

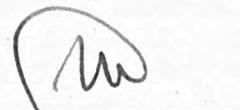
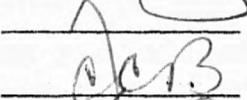
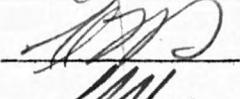
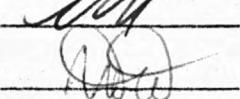
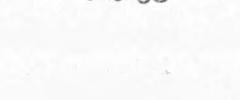
Minutes for August 7, 1964

To: Members of the Board
From: Office of the Secretary

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

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

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

Chm. Martin	<u></u>
Gov. Mills	<u></u>
Gov. Robertson	<u></u>
Gov. Balderston	<u></u>
Gov. Shepardson	<u></u>
Gov. Mitchell	<u></u>
Gov. Daane	<u></u>

Minutes of the Board of Governors of the Federal Reserve System on Friday, August 7, 1964. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Balderston, Vice Chairman
Mr. Mills
Mr. Shepardson
Mr. Mitchell
Mr. Daane 1/

Mr. Kenyon, Assistant Secretary
Mr. Young, Adviser to the Board and Director,
Division of International Finance
Mr. Noyes, Adviser to the Board
Mr. Molony, Assistant to the Board
Mr. Fauver, Assistant to the Board
Mr. Holland, Associate Director, Division
of Research and Statistics
Mr. Furth, Adviser, Division of International
Finance
Mr. Katz, Associate Adviser, Division of
International Finance
Mr. Spencer, General Assistant, Office of
the Secretary
Mr. Bernard, Economist, Division of Research
and Statistics
Mr. Baker, Economist, Division of International
Finance

Money market review. There was distributed a table on money market factors for the period January - August 1964, along with a table summarizing monetary developments in the five weeks ended August 5, 1964.

Mr. Bernard reported on developments in the Government securities market, including Treasury financing operations, after which Mr. Holland commented on bank reserves, bank credit, and the money supply. Mr. Baker then discussed foreign exchange market developments.

1/ Withdrew from meeting at point indicated in minutes.

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Following these reports, all members of the staff except Messrs. Kenyon, Molony, Fauver, and Spencer withdrew from the meeting and the following entered the room:

Mr. Hackley, General Counsel
Mr. Solomon, Director, Division of Examinations
Mr. O'Connell, Assistant General Counsel
Mr. Leavitt, Assistant Director, Division of Examinations
Mr. Via, Senior Attorney, Legal Division
Mr. Robinson, Attorney, Legal Division
Mr. McClintock, Supervisory Review Examiner, Division of Examinations
Mr. Lyon, Review Examiner, Division of Examinations

Discount rates. The establishment without change by the Federal Reserve Banks of New York, Philadelphia, Cleveland, Richmond, St. Louis, Minneapolis, Dallas, and San Francisco on August 6, 1964, 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.

Application of Provident Tradesmens Bank and Trust Company

(Items 1-4). Pursuant to the decision reached at the Board meeting on July 29, 1964, there had been distributed a proposed order and statement reflecting approval of the application of Provident Tradesmens Bank and Trust Company, Philadelphia, Pennsylvania, to merge with Second National Bank of Philadelphia. There had also been distributed drafts of a dissenting statement by Governor Mills and one by Governors Robertson and Mitchell.

As discussion opened, Mr. Hackley distributed a revision suggested by the staff for that part of the draft majority statement concerned with

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the management succession problem at Second National. The revision would place somewhat less emphasis on this factor. It would, however, retain the substance of the original draft in shorter form.

There followed a discussion of the suggested revision during which several changes in it and other sections of the majority statement, including the summary and conclusion, were agreed upon. The tenor of the changes, taken as a whole, was in the direction of ascribing relatively more weight to factors such as added services to the Northeast Philadelphia community than appeared from a reading of the original draft. In light of these changes, Governor Mitchell authorized minor revisions in the Robertson-Mitchell dissenting statement.

Subject to incorporation of the aforementioned changes, the issuance of the order, statement, and dissenting statements was authorized. Copies of the documents, as issued, are attached as Items 1 through 4.

Governor Daane and Messrs. Via and McClintock then withdrew from the meeting.

