

Minutes for November 24, 1965

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

RM

Gov. Robertson

R

Gov. Balderston

ccs.B

Gov. Shepardson

[Signature]

Gov. Mitchell

[Signature]

Gov. Daane

[Signature]

Gov. Maisel

ggm

Minutes of the Board of Governors of the Federal Reserve System on Wednesday, November 24, 1965. The Board met in the Conference Room adjacent to the Board Room at 9:30 a.m.

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

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Young, Senior Adviser to the Board and
Director, Division of International Finance
Mr. Molony, Assistant to the Board
Mr. Fauver, Assistant to the Board
Mr. Hackley, General Counsel
Mr. Brill, Director, Division of Research and
Statistics
Mr. Farrell, Director, Division of Bank Operations
Mr. Solomon, Director, Division of Examinations
Mr. Johnson, Director, Division of Personnel
Administration
Mr. Kelleher, Director, Division of Administrative
Services
Mr. Kakalec, Controller
Mr. Harris, Coordinator of Defense Planning
Mr. Daniels, Assistant Director, Division of Bank
Operations
Mrs. Semia, Technical Assistant, Office of the
Secretary
Mr. Grimwood, Chief, Liaison Office, Office of
Defense Planning

Messrs. J. G. Dickerson, Jr., Vice President of
the Federal Reserve Bank of Richmond, and
Donald L. Strange-Boston of the firm of
Marcellus Wright & Partners, architects

Relocation facility. Pursuant to previous authorization by
the Board, the Federal Reserve Bank of Richmond had engaged an architec-
tural firm (Marcellus Wright & Partners) to prepare preliminary plans

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for a joint relocation facility for the Board and the Richmond Bank, to be used during normal times principally as a communications and records center, currency storage facility, and data processing center. Various aspects of the proposal were discussed in distributed memoranda from the Division of Bank Operations dated November 19, 1965, from the Committee on Relocation Arrangements (Messrs. Farrell, Kelleher, and Harris) dated November 22, 1965, and from Mr. Schwartz, Director, Division of Data Processing, dated November 22, 1965.

At today's meeting Mr. Harris commented on the over-all relocation plans of the Federal Government and the relation to them of the proposed joint facility for the Board and the Richmond Reserve Bank.

Messrs. Dickerson and Strange-Boston displayed drawings and a model showing the principal characteristics of the preliminary plans for the proposed facility and commented on the rationale underlying selection and accommodation of the various features incorporated therein. They then responded to a number of questions raised by members of the Board and indicated that consideration would be given to certain suggestions that were made.

The meeting then recessed and reconvened in the Board Room, with all members of the Board present and the following members of the staff in attendance:

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Molony, Assistant to the Board
Mr. Fauver, Assistant to the Board

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Mr. Hackley, General Counsel
 Mr. Brill, Director, Division of Research and Statistics
 Mr. Farrell, Director, Division of Bank Operations
 Mr. Solomon, Director, Division of Examinations
 Mr. Johnson, Director, Division of Personnel Administration
 Mr. Kakalec, Controller
 Mr. Hexter, Associate General Counsel
 Messrs. O'Connell and Hooff, Assistant General Counsel
 Mr. Leavitt, Assistant Director, Division of Examinations
 Mr. Sprecher, Assistant Director, Division of Personnel
 Administration
 Mr. Bass, Assistant Controller
 Mrs. Semia, Technical Assistant, Office of the Secretary
 Messrs. Heyde, Plotkin, Robinson, Sanders, and Shuter of the
 Legal Division
 Messrs. Egertson, Lyon, Noory, and Sidman of the Division of
 Examinations

Discount rates. The establishment without change by the Federal Reserve Bank of Boston on November 22, 1965, of the rates on discounts and advances in its existing schedule was approved unanimously, with the understanding that appropriate advice would be sent to the Bank.

