

Minutes for April 7, 1965.

To: Members of the Board

From: Office of the Secretary

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

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

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

Chm. Martin

WM

Gov. Robertson

R

Gov. Balderston

CCB

Gov. Shepardson

LS

Gov. Mitchell

MM

Gov. Daane

DD

Minutes of a meeting of the available members of the Board of Governors of the Federal Reserve System on Wednesday, April 7, 1965.

The meeting was held in the Board Room at 10:00 a.m.

PRESENT: Mr. Robertson, Acting Chairman  
Mr. Shepardson  
Mr. Mitchell

Mr. Sherman, Secretary  
Mr. Kenyon, Assistant Secretary  
Mr. Molony, Assistant to the Board  
Mr. Fauver, Assistant to the Board  
Mr. Farrell, Director, Division of Bank Operations  
Mr. Hexter, Assistant General Counsel  
Mr. O'Connell, Assistant General Counsel  
Mr. Shay, Assistant General Counsel  
Mr. Goodman, Assistant Director, Division of Examinations  
Mr. Leavitt, Assistant Director, Division of Examinations  
Mr. Plotkin, Senior Attorney, Legal Division  
Mr. Shuter, Attorney, Legal Division  
Messrs. Egertson and McClintock, Supervisory Review Examiners, Division of Examinations

The following actions were taken subject to ratification at the next meeting of the Board when a quorum was present:

Discount rates. The establishment without change by the Federal Reserve Bank of Minneapolis on April 5, 1965, of the rates on discounts and advances in its existing schedule was approved unanimously, with the understanding that appropriate advice would be sent to that Bank.

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

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	<u>Item No.</u>
Letter to Ann Arbor Bank, Ann Arbor, Michigan, approving the establishment of a branch on Maple Road.	1
Letters to Birmingham-Bloomfield Bank, Birmingham, Michigan, approving the establishment of branches at 1393 South Woodward Avenue, Birmingham, and in the vicinity of 28700 Wixom Road, Wixom, and approving investments in bank premises.	2-3
Letter to Continental International Finance Corporation, Chicago, Illinois, granting permission to purchase shares of Commercial Bank of Zambia Limited, Lusaka, Zambia.	4
Letter to the Federal Reserve Bank of Philadelphia regarding a proposed examination of The Wellsville National Bank, Wellsville, Pennsylvania.	5

The attached Item No. 4 was approved in a form reflecting an understanding that Continental Illinois National Bank and Trust Company of Chicago and its Edge Act subsidiaries were currently operating on a basis whereby foreign loans and investments were not in excess of the guidelines established under the voluntary foreign credit restraint effort.

The attached Item No. 5 was approved in a form reflecting concurrence in the recommendation of the Division of Examinations that an examination of Wellsville National Bank not be authorized at this time, but injecting the statement that if further efforts through the Regional Comptroller of the Currency did not result in the Federal Reserve Bank of Philadelphia obtaining such information concerning the member bank as it felt was needed, the Board should be informed. The

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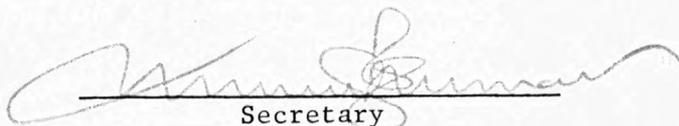
thought within the Board was that in such event consideration could be given to taking up the matter direct with the Comptroller of the Currency.

Items held over. In view of certain questions that arose concerning the relationship of the application to the situation of several other banks in Kansas City having a substantial volume of interbank deposits in proportion to total demand deposits, it was decided to hold over for further discussion when other members of the Board were available the request of Mercantile Bank and Trust Company, Kansas City, Missouri, for permission to carry reserves applicable to banks other than reserve city banks.

It was also decided to hold over a question relating to interpretation of the term "held of record" as used in section 206.2(j) of Regulation F, Securities of Member State Banks. In the preliminary discussion of this matter, Governor Mitchell expressed reservations about adopting the position that the Legal Division had recommended.

The meeting then adjourned.

Secretary's Note: Governor Shepardson today approved on behalf of the Board a memorandum from Reed J. Irvine, Associate Adviser, Division of International Finance, requesting permission to teach a course in Economics at George Washington University.

  
Secretary

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

1127  
Item No. 1

4/7/65

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

April 7, 1965.

Board of Directors,  
Ann Arbor Bank,  
Ann Arbor, Michigan.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Ann Arbor Bank, Ann Arbor, Michigan, of a branch on the west side of Maple Road between Jackson Road and Dexter Road in Ann Arbor, provided the branch is established within one year from the date of this letter.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,  
Assistant Secretary.

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

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

Item No. 2  
4/7/65



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

April 7, 1965.

Board of Directors,  
Birmingham-Bloomfield Bank,  
Birmingham, Michigan.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch by Birmingham-Bloomfield Bank, Birmingham, Michigan, at 1393 South Woodward Avenue, Birmingham, Michigan, provided the branch is established within six 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 bank premises of \$165,000 for the purposes of acquiring land and for such improvements as may be requisite to establishing banking quarters for the above branch.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,  
Assistant Secretary.

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

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

Item No. 3  
4/7/65



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

April 7, 1965.

Board of Directors,  
Birmingham-Bloomfield Bank,  
Birmingham, Michigan.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Birmingham-Bloomfield Bank, Birmingham, Michigan, of a branch in the vicinity of 28700 Wixom Road, Wixom, Michigan, provided the branch is established within six 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 bank premises of \$112,000 for the purposes of acquiring land and for the construction of a building thereon in which the proposed branch will be located.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,  
Assistant Secretary.

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

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

Item No. 4  
4/7/65



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

April 7, 1965.

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

Gentlemen:

In accordance with the request contained in your letter of February 3, 1965, transmitted through the Federal Reserve Bank of Chicago, and on the basis of the information furnished, the Board of Governors grants consent for your Corporation ("CIFC") to purchase and hold up to one-third (1/3) of the initial issue of shares of Commercial Bank of Zambia Limited ("CBZL"), Lusaka, Zambia, at a cost of approximately US\$250,000, provided such stock is acquired within one year from the date of this letter.

The foregoing consent is given with the understanding that the foreign loans and investments of CIFC, combined with those of Continental Illinois National Bank and Trust Company of Chicago and Continental Bank International, including the investment in CBZL now being approved, will not exceed the guidelines established under the voluntary foreign credit restraint effort now in effect.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,  
Assistant Secretary.

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

Item No. 5  
4/7/65



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

April 7, 1965.

Mr. Joseph R. Campbell, Vice President,  
Federal Reserve Bank of Philadelphia,  
Philadelphia, Pennsylvania. 19101

Dear Mr. Campbell:

In your letter of March 24, 1965, to Mr. Frederic Solomon, you commented on your lack of information regarding The Wellsville National Bank, Wellsville, Pennsylvania. You stated that you considered it advisable to write again to Regional Comptroller of the Currency Abrahamson requesting information and tell him that you propose to examine the bank unless you get specific information about its general condition.

The Board feels it appropriate for you to discuss this matter again with Mr. Abrahamson and even to address another formal request to him for information regarding the bank. If you are thus unable to obtain the information you need, the Board should be informed in order that it may consider further what action should be taken. The Board sees no reason to inject itself into the supervision of The Wellsville National Bank to the extent of an on-the-premises examination at this time; therefore, it does not now authorize an examination of this bank by the Federal Reserve Bank of Philadelphia.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.