

Minutes for January 22, 1958

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, if you were present at the meeting, please initial in column A below to indicate that you approve the minutes. If you were not present, please initial in column B below to indicate that you have seen the minutes.

	A	B
Chm. Martin	x <u>W</u>	_____
Gov. Szymczak	x <u>MS</u>	_____
Gov. Vardaman <u>1/</u>	_____	x _____
Gov. Mills	x <u>[Signature]</u>	_____
Gov. Robertson	x <u>R</u>	_____
Gov. Balderston	x <u>CCB</u>	_____
Gov. Shepardson	x <u>tel</u>	_____

1/ In accordance with Governor Shepardson's memorandum of March 8, 1957, these minutes are not being sent to Governor Vardaman for initial.

Minutes of the Board of Governors of the Federal Reserve System
on Wednesday, January 22, 1958. The Board met in the Board Room at
10:00 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Balderston, Vice Chairman
Mr. Szymczak
Mr. Mills
Mr. Robertson
Mr. Shepardson

Mr. Carpenter, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Hackley, General Counsel
Mr. Masters, Director, Division of Examinations
Mr. Molony, Special Assistant to the Board
Mr. Solomon, Assistant General Counsel
Mr. Hexter, Assistant General Counsel
Mr. O'Connell, Assistant General Counsel
Mr. Hostrup, Assistant Director, Division of
Examinations

Items circulated to the Board. The following items, which had
been circulated to the members of the Board and copies of which are
attached to these minutes under the respective item numbers indicated,
were approved unanimously:

	<u>Item No.</u>
Letter to Federation Bank and Trust Company, New York, New York, approving the establishment of a branch in Jamaica, New York. (For transmittal through the Federal Reserve Bank of New York)	1
Letter to The Elgin National Bank, Elgin, Illinois, approving its application for fiduciary powers. (For transmittal through the Federal Reserve Bank of Chicago)	2
Letter to the Federal Reserve Bank of Dallas expressing the opinion that H. Kempner, Galveston, Texas, has ceased to be a bank holding company.	3
Letter to American Trust Company, San Francisco, California, approving the establishment of a branch in Alameda, California. (For transmittal through the Federal Reserve Bank of San Francisco)	4

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Order extending time for submission of further Report and Recommended Decision (Item No. 5). With regard to the matter of the applications of The First National City Bank of New York and others under the Bank Holding Company Act, there had been distributed to the members of the Board copies of a draft of order which would extend from January 24, 1958, to and including February 24, 1958, the time for the Hearing Examiner to submit the further Report and Recommended Decision requested by the Board's order of December 10, 1957.

In a discussion of the proposed order, Chairman Martin referred to the meeting which he and Vice Chairman Balderston had with Hearing Examiner Schneider pursuant to the understanding at the Board meeting on January 8, 1958, and to the subsequent informal discussion of the Board in executive session which resulted in a decision that Mr. Schneider should be asked to proceed as expeditiously as possible to complete the further Report and Recommended Decision. He said that he had talked by telephone with Mr. Schneider in the light of that decision and that Mr. Schneider still hoped to complete the assignment by about the fifteenth of February.

Mr. O'Connell reported that he also had had a conversation with Mr. Schneider, who talked in the same vein as stated by Chairman Martin. It was on the basis of that conversation, he said, that the proposed order granting an extension of time was drafted for the Board's consideration.

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Mr. O'Connell then suggested that if the proposed order should be approved, the letters transmitting copies thereof to counsel for the parties to the proceeding make reference to the telegram received by the Board from Counsel for The First New York Corporation under date of December 27, 1957, urging that the Board withdraw the matter from the Hearing Examiner and state that the Board had given consideration to that request but had reached the decision reflected by the order.

In response to a question by Governor Shepardson, who was not present during the aforementioned discussion in executive session, Chairman Martin said that the Hearing Examiner had given every indication of desiring to continue with the case and submit the further Report and Recommended Decision as expeditiously as circumstances permitted. Governor Balderston and Mr. O'Connell stated that they also had received the same impression. They understood that Mr. Schneider was aiming for completion of the assignment by February 15 but that he did not want to be bound to a commitment for that date.

