

13609

Minutes for September 18, 1964

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

WM

Gov. Mills

[Signature]

Gov. Robertson

CRB

Gov. Balderston

[Signature]

Gov. Shepardson

[Signature]

Gov. Mitchell

[Signature]

Gov. Daane

[Signature]

Minutes of the Board of Governors of the Federal Reserve System
on Friday, September 18, 1964. The Board met in the Board Room at
10:00 a.m.

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

Mr. Sherman, Secretary
Mr. Broida, Assistant Secretary
Mr. Bakke, Assistant Secretary
Mr. Young, Adviser to the Board and Director,
Division of International Finance
Mr. Noyes, Adviser to the Board
Mr. Fauver, Assistant to the Board
Mr. Brill, Director, Division of Research and
Statistics
Mr. Partee, Adviser, Division of Research and
Statistics
Mr. Solomon, Associate Adviser, Division of
Research and Statistics
Mr. Sammons, Adviser, Division of International
Finance
Mr. Katz, Associate Adviser, Division of Inter-
national Finance
Mr. Axilrod, Chief, Government Finance Section,
Division of Research and Statistics
Mr. Eckert, Chief, Banking Section, Division of
Research and Statistics
Mr. Keir, Chief, Capital Markets Section, Division
of Research and Statistics
Mr. Bernard, Economist, Division of Research and
Statistics
Mr. Gemmill, Economist, Division of International
Finance

Money market review. There were distributed tables on money
market factors for the period January-September 16, 1964, dealer positions
in coupon issues on selected dates during the period July 16-September 16,
1964, and U. S. capital flows.

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Mr. Bernard presented a report on developments in the Government securities market and commented on the outlook for near-term Treasury financing requirements, following which Mr. Partee discussed bank reserves, bank credit, and the money supply. Mr. Gemmill then reviewed recent developments in the foreign exchange market.

Following the foregoing reports, all members of the staff except Messrs. Sherman, Bakke, Young, Noyes, Fauver, and Sammons withdrew from the meeting and the following entered the room:

Mr. Solomon, Director, Division of Examinations
Mr. Hexter, Assistant General Counsel
Mr. O'Connell, Assistant General Counsel
Mr. Shay, Assistant General Counsel
Mr. Daniels, Assistant Director, Division of Bank Operations
Mr. Goodman, Assistant Director, Division of Examinations
Mr. Leavitt, Assistant Director, Division of Examinations
Mr. Forrestal, Attorney, Legal Division
Mr. Egertson, Supervisory Review Examiner, Division of Examinations
Mr. Poundstone, Review Examiner, Division of Examinations
Mr. Lyon, Review Examiner, Division of Examinations

Discount rates. The establishment without change by the Federal Reserve Banks of New York, Philadelphia, and San Francisco on September 17, 1964, 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.

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

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Item No.

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| Letter to International Banking Corporation, New York, New York, granting consent to purchase additional shares of The First National City Bank of New York (South Africa) Limited, Johannesburg, Republic of South Africa. | 1 |
| Letter to Wells Fargo Bank International Corporation, San Francisco, California, granting consent to purchase shares of ADELA Investment Company, S.A., Luxembourg.* | 2 |
| Telegram to the Federal Reserve Agent at Kansas City authorizing the issuance to Denver U. S. Bancorporation, Inc., Denver, Colorado, of a general voting permit covering its stock of Denver United States National Bank, Denver, Colorado. | 3 |

Air conditioning system for Seattle Branch (Item No. 4). There had been circulated a memorandum from the Division of Bank Operations dated September 11, 1964, to which was attached a draft telegram to the Federal Reserve Bank of San Francisco (1) interposing no objection to a proposed contract for installation of an air conditioning system in the Seattle Branch building and (2) authorizing certain expenditures for the project.

At the Board's invitation, Mr. Daniels briefly summarized the substance of the memorandum, commenting that while all bids received on the job were substantially higher than the \$390,000 figure approved by the Board on March 28, 1963, this was due to the fact that the engineering estimates upon which the Board's authorization had been based were incomplete. When notified of the defective estimate the Reserve Bank had reviewed the specifications and concluded that certain features could

* See also page 8 of minutes.

