

Minutes of the Board of Governors of the Federal Reserve System on Wednesday, September 8, 1965. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Balderston, Vice Chairman
Mr. Robertson
Mr. Shepardson
Mr. Daane
Mr. Maisel

Mr. Kenyon, Assistant Secretary
Mr. Broida, 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. Cardon, Legislative Counsel
Mr. Fauver, Assistant to the Board
Mr. Brill, Director, Division of Research
and Statistics
Mr. Hexter, Assistant General Counsel
Mr. Shay, Assistant General Counsel
Mr. Leavitt, Assistant Director, Division
of Examinations
Messrs. Plotkin and Young, Senior Attorneys,
Legal Division
Mr. Sidman, Accountant-Analyst, Division of
Examinations

Account for Bank Negara Indonesia (Item No. 1). There had been distributed a memorandum from the Division of International Finance dated September 7, 1965, recommending that the Federal Reserve Bank of New York be authorized to open and maintain an account in the name of Bank Negara Indonesia. The opening of this account had been approved by the Board of Directors of the New York Bank on September 2 subject to approval by the Board of Governors. The new bank represented a merger of the central bank

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(Bank Indonesia) with other government-owned commercial and specialized banks, but it would perform the usual functions of a central bank and therefore appeared fully eligible for an account with the Federal Reserve Bank of New York.

After discussion the opening and maintenance of the account was authorized, and unanimous approval was given to the telegram to the New York Reserve Bank of which a copy is attached as Item No. 1.

Report on S. 308 (Item No. 2). The Chairman of the Senate Banking and Currency Committee had requested a report on S. 308, a bill to permit the establishment and operation of certain branch offices by Michigan National Bank, Lansing, Michigan. The bill was identical with S. 2883, on which both the Board and the Federal Deposit Insurance Corporation submitted adverse reports in the previous Congress. The Michigan Banking Department, the National Association of Supervisors of State Banks, and the Michigan Bankers Association had strongly opposed S. 2883, while the Comptroller of the Currency reported favorably.

In brief, passage of the bill would enable Michigan National Bank, with the approval of the Comptroller of the Currency, to re-establish and operate as branches, at such locations as approved by the Comptroller, an office in Saginaw, Michigan, and three offices in Grand Rapids, Michigan, or any of them, such branches having been in lawful operation as branches of the Saginaw National Bank, Saginaw, Michigan, and the First National Bank, Grand Rapids, Michigan, prior to their

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consolidation with the Lansing National Bank under the name Michigan National Bank, Lansing, Michigan. At the time of the consolidation, in 1940, the one office in Saginaw and the three offices in Grand Rapids were required to be closed by the then Comptroller of the Currency (Mr. Delano) based on the Comptroller's interpretation of the McFadden Act (section 5155 of the Revised Statutes) and the branch banking laws of Michigan. Michigan National Bank accepted this decision and did not seek judicial review of the matter, but the proponents of the pending legislation now alleged an error of law on the part of the Comptroller. In 1945 the branch banking laws of Michigan were amended so as generally to restrict new branches of banks to within a 25-mile radius of their main office, thus precluding Michigan National Bank from establishing de novo branches in either Saginaw or Grand Rapids. During the hearings last year on S. 2883 the Michigan Commissioner of Banking had expressed the view that no error of law occurred in 1940, and he was supported in this view by the Assistant Attorney General of Michigan.

There had been distributed a memorandum from the Legal Division dated September 3, 1965, submitting a draft of report that would recommend against favorable consideration of S. 308.

In discussion Chairman Martin inquired whether former Comptroller of the Currency Gidney and Mr. Saxon, the present Comptroller, had not expressed the view that Michigan National Bank was justified in its effort

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to obtain legislation that would enable it to re-establish the branches in question. Mr. Young (Legal) replied that Mr. Gidney had testified favorably on a bill introduced for this purpose and that Mr. Saxon had reported favorably on S. 2883. He added that Michigan National Bank had tried unsuccessfully to reopen the matter with the Comptroller's Office in 1946 and 1950.