Applications of Citizens and Southern Holding Company and Citizens and Southern National Bank (Items 5 and 6). Pursuant to the decision at the meeting on July 27, 1964, there had been distributed drafts of an order and statement reflecting approval of the applications of Citizens and Southern Holding Company and The Citizens and Southern National Bank, both of Savannah, Georgia, for the acquisition by Citizens and Southern Holding Company of additional shares of American National Bank of Brunswick, Brunswick, Georgia.

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The issuance of the order and statement was authorized, with the understanding that they would not be issued until August 10, 1964. Copies of the order and statement, as issued, are attached as Items 5 and 6.

The meeting then adjourned.

Secretary's Note: On August 6, 1964, Governor Shepardson approved on behalf of the Board the following items:

Letter to the Federal Reserve Bank of Cleveland (attached Item No. 7) approving the designation of John A. Regel and Warren H. Frey as special assistant examiners.

Letter to the Secretary of Agriculture requesting the loan of a systems analyst on a reimbursable basis for a period of six to eight months to provide assistance in converting the processing of the Board's payroll to a computer operation.

Telegram to President Swan, Chairman of the Committee on Miscellaneous Operations of the Conference of Presidents of the Federal Reserve Banks, advising of the designation of Walter H. Young, Senior Attorney in the Legal Division, to serve on an ad hoc subcommittee of Counsel regarding negotiation of a contract with Brink's for currency shipments between Washington and the Federal Reserve Banks.

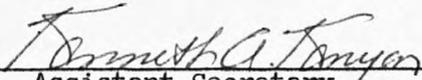
Memoranda from the Division of Administrative Services recommending the following actions relating to persons in that Division:

Salary increase

Margaret E. Jenkins, Cafeteria Helper, from \$3,620 to \$3,830 per annum, with a change in title to Relief Cook, effective August 16, 1964.

Change in employment status

Marie Willard, Cafeteria Helper, from a when-actually-employed basis (\$1.80 an hour) to a full-time basis, with basic annual salary at the rate of \$3,305, effective August 16, 1964.


Assistant Secretary

Item No. 1
8/7/64

UNITED STATES OF AMERICA
BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

In the Matter of the Application of :
PROVIDENT TRADESMENS BANK :
AND TRUST COMPANY :
for approval of merger with :
Second National Bank of Philadelphia, :
----- :

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 Provident Tradesmens Bank and Trust Company, Philadelphia, Pennsylvania, a State member bank of the Federal Reserve System, for the Board's prior approval of the merger of that bank and Second National Bank of Philadelphia, Philadelphia, Pennsylvania, under the charter and title of Provident Tradesmens Bank and Trust Company. As an incident to the merger, the five offices of Second National Bank of Philadelphia would become branches of Provident Tradesmens 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 transaction,

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 7th day of August, 1964.

By order of the Board of Governors.

Voting for this action: Chairman Martin, and
Governors Balderston, Shepardon, and Daane.

Voting against this action: Governors Mills, Robertson,
and Mitchell.

(signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

(SEAL)

BOARD OF GOVERNORS

OF THE

FEDERAL RESERVE SYSTEM

APPLICATION BY PROVIDENT TRADESMENS BANK AND TRUST COMPANY
FOR APPROVAL OF MERGER WITH
SECOND NATIONAL BANK OF PHILADELPHIASTATEMENT

Provident Tradesmens Bank and Trust Company, Philadelphia, Pennsylvania ("Provident"), with total deposits of \$517 million, has applied, pursuant to the Bank Merger Act of 1960 (12 U.S.C. 1828(c)), for the Board's prior approval of the merger of that bank and the Second National Bank of Philadelphia, Philadelphia, Pennsylvania ("Second National"), which has total deposits of \$43 million.^{1/} The banks would merge under the charter and name of Provident, a member State bank of the Federal Reserve System. As an incident to the merger, the five offices of Second National would become branches of Provident, increasing the number of its approved offices to 31.^{2/}

Under the law, the Board is required to consider, as to each of the banks involved, (1) its financial history and condition, (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

^{1/} Deposit figures are as of December 20, 1963.

^{2/} This total includes one branch of Provident not yet opened for business.

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 of these factors, it finds the transaction to be in the public interest.