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either be eliminated or deferred, and the consulting engineers had expressed the opinion that to do so would not noticeably impair the quality or performance of the system. Mr. Daniels reported that the low bidder on the contract had agreed to a figure of \$400,000 for the job under the proposed revised specifications which, together with the customary allowance for fees and contingencies, would result in a total maximum cost of \$468,500.

Governor Robertson stated that while there was no question about the need for the proposed installation, he was concerned by the fact that if the eliminations contemplated were not essential they should not have been included in the specifications in the first place, and, on the other hand, that if they were essential the Reserve Bank would find it necessary to submit a subsequent request to the Board for authorization to spend an additional sum to complete the project.

Governor Shepardson observed that this aspect of the matter had also concerned him, because it was his impression from reading President Swan's letter of September 4, 1964, explaining the situation that the items to be removed from the specifications were merely to be deferred until a later date rather than eliminated entirely.

Chairman Martin commented that the point raised by Governors Robertson and Shepardson was well taken and suggested that, in connection with authorizing the requested expenditure, it would be desirable for Governor Robertson to explore the matter further with President Swan to ascertain whether it would be desirable and most efficient to proceed

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with the installation as originally contemplated, rather than to omit or defer certain items.

Transmittal of the telegram to President Swan was then approved unanimously, with the understanding that Governor Robertson would communicate to Mr. Swan the Board's willingness to have the Bank proceed with the more complete installation if the directors of the Bank felt that such action was desirable.

Secretary's Note: Following the meeting, Governor Robertson called President Swan who indicated that he would review the matter again and, in the event the more complete installation seemed desirable at this time, communicate further with the Board. Accordingly, the telegram was transmitted; a copy is attached to these minutes as Item No. 4.

Investment by Continental International Finance Corporation

(Items 5-15). There had been distributed a memorandum from the Division of Examinations dated August 21, 1964, together with a proposed letter to Continental International Finance Corporation (a section 25(a) corporation), Chicago, Illinois, regarding that company's request for permission to purchase approximately 10 per cent of the shares of Nederlandse Overzee Bank N.V., Amsterdam, Holland.

Mr. Goodman reviewed the substance of the memorandum, commenting that the only aspect of the request that raised other than a routine issue was the desire of applicant to retain a representative office which the foreign bank currently had, in the form of a wholly-owned subsidiary corporation, in New York City.

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Mr. Goodman noted that there was a difference of opinion between the Division of Examinations and the Legal Division regarding the propriety of allowing the Edge corporation to invest in the foreign bank without requiring dissolution of the bank's interest in the United States corporation. In this connection, he noted that in the past when similar situations had been presented, such as the case of Morgan Guaranty International Banking Corporation's acquisition of an interest in a Dutch bank holding company, the Board had conditioned approval of the transaction upon divestment or dissolution of the foreign corporation's investment in this country. The Legal Division, however, was of the view that neither section 25(a) of the Federal Reserve Act nor Regulation K (Corporations Engaged in Foreign Banking and Financing under the Federal Reserve Act) required that such a condition be imposed.

Messrs. Goodman and Shay then commented briefly upon the considerations underlying the views of the Division of Examinations and the Legal Division, respectively. Each observed that in the final analysis the issue presented was whether in cases such as this, when an Edge corporation proposed to acquire a minority interest in a foreign financial institution, the requirement that such institution sever its relationship with a representative office in the United States would be an unduly harsh condition for approval. In this connection, Mr. Shay stressed the inequity of such a requirement, noting that its imposition constituted a more stringent limitation upon the operation and activities of the foreign institution

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than upon the investing Edge corporation itself. He suggested that a better regulatory philosophy might be to allow foreign financial institutions, or subsidiaries or affiliates thereof, in which Edge corporations hold minority interests to do business in the United States of the same nature, and to the same extent, as the Edge corporations themselves are allowed to do. Mr. Solomon expressed concurrence in the logic of this suggestion.

Governor Robertson stated that while he did not feel the issue before the Board was particularly significant as a matter of policy, he was strongly inclined to the feeling that all cases wherein the same situation existed should be treated uniformly. In this connection, he referred to the fact that in the Morgan Guaranty International Banking Corporation case the Board had conditioned its consent to the proposed investment upon dissolution of a New York affiliate of the foreign institution involved. On the other hand, he indicated a disposition to favor a more liberal approach if it were to be applied across the board.