Chairman Martin then referred to a portion of the proposed letter that would state that the Board was not persuaded that the Comptroller's decision in 1940 resulted from a misinterpretation of applicable law. He inquired whether this phraseology could not be changed in some manner so that the Board would refrain from entering the debate on the validity of the Comptroller's decision. Mr. Cardon suggested putting the matter in terms that whether or not the decision resulted from a misinterpretation of applicable law, Michigan National Bank made no effort at the time to seek judicial review, and the Chairman stated that this approach would be more satisfactory to him. As things stood, he added, it appeared that Michigan National Bank was following the reasonable course open to it to obtain correction of what it considered to be an injustice, namely, by seeking legislation, so the matter appeared to be essentially one for the Congress to decide.

Governor Daane referred to a sentence in the proposed letter stating that approval of the pending legislation would constitute a precedent that could be damaging to State and Federal relationships and

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to bank supervision. He suggested that such language might be rather strong, and after some discussion there was general agreement that the sentence should be deleted.

In this connection, however, Governor Robertson pointed out that passage of the proposed legislation would involve a deviation from the established Congressional intent that national banks should be subject to State laws with respect to branches and that it seemed unsound to pass legislation relating to particular situations that would have the effect of eroding this general principle. Other members of the Board concurred in this expression.

After further discussion Governor Robertson said that he would be agreeable to the suggestion made earlier by Mr. Cardon, and unanimous approval then was given to a letter to Chairman Robertson in the form attached as Item No. 2.

Requests for confidential treatment of information in registration statements (Items 3-8). A memorandum from the Legal Division dated September 3, 1965, which had been distributed, pointed out that section 206.3(c) of Regulation F, Securities of Member State Banks, provides that any bank filing a registration statement may object to the public disclosure of any information required to be contained therein. Of the 95 member State banks that had filed registration statements to date, only 3 had requested "confidential treatment." If the Board were to grant such a request, a notation to this effect would be made at the

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appropriate place on all copies of the bank's registration statement that were made available for public inspection. If the Board were to deny the request, a notice of denial would be sent to the bank concerned, which bank would then have 15 days to file a written statement with the Board that it intended to seek judicial review. The bank could file its petition for judicial review within 60 days of the date of the Board's notice, and in that event no public disclosure would be made unless and until the courts had affirmed the Board's action.

One request for confidential treatment was from First Trust & Deposit Company, Syracuse, New York, which requested such treatment as to all of its loans to directors, officers, and their associates. Most of these loans, however, were not "material transactions" under tests described in the memorandum and would not be required to be reported. The staff recommended on technical grounds, therefore, that the request be granted in respect to such loans. As to loans to two corporations controlled by a director of the bank, amounting in each case to about 13 per cent of the bank's equity capital, the staff recommended that the request be denied.

The Merrill Trust Company, Bangor, Maine, requested confidential treatment for loans to a director and his corporation that had amounted, at times, to 30 per cent of the bank's entire capitalization. The staff recommended that this request be denied.

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Wachovia Bank and Trust Company, Winston-Salem, North Carolina, requested confidential treatment of certain information on remuneration of directors and officers. The staff recommended that this application be denied.

Orders reflecting the staff recommendations were submitted with the memorandum, along with drafts of letters to the respective banks. (The orders were not of a type proposed to be published in the Federal Register.)

In discussion of the respective requests, Governor Maisel inquired whether in the Syracuse case it would be feasible to allow the applicant bank to withdraw and amend its registration statement by deleting information on the loans not regarded as "material transactions."

