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Minutes for February 29, 1960.

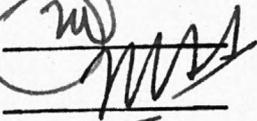
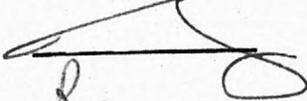
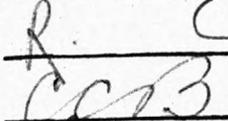
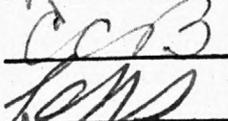
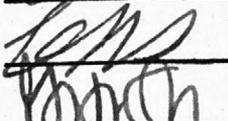
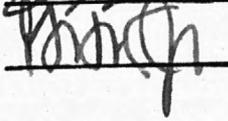
To: Members of the Board

From: Office of the Secretary

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

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

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

Chm. Martin	<u></u>
Gov. Szymczak	<u></u>
Gov. Mills	<u></u>
Gov. Robertson	<u></u>
Gov. Balderston	<u></u>
Gov. Shepardson	<u></u>
Gov. King	<u></u>

Minutes of the Board of Governors of the Federal Reserve System  
on Monday, February 29, 1960. 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. King

Mr. Sherman, Secretary  
Mr. Thomas, Adviser to the Board  
Mr. Young, Adviser to the Board  
Mr. Shay, Legislative Counsel  
Mr. Molony, Assistant to the Board  
Mr. Fauver, Assistant to the Board  
Mr. Hackley, General Counsel  
Mr. Noyes, Director, Division of Research  
and Statistics  
Mr. Marget, Director, Division of International  
Finance  
Mr. Garfield, Adviser, Division of Research  
and Statistics  
Mr. Robinson, Adviser, Division of Research  
and Statistics  
Mr. Brill, Associate Adviser, Division of  
Research and Statistics  
Miss Burr, Associate Adviser, Division of  
Research and Statistics  
Mr. Williams, Associate Adviser, Division of  
Research and Statistics  
Mr. Furth, Associate Adviser, Division of  
International Finance  
Mr. Hersey, Associate Adviser, Division of  
International Finance  
Mr. Landry, Assistant to the Secretary  
Mr. Knipe, Consultant to the Chairman

Messrs. Eckert, Keir, Wood, Altmann, Kalachek,  
Trueblood, and Miss Dingle, of the Division  
of Research and Statistics

Messrs. Irvine, Elrod, Maroni, and Westebbe, of  
the Division of International Finance

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Economic review. The staffs of the Divisions of International Finance and Research and Statistics presented a review of international and domestic conditions and developments.

During this presentation Mr. W. Braddock Hickman, Vice President of the Federal Reserve Bank of Cleveland, entered the room. He withdrew at its conclusion as did all of the members of the staff with the exception of Messrs. Sherman, Young, Shay, Furth, and Landry. Messrs. Kenyon, Assistant Secretary, Solomon, Director, Division of Examinations, Hexter, Assistant General Counsel, O'Connell, Assistant General Counsel, Hostrup, Assistant Director, Division of Examinations, and Goodman, Assistant Director, Division of Examinations, then entered the room.

Report of the Joint Economic Committee. Mr. Shay reported that Senator Douglas, Chairman of the Joint Economic Committee, would submit to the Congress this noon the Committee's Report on the President's Economic Report and Budget Message, and that copies would be distributed shortly to the Board members.

Mr. Shay then withdrew from the meeting.

Discount rates. The establishment without change by the Federal Reserve Bank of Minneapolis on February 26, 1960, of the rates on discounts and advances in its existing schedule was approved unanimously, with the understanding that appropriate advice would be sent to that Bank.

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Items circulated to the Board. The following items, which had been circulated to 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 Federal Reserve Bank of St. Louis approving the appointment of Elmer H. Wobbe and William E. Lichius as Alternate Assistant Federal Reserve Agents.	1
Letter to the Federal Reserve Bank of San Francisco regarding the request of City Commerce Corporation, Anchorage, Alaska, for an amendment to the limited voting permit recently issued.	2