Certain suggestions then were made for editorial changes in the proposed order, following which unanimous approval was given to an order in the form attached hereto as Item No. 5, with the understanding that copies would be sent to the Hearing Examiner and other appropriate parties and that the transmittal letters to counsel for the parties to the proceeding would contain language along the lines suggested by Mr. O'Connell at this meeting.

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In connection with this action, question was raised whether a press statement giving the text of the order should be issued. In view of the precedent built up in the First National City Bank matter, including public release of the order remanding the matter to the Hearing Examiner, and the desire of the Board to make public disclosure to the fullest extent possible in proceedings of this kind, it was agreed unanimously that a press release concerning the extension of time should be issued.

Proposed new bank holding company (Item No. 6). By letter dated December 9, 1957, the law firm of Hooker, Alley and Duncan of New York City requested advice as to whether the Board would consider the application of a Delaware corporation, owning at least 25 per cent of the stock of one national bank in Michigan and organized for the specific purpose of acquiring stock of national banks, for permission to acquire requisite stock of another national bank in Michigan and thereby become a bank holding company. It was indicated that the corporation would maintain its principal offices, hold its corporate meetings, and keep its securities and funds in Delaware, and that it would vote through a proxy its shares of the national banks at the stockholders' meetings held in Michigan.

As stated in a memorandum from Mr. O'Connell dated January 20, 1958, copies of which had been sent to the members of the Board, the legal question presented by the inquiry was whether the Board would be precluded by section 3(d) of the Bank Holding Company Act (the "Douglas

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amendment") from approving an application by the Delaware corporation to acquire stock of two of more banks in the State of Michigan, thereby becoming a bank holding company, or whether the situation should be considered exempt from the coverage of that section on the ground that the bank holding company would conduct its principal operations in Michigan.

After discussing possible alternative interpretations of the statute, the memorandum stated that in the opinion of the Legal Division the most reasonable and fair interpretation would be one which regarded the situs of principal operations as the State in which a holding company's banking subsidiaries are located. Such an interpretation, which would give a bank holding company the choice of expansion in either that State or the State in which it has its principal office and place of business, was deemed to be the one most in accord with the language of the statute. In order to give effect to the apparent intent of the Congress to limit expansion to a single State, it was believed only fair, if it should be decided in favor of this interpretation, that the bank holding company must initially choose between the State of its principal office and the State of its principal operations, and thereafter adhere in its expansion to that choice.

Also dealt with in the memorandum was the question of the effect of Michigan law on the ownership of stock of banks in that State by a foreign corporation not "doing business" in Michigan. It was believed that authoritative determination of the State statutes was appropriately

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within the purview of the State authorities and that it would be unnecessary and inappropriate for the Board to consider the statutes of Michigan as determinative of the request submitted.

There was submitted with the memorandum a draft of possible reply to the law firm based on the views of the legal staff discussed in the memorandum. The law firm would be advised also that the views expressed in the letter did not preclude a change in position following receipt of full and complete factual information and that they did not constitute any indication as to whether the Board would approve an application for approval of the acquisition of bank stocks.

At the request of the Board, Mr. O'Connell summarized the principal question presented by the law firm's letter and reviewed the possible alternative positions which might be taken by the Board, following which Mr. Hackley said that in the view of the Legal Division the proposed interpretation of section 3(d), while it might not be the best result as a matter of policy, seemed to represent the best interpretation of the statute as written. He pointed out that the proposed letter would merely say that the Board was not precluded from considering the application by the Douglas amendment and that it was not intended to suggest that the Board would necessarily approve the application.

Mr. Masters stated that the Division of Examinations concurred in the position taken by the Legal Division.

Governor Robertson then said that he agreed with the construction placed on the statute by the Legal Division but that he had some doubt

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regarding the necessity for going beyond that construction to say that a bank holding company could not change the State chosen for expansion after having made an initial choice. It was difficult for him to conceive of a situation where a holding company could make such a change as a practical matter.