Mr. Hexter replied that the bank's registration statement had already been made public, with a notation included of the bank's request for confidential treatment of certain material contained therein. He was not sure there was any procedure by which a document of this kind could feasibly be withdrawn after it had been made public. He indicated that the staff had studied this rather complicated problem at some length and had concluded that a procedure along the lines reflected by the proposed order was perhaps the best solution. Mr. Plotkin described in more detail the manner in which the public copies of the registration statement would be marked, in which connection he proposed a modification in the contemplated procedure that would work in the direction of meeting the point referred to by Governor Maisel.

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On the Wachovia case, Governor Balderston raised the question whether it could legitimately be said that it would be of benefit to investors to have information revealed on the compensation of the bank's highest-paid officers. Governor Robertson commented that it would be difficult to distinguish between Wachovia's situation and that of the many other banks that had filed similar information with the Board or the Federal Deposit Insurance Corporation. Governor Daane noted that Wachovia apparently was concerned about certain internal relationships among its officers, and Mr. Hexter said that Wachovia had been persistent on the matter of not wanting to disclose information on remuneration. At this bank's suggestion the Board had changed the original draft provision of Regulation F so as to require disclosure of the compensation of only the two highest-paid officers instead of three, and it had been understood at the time that this solution was satisfactory to Wachovia. Governor Balderston then stated that he was satisfied with the staff recommendation for denial of this request for confidential treatment. There was, however, general agreement with a suggestion that the proposed letter to Wachovia be revised somewhat to emphasize, as a basis for denial, that the requirement of Regulation F for information on remuneration of certain directors and officers had been complied with by all other registrant banks to whom the requirement applied, and to de-emphasize the suggestion that an absence of such information in the registration statement of this particular bank might be damaging by leading to exaggerated guesses on compensation of Wachovia's management.

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At the conclusion of the discussion, unanimous approval was given to the letters and orders of which copies are attached hereto as Items 3-8.

The meeting then recessed and a telephone conference meeting of the Federal Open Market Committee was held. The Board meeting reconvened thereafter with the same members of the Board present, along with Messrs. Young, Kenyon, and Broida of the staff.

Reference was made to a letter recently addressed by the Chairman of the Congressional Joint Economic Committee to members of the American Economic Association listed in the Association's handbook as having monetary economics as a field of specialization. The recipients of the letter included certain staff members of the Board and Reserve Banks. On behalf of the Subcommittee on Economic Progress, the letter requested views on certain questions concerning the System's portfolio of Government securities and other financial assets. It was agreed that there should be sent to the Presidents of all Federal Reserve Banks, for their information, a letter advising that a member of the staff of the Joint Committee had indicated to the Board's staff that the Committee would not object if those persons who preferred not to comment on the issues raised because of their affiliation with the System simply acknowledged the inquiry with a comment to such effect. It was understood that similar advice would be made available to affected members of the Board's staff.

Reference also was made, by the Chairman, to a paper that had been handed to him by the staff exploring certain aspects of System

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portfolio management. At the Chairman's suggestion, and without implication of endorsement of the paper by him, it was understood that Mr. Young would supply copies of the document to the other members of the Board for study purposes.

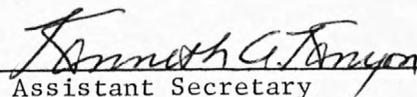
The meeting then adjourned.

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

Letter to the Federal Reserve Bank of Minneapolis (attached Item No. 9) approving the designation of James U. Brooks as special assistant examiner.

Memorandum dated September 8, 1965, from the Division of Research and Statistics recommending that Thomas R. Beard, Assistant Professor, Economics Department, Louisiana State University, be appointed as Consultant to that Division effective to December 31, 1965, such appointment to be on a temporary contractual basis with compensation at the rate of \$44 per day for each day worked and with transportation expenses and per diem at the rate of \$16 when in travel status to be paid in accordance with the Board's travel regulations.

Memorandum from the Division of International Finance recommending acceptance of the resignation of Charles K. Harley, Research Assistant (Summer) in that Division, effective at the close of business September 17, 1965.