Application of Wisconsin Bankshares Corporation. Pursuant to the understanding reached at the Board meeting on December 30, 1959, the Chicago Reserve Bank had been asked to update its recommendation that the Board approve the application of Wisconsin Bankshares Corporation for prior approval of the acquisition of 2,950 voting shares of the proposed Mayfair National Bank of Wauwatosa, Wauwatosa, Wisconsin, in accordance with section 3(c) of the Bank Holding Company Act of 1956. This had been done because, following publication of the notice of tentative decision approving the application on November 30, 1959, The Marine Corporation, Milwaukee, Wisconsin, applied to the Comptroller of the Currency for authority to establish a national bank in or near the Mayfair Shopping Center and the Board had been informed that Mr. James L. Callan and a group of individuals were considering the

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establishment of a bank across the street from the shopping center. Under date of January 18, 1960, the Chicago Reserve Bank reported the results of its investigation and stated its recommendations. With respect to Mr. Callan's interest, the Bank's letter to the Board disclosed that at least as far back as April 1956 it was reported in the newspapers of Milwaukee that Wisconsin Bankshares Corporation had filed an application to organize a bank at the Mayfair Shopping Center, but that Mr. Callan had not filed an application for a charter with the State Banking Department of Wisconsin and had apparently made few definite plans for the establishment of a bank in the vicinity of the shopping center. The letter went on to say that The Marine Corporation as early as January 1959 had considered the establishment of a bank in the Mayfair area and, although the Corporation stated it was precluded until recently from establishing a bank in the area because of lack of cash resources, it perhaps could have sold additional common stock for this purpose. The letter concluded with the recommendation that the pending application by Wisconsin Bankshares Corporation receive the Board's final approval.

There had been distributed memoranda dated February 19 and February 24, 1960, from the Division of Examinations and the Legal Division, respectively, relating to this question. The memorandum of the Division of Examinations concurred with the recommendation of the Reserve Bank that no public hearing be held and that, for reasons

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stated in the memorandum, the pending application be approved by the Board without awaiting further developments. The Legal Division's memorandum noted the reasoning of the Division of Examinations to the effect that, should Marine Corporation be allowed to displace Bankshares, the public interest could suffer from discouragement of efforts to expand and improve banking services. According to this line of reasoning, the laggard might be encouraged to feel that he need not hurry but could profit from the efforts put forth by others, while the enterprising would be discouraged by the feeling that they would be deprived of the fruit of their efforts. In the view of the Legal Division, this offered a defensible basis for final approval of Bankshares' application, assuming the Board was satisfied, on the facts of the case, that (1) fairness to Bankshares, and (2) the public interest in encouraging "pioneering" that might lead to prompt establishment of needed banking facilities outweighed the undesirability of enhancing Bankshares' already dominant position in the Milwaukee area. However, the Legal Division cautioned that an approach to problems of this kind on an "initiative priority" basis might require study of the genesis and development of competing applications in such cases.

After reviewing the history of the application of Wisconsin Bankshares, Mr. Solomon said the ultimate question was how late another applicant could be and still show that he was "reasonably alert" to the public interest. He observed that the Chicago Reserve Bank had

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thought sufficient alertness was not shown by either Mr. Callan and his group or Marine Corporation. The Division of Examinations, he said, agreed with the Reserve Bank on this point.

Mr. Hexter recalled that the Board had included in its tentative statement concerning the instant application an observation that in view of Bankshares' dominant position in Milwaukee and vicinity, "it cannot be denied that the public interest might be better served if banking facilities could be furnished around the Mayfair Shopping Center by an institution that would not be a part of that (Wisconsin Bankshares Corporation) holding company group". However, the Board decided that the desirability of having banking facilities in the area outweighed the element of concentration of power. Since Marine Corporation was a bona fide competitor of Wisconsin Bankshares, the theory on which the Board's decision to approve the latter's application was based, namely, that a need existed which could be filled only by Bankshares, no longer was valid. On the other hand, Mr. Hexter said, there was force to the argument of the Division of Examinations with respect to possible discouragement of pioneering efforts, should the Board reverse its tentative decision and deny the application of Wisconsin Bankshares. He concluded with the observation that presumably the Board would not wish to follow an absolute priority-of-filing rule in cases of this kind since larger holding companies could come into areas and, by filing applications, establish priorities.

