Comments made in reply by Messrs. Hackley and O'Connell were to the effect that the decision whether or not to grant oral argument was wholly within the Board's discretion. In the view of the Legal Division, there was no particular need for oral argument because the record was already voluminous; it did not appear likely that anything of significance would be added. However, as a public relations matter the Board might feel that it would be desirable to permit oral argument.

Governor Shepardson indicated that his principal concern had to do with whether the granting of oral argument would delay unduly the reaching of a decision on this case. In reply to questions that he raised in this regard, Messrs. Hackley and O'Connell expressed the view that, if the Board should decide to grant the request for oral argument, it would not be inappropriate to schedule the oral argument as early as Monday, October 15. Counsel for the applicant and the protesting banks could be given a week from the date of oral argument within which to file
briefs. Mr. Solomon indicated that a memorandum on the application, based on the record to date, had already been prepared by the Division of Examinations. Unless new information was presented in oral argument, which seemed unlikely, the Division memorandum therefore could be made available to the Board promptly. These circumstances, taken together, would indicate that the case could be considered and decided by the Board by about the first of November, following which a reasonable time would have to be allowed for the preparation of an order and statement reflecting the Board's decision.

Governor Mills commented that aside from the question of delay, there was the fact that a formal hearing had been held before a Hearing Examiner, with Board Counsel present and with certain protesting banks admitted as parties. Following the hearing and the filing of briefs by Counsel for the applicant and the protesting banks, the Hearing Examiner had handed down his Report and Recommended Decision. As brought out by the Legal Division, the record was voluminous and seemed complete. In these circumstances, if the Board did not carry through to a decision on the basis of the present record, that might indicate that the Board was subject to pressure or, if not, that it was disparaging the efforts and the ability of the Hearing Examiner, as well as Board Counsel.

In further discussion, Mr. Hackley noted that the Board's Rules of Practice for Formal Hearings contemplate that where a formal hearing is held, the Board in its discretion may grant permission for oral argument. Such oral argument, he added, was to be distinguished from the oral
presentations that the Board had heard in some cases where no formal hearing was held. To the best of his recollection, the Board had never seen fit to deny a request for oral argument following a formal hearing. In the present case, he did not believe that there was any good reason for having oral argument. However, if the Board should deny the request for oral argument, Counsel for the protesting banks might point to the fact that this was the first time such a request had been denied.

Comments by members of the Board reflected the concern originally expressed by Governor Shepardson that undue delay be avoided. However, it was the general view that a time schedule such as had been outlined would not be unreasonable. Governor Mills suggested, however, that an unduly accelerated schedule involved the risk that the Board would be accused of having granted oral argument in order to give lip service to the request and without making a substantive analysis of the argument presented by the protesting banks.

After further discussion, it was agreed to grant the request of the protesting banks and order oral argument on Monday, October 15, with the understanding that briefs would be required to be submitted by Monday, October 22, and that the Board would contemplate reaching a decision on the application by around the first of November. There was agreement that the other motions filed by Counsel for the protesting banks should be denied, as recommended by the Legal Division.
Secretary's Note: A copy of the order issued pursuant to the foregoing action of the Board is attached as Item No. 16.

The meeting then adjourned.
Bankers International Corporation,
16 Wall Street,

Gentlemen:

In accordance with the request and on the basis of the information furnished in your letter of August 28, 1962, transmitted through the Federal Reserve Bank of New York, the Board of Governors grants consent for Bankers International Corporation ("BIC") to purchase and hold 8,000 shares, par value CFA Francs 5,000 each, of Societe Generale de Banques en Cote d'Ivoire, Abidjan, Ivory Coast ("SGBCI"), at a cost of approximately US$163,200, provided such stock is acquired within one year from the date of this letter.

The Board's consent is granted upon condition that BIC shall dispose of its holdings of stock in SGBCI, as promptly as practicable, in the event that SGBCI 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 BIC 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.
Bankers International Corporation,
16 Wall Street,

Gentlemen:

In accordance with the request and on the basis of the information furnished in your letter of September 11, 1962, transmitted through the Federal Reserve Bank of New York, the Board of Governors grants consent for Bankers International Corporation ("BIC") to purchase and hold 10,000 shares, par value CFA Francs 5,000 each, of Societe Generale de Banques au Senegal, Dakar, Senegal ("SGBS"), at a cost of approximately US$204,000, provided such stock is acquired within one year from the date of this letter.