Assistant Secretary

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T E L E G R A M
LEASED WIRE SERVICE

Item No. 1
9/8/65

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

September 8, 1965

SANFORD - NEW YORK

Your wire September 2. Board approves opening and maintenance of an account on your books in the name of the Bank Negara Indonesia, subject to the usual terms and conditions. It is understood that participation in this account will be offered to other Federal Reserve Banks.

(Signed) Kenneth A. Kenyon

KENYON



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

OFFICE OF THE CHAIRMAN

September 8, 1965.

The Honorable A. Willis Robertson, Chairman,
Committee on Banking and Currency,
United States Senate,
Washington, D. C. 20510

Dear Mr. Chairman:

This is in response to your request for the views of the Board on S. 308, a bill "To permit the establishment and operation of certain branch offices by the Michigan National Bank, Lansing, Michigan".

The bill provides that the Michigan National Bank may with the approval of the Comptroller of the Currency reestablish and operate as branches, at such locations as shall be approved by the Comptroller of the Currency, the offices at Saginaw, Michigan, and the three offices in Grand Rapids, Michigan, or any of them which were in lawful operation as branches of the Saginaw National Bank, Saginaw, Michigan, and the First National Bank, Grand Rapids, Michigan, prior to their consolidation with the Lansing National Bank under the name Michigan National Bank, Lansing, Michigan.

The circumstances which gave rise to this request for legislation began with the approval on December 31, 1940, of the consolidation of First National Bank and Trust Company of Grand Rapids, the Saginaw National Bank, the Lansing National Bank and three other banks to form the present Michigan National Bank. At the time of this consolidation, the one branch office in Saginaw and the three branch offices in Grand Rapids were required to close by the then Comptroller of the Currency. This decision by the Comptroller was based on his interpretation of the McFadden Act (section 5155 of the Revised Statutes (12 U.S.C. 36)) and the branch banking laws of Michigan.

Under the McFadden Act, a national bank could operate any pre-1927 branches and otherwise was given the same branching privileges as are granted to State banks under State law. The Comptroller in 1940 construed the pertinent provisions of Michigan law as permitting a continuing bank, following a consolidation, to retain as a branch only the main office of the consolidated bank but not the branches of such

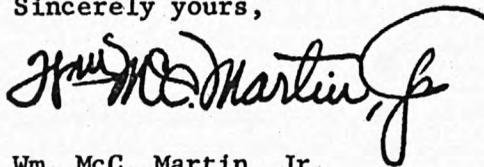
The Honorable A. Willis Robertson -2-

bank. In accepting this construction of the law the continuing bank in the instant case, Michigan National Bank, chose as the site of its home office the City of Lansing and was permitted to operate as branches four offices previously operated as branches by Lansing National Bank, all of which had been established prior to 1927. Michigan National Bank was also permitted to operate branches at what had previously been the home offices of the other five consolidating banks but was not permitted to continue the operation of the four post-1927 branches of the Saginaw and Grand Rapids banks. It is with respect to these four branches that proponents of the legislation allege an error of law on the part of the Comptroller.

Whether or not the Comptroller's decision in 1940 resulted from a misinterpretation of applicable law, Michigan National Bank made no effort at the time to seek judicial review of the matter. This, together with the fact the 1945 amendment to the Michigan statute generally restricts new branches of State banks to within a 25-mile radius of their main offices, argues against approval of S. 308 which would extend a privilege to Michigan National Bank that is not now permitted to other banks under existing law.

The Board does not recommend favorable consideration of S. 308.

Sincerely yours,



Wm. McC. Martin, Jr.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

Item No. 3
9/8/65



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 8, 1965.

REGISTERED -
RETURN RECEIPT REQUESTED

First Trust & Deposit Company,
201 South Warren Street,
Syracuse, New York.