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Mr. Hackley said that the developments in this case since the publication of the Board's tentative decision on November 30, 1959, were rather unusual. The objections did not go to the merits of the application of Wisconsin Bankshares, but rather consisted of contentions that there were other interested parties who wished to establish banking facilities in the same area. The issue presented was whether the factors mentioned in the staff memoranda were sufficient to justify the Board in establishing a precedent to the effect that subsequent developments were not to be allowed to alter the Board's previous conclusion. On a question from Governor Balderston, he replied that he did not feel personally at the time that the portion of the Board's tentative statement quoted by Mr. Hexter constituted a direct invitation to other groups to file applications to establish a bank in the Mayfair Shopping Center area. It did not then appear that any other groups or individuals had evinced any interest in establishing banking facilities in the neighborhood, and the Board concluded that in the circumstances the need for facilities outweighed the dominant position of the applicant. However, it was easy to see how the statement in question could have been taken as a direct invitation. It was impossible to say conclusively, Mr. Hackley added, that if Marine Corporation had filed an application with the Board to establish a bank in the Mayfair area, the Board would necessarily have approved it. Such an application would have had to be considered in the light of all the relevant facts and circumstances.

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Mr. Hexter expressed the opinion that the statement in the Board's tentative decision that he had quoted would not be a relevant legal factor in this case, if the matter should come up for review. Mr. O'Connell added that even if it were considered to be such, the Board could take the position that in its judgment Marine Corporation, also a bank holding company, would not serve the public interest better.

Governor Mills stated that in his view the injection of Marine Corporation and the Callan group into the original Wisconsin Bankshares proposal had not developed any significant differences that would justify changing the original tentative decision of the Board approving the acquisition by Wisconsin Bankshares of voting shares of the proposed Mayfair National Bank of Wauwatosa. He recalled that in reaching its decision the Board had recognized that it was dealing with expansion in a metropolitan area and not a penetration by Wisconsin Bankshares into new territory. The situation was tantamount to the expansion of a branch banking system within a large city. Within the context of regarding Wauwatosa as a part of the metropolitan area of Milwaukee, he felt the Board would be justified in adhering to its original tentative decision. So far as Marine Corporation and the Callan group were concerned, they were at liberty to propose the establishment of competing outlets to serve the same area, purportedly growing rapidly, that was proposed to be served by the Mayfair National Bank of Wauwatosa.

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Governor Robertson expressed the view that applications under the Bank Holding Company Act should be made public and that the tentative decision procedure of the Board should be abandoned. As to this particular case, he believed the application of Wisconsin Bankshares should be approved in the light of the facts known at the time and without reference to what had happened subsequently. In his opinion, the passage in the tentative statement that had been referred to previously should not be construed as an open invitation. When it considered the application, the Board weighed the needs of the community against expansion of Wisconsin Bankshares and concluded that the application should be granted. In the present circumstances, he agreed with Governor Mills that the Board should confirm its tentative decision at this time. He suggested that in its accompanying statement the Board note that the passage in the tentative decision was not intended to be an invitation to reopen the case; rather, that this part of the statement had merely been intended to indicate one of the considerations gone into by the Board in deciding to give tentative approval to the application of Wisconsin Bankshares.

Governor Shepardson said that he also would confirm the tentative decision. As he looked at it now, the tentative statement was unfortunate because of the possible interpretation that could be placed upon it. However, he was unimpressed by the statements of the two other potential applicants that they were unaware of the application of

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Wisconsin Bankshares. Like Governor Robertson, he felt there was some point to making applications public, recognizing that if this was done it would remove the basis for the tentative decision procedure now in effect.

The other Board members having indicated they would also favor approval of the application before the Board, the staff was requested to submit a draft of order and statement approving the application of Wisconsin Bankshares Corporation for acquisition of 2,950 voting shares of Mayfair National Bank of Wauwatosa, Wauwatosa, Wisconsin, in accordance with section 3(c) of the Bank Holding Company Act of 1956. It was understood that the statement would contain a paragraph to the effect that objections received to this application had been given due consideration.

It was also understood that the Board at its meeting on Wednesday, March 2, 1960, would discuss the question of making applications of this kind public following their receipt and abandoning the tentative decision procedure. The Legal Division was requested to recirculate its memorandum dated September 28, 1959, reviewing the procedure under which tentative decisions are issued with respect to such applications.

Mr. Molony, Assistant to the Board, entered the room during the foregoing discussion, and Messrs. Young, O'Connell, and Hostrup withdrew at this point.

Application by International Banking Corporation (Item No. 3).