Mr. O'Connell replied by suggesting certain circumstances in which the question might arise, following which Governor Robertson stated that he was entirely satisfied with the position taken by the Legal Division. However, he felt that the Board should recommend to the Congress an amendment to the Bank Holding Company Act clarifying the applicability of the statute to a situation of this kind.

Governor Mills, who also expressed agreement with the conclusions of the legal staff, said that to him the proposed letter to the law firm was phrased in such a way as to encourage the filing of an application, since it seemed to suggest the prospect of favorable action by the Board.

In view of Governor Mills' comment, several suggestions were made for changes in the letter for the purpose of eliminating any inference as to what the Board's position might be in the event that an application should be submitted. Unanimous approval then was given to a letter to Hooker, Alley and Duncan in the form attached hereto as Item No. 6.

The changes in the draft of letter which were agreed upon resulted in the elimination of a paragraph which would have stated that any application for approval by the Board of the proposed transaction should be filed with the Federal Reserve Bank of Chicago, from which Bank information

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concerning the application procedure could also be obtained. Due to the circumstances, it had been considered appropriate to refer to the Chicago Bank in this case despite the language of the Board's Regulation Y, Bank Holding Companies, which states that applications shall be filed with the Federal Reserve Bank of the district where the applicant has its principal place of business.

Members of the staff explained that a situation of the kind involved in the current inquiry had not been envisaged when the Regulation was drafted, and it was understood that the staff would consider an amendment to the Regulation which might be acted upon by the Board at an appropriate time.

At the conclusion of the discussion, question was asked regarding the nature of the amendment to the Bank Holding Company Act which the Board might wish to recommend to the Congress with respect to a situation such as that involved in the correspondence with the law firm. It was agreed that the amendment to be suggested would prohibit expansion of a bank holding company outside of the State where it conducts its principal operations.

General Contract Corporation matter. At the meeting on January 14, 1958, the Board gave preliminary consideration to applications filed under the Bank Holding Company Act by General Contract Corporation of St. Louis, Missouri, for determinations pursuant to section 4(c)(6) which would permit its retention of certain nonbanking subsidiaries. The

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discussion at that time was concerned primarily with the interpretation of section 6(a)(4) of the Act in its application to two loan companies having their offices on the premises to two of the holding company's subsidiary banks and the question whether their sale of paper to the subsidiary banks at a discount and without recourse constituted a violation of that section. At the conclusion of the discussion it was decided to request the Legal Division to present for the Board's consideration the facts involved in an application by First Bank Stock Corporation of St. Paul, Minnesota, for a section 4(c)(6) determination with respect to First Banccredit Corporation, since it had been urged by First Bank Stock that a reading of such application might assist the Board in its determination of the issues presented in the General Contract case.

A memorandum from Mr. Solomon attaching a copy of the First Bank Stock application was distributed to the members of the Board under date of January 15, 1958, and a second memorandum from Mr. Solomon, dated January 17, 1958, discussed the facts of First Banccredit's operations, comparisons between such operations and those of the two loan companies in the General Contract case, and the effects of the General Contract decision on the First Banccredit case. The second memorandum suggested that if the Board should conclude in the General Contract case that a purchase of paper without recourse was a "discount", this would lead to a conclusion that First Banccredit could not qualify for exemption under section 4(c)(6)

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unless a distinction could be made between the fact that purchases of paper in the General Contract case are admittedly at a discount and the fact that purchases of paper by a First Bank Stock subsidiary bank from First Banccredit are made "at cost", under an arrangement whereby the bank's actual earnings on the paper are at a specified percentage per annum. On the other hand, even if the Board should conclude that the term "discount" did not include a purchase of paper without recourse and that the two loan companies in the General Contract case met other statutory tests for exemption under section 4(c)(6), this would not necessarily entitle First Banccredit to exemption because its operations, which cover areas widely dispersed from the locations of its affiliated banks, are not as closely integrated with affiliated banks as the operations of the two loan companies in the General Contract case.