Attention: Mr. W. Niver Wynkoop, President

Gentlemen:

Enclosed is an Order of the Board of Governors granting in part and denying in part the application for confidential treatment of information with respect to certain loan transactions required to be included in the bank's registration statement (Form F-1) filed pursuant to Federal Reserve Regulation F, "Securities of Member State Banks".

The application for confidential treatment does not present any special circumstances that might warrant exclusion of loans to corporate "insiders" and their associates from the general requirement (Item 12 of Form F-1) that such transactions be disclosed (unless specifically excluded) if they are "material". The application relies, rather, on the traditional practice of banks to treat loan transactions in a confidential manner.

However, Congress has indicated that the public interest in disclosure is paramount despite the preference of banks and individuals, in some circumstances, that such transactions not be disclosed, and Federal Reserve Regulation F simply implements this legislative direction. Confidential treatment of particular transactions is available only where the bank presents, as the "grounds of objection" to disclosure (see Regulation F, § 206.3(c)(2)(B)), special circumstances that warrant a departure from the general principle that such information should be available to the investing public.

The bank's application requested confidential treatment as to all loans to directors, officers, and their associates. With two exceptions, each of these situations appears to involve loans aggregating less than 10 per cent of the bank's equity capital and appears to present no

First Trust & Deposit Company

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features that would make the transaction of special interest to investors. In such cases, the Board does not regard the transactions as "material" as defined in § 206.2(n), and therefore disclosure in Item 12 would not be obligatory. In view of the bank's application, the Board has granted confidential treatment with respect to those transactions, even though they would not otherwise be required to be disclosed. However, the loans to corporations controlled, respectively, by Directors Durkin and Hodgkins do constitute material transactions, since they exceed, in each case, 10 per cent of the bank's equity capital. Accordingly, the denial of confidential treatment is applicable to these two situations.

A memorandum conveying comments of our staff with respect to other items of the registration statement is enclosed. The information under Item 12, submitted with the application for confidential treatment, will be withheld from the public records on the assumption that appropriate disclosure in conformity with the Board's Order will be contained in the amendment to the registration statement.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

Enclosures

Memorandum of Comments on the Registration Statement
Filed by First Trust and Deposit Company on May 4, 1965,
Pursuant to Regulation F

An amendment to the registration statement giving effect to the following comments should be filed as soon as possible. In accordance with section 206.4(u) of Regulation F, the amendment should comply with all "requirements applicable to statements and reports", such as paper, number of copies, execution, etc. Amended items of the form or sections of the financial statements should be restated, as amended, in their entirety.

Item 3. Description of Business

It is suggested that there be included a reference to Schedule III of the financial statements for further information with respect to various categories of loans of the bank.

It would also appear to be appropriate to present in tabular form for each of the three years for which a statement of income has been furnished, ratios of the bank's net operating earnings to the following items: (a) average equity capital accounts, and (b) average total deposits. Average ratios for such periods of loans to deposits should also be included.

It is further suggested that the first full paragraph on page two be amended to state the size of the bank (measured by total deposits) in relation to other banks in its primary service area.

Item 4. Description of Bank Premises and Other Real Estate

It is suggested that a cross reference be made to Schedule IV of the financial statements for further information with respect to the book value of bank premises and equipment.

Item 7. Directors and Officers

It is suggested that where the business conducted by an organization with which outside directors are principally associated is not readily apparent from the name of the firm, the principal business of such organization should be indicated parenthetically.

Item 9. Remuneration of Directors and Officers

The description of the Profit Sharing Plan in footnote two on page nine should be amended to indicate the discretionary determination by the Board of Directors of the bank's contribution thereto.

Item 10. Options to Purchase Securities

The warrant to purchase 46,941 shares of common stock, mentioned in Item 13, should be described in accordance with the instructions to this Item. (See definition of "option"--§ 206.2(p).)

Item 12. Interest of Management and Others in Certain Transactions

In the event that Mr. Wicks is a substantial shareholder of the Upstate Computer Center, Inc., it should be so stated.