Circulated or distributed items. The following items, copies of which are attached to these minutes under the respective item numbers indicated, were approved unanimously:

	<u>Item No.</u>
Letter to Valley Bank and Trust Company, Springfield, Massachusetts, approving the establishment of a branch at Boston and Fernbank Roads.	1
Letter to Farmers State Bank of Illiopolis, Illiopolis, Illinois, waiving the requirement of six months' notice of withdrawal from membership in the Federal Reserve System.	2
Letter to the Federal Deposit Insurance Corporation regarding the application of American State Bank, Lubbock, Texas, for continuation of deposit insurance after withdrawal from membership in the Federal Reserve System.	3

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	<u>Item No.</u>
Letter to the Federal Reserve Bank of San Francisco approving a revision of the employees' salary structures at the head office and branches.	4
Letter to the Federal Reserve Bank of St. Louis approving the appointment of Beryl F. Jones as Federal Reserve Agent's Representative at the Memphis Branch.	5

Application of Society Corporation (Items 6 and 7). There had been distributed drafts of an order and statement reflecting the Board's approval on October 11, 1965, of the application of Society Corporation, Cleveland, Ohio, to acquire voting shares of The North Madison Banking Company, North Madison, Ohio.

After a discussion during which agreement was expressed with certain changes in the statement suggested by Governor Mitchell, the issuance of the order and statement was authorized. Copies of the documents, in the form in which they were issued, are attached as Items 6 and 7.

Application of Hunterdon County Trust Company (Item No. 8).

There had been distributed a memorandum dated November 22, 1965, from the Division of Examinations regarding certain aspects of an application of Hunterdon County Trust Company, Califon, New Jersey, to establish a branch in Annandale, Clinton Township, Hunterdon County. A file on the application had previously been circulated.

The application was filed with the State authorities in March 1965, and they had given their permission on November 15. The application

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was received in the Board's offices on November 16, and the branch was established on November 18. New Jersey law provided so-called office protection, under which only a bank that had an office in an officially constituted political subdivision such as a township could establish additional de novo offices there. In September 1965 two national banks applied for permission to establish branches in Clinton Township, which had no banking office until Hunterdon County Trust Company opened its branch there on November 18. With the opening of that branch, the two national banks were precluded by State law from establishing branches in the township. The memoranda stated that the factors usually considered in connection with branch applications were satisfactory, and the entry of Hunterdon County Trust Company into the area should increase competition in that it would provide another alternative to services offered by the nearest banking offices, which were branches from 2-1/2 to 4-1/2 miles away operated by the two national banks that had also applied for branches in Clinton Township.

Discussion included comments on the reasons that had prompted Hunterdon County Trust Company to open its branch in advance of approval by the Board; on interest that had been evidenced in the matter by the press; and on the rules of priority that had for many years been observed by the Federal bank supervisory agencies in regard to branch applications. Comment was made that if the branch of Hunterdon County Trust Company would have resulted in overbanking in the community or in probable damage

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to an existing institution, it would seem appropriate for the Board to deny the application, but such considerations were not present.

At the conclusion of the discussion the establishment of the branch was approved unanimously as of today's date, such action to be announced routinely and without special explanation or comment. It was understood that members of the press who made inquiries would be advised that the application had been weighed in the light of all of the factors ordinarily considered in connection with a branch application. If specific inquiry should be made as to whether the Board proposed to take action under the Federal Reserve Act due to the opening of the branch prior to Board approval, response would be made in the negative. A copy of the letter in which the applicant was informed of the Board's approval of the branch application is attached as Item No. 8.

San Francisco National Bank matter. Mr. O'Connell reported for the Board's information regarding a suit filed by certain depositors of San Francisco National Bank, San Francisco, California (which had been closed earlier this year), against the Federal Reserve Bank of San Francisco, the national bank and its directors, and the Federal Deposit Insurance Corporation. The complaints against the Reserve Bank alleged that it had acted improperly in granting advances to the national bank while having knowledge that it was in perilous condition, and that the Reserve Bank had accepted collateral for those advances in excessive amount and had selected that collateral from among the best assets of

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the national bank. The suit asked a judgment that the Reserve Bank be relegated to the status of a subordinated rather than a preferred creditor and that it be required to give up the notes and securities it had received as collateral. Service of the complaint had been made while depositions were being taken from officers of the Reserve Bank in connection with the pending suit brought by the Federal Deposit Insurance Corporation against A. M. R., Inc., et al., and the taking of those depositions had been discontinued pending stipulation of counsel or court order.