At the request of Chairman Martin, Messrs. Hackley and Solomon reviewed the questions to be decided in the General Contract case and the latter made certain clarifying comments regarding the conclusions which he had reached with respect to those questions, as set forth in his memorandum of January 9, 1958. Mr. Hackley pointed out that, as indicated by Mr. Solomon's memorandum of January 17, the First Banccredit case likewise involved the question of possible violation of section 6 of the Act. If it should be determined by the Board that no violation of that section was involved in the transactions between First Banccredit and the holding company's subsidiary bank to which it sells paper, then

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the question whether the finance company was "so closely related" to the banking business as to be a "proper incident thereto" would still remain to be decided. It would become necessary to consider, among other things, that offices of First Banccredit Corporation are located in ten cities in several different States whereas the two loan companies in the General Contract case are located on the premises of affiliated banks.

The members of the Board then stated their views beginning with Governor Mills, who expressed agreement with Mr. Hexter's interpretation that the transactions between the two General Contract loan companies and the affiliated subsidiary banks did not violate section 6(a)(4) of the Bank Holding Company Act. Having reached that conclusion, he would grant General Contract Corporation's request for a determination under section 4(c)(6) which would permit retention of the two loan companies.

Governor Robertson's conclusions were different from those of Governor Mills. He thought that Mr. Solomon's memorandum of January 9 was almost unanswerable in its position that the word "discount" should be interpreted to encompass sales of paper by the loan companies without recourse. The legislative history of the Act, he said, seemed to indicate clearly that the Congress included the word "discount" in section 6(a)(4) for a purpose, and it seemed important to recognize that its inclusion followed discussion of a specific case which involved the sale of paper by a Texas finance company to two controlled member banks in Chicago at

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a discount and without recourse. To take such a position would mean that the burden was on the bank holding companies to attempt to obtain a change in the existing legislation, whereas if the Board should take a different position it would not be in a very good position to try to obtain a change. Therefore, he would resolve any doubts in favor of an interpretation which would prohibit a situation that the Congress was quite evidently trying to prevent, that is, a situation where a bank holding company could abuse its subsidiary banks by forcing them to purchase paper from subsidiary finance companies with or without recourse.

Governors Shepardson and Szymczak expressed agreement with Governor Robertson's position, as did Governor Balderston. In discussing his views on the matter, the latter indicated that he was somewhat puzzled by the suggestion in the Legal Division's memoranda that it might make a difference whether paper was purchased by a subsidiary bank from a subsidiary finance company at a discount or at face value. With the word "discount" in the law, he doubted whether the Board would be discharging its enforcement responsibilities properly if it countenanced transactions such as involved in the General Contract case. On the other hand, if violation of section 6(a)(4) could be avoided simply by a change of procedure so that an affiliated bank would purchase paper from a loan company at cost rather than at a discount, a

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decision by the Board that the transactions in the General Contract case were in violation of the statute would appear to be a rather futile gesture.

In response to Governor Balderston's comment, Mr. Hackley clarified the position of the Legal Division by saying that if the Board should hold the transactions in the General Contract case to be in violation of the statute, all of the members of the legal staff would consider it appropriate also to regard the sale of paper to an affiliated bank at cost as a violation of the statute. In view of the pendency of the First Bank Stock application with respect to First Banccredit Corporation, he suggested that the Board might wish to cover this point in its decision on the General Contract case, even though this would go beyond the issues involved in the latter case.

Mr. Solomon supplemented Mr. Hackley's remarks by saying that his memorandum on the First Bank Stock application might have inadvertently overemphasized the distinction between purchases of paper at a discount and at cost. While such a distinction probably would be urged by First Bank Stock Corporation, he did not think it was valid and he felt that the realities of the situation must be recognized.

