

Minutes for August 17, 1959

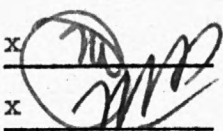
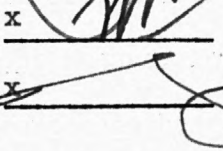
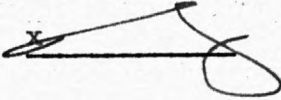
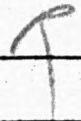
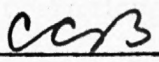
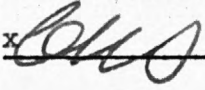
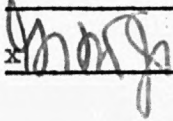
To: Members of the Board

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 	_____
Gov. Szymczak	x 	_____
Gov. Mills	x 	_____
Gov. Robertson	_____	x 
Gov. Balderston	x 	_____
Gov. Shepardson	_____	x 
Gov. King	x 	_____

Minutes of the Board of Governors of the Federal Reserve System  
on Monday, August 17, 1959. 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. King

Mr. Kenyon, Assistant Secretary  
Mr. Fauver, Assistant Secretary  
Mr. Riefler, Assistant to the Chairman  
Mr. Molony, Assistant to the Board

Messrs. Garfield, Noyes, and Robinson, Miss Burr,  
Miss Dingle, and Messrs. Koch, Fisher, Freedman,  
Kalachek, Keir, Manookian, Peret, Pickering,  
Solomon, and Weiner of the Division of Research  
and Statistics

Messrs. Marget, Furth, Gemmill, Irvine, Maroni,  
Reynolds, Summers, and Westebbe of the Division  
of International Finance

Economic review. The Division of International Finance presented a summary of the United States balance of payments position, along with comments on financial developments in selected foreign areas, following which the Division of Research and Statistics reviewed domestic economic developments.

The representatives of the Division of International Finance then withdrew, together with all of the representatives of the Division of Research and Statistics except Messrs. Noyes and Solomon, and the following members of the staff entered the room: Messrs. Farrell and Conkling of the Division of Bank Operations; Messrs. Solomon, Nelson, Benner, and Goodman of the Division of Examinations; and Messrs. Chase, Hooff, Davis, and Farrell of the Legal Division.

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Meeting of Chairmen's Conference. Chairman Martin commented that a meeting of the Conference of Chairmen of the Federal Reserve Banks had been tentatively scheduled for December 3-4, 1959, and that a check was now being made with the Chairmen to confirm those dates.

Discount rates. The establishment without change by the Federal Reserve Banks of New York, Cleveland, Richmond, and Minneapolis on August 13, 1959, of the rates on discounts and advances in their existing schedules was approved unanimously, with the understanding that appropriate advice would be sent to those Banks.

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 The First National City Bank of New York approving the establishment of a branch in Mendoza, Argentina.	1
Letter to the Federal Reserve Bank of New York regarding the retention of investments in corporate stocks by a State bank admitted to membership in the Federal Reserve System.	2
Letter to The Union Commerce Bank, Cleveland, Ohio, approving the establishment of a branch in the Village of Brook Park and an additional investment in bank premises.	3
Letter to the Commercial Bank, Delphos, Ohio, approving the establishment of a branch at 246-248 North Main Street.	4

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Item No.

Letter to The Fahey Banking Company, Marion, Ohio, waiving the requirement of six months' notice of withdrawal from membership in the Federal Reserve System. 5

Letter to the Federal Reserve Bank of Atlanta regarding the applicability of section 32 of the Banking Act of 1933 to the services of Mr. G. C. Jinks as a representative of Investors Diversified Services, Inc., and as president and chairman of a member bank. 6

Letter to the Federal Reserve Bank of Chicago waiving the assessment of two penalties incurred by the Chelsea State Bank, Chelsea, Michigan, by virtue of deficiencies in required reserves. 7

Letter to the Bank of the Commonwealth, Detroit, Michigan, granting an extension of time within which to establish a branch at 300-316 W. Fort Street. 8

Letter to The Security State Bank, Polson, Montana, approving an investment in bank premises. 9

Letter to the Medical Center National Bank, Houston, Texas, granting its request for permission to maintain reduced reserves. 10

Letter to the Home Bank, Compton, California, granting an extension of time within which to establish a branch in Paramount. 11

Wisconsin Bankshares Corporation (Item No. 12). Wisconsin

Bankshares Corporation, Milwaukee, Wisconsin, had filed with the Board a request that its shareholdings in First Wisconsin Company be declared exempt from the provisions of section 4(a)(2) of the Bank Holding Company Act, which prohibit retention by a bank holding company of voting shares



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of a nonbanking company, with certain exceptions. In his Report and Recommended Decision, filed under date of July 15, 1959, the Hearing Examiner recommended granting a determination pursuant to section 4(c)(6) of the Act that would permit retention of the shares of First Wisconsin Company.