It was understood that the Board would be kept informed of further developments in regard to the litigation.

Regulation F: form for filing amendments (Item No. 9). There had been distributed a memorandum dated November 23, 1965, from the Legal Division and the Division of Examinations pointing out that many of the registration statements and periodic reports filed with the Board pursuant to Regulation F, Securities of Member State Banks, had required amendments to bring them into substantial compliance with the regulation. For reasons set out in the memorandum, it appeared that the best way to advise banks clearly of the correct method of filing amendments would be through the use of a form. A draft of such a form (to be designated Form F-20) was attached to the memorandum. Publication of the form prior to its adoption was believed unnecessary because the form was solely for administrative convenience.

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After discussion, the proposed form was approved unanimously, with the understanding that it would be published in the Federal Register as an addition to Regulation F. A copy is attached as Item No. 9.

All members of the staff then withdrew except Messrs. Sherman, Kenyon, and Fauver and Mr. Morgan, Staff Assistant, Board Members' Offices, entered the room.

Director appointments. It was agreed to ascertain through the Chairman of the Federal Reserve Bank of Dallas whether the following persons would accept appointment, if tendered, as Federal Reserve Bank or branch directors for the terms indicated, with the understanding that if it were found that they would accept, the appointments would be made, with public announcement near the end of 1965:

Kenneth S. Pitzer, President, Rice University, Houston, Texas, as a Class C director of the Federal Reserve Bank of Dallas for the three-year term beginning January 1, 1966. (It was understood that, if it should be learned that Mr. Pitzer was not available, a similar inquiry would be made with respect to James Earl Rudder, President, Texas A. & M. University, College Station, Texas.)

Joseph M. Ray, President, Texas Western College, El Paso, Texas, as a director of the El Paso Branch of the Federal Reserve Bank of Dallas for the three-year term beginning January 1, 1966.

George T. Morse, Jr., President, Peden Iron & Steel Company, Houston, Texas, as a director of the Houston Branch of the Federal Reserve Bank of Dallas, beginning January 1, 1966, for the remainder of the three-year term expiring December 31, 1966. (Mr. Morse would succeed Lovett C. Peters, who had resigned.)

Francis B. May, Chairman of Department of General Business, University of Texas, Austin, Texas, as a director of the San Antonio Branch of the Federal Reserve Bank of Dallas for the three-year term beginning January 1, 1966.

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It was noted that James McCormack had submitted his resignation as a Class C director of the Federal Reserve Bank of Boston as of the end of November 1965. By telegram dated November 18, 1965, the Board had advised Charles W. Cole, Amherst, Massachusetts, of his appointment as a Class C director, to succeed Mr. McCormack, for the three-year term beginning January 1, 1966.

In view of the date of Mr. McCormack's resignation, it was agreed that Mr. Cole's appointment should be made effective on a date earlier than January 1, 1966, if inquiry revealed that this would be feasible.

Request for BancOhio application. Reference was made to a request from Congressman Paul H. Todd, Jr., for access to the application filed by BancOhio Corporation, Columbus, Ohio, to acquire control of First National Bank of Jackson, Jackson, Ohio. The application was approved by the Board on October 11, 1965, but the order announcing the decision had not yet been issued.

It was agreed that upon issuance of the Board's order and statement, which might be expected shortly, the application would be made available.

The meeting then adjourned.

Secretary's Notes: On November 23, 1965, Governor Shepardson approved on behalf of the Board the following items:

Letter to the Federal Reserve Bank of Boston (attached Item No. 10) approving the appointment of James M. Scott as assistant examiner.

Memoranda recommending the following actions relating to the Board's staff:

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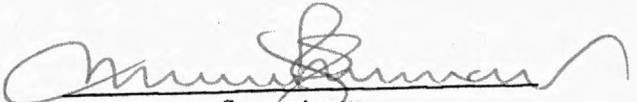
Appointment

Joyce Jamison as Librarian, Division of Research and Statistics, with basic annual salary at the rate of \$6,476, effective the date of entrance upon duty.

Acceptance of resignation

John Huey Johnson, Messenger, Division of Administrative Services, effective at the close of business November 26, 1965.