The Board's consent is granted upon condition that BIC shall dispose of its holdings of stock in SGBS, as promptly as practicable, in the event that SGBS 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 BIC 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.
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 retroactive to October 1, 1962, in accordance with the request contained in your letter of September 24, 1962:

<table>
<thead>
<tr>
<th>Title</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Janitors</td>
<td>$4,856.80</td>
</tr>
<tr>
<td>Janitors (6 months or less)</td>
<td>4,773.60</td>
</tr>
<tr>
<td>Marble Maintenance</td>
<td>4,992.00</td>
</tr>
<tr>
<td>Paper Baler</td>
<td>4,992.00</td>
</tr>
<tr>
<td>Matrons</td>
<td>3,723.20</td>
</tr>
<tr>
<td>Matrons (6 months or less)</td>
<td>3,660.80</td>
</tr>
<tr>
<td>Starter</td>
<td>5,382.00</td>
</tr>
<tr>
<td>Assistant Starter</td>
<td>5,116.80</td>
</tr>
<tr>
<td>Split Shift Operators</td>
<td>5,179.20</td>
</tr>
<tr>
<td>Operators</td>
<td>4,908.80</td>
</tr>
</tbody>
</table>

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary
October 5, 1962

Board of Directors,
Devon-North Town State Bank,
Chicago, Illinois.

Gentlemen:

This refers to your request for permission, under applicable provisions of your condition of membership numbered 1, to exercise additional fiduciary powers.

Following consideration of the information submitted, the Board of Governors of the Federal Reserve System grants permission to Devon-North Town State Bank to exercise all other fiduciary powers now or hereafter authorized by its charter and the laws of the State of Illinois, in addition to permission granted by the Board, on May 2, 1962, to exercise limited fiduciary powers.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.
October 5, 1962

Board of Directors,
The First Commercial Bank,
Chicago, Illinois.

Gentlemen:

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

Following consideration of the information submitted, the Board of Governors of the Federal Reserve System grants permission to The First Commercial Bank to act as trustee of land trusts and escrow agent, with the understanding that your bank will not accept fiduciary appointments of other kinds without first obtaining the permission of the Board.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.
October 5, 1962

Board of Directors,
Citizens Commercial Trust and Savings
Bank of Pasadena,
Pasadena, California.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the change in location of a branch by Citizens Commercial Trust and Savings Bank of Pasadena from the south side of Colorado Boulevard between Catalina and Wilson Avenues to the Southwest corner of Catalina Street and Colorado Boulevard—both locations in Pasadena, California. This approval is granted provided the branch is established by April 18, 1963.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.
Board of Directors,
Bankers Trust Company,
New York, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch at 845 Third Avenue, Borough of Manhattan, New York, New York, by Bankers Trust Company, 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 Directors,
The Oystermen's Bank and Trust Company,
Sayville, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch on the north side of Veterans Memorial Highway, approximately 150 feet west of the intersection of Smithtown Avenue and Veterans Memorial Highway, Bohemia (unincorporated area), Town of Islip, Suffolk County, New York, by The Oystermen's Bank and Trust Company, 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.
October 5, 1962

Board of Directors,
Marine Midland Trust Company of
Central New York,
Syracuse, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch at 700-730 Erie Boulevard, East, Syracuse, Onondaga County, New York, by Marine Midland Trust Company of Central New York, provided the branch is established within one year from the date of this letter, and provided further that branch operations now conducted at 321 Erie Boulevard, East, Syracuse, are discontinued simultaneously with the establishment of the above branch.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.
October 5, 1962

Board of Directors,
State-Planters Bank of Commerce and Trusts,
Richmond, Virginia.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch by State-Planters Bank of Commerce and Trusts at the southeast corner of Forest Hill Avenue and 48th Street, Richmond, Virginia, 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 Directors,
Sellersburg State Bank,
Sellersburg, Indiana.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch by Sellersburg State Bank in Borden, Indiana, provided the capital stock of Sellersburg State Bank is increased to $100,000 to meet statutory requirements and provided the branch is established within nine months from the date of this letter.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.
October 5, 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 vicinity of University Avenue and Cowper Street, Palo Alto, California, provided the office is established within six months from the date of this letter.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.
Mr. Phillip S. Hughes, Assistant Director
for Legislative Reference,
Executive Office of the President,
Bureau of the Budget,
Washington 25, D. C.

Attention Mrs. Garziglia.

Dear Mr. Hughes:

This is to advise in response to your letter of October 3, 1962, that the Board has no objection to approval of the enrolled bill, H.R. 12080, "To permit domestic banks to pay interest on time deposits of foreign governments at rates differing from those applicable to domestic depositors".