A memorandum from Mr. Davis, distributed under date of August 13, 1959, pointed out that the time for filing exceptions to the Hearing Examiner's Report had expired, with no exceptions filed. The memorandum noted that First Wisconsin Company was engaged solely in writing credit life insurance upon loans made by the First Wisconsin National Bank of Milwaukee, one of Wisconsin Bankshares' subsidiary banks, and the legislative history of the Bank Holding Company Act made it clear that credit life insurance was in the class of operations that the Congress had in mind as being "closely related" within the provisions of section 4(c)(6). The Legal Division suggested that the Board authorize issuance of an order that would adopt the findings, conclusions of law, and recommendation of the Hearing Examiner and thereby grant the requested determination. No statement in support of the order would be issued.

Following comments by Mr. Davis, Governor Mills said he agreed with the conclusion reached by the Hearing Examiner and the Legal Division. However, he had some concern that problems might arise in the future if this decision were interpreted as permitting nonbanking

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subsidiaries of a bank holding company to engage in the writing of credit or other life insurance, or other types of insurance, on a broad scale, not only in connection with the operations of subsidiary banks of the same holding company system but for other parties.

When Mr. Davis commented that it was proposed in the letter to Wisconsin Bankshares Corporation to bring out that the Board's decision was based on the facts contained in the hearing record and that the Board might hold differently if the facts should change, Governor Mills indicated that this would go part of the way toward meeting his point. However, this particular decision might be regarded by others wishing to engage in the insurance business as constituting a wider authority than the Board actually had in mind. The time might come, he suggested, when the Board would have to describe more precisely the field of insurance operations that it considered appropriate for a holding company subsidiary.

Following further discussion of the point raised by Governor Mills, it was suggested that, since no statement was to be issued in this case, a caveat might be incorporated in the order which would make it clear to all those reading the document that the Board's decision was based on the hearing record relating to the request of Wisconsin Bankshares and might be different under other circumstances.

There was agreement with this suggestion. Accordingly, unanimous approval was given to an order granting the request of Wisconsin Bankshares Corporation in the form attached as Item No. 12.

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Mr. Davis then withdrew from the meeting.

Interpretation of "carrying". On August 5, 1959, the Board sent to the Federal Reserve Banks, for their suggestions and comments, a draft interpretation of section 221.3(b)(1) of Regulation U, the section dealing with when a bank must treat a loan as having been made for the purpose of "carrying" registered stock.

On the basis of comments received from all of the Reserve Banks, two memoranda from Miss Hart of the Legal Division were distributed to the Board under date of August 13, 1959. One memorandum submitted a revised draft interpretation of "carrying" which reflected suggestions from several of the Banks. This memorandum also discussed a draft interpretation on the subject of "carrying" that had been prepared by the staff of the New York Clearing House and was transmitted to the New York Reserve Bank under date of August 5, 1959. It was noted that the Clearing House had requested an opportunity to discuss the problem with the Board in the event that the Federal Reserve proposed to take a position not wholly consistent with any of the parts of the interpretation drafted by the Clearing House staff.

The second memorandum from Miss Hart referred to the fact that President Erickson of the Federal Reserve Bank of Boston, in connection with submitting comments of the staff of his Bank which suggested at least one area of difficulty, had suggested in a telephone call to Governor Balderston that the Board might wish to obtain the views of

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representative bankers before issuing a general interpretation on the subject of "carrying". The area of difficulty mentioned particularly by the Boston Bank related to stock-secured loans made before June 15, 1959, which were not regulated loans when made but whose purpose was such that they would have been regulated if made after the date of the amendment. A Board letter of July 23, 1959, held that loans of such kind should be treated as regulated loans after June 15, 1959, and this principle would be repeated in the proposed general interpretation. The New York Reserve Bank also had expressed reservations on this point.

The view being expressed by members of the Board that it might be helpful to hold a conference of the kind suggested by President Erickson before a general interpretation was issued, it was tentatively decided that such a conference should be held on Thursday, September 3. Question then was raised as to how selection might be made of the group to participate in the conference, and Governor Balderston commented that Mr. Erickson apparently had in mind inviting bank officers faced with Regulation U problems in the course of day-to-day operations.