Banking factors. - The financial histories of Provident and Second National are satisfactory and each bank has a sound asset condition and an adequate capital structure. Provident has a satisfactory earnings record and its future earnings prospects are favorable. While Second National's earnings have been generally satisfactory, its future earnings prospects are less than favorable. It has experienced a rate of growth in deposits and loans over the past six years that was greater than the average for all Philadelphia banks, but its earnings growth over that six-year period (10.5 per cent) was far less than the average. Moreover, it has shown substantial year-to-year fluctuations in earnings, ranging from an increase of 13 per cent in one year to a decrease of 10.4 per cent in another. The comparatively slow earnings growth rate appears to be the result, in part, of an attempt by Second National to provide, as do many of the other banks in its service area,^{3/} full banking services through its branch offices and the failure to generate a volume of business sufficient to make such operations profitable.

^{3/} The area from which a bank obtains 75 per cent or more of its deposits of individuals, partnerships, and corporations ("IPC" deposits).

Second National is faced with a serious management succession problem. A bank of Second National's size, and located as it is in a large metropolitan area, would usually have no difficulty in coping with the problem of management succession. However, the problem faced by Second National is unusually difficult in that it must replace most of its key management group in the immediate future, including its chief executive, the next ranking officer, the third ranking officer, and the manager of its largest branch. In the context of relatively unimpressive earnings prospects, these circumstances lend some support for approval. The management of Provident is capable and aggressive and consummation of the proposed merger would solve Second National's management problem.

The corporate powers of the two banks are not, and those of the remaining bank would not be, inconsistent with the purposes of the Federal Deposit Insurance Act.

Convenience and needs of the community. - The city of Philadelphia (having boundaries coterminous with those of Philadelphia County) and the three adjoining counties of Delaware, Montgomery, and Bucks had a 1960 population exceeding 3.3 million. Under Pennsylvania law, a bank headquartered in Philadelphia, as are Provident and Second National, may establish branches in any of these four counties.

Philadelphia is the fourth largest city in the United States, serves as one of its major seaports, and has a broadly diversified economy, including over 4,000 industrial establishments which, in 1961,

employed more than 273,000 persons and produced goods valued in excess of \$5 billion. During the period 1950 to 1960, the city of Philadelphia had a 3.3 per cent decline in population, but the four-county area realized a gain of 13.3 per cent.

The service area of Second National is the section of the city of Philadelphia known as Northeast Philadelphia. There are 22 major industrial concerns (i.e., those which employ over 100 persons) in Northeast Philadelphia with a total employment of 14,000 persons. Although the city suffered an over-all population decline from 1950 to 1960, the population of Northeast Philadelphia increased by 38.9 per cent during this period. Second National has only one office in that portion of Northeast Philadelphia which has the largest concentration of land available for industrial and residential growth and which is experiencing the greatest residential expansion of any area in Philadelphia.

Although it is located in the most rapidly growing section of Philadelphia, Second National does not offer real estate construction loans and several other services for which there is a demand. This appears to be the result, essentially, of Second National's lack of aggressiveness which is manifested also, for example, by heavy reliance upon purchases of loans from others.

There are about 50 banking offices serving Northeast Philadelphia, including 26 offices of the larger Philadelphia banks, and it appears that the banking services needed in the area are available through many of these sources. Provident contends that, if the

application is approved, the resulting bank will offer a considerable number of services not now offered by Second National: construction loans; a full range of business loans; investment and advisory services; foreign trade financing and related services; accounting and electronic data processing services; revolving personal credit; tuition loans; and expanded trust services. Consummation of the proposed merger will provide a more effective alternative source of complete and modern banking services for the residents and businesses in Northeast Philadelphia.

Competition. - Provident's main office is located in downtown Philadelphia, approximately seven miles southwest of the main office of Second National. Although two of Provident's offices are located fairly near two offices of Second National (i.e., about one-half mile distant in one case and about one and one-half miles in the other), there are also located in the same vicinity intervening offices of competing banks. It does not appear that the merger would result in the elimination of any significant competition between these banks nor foreclose any meaningful potential competition between them.

Second National's five offices represent about 10 per cent of the banking offices operated by 11 banks serving Northeast Philadelphia and its total deposits account for 11.2 per cent of the deposits held by all commercial banking offices serving this section of the city. If the proposed merger is consummated, the resulting bank will have 14 per cent of the offices and 14.6 per cent of the total deposits of all commercial banks serving Northeast Philadelphia.