Governor Shepardson today approved on behalf of the Board a memorandum from Susan Chapman, Personnel Clerk, Division of Personnel Administration, requesting permission to work for a local department store on a part-time basis.



Secretary

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



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 24, 1965

Board of Directors,
Valley Bank and Trust Company,
Springfield, Massachusetts.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Valley Bank and Trust Company, Springfield, Massachusetts, of a branch at the corner of Boston Road and Fernbank Road, Springfield, Massachusetts, provided the branch is established within two years from the date of this letter.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.

(The letter to the Reserve Bank stated that the Board also had approved a six-month extension of the period allowed to establish the branch; and that if an extension should be requested, the procedure prescribed in the Board's letter of November 9, 1962 (S-1846), should be followed.)

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 24, 1965



Board of Directors,
Farmers State Bank of Illiopolis,
Illiopolis, Illinois.

Gentlemen:

The Federal Reserve Bank of Chicago has forwarded to the Board of Governors a resolution by the board of directors of Farmers State Bank of Illiopolis, Illiopolis, Illinois, dated November 2, 1965, signifying your intention to withdraw from membership in the Federal Reserve System and requesting waiver of the six months' notice of such withdrawal.

The Board of Governors waives the requirement of six months' notice of withdrawal. Upon surrender to the Federal Reserve Bank of Chicago of the Federal Reserve Bank stock issued to your institution, such stock will be canceled and appropriate refund will be made thereon. Under the provisions of Section 208.10(c) of the Board's Regulation H, your institution may accomplish termination of its membership at any time within eight months from the date the notice of intention to withdraw from membership was given.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.

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BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 3
11/24/65

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 24, 1965



The Honorable K. A. Randall, Chairman,
Federal Deposit Insurance Corporation,
Washington, D. C. 20429

Dear Mr. Randall:

Reference is made to your letter of November 16, 1965, concerning the application of American State Bank, Lubbock, Texas, for continuance of deposit insurance after withdrawal from membership in the Federal Reserve System.

There have been no corrective programs urged upon the bank, or agreed to by it, which have not been fully consummated, and there are no such programs that the Board would advise be incorporated as conditions of admitting the bank to membership in the Corporation as a nonmember of the Federal Reserve System.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

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Item No. 4
11/24/65



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 24, 1965

CONFIDENTIAL (FR)

Mr. Eliot J. Swan, President,
Federal Reserve Bank of San Francisco,
San Francisco, California 94120.

Dear Mr. Swan:

As requested in your letter of November 4, 1965, the Board of Governors has approved the following minimum and maximum salaries for the respective grades of the employees' salary structures at the Federal Reserve Bank of San Francisco, effective January 1, 1966.

Grade	San Francisco - Los Angeles		Portland - Seattle		Salt Lake City	
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
1	\$ 3,240	\$ 4,320	\$ 3,120	\$ 4,080	\$ 2,880	\$ 3,720
2	3,420	4,620	3,300	4,380	3,000	3,960
3	3,600	4,920	3,480	4,680	3,120	4,200
4	3,900	5,220	3,720	5,040	3,360	4,560
5	4,200	5,640	4,080	5,520	3,720	5,040
6	4,560	6,120	4,500	6,060	4,140	5,580
7	4,920	6,720	4,920	6,600	4,620	6,180
8	5,460	7,380	5,340	7,260	5,100	6,900
9	6,060	8,220	6,000	8,040	5,700	7,740
10	6,720	9,120	6,660	8,940	6,360	8,640
11	7,500	10,140	7,380	10,020	7,140	9,660
12	8,340	11,220	8,220	11,100	7,860	10,740
13	9,240	12,480	9,000	12,140	8,760	11,800
14	10,320	13,920	9,900	13,320	9,660	12,980
15	11,400	15,480	10,860	14,560	10,620	14,380
16	12,660	17,100	11,820	15,940	11,640	15,760

Mr. Eliot J. Swan

Salaries should be paid to employees within the limits specified for the grades in which their respective positions are classified. It is noted that all employees whose salaries are below the minimum of their grades as a result of these structure increases will be brought within appropriate ranges by April 1, 1966.