There followed a discussion of the feasibility of modifying the prohibition contained in outstanding consents against conduct of business in the United States by a foreign financial institution, or a subsidiary or affiliate thereof, in a manner that would allow the former, when an Edge corporation holds a minority interest therein, to engage in any activity in the United States that Edge corporations may engage in. It was agreed that this would present no problems.

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Accordingly, the requested consent for the purchase of shares of Nederlandse Overzee Bank N.V. by Continental International Finance Corporation was approved unanimously, incorporating the proposed liberalized limitation on business activity in the United States by the bank, as follows:

"The Board's consent to the proposed purchase and holding of shares of NOB by CIFC is granted subject to the condition that neither NOB nor any subsidiary bank or other affiliated company shall engage in the business of underwriting, selling, or distributing securities in the United States, or in any other activity in the United States not permissible for a Corporation organized under section 25(a) of the Federal Reserve Act engaged in banking."

A copy of the letter of notification to the applicant is attached to these minutes as Item No. 5.

It was further understood that the Board would proceed promptly to advise other corporations holding previously-granted consents for minority investments in foreign financial institutions that such consents had been revised to incorporate a clause, identical in substance to the above-quoted condition, permitting such institutions or subsidiaries or affiliates thereof to conduct the specified type of business activity in the United States. Copies of the letters transmitted in accordance with this understanding are attached to these minutes as Items 6-15.

Secretary's Note: The above permissive condition was incorporated in the consent granted Wells Fargo Bank International Corporation for purchase of shares in ADELA Investment Company, S.A., Luxembourg (attached to these minutes as Item No. 2), which was considered and approved with this revision immediately following the foregoing agenda topic.

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Messrs. Young, O'Connell, Sammons, Goodman, Poundstone, Lyon, and Forrestal then withdrew from the meeting.

Report on competitive factors (Moundsville, West Virginia).

There had been distributed a memorandum from the Division of Examinations dated September 11, 1964, submitting for Board consideration a draft of report to the Comptroller of the Currency on the competitive factors involved in the proposed merger of Marshall County Bank, Moundsville, West Virginia, into The First National Bank at Moundsville, Moundsville, West Virginia.

In discussion, Governor Balderston observed that the memorandum concerning the merger received from the Federal Reserve Bank of Richmond appeared to be favorable to the proposal, whereas the suggested conclusion in the Board's report to the Comptroller of the Currency on the competitive aspects was quite negative in tone. He questioned whether the conclusion should not be moderated.

Governor Shepardson expressed the same reservation about the impression conveyed by the suggested conclusion, observing that while the merger would have the effect of reducing alternative banking sources from three banks to two, it would appear that competition between the remaining institutions in fact would be improved by consummation of the proposal.

During the course of further discussion, Governor Robertson expressed the view that there was not sufficient information before the

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Board to warrant adopting the Reserve Bank's view that the merger would not have adverse competitive effects, pointing out there was evidence of active competition between the three existing institutions at the present time.

There developed a consensus that while the merger would make the two remaining institutions more nearly comparable in size with some probable increase in competition, the reduction of alternative banking sources from three to two and elimination of some active competition currently existing among the three institutions was an offsetting factor, the net result being a slightly adverse effect on the existing competitive situation.

The report was then approved unanimously for transmittal to the Comptroller of the Currency, with a revision in the conclusion to read as follows:

A merger of Marshall County Bank and The First National Bank at Moundsville would eliminate the competition between them and reduce the local alternate banking facilities from three to two. The overall effect of the proposed merger on competition would be slightly adverse.

Liaison with new ad hoc subcommittee of Conference of Presidents.

Mr. Hexter reported that he had received a telephone call from President Ellis of the Federal Reserve Bank of Boston the previous day, wherein Mr. Ellis advised that the Conference of Presidents had designated an ad hoc subcommittee of the Committee on Bank Supervision to study the implications of new methods being resorted to by banks to tap sources

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of loanable funds outside the purview of transactions subject to the Board's Regulation Q (Payment of Interest on Deposits). Mr. Ellis had inquired whether in view of Mr. Hexter's familiarity with financial matters he would be willing to serve as liaison between the subcommittee and the Board.