Pursuant to the discussion of the Board on February 15, 1960, a letter

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dated February 25, 1960, had been received from the Federal Reserve Bank of New York providing additional information relating to the application by International Banking Corporation, New York City, for permission to establish an agency in the Pan American World Airways Terminal Building at New York International Airport. The reservations of some members of the Board's staff on this application had centered in two areas: (1) they questioned whether International Banking Corporation, an agreement corporation organized primarily to do an international banking business and to facilitate foreign trade and commerce, should be operating airport facilities domestically; (2) they questioned also whether the First National City Bank of New York, with three offices, and its subsidiary, International Banking Corporation, with two existing offices, were not tending to monopolize banking facilities at Idlewild (New York International Airport). The letter noted that the Board in granting permission for the two existing offices of International Banking Corporation at the airport apparently had not found such activities inappropriate, that International Banking Corporation operates its offices at irregular hours to conform to the arrival of important flights, and that under the Saturday closing law of New York State activities of these offices, if the offices were operated as branches by the bank, might raise questions involving the presentation of negotiable items under the Uniform Negotiable Instruments Act. It was noted further that the operations conducted by International Banking

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Corporation at the New York International Airport did not constitute a banking business in the generally accepted sense since these offices operated entirely to service the needs of international travelers in exchanging currencies, selling travelers' checks, and transmitting funds. The New York State Banking Board had found that the proposed office was merely an extension of present services to a new area in the complex of terminals being constructed at the airport that would serve the needs and convenience of the public in the new Pan American Terminal, which is not readily accessible to existing facilities. With respect to the second question, the New York Reserve Bank's letter noted that competition is presently furnished to the offices of the International Banking Corporation by American Express Company and Perera Company, Inc., both of which render the same services as International and at substantially the same irregular hours. It was noted further on a confidential basis that the Chase Manhattan Bank of New York was negotiating with the Port of New York Authority for a branch in the Port of New York Authority office building, and that Chemical Bank New York Trust Company was negotiating for ground on which to build a branch to service the entire area. It also was rumored that another New York bank was negotiating with Trans-World Airlines for a branch in its new building. After reconsideration of all the factors, including the position of the New York Superintendent of Banks, the New York Reserve Bank again recommended that the Board approve the application of International Banking Corporation.

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Mr. Goodman recalled that when the Board considered this application on February 15, 1960, Governor Balderston had inquired who might open an office in the new Pan American World Airways Terminal if International Banking Corporation did not. While this question had not been answered clearly in the letter from the New York Reserve Bank, it was his impression that American Express Company would be glad to open such an office.

Mr. Goodman noted that, according to the letter from the New York Reserve Bank, First National City Bank was giving some thought to operating branches of the national bank at the airport in lieu of offices of International Banking Corporation. He went on to say that the Board might wish to consider whether there should be any offices of Edge corporations or agreement corporations at the airport. It was his suggestion that in the light of the fact that the State Banking Department grants one-year licenses for such facilities, the Board could grant the current application of International Banking Corporation, but call attention to the fact that it was felt that all agencies of International Banking Corporation at the airport should be terminated by the end of one year.

Mr. Solomon said that the letter from the New York Reserve Bank expressed the opinion that this was a relatively minor matter involving, however, the possibility of irritating the New York supervisory authorities, if the Board acted to deny the application of International Banking

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Corporation. To him, this was a reasonable point. He had some doubt as to whether the type of operation contemplated was appropriate for an Edge or agreement corporation. While that doubt had existed all along, it originally was resolved in favor of the need said to exist for facilities of this kind. At present, the need was evidently less urgent, and it would disappear if branches of First National City were available. Consequently, he thought there was something to be said for Mr. Goodman's suggestion involving notice by the Board, in approving the application, that it had reservations about this type of activity and would expect all three facilities of International Banking Corporation to be discontinued within a year in the absence of strong reasons to the contrary. On a question from Governor Robertson as to why he considered this type of operation inappropriate for an Edge or agreement corporation, Mr. Solomon said the operation involved was self-contained, consisting of the purchase and sale of foreign currencies and travelers' checks, whereas Edge and agreement corporation activities are limited to those incidental to their international or foreign business.

Governor Robertson suggested that if a time limitation were specified in the Board's authorization, it be a "reasonable time" instead of a definite one-year period, and Mr. Solomon agreed that this was another possibility. Governor Robertson then referred to a statement in the letter from the New York Reserve Bank that the competitive situation seemed to be developing favorably at Idlewild, and asked whether it would be fair to assume that the State authorities would

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approve applications from other New York banks in lieu of giving a monopoly at this site to First National City Bank.