The suggestion then was made that the problem of selecting the group who would visit the Board's offices for the suggested conference be discussed with the Presidents of the Federal Reserve Banks following the meeting of the Federal Open Market Committee tomorrow, and agreement was expressed with this procedure.



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Messrs. Benner, Chase, and Farrell (Legal Division) then withdrew from the meeting.

Questions raised by Joint Economic Committee. In connection with testimony by Chairman Martin before the Joint Economic Committee on July 30, 1959, it was understood that answers to questions raised by several members of the Committee on various points would be submitted in written form for completion of the hearing record. At meetings last week, the Board gave consideration to draft replies to these questions. Revised drafts, prepared in accordance with the views expressed at the Board meeting on August 13, had been distributed with a memorandum from Mr. Noyes dated August 14.

The general content of the proposed replies was regarded as satisfactory and suggestions for further changes were confined principally to technical matters. It being understood that these changes would be made, unanimous approval was given to the transmittal of the replies to the Joint Economic Committee for inclusion in the hearing record.

Request of Joint Economic Committee for computer time. Mr. Noyes reported that Dr. Otto Eckstein of the staff of the Joint Economic Committee had raised last week with Mr. Shay, Legislative Counsel, the question whether the Board would be willing to make time on its electronic computer available for the processing of certain work that the Committee staff was carrying out. Mr. Noyes' comments indicated that the extent

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of the work envisaged was not entirely clear and that conceivably the question of overtime might be involved.

The view was expressed that it would be desirable to cooperate with the Committee staff up to a reasonable point, but that the scope of the request should be clarified. Accordingly, it was understood that further clarification would be obtained and the matter then brought back to the Board.

Subcommittee on Foreign Operations and Monetary Affairs. With reference to the letter dated August 3, 1959, from Chairman Hardy of the Subcommittee on Foreign Operations and Monetary Affairs of the House Government Operations Committee, and subsequent discussion of the matter by the Board, Chairman Martin stated that he had been requested to meet with the Subcommittee tomorrow afternoon and that he proposed to take with him Mr. Shay, Legislative Counsel, and Mr. Farrell, Director of the Division of Bank Operations.

Call for condition reports. With a letter dated August 10, 1959, the Comptroller of the Currency enclosed a copy of a letter that he had sent under the same date to the President of the National Association of Supervisors of State Banks informing the latter of his plan to issue a call for reports of condition from national banks this fall and asking that all State bank supervisors be informed. Accordingly, a wire was sent to the Presidents of all Federal Reserve Banks under

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date of August 12, 1959, advising that the Board would contemplate making a similar call upon State member banks.

The action taken in sending the wire to the Reserve Bank Presidents was ratified by unanimous vote.

Report of examination of Atlanta Reserve Bank. Governor Mills stated that he had received, under date of July 31, 1959, a letter from President Bryan of the Federal Reserve Bank of Atlanta commenting on two matters concerning which questions had been raised by the Board in discussing the most recent report of examination of the Atlanta Bank at its meeting on July 9, 1959.

At Governor Mills' suggestion, it was understood that Mr. Bryan's letter would be circulated to the other members of the Board prior to consideration at a meeting.

Appointment of director at New Orleans Branch. Mr. Fauver reported that it had been ascertained that Mr. Gerald L. Andrus would accept appointment, if tendered, as a director of the New Orleans Branch for the unexpired portion of the term ending December 31, 1961, and that a telegram of appointment was being sent to Mr. Andrus today.

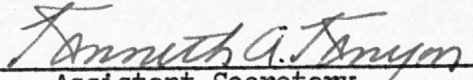
Secretary's Note: In formally accepting the appointment, Mr. Andrus advised that his title with New Orleans Public Service, Inc., New Orleans, Louisiana, was President rather than Vice President, as previously understood.

The meeting then adjourned.

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Secretary's Note: Governor Balderston, in the absence of Governor Shepardson, approved on August 14, 1959, the transfer of Richard S. Landry, Economist, Division of Research and Statistics, to the position of Assistant to the Secretary, Office of the Secretary, with an increase in his basic annual salary from \$6,735 to \$7,510, effective August 23, 1959.

  
Assistant Secretary



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

Item No. 1  
8/17/59

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

August 17, 1959.