Very truly yours,
(Signed) Merritt Sherman

Merritt Sherman,
Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

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Item No. 5
11/24/65

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 24, 1965

Mr. Raymond Rebsamen,
Chairman of the Board
and Federal Reserve Agent,
Federal Reserve Bank of St. Louis,
St. Louis, Missouri. 63166

Dear Mr. Rebsamen:

In accordance with the request contained in your letter of November 12, 1965, the Board of Governors approves the appointment of Mr. Beryl F. Jones as Federal Reserve Agent's Representative at the Memphis Branch to succeed Mr. Leslie H. Fowler, effective January 1, 1966.

This approval is given with the understanding that Mr. Jones will be solely responsible to the Federal Reserve Agent and the Board of Governors for the proper performance of his duties, except that, during the absence or disability of the Federal Reserve Agent or a vacancy in that office, his responsibility will be to the Assistant Federal Reserve Agent and the Board of Governors.

When not engaged in the performance of his duties as Federal Reserve Agent's Representative, Mr. Jones may, with the approval of the Federal Reserve Agent and the Vice President in charge of the Memphis Branch, perform such work for the Branch as will not be inconsistent with the duties as Federal Reserve Agent's Representative.

It will be appreciated if Mr. Jones is fully informed of the importance of his responsibilities as a member of the staff of the Federal Reserve Agent and the need for maintenance of independence from the operations of the Bank in the discharge of these responsibilities.

It is noted from your letter that, with the approval by the Board of Governors of Mr. Jones' appointment, the usual Oath of Office will be executed and forwarded to the Board along with signature cards.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

In the Matter of the Application of
SOCIETY CORPORATION,
Cleveland, Ohio,
for approval of the acquisition of
voting shares of The North Madison
Banking Company, North Madison, Ohio.

ORDER APPROVING APPLICATION 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)), an application of Society Corporation, Cleveland, Ohio, a registered bank holding company, for the Board's prior approval of the acquisition of 80 per cent or more of the voting shares of The North Madison Banking Company, North Madison, Ohio.

In accordance with section 3(b) of the Act, the Board notified the Ohio Superintendent of Banks of receipt of the

application and requested his views and recommendation thereon. The Superintendent recommended approval of the application.

Notice of receipt of the application was published in the Federal Register of July 14, 1965 (30 F. R. 8869), providing an opportunity for interested persons to submit comments and views with respect to the proposed acquisition. The time for filing such comments and views has expired, and all those received have been considered by the Board.

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 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 24th day of November, 1965.

By order of the Board of Governors.

Voting for this action: Unanimous, with all members present.

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

(SEAL)

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

APPLICATION BY SOCIETY CORPORATION, CLEVELAND, OHIO,
FOR APPROVAL OF THE ACQUISITION OF SHARES OF
THE NORTH MADISON BANKING COMPANY, NORTH MADISON, OHIO

STATEMENT

Society Corporation, Cleveland, Ohio ("Applicant"), a registered bank holding company, has filed with the Board, pursuant to section 3(a)(2) of the Bank Holding Company Act of 1956 ("the Act"), an application for approval of the acquisition of 80 per cent or more of the voting shares of The North Madison Banking Company, North Madison, Ohio ("Bank").

Views and recommendation of supervisory authority. - As required by section 3(b) of the Act, notice of receipt of the application was given to, and views and recommendation requested of, the Ohio Superintendent of Banks. The Superintendent recommended approval of the application.

Statutory factors. - Section 3(c) of the Act requires the Board to take into consideration the following five factors in acting upon this application: (1) the financial history and condition of the holding company 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 system involved beyond limits consistent with adequate and sound banking, the public interest, and the preservation of competition in the field of banking.

Financial history, condition, prospects, and management of

Applicant and Bank. - Applicant became a bank holding company in January 1965, and presently controls two banks: Society National Bank of Cleveland ("National"), and The Fremont Savings Bank Company, Fremont, Ohio. At December 31, 1964,^{1/} these banks operated 18 banking offices and, combined, held \$555 million in deposits. National, Applicant's principal subsidiary, operated 16 of these offices and held \$537 million of deposits.