^W Mt. Hexter said that, because of vacation plans he would be unable to accept, but he had suggested several alternative possibilities among members of the Board's staff.

Following brief discussion, it was agreed that Mr. Solomon, Director of the Division of Examinations, would serve as the Board's liaison with the subcommittee, with the understanding that Mr. Hexter would so advise President Ellis.

The meeting then adjourned.

Secretary's Notes: A letter was sent to First National City Bank, New York, New York, on September 17, 1964, acknowledging receipt of notice of its intent to establish an additional branch in Peru, to be located in Callao.

Pursuant to the action of the Board on August 3, 1964, concerning the conversion of Wells Fargo Bank International Corporation, San Francisco, California, into a corporation organized under section 25(a) of the Federal Reserve Act, there was sent today to the Federal Reserve Bank of San Francisco the letter of which a copy is attached as Item No. 16.

Governor Shepardson approved on behalf of the Board on September 17, 1964, a memorandum from the Division of Administrative Services

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recommending acceptance of the resignation of William B. Stryker, Photographer (Offset) in that Division, effective at the close of business September 18, 1964.

Governor Shepardson today approved on behalf of the Board the following items:

Letter to the Securities and Exchange Commission (attached Item No. 17) requesting the detail to the Board on a reimbursable basis of Mr. Thomas Sidman, Financial Accountant, Division of Corporate Finance, for a period of three months beginning September 21, 1964, to provide assistance in connection with the Board's responsibilities under the recent amendment to the Securities Exchange Act of 1934. (The question of obtaining such assistance was discussed at the Board meeting on August 13, 1964.)

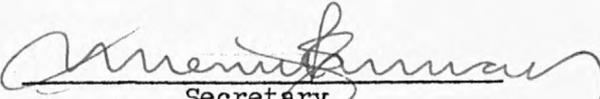
Memoranda recommending the following actions relating to the Board's staff:

Reestablishment of position

Position of Secretary (FR-6, Administration) in the Division of Research and Statistics.

Acceptance of resignation

Colleen M. Lindsay, Clerk-Stenographer, Division of Bank Operations, effective at the close of business October 2, 1964.


Secretary

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 1
9/18/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 18, 1964.

International Banking Corporation,
399 Park Avenue,
New York 22, New York.

Gentlemen:

In accordance with the request contained in your letter of August 27, 1964, transmitted through the Federal Reserve Bank of New York, and on the basis of information furnished, the Board of Governors grants consent for your Corporation to purchase and hold additional capital stock of The First National City Bank of New York (South Africa) Limited in the amount of South African Rands 200,000 (approximately US\$280,000 equivalent).

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.



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

Item No. 2
9/18/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 21, 1964.

Wells Fargo Bank International Corporation,
464 California Street,
San Francisco, California.

Gentlemen:

In accordance with the request contained in your letter of September 15, 1964, transmitted through the Federal Reserve Bank of San Francisco, and on the basis of information furnished, the Board of Governors grants consent for your Corporation to purchase and hold up to 50 ordinary shares, par value US\$10,000 each, of ADELA Investment Company, S.A., Luxembourg, at a cost of approximately US\$500,000, provided such stock is acquired within one year from the date of this letter.

The Board also approves the purchase and holding of shares of ADELA Investment Company, S.A. within the terms of the above consent in excess of 10 per cent of your Corporation's capital and surplus.

The Board's consent to the proposed purchase and holding of shares of ADELA by your Corporation is granted subject to the condition that neither ADELA nor any subsidiary thereof or other affiliated company shall engage in the business of underwriting, selling, or distributing securities in the United States, or in any other activity in the United States not permissible for a Corporation organized under Section 25(a) of the Federal Reserve Act.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

T E L E G R A M
LEASED WIRE SERVICEItem No. 3
9/18/64BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

September 18, 1964.

SCOTT -- KANSAS CITY

KEBJE

- A. Denver U. S. Bancorporation, Inc., Denver, Colorado.
- B. Denver United States National Bank, Denver, Colorado.
- C. Prior to issuance of permit authorized herein, Applicant shall execute and deliver to you in duplicate an agreement in form accompanying Board's letter S-964 (F.R.L.S. #7190).