The First National City Bank of New York,  
55 Wall Street,  
New York 15, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System authorizes The First National City Bank of New York, New York, New York, pursuant to the provisions of Section 25 of the Federal Reserve Act, to establish a branch in the City of Mendoza, Province of Mendoza, Republic of Argentina, to be located at No. 1056, Avenida General San Martin, and to operate and maintain such branch subject to the provisions of said Section. The location of the branch may not be changed, either before or after establishment, without the prior approval of the Board of Governors.

Unless the branch is actually established and opened for business on or before August 1, 1960, all rights granted hereby will be deemed to have been abandoned and the authority hereby granted will automatically terminate on that date.

Please advise the Board of Governors in writing, through the Federal Reserve Bank of New York, when the branch is opened for business.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,  
Assistant Secretary.



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

Item No. 2  
8/17/59

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



August 17, 1959.

Mr. Alfred Hayes, President,  
Federal Reserve Bank of New York,  
New York 45, New York.

Dear Mr. Hayes:

This refers to your letter of July 29, 1959, requesting the Board's views as to whether or not the Fairfield County Trust Company, Stamford, Connecticut, would be required to dispose of its present holdings of corporate stocks as a condition to membership in the Federal Reserve System. It is understood that consideration may be given by the Fairfield County Trust Company to becoming a member of the Federal Reserve System following a merger with the Danbury National Bank early in August.

As you know, member banks are prohibited by statute from investing funds in corporate stocks, with certain limited exceptions, and this restriction would seem to indicate the view of Congress that corporate stocks should not be regarded as suitable investments for commercial banking institutions. While the Board of Governors prescribes no general or standard condition of membership requiring the disposition of corporate stocks held by State banks at the time of their admission to membership, its present policy is to prescribe appropriate conditions of membership with respect to this matter in view of the circumstances existing in individual cases and to require disposition of corporate stocks unless the circumstances of the individual case justify permitting their retention.

Your letter has been considered by the Board in the light of this policy. While it appears that the Fairfield County Trust Company would be a desirable member of the System, the Board sees no circumstances present in this case which, under the policy of the Board above stated, would justify permitting retention of the corporate stocks now owned by the trust company in the event of its admission to membership.

BOARD OF GOVERNORS  
FEDERAL RESERVE SYSTEM

Mr. Alfred Hayes

This does not mean, however, that, if an application for membership were submitted by the bank, the Board would require disposition of such stocks before admitting the bank to membership; the bank would be afforded a reasonable period of time, not to exceed approximately three years, in which to effect such disposition.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,  
Assistant Secretary.



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

Item No. 3  
8/17/59

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

August 17, 1959.

Board of Directors,  
The Union Commerce Bank,  
Cleveland, Ohio.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Cleveland, the Board of Governors of the Federal Reserve System approves the establishment of a branch at the intersection of Smith and Hummel Roads, in the Village of Brook Park, Cuyahoga County, Ohio, by The Union Commerce Bank, provided the branch is established within nine months from the date of this letter.

The Board of Governors also approves, under the provisions of Section 24A of the Federal Reserve Act, an additional investment in banking premises of not to exceed \$85,000 for leasehold improvements at the proposed branch.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,  
Assistant Secretary.



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

Item No. 4  
8/17/59

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

August 17, 1959.



Board of Directors,  
Commercial Bank,  
Delphos, Ohio.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Cleveland, the Board of Governors of the Federal Reserve System approves the establishment of a branch at 246-248 North Main Street, Delphos, Ohio, by Commercial Bank, Delphos, Ohio, provided the branch is established within nine months from the date of this letter.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,  
Assistant Secretary.

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

Item No. 5  
8/17/59

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



August 17, 1959.

Board of Directors,  
The Fahey Banking Company,  
Marion, Ohio.

Gentlemen:

The Federal Reserve Bank of Cleveland has forwarded to the Board of Governors your letter, together with the accompanying resolution dated July 10, 1959, signifying your intention to withdraw from membership in the Federal Reserve System and requesting waiver of the six months' notice of such withdrawal.

In accordance with your request, the Board of Governors waives the requirement of six months' notice of withdrawal. Upon surrender to the Federal Reserve Bank of Cleveland 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 10(c) of the Board's Regulation H as amended effective September 1, 1952, 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.

It is requested that the certificate of membership be returned to the Federal Reserve Bank of Cleveland.