Item 13. Capital Stock Being Registered

It would appear that the exercise price of the warrant (\$11.77 per share) reported in this Item differs with that reported in Note 7 of the Notes to Financial Statements (\$12.01). It is assumed that a stock dividend was declared in 1965 which required an adjustment of the exercise price; if so, some indication in the registration statement would appear appropriate.

The paragraph on page 14 relating to restrictions on the payment of dividends should be amended to also indicate that under the Federal Reserve Act the approval of the Board of Governors of the Federal Reserve System is required if dividends declared by a member bank in any year should exceed the total of net profits for that year combined with retained net profits for the preceding two years, less any required transfers to surplus.

Item 16. Recent Sales of Securities

The capital notes sold by the bank on December 1, 1964, should be described in accordance with the Instructions to this Item.

Financial Statements

It appears that all items reported as nonoperating additions and deductions in the three years included in the consolidated statement of income relate to material adjustments to the allowance for possible loan loss account and, for the reasons stated hereinafter, such amounts are assumed to be applicable to prior periods. As a result, the amounts transferred to undivided profits for the years reported, as well as for prior periods, may have been determined without the objectivity necessary for meaningful comparison of periodic financial activity. As presented, the consolidated statement of income may be misleading without additional explanatory disclosures.

From information available to the staff, the bank adopted an alternative method of computing its reserve for bad debts in 1956, resulting in an increased "ceiling" that permitted an additional \$4,000,000 of tax deductible provisions. A memorandum account, "Tax Adjustment Account," was utilized to absorb the net after tax charge of such increased provisions for possible loan losses for book purposes. It is

assumed the related tax benefits realized were charged against the tax liability account. Beginning in the year 1958, the accumulated debits to the memorandum account were amortized annually as transfers to the allowance account. Indications are that such amortization was to be concluded in the year 1964.

It is further assumed that during the period from 1956 to 1964 provisions to the reserve for bad debts were computed and deducted for tax return purposes and not entirely recognized within the transacted period on the bank's books as transfers to the allowance account. Footnote information to Schedule VII suggests that such tax deducted provisions, aggregating \$1,770,000, were or will be recognized on the books as transfers to allowances for possible loan losses in the years 1963 through 1965 in an effort to bring the book allowance account in agreement with the tax formula reserve.

As supplemental information to be furnished to the staff in the form of a letter prior to filing an amendment, please confirm the substantial accuracy of the above summary of events affecting the allowance for possible loan losses and the accounting assumed to be applied thereto. Any additional relevant information should also be furnished. As part of such supplemental information kindly explain (1) the basis for the transfer from the reserve for taxes in 1963, in the amount of \$48,000 reported as a nonoperating addition, and (2) the account credited with the initial accumulation of the "Tax Adjustment Account" in view of the additions to the allowance for possible loan loss account equivalent to the annual amortization amounts in the years 1962 through 1964. Upon receipt of this information we will have additional comments suggesting revision of financial statement presentation and/or additional explanatory disclosures.

In accordance with Instruction 6(a) and 7(a) to Form F-9B of Regulation F, the net profits and net losses on sale of securities should be included as nonoperating additions and deductions in the statement of income. Should it be bank policy to set aside security profits to offset possible capital losses, a transfer from undivided profits to a reserve for contingencies in an amount equivalent to net security profits and losses should be appropriately reported in the statement of changes in capital accounts. This procedure would accurately reflect the segregation of undivided profits represented by the reserve for contingency account.

In the interest of comparability, Note 8 to financial statements should be expanded to state the amount of contribution made to the deferred profit sharing plan in the years 1962 and 1963, if any.

The information required by footnote 5 to Schedule IV and footnote 4 to Schedule VIII should be furnished.

A newly dated manually signed opinion of the principal accounting officer and auditor should accompany the financial statements in at least one copy of the amendment.

UNITED STATES OF AMERICA

BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

WASHINGTON, D. C.