Applicant's financial condition is largely determined by the condition of its subsidiary banks, particularly National. National was organized by Society for Savings, a mutual savings bank, and commenced business in January 1956. As of December 31, 1958, Society for Savings commenced dissolution, and its accounts were transferred to National, resulting in National having a substantially larger percentage of time and savings deposits than have other commercial banks of comparable size. While National's net earnings position in relation to its gross earnings and invested capital is somewhat lower than that of other commercial banks of similar size, due principally to the large portion of its total deposits represented by time and savings accounts, National's past operation and history

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

of growth, particularly in demand deposits, warrant the conclusion that its - and therefore Applicant's - prospects for sound and profitable future operations are satisfactory. The managements of Applicant and its subsidiary banks are considered satisfactory.

Bank was organized and commenced business in 1956, and its only office had nearly \$4 million in total deposits at year-end 1964. Its financial history and condition and its prospects are considered to be satisfactory. Bank's management is also considered to be satisfactory, although it appears that such management has not fully met the credit needs of the area, especially with respect to mortgage and consumer loans, and some types of installment loans. As a result, Bank's percentage of loans to deposits has been substantially less than that for other banks shown to be competing within Madison Township. Affiliation with Applicant should result in more aggressive management, which, in turn, would be expected to enhance Bank's prospects.

Accordingly, considerations bearing on the financial history, condition, prospects, and management of Applicant and Bank are consistent with approval of the application.

Convenience, needs, and welfare of the communities and the area concerned. - North Madison is located 42 miles east of Cleveland in Madison Township, Lake County, Ohio. The current population of Lake County is estimated to be 182,000, and the current population of Madison Township, the primary service area of Bank,^{2/} is estimated

^{2/} The area from which Bank obtains approximately 71 per cent of its deposits of individuals, partnerships, and corporations.

to be 10,000. Madison Township is predominantly a suburban residential area having some agricultural and industrial sections. The principal agricultural activity in the area is nursery production. Eight light industries, with a total labor force of approximately 240, also operate within the service area.

Applicant asserts that its acquisition of Bank will enable Bank to (1) improve its lending program to the individuals and businesses in the area, (2) have access to electronic data processing equipment, (3) offer securities investment management services, and (4) provide new and additional services to its customers.

On the basis of the record presented, the Board is satisfied that Applicant's proposed improved service rendition would prove of direct benefit to Bank, and indirectly to the residents and businesses of Bank's primary service area.

Effect of proposed acquisition on adequate and sound banking, the public interest, and banking competition. - The aggregate deposits of \$555 million held by Applicant's two banks would, by the addition of Bank to Applicant's system, be increased to about \$559 million. Applicant would then control slightly more than three per cent of the total deposits in Lake County and less than four per cent of the total deposits in the State of Ohio.

The effect on banking competition to be anticipated by the extent to which banking resources would be concentrated in holding company groups, were Applicant's acquisition of Bank to be

consummated, is not viewed by the Board as a consideration requiring denial of the application. BancOhio Corporation, Columbus, Ohio, the only other registered bank holding company now operating in the State, has no subsidiaries in any of the counties in which Applicant has or will have subsidiaries.

In addition, the five largest banks and banking systems operating in Ohio at year-end 1964 controlled 16.5 per cent of all banking offices and 33.4 per cent of the deposits of all banks in the State. BancOhio Corporation's system of 22 banks, operating a total of 71 offices with \$809 million in deposits, ranked fourth in size, and Applicant's present system of two banks, operating 18 offices with \$555 million in deposits, ranked fifth in size. Measured in terms of deposits held, three independent banks were each larger than the combined bank subsidiaries of either holding company system, and together these three banks accounted for 10.2 per cent and 23.9 per cent, respectively, of the offices and deposits in the State.

In the Board's opinion, no bar to approval of the application is presented by consideration of the extent to which Applicant's ownership of Bank would eliminate existing competition or foreclose future competition between Bank and Applicant's subsidiaries. With the approval of the application, Applicant will be operating in two contiguous counties - Cuyahoga County wherein National is located, and Lake County wherein Bank's only office is located. Applicant's other subsidiary, The Fremont Savings Bank Company, is located 85 miles west of Cleveland

in Sandusky County. There presently exists little or no competition between Applicant's subsidiaries and Bank. The nearest branch of National to North Madison is in Euclid, Ohio, 32 miles west of Bank, and several offices of other banks are located between Euclid and North Madison.