Attention is invited to the fact that if your bank is desirous of continuing deposit insurance after withdrawal from membership in the Federal Reserve System, it will be necessary that application be made to the Federal Deposit Insurance Corporation.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,  
Assistant Secretary.

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

Item No. 6  
8/17/59

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



August 17, 1959.

Mr. Harold T. Patterson,  
Vice President and General Counsel,  
Federal Reserve Bank of Atlanta,  
Atlanta 3, Georgia.

Dear Mr. Patterson:

This is with further reference to your letters of May 25 and June 2, 1959, regarding the possible applicability of section 32 of the Banking Act of 1933 to Mr. G. C. Jinks, who is President and Chairman of a member bank in your District. It appears that Mr. Jinks is engaged in selling certificates and stock as a part-time representative of Investors Diversified Services, Inc. and that he derives from 10 to 25 per cent of his total income from these activities. The agreement between him and Investors Diversified Services, Inc. calls the company the "distributor" and provides that the "distributor" appoints Mr. Jinks to canvass for applications for certificates of Investors Syndicate of America, Inc. and to canvass for applications for capital stock of various "investment companies", and to collect on such applications.

Your letter considers, first, the question whether Mr. Jinks is an "employee" of Investors Diversified Services, Inc. or an independent contractor, and, second, whether Investors Diversified Services, Inc. in issuing investment certificates of Investors Syndicate of America, Inc., should be regarded as "primarily engaged" in issuing its own redeemable securities.

The information submitted does not show whether the investment companies are open-end companies, nor does it show whether the Investors Syndicate certificates give the purchaser the right to surrender his certificate at any time and receive an amount equal to his share of the value of the portfolio. If they do, it would seem that the certificate might be a "redeemable security" within the meaning of 15 USC 80a-2(a)(31). See also S.E.C. v. Variable Annuity Life Insurance Company of America, 79 S. Ct. 618. If the investment companies are open-end companies and if the certificates are redeemable and if Mr. Jinks is an "employee" of Investors Diversified Services, Inc., his position as President of the member bank might be prohibited because he might be an employee of a company "primarily

Mr. Harold T. Patterson

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engaged" in the business of issuing its redeemable securities, in accordance with the position the Board of Governors has taken with respect to open-end investment companies offering their redeemable stock for sale.

However, irrespective of whether he is an employee of the company and irrespective of whether the investment company shares and the Investors Syndicate certificates are redeemable securities, it appears that Mr. Jinks has a substantial interest in making these sales and that even though he "does not confine his sales to his banking customers," he is engaged in an activity which is of the kind which section 32 was designed to end, and which does not seem to be appropriate for the President and Chairman of a member bank. To paraphrase the statement made by Senator Bulkley regarding the provisions in the Banking Act of 1933 designed to divorce investment and commercial banking, it is obvious that the banker who has nothing to sell to his depositors is much better qualified to advise disinterestedly and to regard diligently the safety of depositors than the banker who is to receive a profit on the sale of a particular investment.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,  
Assistant Secretary.



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

Item No. 7  
8/17/59

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

August 17, 1959.



Mr. Laurence H. Jones, Cashier,  
Federal Reserve Bank of Chicago,  
Chicago 90, Illinois.

Dear Mr. Jones:

This refers to your letter of July 24, regarding penalties of \$45.37, \$113.01, and \$42.95 incurred by the Chelsea State Bank, Chelsea, Michigan, on deficiencies of 5.2, 11.8, and 4.3 per cent, respectively, in its required reserves for the semimonthly computation periods ending March 31, May 15, and June 30.

It is noted that these deficiencies were discovered when, as a result of its mid-year comparison of condition reports with deposit reports, the Detroit Branch found that since the first of the year, the bank has been erroneously including the amounts of its balances with the Federal Reserve Bank and its vault cash in the balances subject to immediate withdrawal from other banks; the bank could offer no explanation for the cause of the error; there is no evidence of a tight reserve position; over the past four years the bank has incurred only two penalties; you regard the error as inadvertent and of no benefit to the bank; and the penalty of \$42.95 can be waived under Paragraph E of the Board's instructions (S-1123; F.R.L.S. #6120).

In the circumstances, and in view of your recommendation, the Board authorizes your Bank to waive assessment of the penalties for the periods ended March 31 and May 15, 1959.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,  
Assistant Secretary.

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

Item No. 8  
8/17/59

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

August 17, 1959.