As compared with other banks with offices in Northeast Philadelphia, the resulting bank would be first in the area only in consumer loans, which is the present ranking of Second National; third in total loans; fourth in total deposits; and fifth in commercial loans. The loans and deposits of the resulting bank would trail by substantial margins those of The First Pennsylvania Banking and Trust Company and Girard Trust Bank in Northeast Philadelphia.

Of Provident's 26 offices, 15 (including one approved but not yet opened) are located in Philadelphia, 5 in Delaware County, 4 in Montgomery County, and 2 in Bucks County. In the Philadelphia four-county area, Provident is the fifth largest commercial bank in terms of banking offices (7.3 per cent of the total), IPC deposits (9.7 per cent), and loans (9.9 per cent). Consummation of the proposed merger would increase Provident's share of the banking offices by 1.5 per cent, its share of IPC deposits by .9 per cent, and its share of the loans held by all commercial banks in the four-county area by .7 per cent. Provident would retain its ranking as the area's fifth largest bank, being in terms of total deposits about 80 per cent as large as the fourth ranking bank and just over one-half the size of the largest bank.

The five largest banks in the Philadelphia four-county area hold 75.9 per cent of the total deposits and 78.3 per cent of the total loans. The merger would increase these figures by .9 per cent and .7 per cent, respectively. (Cf., United States v. Philadelphia National Bank, 374 U. S. 321, 364-365, 371-372)

Summary and conclusion. - The proposed merger would not result in the elimination of any significant existing or potential competition between the two banks involved, nor in any undue concentration in banking resources. The resulting bank would retain its position as the fifth largest bank in the Philadelphia area, and the increase in total deposits and loans held by the area's five largest banks would be less than one per cent. The merger would provide expanded and more efficient banking services for Northeast Philadelphia and would incidentally resolve the management and earnings problems of Second National.

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

August 7, 1964.

DISSENTING STATEMENT OF GOVERNOR MILLS

The proposed merger should be denied. The trend toward concentration of banking resources among a few large institutions in the City of Philadelphia has reached a point where further mergers should not be permitted unless warranted by compelling reasons not present in the instant case.

The approval of the application by the majority of the Board will permit the elimination of a viable, competitive commercial banking unit in Northeast Philadelphia, which is a growing and prosperous section of the City of Philadelphia in which the Second National has been established for a great many years. The fact that Second National has not risen in competitive status with some of the other Philadelphia commercial banks which have entered its trade area through the establishment of branches is not necessarily a fault of smaller size, but a failure to grasp favorable opportunities for growth in the local area where the bank's operations are conducted. Moreover, Second National is of a size able to compete effectively with the large Philadelphia bank branches in its trade area which do not enjoy the advantage of intimate home office contact with residences and industrial and business entities situated in Northeast Philadelphia. Furthermore, Second National is large enough to attract the services of competent management that should be willing to capitalize the advantages of the bank's home location and clientele in a way that would produce an aggressive and independent commercial banking unit in Northeast Philadelphia fully capable of growing with the needs of the community.

In concluding, as I do, that the application should be denied, full account has been taken of the Board's approval on December 13, 1963, of the merger of Fidelity-Philadelphia Trust Company and Liberty Real Estate Bank and Trust Company, both of Philadelphia. That merger combined the services of the participating banks over a broad area of metropolitan Philadelphia, thereby representing a dispersion of services among the large banks in Philadelphia without an adverse effect by way of limiting competition. On the contrary, competition among the larger banks stood to be enhanced without at the same time significantly adding to banking concentration. In the case of the present application, the result will be the elimination of a sound, effective, independent bank serving a broad area of greater Philadelphia and the accompanying elimination of competition without any measurable addition to the banking services of the area, which presently has easy access to the services of large Philadelphia commercial banks.

It is true that consummation of the present proposal will not add very much to banking concentration in the Philadelphia area. However, the continued momentum which approval of the application will give to the existing trend toward concentration of commercial banking resources in Philadelphia ought not to be encouraged. That Second National sought to auction off its property to the highest bidder and Provident offered a very high purchase premium are not factors that lend themselves in favor of the application.

In a situation such as this, as noted above, the application should not be approved unless warranted by compelling reasons not present in the record of this case.

Accordingly, I would deny the application.

August 7 , 1964.

DISSENTING STATEMENT OF GOVERNORS ROBERTSON AND MITCHELL

While we agree with certain of the points made by Governor Mills in his dissenting statement, we wish to emphasize that, in our view, the majority gives too great weight to solving Second National's management succession problem, a problem which for a \$40 million institution in an area such as Philadelphia should be solved by the directors of the Bank.