Bank's principal competitor in the North Madison area is the Lake County National Bank of Painesville, Painesville, Ohio, which at June 30, 1964, operated eight banking offices and held \$62 million of total deposits, which accounted for 52 per cent of the total deposits in Lake County. One of these offices is located two miles south of Bank, in Madison. Bank also competes with four Geneva, Ohio, branch offices of the following three Ashtabula, Ohio, banks:

- (1) The Commercial Bank, with deposits of \$6 million;
- (2) The Farmers National Bank and Trust Co., with deposits of \$35 million; and
- (3) The Northeastern Ohio National Bank with deposits of \$29 million.^{3/}

Geneva is located in Ashtabula County, six miles east of Bank. In view of the fact that each of Bank's principal competitors has deposits comparable to or greater than Bank, and since no subsidiary of Applicant competes to any significant extent in the area concerned, it appears to the Board that consummation of the proposed acquisition would not significantly alter the present competitive picture in that area.

The foregoing considerations warrant, in the Board's opinion, a finding that the acquisition proposed would not result

^{3/} Deposit figures are as of June 30, 1964.

in an expansion of the size or extent of Applicant's system inconsistent with adequate and sound banking, the public interest, or the preservation of banking competition.

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 transaction would be consistent with the public interest, and that the application should, therefore, be approved.

November 24, 1965.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 24, 1965



Board of Directors,
Hunterdon County Trust Company,
Califon, New Jersey.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Hunterdon County Trust Company, Califon, New Jersey, of a branch in the Clinton Township Municipal Building, Annandale (unincorporated area), Clinton Township, Hunterdon County, New Jersey.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.

TITLE 12 - BANKS AND BANKING

CHAPTER II - FEDERAL RESERVE SYSTEM

SUBCHAPTER A - BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

[Reg. F]

PART 206 - SECURITIES OF MEMBER STATE BANKS

Form for Amendments

1. Effective December 1, 1965, the following is added:

§ 206.45 Form for amendment to registration statement or periodic report of bank (Form F-20).

FORM F-20

AMENDMENT TO REGISTRATION STATEMENT OR PERIODIC REPORT OF BANK

General Instructions

A. The form set forth hereinafter is not to be used as a blank form to be filled in but is intended solely as a guide in the preparation of an amendment to a previously filed registration statement or report. Attention should be given to the general requirements governing amendments, which are prescribed in § 206.4(u).

B. The amendment shall contain the number and caption of each item being amended and each such item shall be restated, as amended, in its entirety. Where a financial statement, or a note or schedule related thereto, is being amended, such statement, note, or schedule likewise shall be restated in its entirety.

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

3831

AMENDMENT NUMBER _____

to

1/

on

FORM F- 2/

Pursuant to Section 12 or 13 of the
Securities Exchange Act of 1934

(Exact name of bank as specified in charter)

(Address of principal office)

The undersigned bank hereby amends the following items,
financial statements or exhibits, constituting part of the aforesaid
statement or report, as set forth in the pages attached hereto:

(List all such items, financial statements, exhibits,
or other portions amended).

Pursuant to the requirements of the Securities Exchange Act
of 1934, the bank has duly caused this amendment to be signed on its
behalf by the undersigned, thereunto duly authorized.

Name of Bank

Date _____

By _____

(Print name and title of signing officer
under signature)

1/ Indicate appropriate designation of statement or report being amended,
such as "Registration Statement" or "Annual Report for year ended
December 31, 19__".

2/ Indicate the number of the form on which the statement or report was
filed, such as "Form F-1".

Dated at Washington, D. C., this 26th day of November, 1965.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

3833

Item No. 10
11/24/65

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

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 23, 1965



Mr. Luther M. Hoyle, Jr., Vice President,
Federal Reserve Bank of Boston,
Boston, Massachusetts. 02106

Dear Mr. Hoyle:

In accordance with the request contained in your letter of November 12, 1965, the Board approves the appointment of James M. Scott as an assistant examiner for the Federal Reserve Bank of Boston. Please advise the effective date of the appointment.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.