Chairman Martin then said that he would support the majority view in the General Contract case, not so much on the basis of strict legal reasoning as because of the possibility that abuses could arise from taking the opposite position. In other words, it seemed to him that it would not be in accord with the public interest to grant the exemption requested under section 4(c)(6) of the Act.

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Governor Shepardson indicated that he had reached his decision on a similar basis. He said that he was impressed particularly by the fact that the existing language of the statute reflected Congressional discussion of an actual situation where abuses of the kind referred to by Chairman Martin were involved.

Governor Mills then amplified the reasons for his dissenting opinion by commenting, as he had at the meeting on January 14, 1958, that to him the long term solution of the problem that had been presented resides in the proper control over bank management through adequate bank chartering, supervision, and examination practices rather than in interference with mechanical operating procedures that essentially are apart from those fundamentals.

Governor Robertson pointed out that this was in effect the view that the Board expressed during the hearings on the Bank Holding Company Act. Nevertheless, the Congress saw fit to include the word "discount" in section 6(a)(4) and he felt that the Board must construe the statute in the light of what the Congress evidently intended to do.

At the conclusion of the discussion it was understood that the Legal Division would prepare for the Board's consideration an order reflecting the majority view, a statement outlining the reasons on which the majority position was based, and a statement of reasons for the dissenting position of Governor Mills.

The meeting then adjourned.

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Secretary's Notes: Governor Shepardson today approved on behalf of the Board a memorandum from Mr. Johnson, Personnel Security Officer, dated January 20, 1958, recommending that full-field investigation reports of former System employees be returned to the Civil Service Commission and that this procedure also be followed with respect to reports on persons who hereafter leave the employ of the System.

Governor Shepardson also approved today on behalf of the Board the purchase by the Division of Administrative Services of a 6' x 6' portable rear projection screen at a cost of \$177.38, as recommended in a memorandum dated January 22, 1958, from Mr. Kelleher, Director of that Division, for use in giving visual-auditory economic presentations outside of the Federal Reserve Building. The action taken also constituted approval of any budget overexpenditure resulting from the purchase, which had not been provided for in the Division's 1958 budget.



Secretary

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

Item No. 1
1/22/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 22, 1958

Board of Directors,
Federation Bank and Trust Company,
New York 19, New York.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors of the Federal Reserve System approves the establishment of a branch of Federation Bank and Trust Company, New York, New York, at 168-48 Hillside Avenue, Jamaica, Borough of Queens, New York, New York, provided the branch is established within one year from the date of this letter.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Assistant Secretary.



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

Item No. 2
1/22/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 22, 1958

Board of Directors,
The Elgin National Bank,
Elgin, Illinois.

Gentlemen:

The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers and grants you authority to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of Illinois, the exercise of all such rights to be subject to the provisions of section 11(k) of the Federal Reserve Act and Regulation F of the Board of Governors of the Federal Reserve System.

A formal certificate indicating the fiduciary powers which The Elgin National Bank is now authorized to exercise will be forwarded to you in due course.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Assistant Secretary.

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

Item No. 3
1/22/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 22, 1958

Mr. L. G. Pondrom, Vice President,
Federal Reserve Bank of Dallas,
Dallas 2, Texas.

Dear Mr. Pondrom:

This refers to your letter of December 31, 1957, requesting the views of the Board of Governors as to (1) whether H. Kempner, Galveston, Texas, a business trust, has ceased to be a "bank holding company" within the purview of the Bank Holding Company Act of 1956, and (2) whether it will be necessary for said business trust to file an annual report for 1957 pursuant to section 8 of Regulation Y.

It is understood from H. Kempner's registration statement and its letters to your Bank dated December 20 and December 23, 1957, that, while H. Kempner owned more than 25 per cent of the stock of each of three banks on May 9, 1956, in 1957 it made bona fide cash sales, to persons not connected with it, of sufficient shares of stock held by it in two of these banks to reduce its holdings to such an extent that it now owns more than 25 per cent of the voting shares of only one bank, The United States National Bank of Galveston, Galveston, Texas. H. Kempner has advised that it does not directly or indirectly own, control, or hold with power to vote 25 per cent or more of the voting shares of two or more banks or of any bank holding company or control in any manner the election of a majority of the directors of each of two or more banks; that trustees do not hold for the benefit of its shareholders 25 per cent or more of the voting shares of each of two or more banks or of a bank holding company; and it has not become a successor to any company falling within the definitions set forth in section 2(a) of Regulation Y.