All the additional services which it is alleged that Provident will provide to the public in the area involved are already available there through branches of other large banks; hence, the convenience and needs of the community will not be improved by the merger.

It must be remembered that there are people who prefer to do business with a smaller bank. They are not served by eliminating the small bank and replacing it with a large one. It is not only those who need the services of a large bank with whom we should be concerned, for they have ample sources of credit and specialized services. It is the general public whose interest it is our duty to safeguard within the scope of the powers vested in us by law.

The Second National is a viable, sound, highly rated, well-capitalized, well-established bank whose deposits and loans have increased 34.2 per cent and 66.5 per cent, respectively, during the last six years. While its earnings record over that period has been spotty, it has certainly not been poor; in fact, its earnings increased in 1963 by 8.9 per cent. This bank, which has been serving the public well for many years, is now being abolished by virtue of a merger with a half-billion dollar bank, which is only too willing to pay a very handsome premium for the privilege of taking over its business and eliminating it as a present and potential competitor for the banking business in the area it has served.

We agree with Governor Mills that consummation of the merger will not be in the public interest and that, accordingly, the application should be denied.

August 7, 1964.

Item No. 5
8/7/64

UNITED STATES OF AMERICA

BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

WASHINGTON, D. C.

In the Matter of the Applications of
 CITIZENS AND SOUTHERN HOLDING COMPANY and
 THE CITIZENS AND SOUTHERN NATIONAL BANK

for approval of the acquisition by
 Citizens and Southern Holding Company of
 voting stock of American National Bank of
 Brunswick, Brunswick, Georgia

ORDER APPROVING APPLICATIONS UNDER
BANK HOLDING COMPANY ACT

There has come before the Board of Governors, pursuant to section 3(a)(2) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(a)(2)) and section 222.4(a)(2) of Federal Reserve Regulation Y (12 CFR 222.4(a)(2)), applications on behalf of Citizens and Southern Holding Company and The Citizens and Southern National Bank, both of Savannah, Georgia, for the Board's prior approval of acquisition by Citizens and Southern Holding Company of voting shares of American National Bank of Brunswick, Brunswick, Georgia.

As required by section 3(b) of the Act, the Board notified the Comptroller of the Currency of receipt of the applications and requested his views and recommendation. The Comptroller recommended

approval of the applications. Notice of receipt of the applications was published in the Federal Register on July 7, 1964 (29 Federal Register 8503), which provided an opportunity for submission of comments and views regarding the applications. Time for filing such comments and views has expired and all comments and views filed with the Board have been considered by it.

IT IS HEREBY ORDERED, for the reasons set forth in the Board's Statement of this date, that said applications be and hereby are approved, provided that the acquisition so approved 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 10th day of August, 1964.

By order of the Board of Governors.

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

Absent and not voting: Governor Daane.

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

(SEAL)

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

APPLICATIONS BY CITIZENS AND SOUTHERN HOLDING COMPANY AND THE CITIZENS AND SOUTHERN NATIONAL BANK, BOTH OF SAVANNAH, GEORGIA, FOR APPROVAL OF THE ACQUISITION OF SHARES OF AMERICAN NATIONAL BANK OF BRUNSWICK, BRUNSWICK, GEORGIA

STATEMENT

Citizens and Southern Holding Company ("Citizens") and The Citizens and Southern National Bank ("National"), both registered bank holding companies of Savannah, Georgia, have applied, pursuant to section 3(a)(2) of the Bank Holding Company Act of 1956 ("the Act"), for prior approval of Citizens' acquisition of 806 shares of the voting stock of the American National Bank of Brunswick ("American"), Brunswick, Georgia.

Views and recommendation of the supervisory authority. -

Pursuant to section 3(b) of the Act, notice of receipt of the applications was sent to the Comptroller of the Currency, who recommended approval of the applications.

Statutory factors. - Section 3(c) of the Act requires the Board to take into consideration the following five factors in acting on these applications: (1) the financial history and condition of the holding companies and the banks concerned; (2) their prospects; (3) the character of their management; (4) the convenience, needs, and

welfare of the communities and the area concerned; and (5) whether or not the effect of the acquisition would be to expand the size or extent of the bank holding company systems involved beyond limits consistent with adequate and sound banking, the public interest, and the preservation of competition in the field of banking.