STOP. Issuance of the permit authorized herein is without regard to, and not conditioned upon, settlement of the pending question concerning the possible violation of Section 6(a)(2) of the Bank Holding Company Act of 1956.

Applicant should be so advised.

(Signed) Karl E. Bakke

BAKKE

Definition of KEBJE

The Board authorizes the issuance of a general voting permit, under the provisions of section 5144 of the Revised Statutes of the United States, to the holding company affiliate named below after the letter "A", entitling such organization to vote the stock which it owns or controls of the bank(s) named below after the letter "B" at all meetings of shareholders of such bank(s), subject to the condition(s) stated below after the letter "C". The period within which a permit may be issued pursuant to this authorization is limited to thirty days from the date of this telegram unless an extension of time is granted by the Board. Please proceed in accordance with the instructions contained in the Board's letter of March 10, 1947, (S-964).

TELEGRAM
LEASED WIRE SERVICEItem No. 4
9/18/64BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

September 18, 1964.

SWAN - SAN FRANCISCO

Referring your September 4 letter, Board will interpose no objection to your Bank's entering into contract with The Ballard Company to install air conditioning system in Seattle building and authorizes expenditure of not to exceed \$468,500 for the project.

(Signed) Merritt Sherman

SHERMAN

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 5
9/18/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 21, 1964.

Continental International Finance Corporation,
231 South LaSalle Street,
Chicago 90, Illinois.

Gentlemen:

In accordance with the request contained in your letter of June 19, 1964, addressed to Vice President Leland Ross of the Federal Reserve Bank of Chicago, and on the basis of information furnished, the Board of Governors grants consent for Continental International Finance Corporation ("CIFC") to purchase and hold 6,002 Ordinary Shares, par value Guilders 500 each, of Nederlandse Overzee Bank N.V., Amsterdam, Holland ("NOB"), at an approximate cost of Guilders 7,352,450 (US\$2,058,000 equivalent), provided such shares are acquired within one year from the date of this letter.

The Board's consent to the proposed purchase and holding of shares of NOB by CIFC is granted subject to the condition that neither NOB nor any subsidiary bank or other affiliated company shall engage in the business of underwriting, selling, or distributing securities in the United States, or in any other activity in the United States not permissible for a Corporation organized under section 25(a) of the Federal Reserve Act engaged in banking.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 6
9/18/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 23, 1964.



First National City Overseas
Investment Corporation,
399 Park Avenue,
New York 22, New York.

Gentlemen:

Reference is made to the Board's letter of June 5, 1964 granting consent for your Corporation to purchase and hold up to 50 shares of ADELA Investment Company, S.A., Luxembourg, at a cost of approximately US\$500,000, provided such stock is acquired within one year from that date.

In acting on a recent request from another Corporation for consent to acquire shares of ADELA, the Board has given further consideration to the condition imposed in the last paragraph of its letter of June 5, 1964 to your Corporation and hereby amends such paragraph to read as follows:

"The Board's consent to the proposed purchase and holding of shares of ADELA by your Corporation is granted subject to the condition that neither ADELA nor any subsidiary thereof or other affiliated company shall engage in the business of underwriting, selling, or distributing securities in the United States, or in any other activity in the United States not permissible for a Corporation organized under Section 25(a) of the Federal Reserve Act."

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 7
9/18/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 23, 1964.

Irving International Financing Corporation,
One Wall Street,
New York 15, New York.

Gentlemen:

Reference is made to the Board's letter of June 5, 1964 granting consent for your Corporation to purchase and hold up to 25 shares of ADELA Investment Company, S.A., Luxembourg, at a cost of approximately US\$250,000, provided such stock is acquired within one year from that date.

In acting on a recent request from another Corporation for consent to acquire shares of ADELA, the Board has given further consideration to the condition imposed in the last paragraph of its letter of June 5, 1964 to your Corporation and hereby amends such paragraph to read as follows:

"The Board's consent to the proposed purchase and holding of shares of ADELA by your Corporation is granted subject to the condition that neither ADELA nor any subsidiary thereof or other affiliated company shall engage in the business of underwriting, selling, or distributing securities in the United States, or in any other activity in the United States not permissible for a Corporation organized under Section 25(a) of the Federal Reserve Act."