In the Matter of the Application of

FIRST TRUST & DEPOSIT COMPANY

Syracuse, New York
-----ORDER GRANTING IN PART AND DENYING IN PART
APPLICATION FOR CONFIDENTIAL TREATMENT

There has come before the Board of Governors an application for confidential treatment by First Trust & Deposit Company, Syracuse, New York, a member State bank of the Federal Reserve System, pursuant to section 206.3(c) of Federal Reserve Regulation F, "Securities of Member State Banks". Said bank requests nondisclosure of certain loan transactions that are reportable under Item 12, "Interest of Management and Others in Certain Transactions", of the registration statement, on Form F-1, filed by it pursuant to the requirements of section 12(g) of the Securities Exchange Act of 1934.

IT IS HEREBY DETERMINED, upon consideration of all the circumstances, that (1) with the exception of the loan transactions hereinafter referred to, disclosure of such information is not necessary for the protection of investors, and (2) loans to corporations controlled, respectively, by Directors Durkin and Hodgkins, are material transactions required to be disclosed in the public interest.

IT IS HEREBY DIRECTED that the bank shall file forthwith an appropriate amendment to its registration statement, unless a written statement is filed with the Board, within 15 days after notice of this determination is sent to the bank, that the bank intends in good faith to seek judicial review of the determination.

Dated at Washington, D. C. this 8th day of September, 1965.

By order of the Board of Governors.

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

(SEAL)

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

Item No. 5
9/8/65



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 8, 1965.

AIR MAIL - REGISTERED
RETURN RECEIPT REQUESTED

The Merrill Trust Company,
Bangor, Maine.

Attention: Mr. John F. Grant, President

Gentlemen:

Enclosed is an Order of the Board of Governors denying the application for confidential treatment of information with respect to certain loan transactions required to be included in the bank's registration statement (Form F-1) filed pursuant to Federal Reserve Regulation F, "Securities of Member State Banks".

The application for confidential treatment rested principally upon the bank's concern that public disclosure of the loans to one of its directors (and his corporate "associate") would cause the director hereafter to borrow from other banks rather than from The Merrill Trust Company.

The requirement of Item 12 of Form F-1 that material transactions between the bank and its directors, other "insiders", and their associates be disclosed is based on the belief that these are matters as to which the investing public ought reasonably to be informed. In view of the circumstances of this case, including the relative magnitude of the loans to the director and his interests, the Board has concluded that it would not be in the public interest to exempt these transactions from the general disclosure requirement.

You will note that the Board's Order does not relate to disclosure in the bank's proxy statement in connection with its 1966 annual meeting of stockholders. The Board would wish to reconsider the question again at that time, if there had occurred such a substantial change in circumstances that the bank wished to resubmit an application based on the facts then existing.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

Enclosure

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

In the Matter of the Application of
THE MERRILL TRUST COMPANY,
Bangor, Maine

ORDER DENYING APPLICATION FOR CONFIDENTIAL TREATMENT

There has come before the Board of Governors an application for confidential treatment by The Merrill Trust Company, Bangor, Maine, a member State bank of the Federal Reserve System, pursuant to section 206.3(c) of Federal Reserve Regulation F, "Securities of Member State Banks". Said bank requests nondisclosure of certain loan transactions that are reportable under Item 12, "Interest of Management and Others in Certain Transactions", of the registration statement, on Form F-1, filed by it pursuant to the requirements of section 12(g) of the Securities Exchange Act of 1934.

IT IS HEREBY DETERMINED, upon consideration of all the circumstances, that disclosure of such information is in the public interest; and

IT IS HEREBY DIRECTED that, pursuant to section 206.3(c)(6) of Regulation F, such information be made available to the public 15 days after notice of this determination is sent to the bank, unless the bank shall file with the Board, within said 15 days, a written statement that it intends in good faith to seek judicial review of the determination.