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.
ORDER APPROVING 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 Peoples Union Bank and Trust Company, McKeesport, Pennsylvania, a member bank of the Federal Reserve System, for prior approval by the Board of the merger of that bank and The Bank of Glassport, Glassport, Pennsylvania, under the charter and title of the former. As an incident to the merger, the present office of The Bank of Glassport would be operated as a branch of the Peoples Union Bank and Trust Company. Notice of the proposed merger, in form approved by the Board, has been published pursuant to said Act.

Upon consideration of all relevant material 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,

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

Dated at Washington, D. C., this 5th day of October, 1962.

By order of the Board of Governors.

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

Absent and not voting: Chairman Martin and Governor King.

(Signed) Merritt Sherman

Merritt Sherman, Secretary.
APPLICATION BY PEOPLES UNION BANK AND TRUST COMPANY
FOR APPROVAL OF MERGER WITH THE BANK OF GLASSPORT

STATEMENT

The Peoples Union Bank and Trust Company, McKeesport, Pennsylvania ("Peoples"), with deposits of $112 million,* has applied, pursuant to the Bank Merger Act (12 U.S.C. 1828(c)), for prior approval by the Board of the merger of that bank and The Bank of Glassport, Glassport, Pennsylvania ("Glassport Bank"), with deposits of $5.7 million. The banks would merge under the charter and title of Peoples, which is a State-chartered member bank of the Federal Reserve System, and the single office of Glassport Bank would become a branch of the resulting bank, increasing the number of offices of Peoples from 12 to 13.

Under the Act, 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 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 communities to be served, and (7) the effect of the transaction on competition (including any tendency toward monopoly). The Board may not approve

* The figures throughout are as of June 30, 1962.
the transaction unless, after considering all these factors, it finds
the transaction to be in the public interest.

Banking factors. - The financial histories of the two banks
are satisfactory; each has a sound financial condition; and both have
adequate capital structures. The future earnings prospects of these
banks are regarded as satisfactory. The death early in 1961 of the
vice president and cashier of Glassport Bank and the death of his suc-
cessor a year later left this relatively small bank with a serious man-
age ment succession problem. Consummation of the proposal would solve
this problem, since the satisfactory management of Peoples would operate
the resulting institution. There is no indication that the powers exer-
cised by the banks involved are or would be inconsistent with the purposes
of 12 U.S.C., Ch. 16.

Convenience and needs of the communities. - McKeesport
(1960 population 45,489), is about 14 miles southeast of the downtown
business section of Pittsburgh. Glassport (1960 population 8,418) is
three miles southwest of McKeesport. The service area of Glassport
Bank would be the area primarily affected by the proposal. Glassport
Bank does not offer certain services frequently offered by banks of
comparable size. For example, it does not make installment loans or
furnish trust services. Consummation of the subject merger would make
available to customers of Glassport Bank a larger loan limit and a more
complete range of banking services.
Competition. - Glassport Bank, the only bank in Glassport, is three miles from the nearest office of Peoples. However, since Glassport Bank serves primarily Glassport and its immediate environs, there is hardly any competition between the two banks elsewhere, and the competition between them in Glassport itself is not particularly keen.

There are three banks with their main offices in McKeesport. Peoples is the second largest, and this position would not be altered by the proposed merger. The third and smallest bank is operating profitably and derives so little of its business from Glassport that its competitive position would not be harmed by the subject merger.

The record is clear that consummation of this transaction would have only a minor effect on either the over-all competitive picture in the McKeesport-Glassport area or in the entire Pittsburgh metropolitan area.

Summary and conclusion. - While consummation of the proposed merger would eliminate the moderate amount of competition between the two banks involved, it would provide the customers of Glassport Bank with a wider range of banking services and would solve the serious management succession problem of the bank. Peoples is the second largest bank in McKeesport and this position would not be altered by the proposal. There would be little, if any, effect upon the competitive position of other banks in the McKeesport-Glassport area.

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

October 5, 1962
ORDER REGARDING ORAL ARGUMENT AND COMPOSITION OF THE RECORD

I.