Mr. Solomon replied that although he had had the impression originally that the whole Idlewild management had a tacit understanding with First National City that it would be the only bank permitted to operate in the area, it was possible that even if this had once been the case, it was no longer applicable.

After further discussion of this point, Mr. Furth observed that, solely from the economic viewpoint, he would consider the purchase and sale of foreign exchange clearly to be incidental to international business and thus an appropriate Edge or agreement corporation activity. He agreed that monopoly should not be encouraged in this field, but he questioned the desirability of forcing International Banking Corporation to abandon operation of its offices at the International Airport.

Chairman Martin expressed the opinion that the operations of International Banking Corporation at the Airport were certainly, in one sense, related to foreign business. He also commented that the letter from the New York Reserve Bank had likened the proposed new facility to the establishment of an additional teller's window in an existing office. In a further comment, he said his intuition told him the right move would be to approve the application without qualifications of the kind that had been suggested. If there was any profit in such an operation, he added, the competitive situation would be likely to take care of itself.

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Other members of the Board expressed general agreement with the points brought out by the Chairman.

There followed discussion of the effect of the so-called "Saturday closing laws" in New York and other States, after which Mr. Goodman suggested that if the Board was disposed to approve the application of International Banking Corporation, the functions of the third agency might be limited to those currently performed by the two existing agencies.

However, this restriction was believed unnecessary, and unanimous approval was given to the application of International Banking Corporation to establish an additional agency at New York International Airport, with the understanding that it would be authorized to conduct the functions described in the license issued by the Superintendent of Banks of New York. A copy of the letter sent pursuant to this action is attached as Item No. 3.

The meeting then adjourned.

Secretary's Note: Pursuant to recommendations contained in memoranda from appropriate individuals concerned, Governor Shepardson today approved on behalf of the Board the following actions affecting the Board's staff:

#### Appointment

Rufus Hill, Jr., as Legal Assistant, Legal Division, with basic annual salary at the rate of \$5,730, effective June 30, 1960, with the understanding that upon advice that he has passed the Bar examination his salary will be increased to \$5,985 per annum.

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Transfers

Ann S. Gormus, from the position of Clerk-Stenographer in the Division of Research and Statistics to the position of Clerk-Stenographer in the Division of Bank Operations, with no change in basic annual salary at the rate of \$3,945, effective the date she assumes her new duties.

Claudia Ann Mahoney, from the position of Clerk-Stenographer in the Division of Personnel Administration, to the position of Minutes Clerk, Office of the Secretary, with no change in basic annual salary at the rate of \$3,755, effective March 6, 1960.

Salary increases, effective March 6, 1960

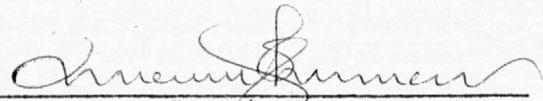
<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
<u>Board Members' Offices</u>			
Michael L. Jamison, Messenger		\$ 4,015	\$ 4,110
<u>Research and Statistics</u>			
Mona Dingle, Chief, Consumer Credit and Finance Section		\$13,370	\$13,670
Robert Fisher, Economist		8,810	9,050
<u>International Finance</u>			
Katherine P. Hichborn, Secretary		\$ 4,940	\$ 5,090
Samuel I. Katz, Chief, British Commonwealth, Scandinavia, and Near East Section		13,370	13,670
Nyart S. Sharigan, Secretary		5,090	5,240
Ralph C. Wood, Chief, European Section		13,370	13,670
<u>Bank Operations</u>			
Seymour Golodner, Analyst		\$ 6,135	\$ 6,285
Judith J. McGrain, Secretary		4,190	4,340
<u>Examinations</u>			
Alexander J. Harris, Jr., Assistant Federal Reserve Examiner		\$ 5,430	\$ 5,580
R. N. Westmoreland, Jr., Assistant Federal Reserve Examiner		5,580	5,730
Louis W. Zidek, Federal Reserve Examiner		7,270	7,510

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Salary increases, effective March 6, 1960 (continued)

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
<u>Administrative Services</u>			
Walter Henderson, Operator, Tabulating Equipment		\$ 3,495	\$ 3,590
<u>Office of the Controller</u>			
Jean S. Glascock, Secretary		\$ 5,430	\$ 5,580

  
Secretary

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

Item No. 1  
2/29/60

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



February 29, 1960.