Dated at Washington, D. C., this 8th day of September, 1965.

By order of the Board of Governors.

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

(SEAL)

2904

Item No. 7
9/8/65

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 8, 1965.

AIR MAIL - REGISTERED
RETURN RECEIPT REQUESTED

Wachovia Bank and Trust Company,
Winston-Salem 1, North Carolina.

Attention: Mr. E. T. Shipley, Comptroller

Gentlemen:

Enclosed is an Order of the Board of Governors denying the application for confidential treatment of remuneration information required to be included in the bank's registration statement filed pursuant to Federal Reserve Regulation F, "Securities of Member State Banks".

In adopting Item 9 of Form F-1, calling for disclosure of the remuneration of certain directors and officers, the Board of Governors acted upon the belief that the investing public is entitled to information of this nature. Similar requirements have been imposed by the Federal Deposit Insurance Corporation and by the Securities and Exchange Commission in accordance with an express statutory mandate (see sec. 12(b) of the Securities Exchange Act of 1934). The information in question has been disclosed by all other member State banks that are subject to the provisions of Regulation F.

The bank has presented no special circumstances that would justify exempting it from a requirement that is applicable to, and has been complied with by, all other banks similarly situated. The contentions advanced by the bank are to the effect that there should be no requirement whatever for disclosure of the remuneration of any directors or officers. If the Board concluded that this contention was valid, its appropriate course would be complete deletion of Item 9, rather than a special exemption of Wachovia Bank and Trust Company. However, for the reasons indicated the Board is unable to agree with the argument advanced, and consequently is compelled to conclude that granting confidential treatment in this case would not be consistent with the Board's responsibility to protect the public interest.

Wachovia Bank and Trust Company

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It also is possible that, in the absence of any information whatever on this subject in the bank's registration statement (in contrast to the disclosure of such information by all other registered banks), investors and persons in the banking and financial community might make exaggerated guesses as to the amounts of compensation that Wachovia pays to its management. In that event, the possibility of damage to public confidence in management from nondisclosure of such information might outweigh any internal problems that might result from disclosure.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

Enclosure

UNITED STATES OF AMERICA

BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

WASHINGTON, D. C.

 In the Matter of the Application of
 WACHOVIA BANK AND TRUST COMPANY,
 Winston-Salem, North Carolina

ORDER DENYING APPLICATION FOR CONFIDENTIAL TREATMENT

There has come before the Board of Governors an application for confidential treatment by Wachovia Bank and Trust Company, Winston-Salem, North Carolina, a member State bank of the Federal Reserve System, pursuant to section 206.3(c) of Federal Reserve Regulation F, "Securities of Member State Banks". Said bank requests nondisclosure of information reportable under Item 9, "Remuneration of Directors and Officers", of the registration statement, on Form F-1, filed by it pursuant to the requirements of section 12(g) of the Securities Exchange Act of 1934.

IT IS HEREBY DETERMINED, upon consideration of all the circumstances, that disclosure of such information is in the public interest; and

IT IS HEREBY DIRECTED that, pursuant to section 206.3(c)(6) of Regulation F, such information be made available to the public

15 days after notice of this determination is sent to the bank, unless the bank shall file with the Board, within said 15 days, a written statement that it intends in good faith to seek judicial review of the determination.

Dated at Washington, D. C. this 8th day of September, 1965.

By Order of the Board of Governors.

(Signed) Kenneth A. Kenyon

**Kenneth A. Kenyon,
Assistant Secretary.**

(SEAL)

2908

Item No. 9
9/8/65

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 8, 1965.



Mr. Hugh D. Galusha, Jr., President,
Federal Reserve Bank of Minneapolis,
Minneapolis, Minnesota. 55440

Dear Mr. Galusha:

In accordance with the request contained in your letter of September 1, 1965, the Board approves the designation of James U. Brooks as a special assistant examiner for the Federal Reserve Bank of Minneapolis.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.