Applicants and their proposal. - Citizens is a bank holding company under section 2(a)(1) of the Act because of its ownership of more than 25 per cent of the stock of each of eight banks located in the State of Georgia. National is a bank holding company as defined in section 2(a)(3) of the Act, since all of the outstanding shares of Citizens are held by trustees for the benefit of the shareholders of National. Citizens and National, therefore, are bank holding companies controlling the same subsidiary banks.

Citizens presently owns 10.08 per cent of the stock of American. Applicants seek Board approval of Citizens' acquisition of its pro rata share (806 shares) of 8,000 shares of \$10.00 par value stock which American proposes to offer on or about September 1, 1964, to shareholders of record on August 15, 1964. The offering is to be by subscription warrants in the proportion of one share of new stock for each four outstanding shares. Citizens' acquisition of 806 shares will result in its ownership of just slightly less than the 10.08 per cent of the outstanding stock of American which it now owns.

Financial history and condition, prospects, and management of the Applicants and the Bank. - Citizens' eight majority-owned banks operate ten banking offices in eight communities with combined deposits

at December 20, 1963, of \$98 million. Between year-end 1958 and March 1964, Citizens' capital structure was increased by \$4.9 million, of which \$3.9 million was derived from retained earnings. During the same period, Citizens paid \$450,000 in dividends. At April 15, 1964,^{1/} National, with its head office in Savannah and its center of operations in Atlanta, operated 45 offices with combined deposits of \$644 million. Between year-end 1958 and April 15, 1964, National's deposits increased by \$157 million.

American operates its head office and one branch in Brunswick, the county seat of Glynn County, and a branch in Jesup, the county seat of Wayne County, and holds deposits of \$21 million.

It appears that the financial history and condition and the prospects of Applicants and American are satisfactory, a situation that would be consistent with approval of the proposed acquisition. The managements of Citizens, National, and American are considered satisfactory and no changes in management are contemplated as an incident of the proposed acquisition.

Convenience, needs, and welfare of the community and the area concerned. - The city of Brunswick is the area principally served by American. Brunswick, located in southeast Georgia on the Atlantic Ocean, about 75 miles southwest of Savannah, has a population of about 21,500. Glynn County, with a population of about 42,000, has three banks operating six banking offices. Three of these are American's offices, including the branch office in Jesup (Wayne County) 40 miles northwest of Brunswick.

^{1/} Unless otherwise indicated, all banking data noted are as of this date.

It is the Board's opinion that the convenience, needs, and welfare of the Brunswick area will not be directly affected by consummation of Applicants' proposal, inasmuch as Citizens' exercise of its stock warrants will result merely in maintenance of its proportionate ownership of American's stock. Indirectly, of course, Citizens' acquisition for cash of 806 additional shares of American's stock will contribute to American's increased capital position, and to the resulting increase in its lending limit. This result is consistent with approval of these applications.

Effect of proposed acquisition on adequate and sound banking, public interest, and banking competition. - Inasmuch as Applicants' proposal will serve merely to assure Citizens' retention of its present percentage of stock ownership in American, the proposed transaction would have no significant effect on existing competition. Competition between American and the other banking offices of Applicants' group is negligible and this situation would not be altered by the stock acquisition proposed. Since American does not propose to establish additional offices as a result of its capital increase, or to increase the present range of banking services offered, the Board concludes that Applicants' proposal will have no effect on American's competitors in the Brunswick and Jesup areas.

Conclusion. - On the basis of all the relevant facts as contained in the record before the Board, and in the light of the factors set forth in section 3(c) of the Act, it is the Board's judgment that the proposed acquisition would be consistent with the public interest and that the applications should therefore be approved.

August 10, 1964.

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BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 7
8/7/64



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 7, 1964.

Mr. Paul C. Stetzelberger, Vice President,
Federal Reserve Bank of Cleveland,
Cleveland, Ohio. 44101

Dear Mr. Stetzelberger:

In accordance with the request contained in your letter of July 31, 1964, the Board approves the designation of John A. Regel and Warren H. Frey as special assistant examiners for the Federal Reserve Bank of Cleveland for the purpose of participating in examinations of State member banks.

The authorizations heretofore given your Bank to designate Messrs. Regel and Frey as special assistant examiners are hereby canceled.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.