On the basis of the information presented, it is the opinion of the Board that H. Kempner has ceased to be a bank holding company within the meaning of the Act, and it will not be necessary for it to file an annual report for 1957.

It will be appreciated if you will advise H. Kempner of the Board's views as expressed in this letter.

Very truly yours,

(signed) Merritt Sherman

Merritt Sherman,
Assistant Secretary.



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

Item No. 4
1/22/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 22, 1958



Board of Directors,
American Trust Company,
San Francisco, California.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of San Francisco, the Board of Governors approves the establishment of a branch in the South Shore Development, Alameda, California, by American Trust Company, San Francisco, California, provided the branch is established within one year from the date of this letter and that formal approval of the Superintendent of Banks of the State of California is effective at the time the branch is established.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Assistant Secretary.

UNITED STATES OF AMERICA
BEFORE THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Item No. 5
1/22/58

<p style="text-align: center;">In the Matter of Applications of:</p> <p>First New York Corporation, The First National City Bank of New York, and International Banking Corporation</p> <p>Pursuant to the Bank Holding Company Act of 1956.</p>	<p>:</p> <p>:</p> <p>:</p> <p>:</p> <p>:</p> <p>:</p>	<p>Docket Nos.</p> <p>EHC-1 BHC-2 BHC-3</p>
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ORDER

Whereas, by Order of the Board, dated December 10, 1957, the above-entitled matter was remanded to the Hearing Examiner for submission by him of a further Report and Recommended Decision, and

Whereas, it has now come to the attention of the Board that involvement of the Hearing Examiner in other assignments, undertaken subsequent to the issuance of his original Report and Recommended Decision in this matter, will prevent his completion of a further Report within 45 days from December 10, as ordered.

THEREFORE, IT IS ORDERED that, the time within which such further Report and Recommended Decision is to be submitted to the Board is hereby extended from January 24, 1958, to, and including February 24, 1958.

This 22nd day of January 1958.

By order of the Board of Governors.

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.

(SEAL)

Washington, D. C.
January 22, 1958.

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

Item No. 6
1/22/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 22, 1958.



Hooker, Alley & Duncan,
Counsellors at Law,
50 Broadway,
New York 4, New York.

Gentlemen:

Reference is made to your letter of December 9, 1957, requesting a ruling by the Board of Governors as to whether consideration would be given an application by a Delaware corporation for permission to acquire stock of a national bank in the State of Michigan and, thereby, to become a bank holding company under the Bank Holding Company Act of 1956.

The Board is in general agreement with your conclusion that section 3(d) of said Act would not preclude consideration by the Board of an application for approval of action that would cause the Delaware corporation to become a bank holding company by virtue of its acquisition of stock of an additional bank in the State in which it conducts its principal operations. However, inasmuch as certain aspects of your client's corporate structure and operations were not made entirely clear in your letter, it should be understood that the above-stated preliminary determination by the Board relative to the applicability of section 3(d) to the subject corporation, is subject to change or modification in the light of more complete disclosure of the factual situation.

Further, in making this determination, the Board takes no position regarding your statement that "examination of applicable law in the State of Michigan discloses no prohibition against the ownership of stock of banks located in Michigan by foreign corporations not 'doing business' in Michigan." An authoritative determination on this point is a matter for the appropriate executive or judicial agencies of the State of Michigan.

Hooker, Alley & Duncan

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It is to be understood that the views herein expressed are not to be interpreted as constituting any expression of opinion as to the Board's judgment on the factors that section 3(c) of the Act requires to be considered by the Board in determining whether to approve applications under section 3.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.