Board of Directors,  
Bank of the Commonwealth,  
Detroit, Michigan.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Chicago, the Board of Governors of the Federal Reserve System further extends the time within which Bank of the Commonwealth may establish a branch at 300-316 W. Fort Street, Detroit, Michigan, to September 7, 1959, under the authorization contained in the Board's letter of September 4, 1958.

Very truly yours,

(Signed) Kenneth A. Kenyon  
Kenneth A. Kenyon,  
Assistant Secretary.

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

Item No. 9  
8/17/59

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

August 17, 1959.

Board of Directors,  
The Security State Bank,  
Polson, Montana.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Minneapolis, the Board of Governors approves, under the provisions of Section 24A of the Federal Reserve Act, the investment by The Security State Bank not exceeding \$61,000 which was expended for the purpose of remodeling bank premises.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,  
Assistant Secretary.



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

Item No. 10  
8/17/59

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

August 17, 1959.



Mr. George R. Traylor, President,  
Medical Center National Bank,  
Medical Towers Building,  
Houston 5, Texas.

Dear Mr. Traylor:

Pursuant to your request submitted through the Federal Reserve Bank of Dallas, the Board of Governors, acting under the provisions of Section 19 of the Federal Reserve Act, grants permission to your bank to maintain the same reserves against deposits as are required to be maintained by banks located outside of central reserve and reserve cities, effective as of the date of its opening for business.

Your attention is called to the fact that such permission is subject to revocation by the Board of Governors of the Federal Reserve System.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,  
Assistant Secretary.

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

Item No. 11  
8/17/59

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

August 17, 1959.

Board of Directors,  
Home Bank,  
Compton, California.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of San Francisco, the Board of Governors has approved an extension of time until February 20, 1960, in which the Home Bank may establish a branch on Lakewood Boulevard approximately one and one-half blocks north of Center Street in Paramount, California. The establishment of this branch was authorized in a letter dated February 26, 1959, which described the location of the branch as being in Bellflower instead of Paramount.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,  
Assistant Secretary.



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

Item No. 12  
8/17/59

In the Matter of the Request of  
WISCONSIN BANKSHARES CORPORATION  
For a Determination under Section 4(c)(6)  
of the Bank Holding Company Act of 1956

DOCKET NO.  
BHC-48

ORDER

On July 15, 1959, the Hearing Examiner issued his Report and Recommended Decision in the above-entitled proceeding, recommending to the Board that it grant the request of Wisconsin Bankshares Corporation for a determination that First Wisconsin Company, Milwaukee, Wisconsin, and activities thereof are of the kind described in section 4(c)(6) of the Bank Holding Company Act of 1956 (12 U.S.C. § 1843) and section 5(b) of the Board's Regulation Y (12 CFR 222.5(b)), so as to make it unnecessary for the prohibitions of section 4 of the Act with respect to retention of shares in nonbanking organizations to apply in order to carry out the purposes of the Act. The time for filing with the Board exceptions and brief to the recommended decision of the Hearing Examiner expired without any exceptions or brief having been filed.

Pursuant to section 4(c)(6) of the Bank Holding Company Act and section 5(b) of the Board's Regulation Y, and on the basis of the entire record, the Board hereby adopts the findings

of fact, conclusions of law, and the recommendation of the Hearing Examiner as set forth in the attached copy of his Report and Recommended Decision. The Board's approval of the request of Wisconsin Bankshares Corporation is based solely on the facts disclosed by the record; and if the facts should change in the future in such manner as to make the reasons for the Board's conclusion no longer applicable, the statutory exemption resulting from the Board's determination as set forth below would, of course, cease to obtain. Accordingly, the Board makes the following Order:

IT IS HEREBY ORDERED, for the reasons set forth in the Hearing Examiner's Report and Recommended Decision of July 15, 1959, and on the basis of the record made at the hearing in this matter, that First Wisconsin Company and the activities thereof are determined to be so closely related to the business of banking or of managing or controlling banks as to be a proper incident thereto and as to make it unnecessary for the prohibitions of section 4 of the Bank Holding Company Act of 1956 to apply in order to carry out the purposes of that Act, and therefore, Applicant's request with respect to First Wisconsin Company shall be, and hereby is, granted.

Dated at Washington, D. C. this 17th day of August, 1959.

By order of the Board of Governors.

Voting for this action: Chairman Martin, Vice Chairman Balderston, and Governors Szymczak, Mills and King.

Absent and not voting: Governors Robertson and Shepardson.

(signed) Kenneth A. Kenyon

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Kenneth A. Kenyon,  
Assistant Secretary.

(SEAL)