On September 4, 1962, there was filed with the Secretary of the Board of Governors on behalf of certain banks opposing the application in the above-captioned matter a Motion to Allow Oral Argument before the Board of Governors of the Federal Reserve System. Within the time allowed by section 263.8 of the Board's Rules of Practice for Formal Hearings, Applicant filed objections to opposing banks' motion. The motion and objections thereto having been considered by the Board, it is the Board's judgment that the motion for oral argument should be granted. Accordingly,

IT IS HEREBY ORDERED that a public oral argument before the Board in this matter be held commencing at 10 a.m. on Monday, October 15, 1962, at the offices of the Board of Governors, Washington, D. C., and that counsel for opposing banks and counsel for Applicant shall each have 45 minutes for oral argument.
IT IS FURTHER ORDERED that within 7 calendar days of the date of oral argument, that is, before the close of business, October 22, 1962, briefs in support of oral argument may be presented by counsel for the respective parties.

II.

On September 4, 1962, counsel for the opposing banks filed Exceptions of Protesting Banks to Report and Recommended Decision of Hearing Examiner (hereinafter referred to as Exceptions). Paragraph 1 of the said Exceptions cited a statement in the Hearing Examiner's Report that a Reply Brief had been filed by Applicant on July 31, 1962, and had been considered by the Examiner. Exception was taken to the Examiner's consideration of said Reply Brief on the ground that it had not been timely filed, since the Examiner had stated in an Order of June 26, 1962, that reply briefs would be considered if filed by July 30, 1962.

Inspection of the official docket of pleadings and papers filed in the above-captioned cause, maintained by the Secretary of the Board of Governors, reveals that the original of the Reply Brief in question bears an official date stamp of the Office of the Secretary showing receipt at 10:45 a.m. on July 30, 1962. Accordingly,

IT IS ORDERED that paragraph 1 of the Exceptions of opposing banks be, and it hereby is, specifically overruled.
III.

On September 17, 1962, counsel for Applicant filed a Response of Applicant to Exceptions of Protesting Banks to Report and Recommended Decision of Hearing Examiner (hereinafter referred to as Response and Exceptions, respectively). On September 19, 1962, counsel for opposing banks filed a Motion to Strike Purported "Response of Applicant to Exceptions of Protesting Banks" (hereinafter referred to as Motion to Strike). The Motion to Strike averred, in pertinent part, that: on September 4, 1962, the protesting banks filed their Exceptions with the Board of Governors and mailed copies to all parties; on September 17, 1962, Applicant filed with the Board of Governors its Response to the Exceptions; section 263.7 of the Board's Rules of Practice provides that opposition to exceptions to a Hearing Examiner's report must be filed "within 5 days following the date of service of such exceptions * * *"; and, therefore, Applicant's Response was not timely filed. In light of these allegations, it was moved that Applicant's Response be stricken and denied admission to the record in this proceeding.

As asserted, section 263.7 of the Board's Rules of Practice allows 5 days following service of exceptions to a Hearing Examiner's report within which opposition thereto by any party may be filed. However, the 5-day period for filing such opposition must be computed from the date upon which the party filing such opposition was served with a copy of the exceptions to the Hearing Examiner's report. In this connection, it is instructive to note that section 263.12(b) of the Board's Rules of Practice provides that
"Service shall be made by personal service on the party or his attorney of record, by registered mail addressed to the party or his attorney of record, or by other appropriate means specified by the Board. Service by registered mail shall be deemed to be made as of the date of receipt by the person addressed."

The Motion to Strike contains no allegation concerning the date on which service of the Exceptions was made on counsel for Applicant, nor is said motion supported by a registered mail return receipt or other probative evidence of the date of service thereof. Under these circumstances, since the Board cannot determine on the pleadings before it the precise date on which service of the opposing banks' Exceptions was made on counsel for Applicant, the Board has concluded that Applicant's Response to the Exceptions should not be stricken as untimely filed.

Furthermore, by letter to the Board of September 24, 1962, a copy of which was sent to counsel for opposing banks, Applicant's counsel evidences his misunderstanding of the applicable section of the Board's Rules of Practice for Formal Hearings under which Applicant's Response should have been filed and requests the Board to receive the Response for the reasons set forth in counsel's letter. Finally, a review of Applicant's Response to which the Motion to Strike is directed, has satisfied the Board that there is not contained in that Response
substantive matters not contained elsewhere in the record of this matter, expressly or implicitly, and that, therefore, denial of the motion to Strike would not prejudice the position of the opposing banks. Accordingly, IT IS ORDERED that the opposing banks' motion to Strike be, and it hereby is, denied.

Dated at Washington, D. C., this 5th day of October, 1962.

By order of the Board of Governors.

(Signed) Merritt Sherman

Merritt Sherman, Secretary.

(SEAL)