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 8
9/18/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 23, 1964.

The Company for Investing Abroad,
Fidelity Philadelphia Trust Building,
Philadelphia 9, Pennsylvania.

Gentlemen:

Reference is made to the Board's letter of June 5, 1964 granting consent for your Corporation to purchase and hold up to 50 shares of ADELA Investment Company, S.A., Luxembourg, at a cost of approximately US\$500,000, provided such stock is acquired within one year from that date.

In acting on a recent request from another Corporation for consent to acquire shares of ADELA, the Board has given further consideration to the condition imposed in the last paragraph of its letter of June 5, 1964 to your Corporation and hereby amends such paragraph to read as follows:

"The Board's consent to the proposed purchase and holding of shares of ADELA by your Corporation is granted subject to the condition that neither ADELA nor any subsidiary thereof or other affiliated company shall engage in the business of underwriting, selling, or distributing securities in the United States, or in any other activity in the United States not permissible for a Corporation organized under Section 25(a) of the Federal Reserve Act."

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 9
9/18/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 23, 1964.

Continental International Finance Corporation,
231 South LaSalle Street,
Chicago 90, Illinois.

Gentlemen:

Reference is made to the Board's letter of September 15, 1964 granting consent for your Corporation to purchase and hold up to 50 shares of ADELA Investment Company, S.A., Luxembourg, at a cost of approximately US\$500,000, provided such stock is acquired within one year from that date.

In acting on a recent request from another Corporation for consent to acquire shares of ADELA, the Board has given further consideration to the condition imposed in the second sentence of the third paragraph of its letter of September 15, 1964 to your Corporation and hereby amends such sentence to read as follows:

"The Board's consent to the proposed purchase and holding of shares of ADELA by your Corporation is granted subject to the condition that neither ADELA nor any subsidiary thereof or other affiliated company shall engage in the business of underwriting, selling, or distributing securities in the United States, or in any other activity in the United States not permissible for a Corporation organized under Section 25(a) of the Federal Reserve Act."

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 10
9/18/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 23, 1964.



Manufacturers-Detroit International Corporation,
c/o Mr. William A. Mayberry, Chairman of the Board,
Manufacturers National Bank of Detroit,
151 West Fort Street,
Detroit, Michigan 48226.

Gentlemen:

Reference is made to the Board's letter of June 19, 1964 granting consent for your Corporation to purchase and hold up to 25 shares of ADELA Investment Company, S.A., Luxembourg, at a cost of approximately US\$250,000, provided such stock is acquired within one year from that date.

In acting on a recent request from another Corporation for consent to acquire shares of ADELA, the Board has given further consideration to the condition imposed in the last paragraph of its letter of June 19, 1964 to your Corporation and hereby amends such paragraph to read as follows:

"The Board's consent to the proposed purchase and holding of shares of ADELA by your Corporation is granted subject to the condition that neither ADELA nor any subsidiary thereof or other affiliated company shall engage in the business of underwriting, selling, or distributing securities in the United States, or in any other activity in the United States not permissible for a Corporation organized under Section 25(a) of the Federal Reserve Act."

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 11
9/18/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 23, 1964.



Morgan Guaranty International
Banking Corporation,
23 Wall Street,
New York 8, New York.

Gentlemen:

Reference is made to the Board's letter of January 16, 1963 granting consent for your Corporation to purchase and hold 5,000 ordinary shares of Bankierscompagnie, N.V. ("Company"), The Hague, The Netherlands, at a cost of approximately US\$1,400,000 provided such stock was acquired within one year from that date.

The Board has recently acted on a request from another Section 25(a) Corporation to acquire shares in a foreign bank where the activities and relationships concerning the foreign bank were somewhat similar to those existing in the case of Company. The condition prescribed in the recent consent was less restrictive than those contained in the Board's letter of January 16, 1963 addressed to your Corporation. Accordingly, paragraphs two and four of the Board's letter of January 16, 1963 to your Corporation are hereby rescinded and, in lieu thereof, the following condition is prescribed:

The Board's consent to the proposed purchase and holding of shares of Company by MGIBC is granted subject to the condition that neither Company nor any subsidiary bank or other affiliated company shall engage in the business of underwriting, selling, or distributing securities in the United States, or in any other activity in the United States not permissible for a Corporation organized under Section 25(a) of the Federal Reserve Act engaged in banking.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.