Mr. Pierre B. McBride,  
Chairman of the Board and  
Federal Reserve Agent,  
Federal Reserve Bank of St. Louis,  
St. Louis 66, Missouri.

Dear Mr. McBride:

In accordance with the request contained in your letter of February 17, 1960, the Board of Governors approves the appointments of Mr. Elmer H. Wobbe and Mr. William E. Lichius as Alternate Assistant Federal Reserve Agents at the Federal Reserve Bank of St. Louis, effective March 1, 1960. It is understood that one of the new appointments represents a replacement for Mr. R. O. Kaley, whose designation as Alternate Assistant Federal Reserve Agent was terminated effective January 1, 1960, coincident with his promotion to officer status.

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

When not engaged in the performance of their duties as Alternate Assistant Federal Reserve Agents, Messrs. Wobbe and Lichius may, with the approval of the Federal Reserve Agent and the President, perform such work for the Bank as will not be inconsistent with their duties as Alternate Assistant Federal Reserve Agents.

It will be appreciated if Messrs. Wobbe and Lichius are fully informed of the importance of their responsibilities as members 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.

## BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Mr. Pierre B. McBride

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It is noted from your letter that, upon the approval of the appointments of Messrs. Wobbe and Lichius by the Board of Governors, they will execute the usual Oaths of Office, which will be forwarded to the Board of Governors.

The Board notes that Mr. Edward H. Hoppe, Assistant Federal Reserve Agent, will effect service retirement on March 1, 1960, and that Mr. Walter F. Davisson, who also is an Assistant Federal Reserve Agent, will continue in that capacity as successor to Mr. Hoppe.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.

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

Item No. 2  
2/29/60

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

February 29, 1960.



Mr. E. R. Millard, Vice President,  
Federal Reserve Bank of San Francisco,  
San Francisco 20, California.

Dear Mr. Millard:

This refers to your letter of February 11, 1960, enclosing a copy of a letter from City Commerce Corporation, Anchorage, Alaska, dated February 4, 1960, requesting an amendment to the limited voting permit recently issued to that corporation authorizing it to vote stock of City National Bank to amend the bank's by-laws so as to provide for "two examinations per year by the Examining Committee." The letter from City Commerce Corporation indicates that it intended to request permission to vote for an amendment to the Bank's by-laws that would provide for one examination per year, which amendment had been suggested by the national bank examiners. The Corporation's request, however, erroneously specified two examinations rather than one.

The annual shareholders meeting of City National Bank was held on January 29, 1960, and it is presumed that the by-laws were at that time amended to provide for one examination per year. Although not technically complying with the exact authority granted, the Board does not consider a vote to amend the by-laws, so as to provide for one examination per year, as exceeding the authority granted by such permit, and the Board does not believe an amendment to the voting permit is necessary to ratify such action.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.

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

Item No. 3  
2/29/60

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

February 29, 1960



International Banking Corporation,  
55 Wall Street,  
New York 15, New York.

Dear Sirs:

The Board of Governors of the Federal Reserve System authorizes International Banking Corporation, a corporation organized and existing under the laws of the State of Connecticut and having its principal office and place of business in New York, New York, pursuant to the provisions of the agreement entered into with the Board of Governors of the Federal Reserve System under the provisions of Section 25 of the Federal Reserve Act, to establish an agency at the New York International Airport, Queens County, New York, in the new Pan American World Airways Terminal Building, and to operate and maintain such agency subject to the provisions of such agreement, applicable provisions of Regulation K, and the following limitations and conditions:

- (1) That the functions to be performed by the agency will be limited to those described in the license issued by the Superintendent of Banks of the State of New York under date of October 7, 1959;
- (2) That the agency will be established and opened for business within six months from the date of this letter; and
- (3) That the agency will be discontinued whenever the Board of Governors of the Federal Reserve System may deem it advisable and shall so require.

Please advise the Board of Governors, in writing, through the Federal Reserve Bank of New York, when the agency is opened for business. It is understood that no change will be made in the location of such agency without the prior approval of the Board of Governors.

Very truly yours,  
*Kenneth A. Kenyon*  
Kenneth A. Kenyon,  
Assistant Secretary.