Item No. 12
9/18/64BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 28, 1964.



Bankers International Corporation,
280 Park Avenue,
New York 17, New York.

Gentlemen:

Reference is made to the Board's letter of September 3, 1963, granting consent for your Corporation ("BIC") to purchase and hold 18,239 shares of 1'Union des Mines-La Henin ("UdMLH"), Paris, France, at a cost of approximately US\$1,861,000 (equivalent), provided such stock was acquired within one year from that date.

The Board has recently acted on a request from another Section 25(a) Corporation to acquire shares in a foreign bank where the condition prescribed was less restrictive than those contained in the Board's letter of September 3, 1963, addressed to your Corporation. Accordingly, Condition (2) in paragraph five of the Board's letter of September 3, 1963 to your Corporation is hereby rescinded and, in lieu thereof, the following condition is prescribed:

The Board's consent to the proposed purchase and holding of shares of UdMLH by BIC is granted subject to the condition that neither UdMLH nor any subsidiary bank or other affiliated company shall engage in the business of underwriting, selling, or distributing securities in the United States, or in any other activity in the United States not permissible for a Corporation organized under Section 25(a) of the Federal Reserve Act engaged in banking.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

3202

Item No. 13
9/18/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 29, 1964.

International Banking Corporation,
399 Park Avenue,
New York 22, New York.

Gentlemen:

Reference is made to the Board's letter of January 30, 1963, granting consent for your Corporation ("IBC") to purchase and hold 600,000 shares of M. Samuel & Co. Limited ("MSCL"), London, England, for the equivalent of approximately £1,900,000, provided such shares were acquired within one year from that date.

The Board has recently acted on a request from another Corporation to acquire shares in a foreign bank where the condition prescribed was less restrictive than those contained in the Board's letter of January 30, 1963, addressed to your Corporation. Accordingly, paragraphs two and three of the Board's letter of January 30, 1963, to your Corporation are hereby rescinded and, in lieu thereof, the following condition is prescribed:

The Board's consent to the proposed purchase and holding of shares of MSCL by IBC is granted subject to the condition that neither MSCL nor any subsidiary bank or other affiliated company shall engage in the business of underwriting, selling, or distributing securities in the United States, or in any other activity in the United States not permissible for a Corporation organized under Section 25(a) of the Federal Reserve Act engaged in banking.

Reference is also made to the Board's letter of July 23, 1964, as amended by the Board's letter of September 4, 1964, granting consent for your Corporation to purchase and hold 160,000 shares of the capital stock of the proposed new Banque de l'Afrique Occidentale ("BAO"), Paris, France, at a cost of approximately US\$3,200,000, provided such stock was acquired within one year from July 23, 1964.

International Banking Corporation

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For the reasons indicated above, paragraph three of the Board's letter of July 23, 1964, and Conditions (1) and (2) in paragraph three of the Board's letter of September 4, 1964, are hereby rescinded and, in lieu thereof, the following condition is prescribed:

The Board's consent to the proposed purchase and holding of shares of BAO by IBC is granted subject to the condition that neither BAO nor any subsidiary bank or other affiliated company shall engage in the business of underwriting, selling, or distributing securities in the United States, or in any other activity in the United States not permissible for a Corporation organized under Section 25(a) of the Federal Reserve Act engaged in banking.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.

3204

Item No. 14
9/18/64

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 29, 1964.



Morgan Guaranty International
Finance Corporation,
23 Wall Street,
New York 8, New York.

Gentlemen:

Reference is made to the Board's letter of January 31, 1963, granting consent for your Corporation to acquire and hold 187,793 shares, par value Australian Shillings 10 each, of Australian United Corporation Limited ("AUCL"), Melbourne, Australia, provided such stock was acquired within one year from that date.

The Board has recently acted on a request from another Corporation to acquire shares in a foreign corporation where the condition prescribed was less restrictive than those contained in the Board's above-mentioned letter of January 31, 1963, addressed to your Corporation. Accordingly, paragraphs two and three of that letter are hereby rescinded and, in lieu thereof, the following condition is prescribed:

The Board's consent to the proposed purchase and holding of shares of AUCL by your Corporation is granted subject to the condition that neither AUCL nor any subsidiary thereof or other affiliated company shall engage in the business of underwriting, selling, or distributing securities in the United States, or in any other activity in the United States not permissible for a Corporation organized under Section 25(a) of the Federal Reserve Act.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

3205

Item No. 15
9/18/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 29, 1964.

Morgan Guaranty International
Finance Corporation,
23 Wall Street,
New York 8, New York.

Gentlemen:

Reference is made to the Board's letter of January 31, 1963, granting consent for your Corporation to purchase and hold up to 21,000 shares of the capital stock of Euramerica Finanziaria Internazionale, S.p.A. ("EFI"), Rome, Italy, at a cost of approximately US\$170,000, provided such stock was acquired within one year from that date.

The Board has recently acted on a request from another Corporation to acquire shares in a foreign corporation where the condition prescribed was less restrictive than those contained in the Board's above-mentioned letter of January 31, 1963, addressed to your Corporation. Accordingly, paragraphs two and three of that letter are hereby rescinded and, in lieu thereof, the following condition is prescribed:

The Board's consent to the proposed purchase and holding of shares of EFI by your Corporation is granted subject to the condition that neither EFI nor any subsidiary thereof or other affiliated company shall engage in the business of underwriting, selling, or distributing securities in the United States, or in any other activity in the United States not permissible for a Corporation organized under Section 25(a) of the Federal Reserve Act.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.

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

Item No. 16
9/18/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 18, 1964.

Mr. E. H. Galvin, Vice President,
Federal Reserve Bank of San Francisco,
San Francisco, California. 94120

Dear Mr. Galvin:

Enclosed you will find (1) a draft of the substantive portions of a certificate with respect to the directors, stock ownership and paid-in capital of Wells Fargo Bank International Corporation; (2) a permit for Wells Fargo Bank International Corporation, a California corporation, to convert into Wells Fargo Bank International Corporation, a Corporation organized under the provisions of section 25(a) of the Federal Reserve Act, and for the latter to commence business; and (3) a letter addressed to Wells Fargo Bank International Corporation transmitting the permit to the Corporation.

It is understood that Wells Fargo Bank International Corporation, a California corporation, and Wells Fargo Bank International Corporation contemplate delivering to you on September 30, 1964, a certificate as in the draft referred to in (1) above, the certificate to be certified by the president or secretary of Wells Fargo Bank International Corporation and by at least three additional directors of that Corporation. It will be appreciated if, upon your receipt of this certificate on September 30, 1964, you will thereupon deliver to Wells Fargo Bank International Corporation the enclosed permit and letter described in (2) and (3) above, and advise us accordingly.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

Enclosures

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 17

9/18/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 18, 1964.

Honorable Manuel F. Cohen,
Chairman,
Securities and Exchange Commission,
Washington, D. C. 20549.

Dear Mr. Cohen:

This refers to the informal telephone discussion that has taken place between Chairman Martin and yourself and subsequent conversations between Mr. E. J. Johnson of the Board and Mr. Fontes of the Commission relating to the detail on a reimbursable basis to the Board of Governors from the Securities and Exchange Commission of Mr. Thomas Sidman, Financial Accountant, Division of Corporate Finance.

It is our understanding that the Commission is agreeable to the lending of Mr. Sidman's services to the Board for the purpose of assisting its staff in connection with the Board's new responsibilities under the recent amendment to the Securities Exchange Act of 1934.

We anticipate that Mr. Sidman's services will be needed for a period of three months, beginning September 21, 1964 and ending December 21, 1964. It is possible that we may need to request an extension of this time. However, we cannot accurately make this determination at the present time and request, therefore, that the matter of extending Mr. Sidman's detail to the Board beyond a three-month period be left open for future consideration until we have had the opportunity to judge the progress of this project.

It is understood that the Board will reimburse the Commission for Mr. Sidman's salary in addition to reimbursing Mr. Sidman directly for any travel expense incurred by him during the period of his detail to the Board. The Board will also forward to the Office of the Controller of the Securities and Exchange Commission a bi-weekly time and attendance report for Mr. Sidman.

If the above arrangement is agreeable, we would appreciate the Commission's approval of the requested detail.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.