

Minutes for September 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

Gov. Robertson

Gov. Balderston

Gov. Shepardson

Gov. Mitchell

Gov. Daane

Gov. Maisel

*(Handwritten initials: me)*  
*(Handwritten initials: R)*  
*(Handwritten initials: CDB)*  
*(Handwritten initials: SPS)*  
*(Handwritten initials: JM)*  
*(Handwritten initials: DD)*  
*(Handwritten initials: SGM)*

Minutes of the Board of Governors of the Federal Reserve System on Tuesday, September 7, 1965. 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. Daane

Mr. Kenyon, Assistant Secretary  
Miss Carmichael, Assistant Secretary  
Mr. Young, Adviser to the Board and Director,  
Division of International Finance  
Mr. Noyes, Adviser to the Board  
Mr. Molony, Assistant to the Board  
Mr. Fauver, Assistant to the Board  
Mr. Solomon, Director, Division of Examinations  
Mr. Hexter, Assistant General Counsel  
Mr. Shay, Assistant General Counsel  
Mr. Sammons, Adviser, Division of International  
Finance  
Mr. Daniels, Assistant Director, Division of  
Bank Operations  
Mr. Goodman, Assistant Director, Division of  
Examinations  
Mr. Leavitt, Assistant Director, Division of  
Examinations

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

	<u>Item No.</u>
Letter to State Bank of Lebanon, Lebanon, Missouri, approving the establishment of a branch in the 700 block of South Jefferson Avenue.	1
Letter to Bank of America, New York, New York, granting consent to purchase additional stock of Banco Intercontinental Espanol, Madrid, Spain.	2
Letter to the Federal Reserve Bank of San Francisco concerning the possible enlargement of the Bank's parking lot.	3

9/7/65

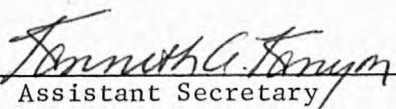
-2-

All members of the staff except Messrs. Kenyon and Young then withdrew from the meeting.

There followed a discussion of certain developments in the international financial area, principally in the light of information that had been received by Chairman Martin and Governor Daane. Since a telephone conference meeting of the members of the Federal Open Market Committee was being planned for tomorrow, it was understood that such record as might be appropriate of the matters under discussion would be reflected in minutes of that meeting.

The meeting then adjourned.

Secretary's Note: Governor Shepardson today approved on behalf of the Board a memorandum from the Division of Data Processing recommending an increase in the basic annual salary of Charla Jo Hall, Draftsman-Trainee in that Division, from \$4,140 to \$4,480, with a change in title to Draftsman, effective September 12, 1965.

  
Assistant Secretary

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

Item No. 1  
9/7/65



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

September 7, 1965

Board of Directors,  
State Bank of Lebanon,  
Lebanon, Missouri.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by State Bank of Lebanon, Lebanon, Missouri, of a branch (drive-in, walk-up facility), in the 700 block of South Jefferson Avenue, Lebanon, Missouri, provided the branch is established within nine months 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  
9/7/65

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

September 7, 1965.

Mr. Tom B. Coughran,  
Executive Vice President,  
Bank of America,  
41 Broad Street,  
New York 15, New York.

Dear Mr. Coughran:

This will acknowledge your letter of August 23, 1965, referring to the Board's letter of March 8, 1965, granting consent for Bank of America to purchase and hold 50 per cent of the capital stock of Banco Intercontinental Espanol, Madrid, Spain, an industrial and business (investment) bank, at a cost of approximately US\$4,175,000 (equivalent). The Board's consent was given with the understanding that one-fourth of the investment in Banco Intercontinental Espanol would be made within one year of the date of the Board's letter, but that the balance of the investment, totalling \$3,131,250, would be deferred until 1968.

You state that the initial investment of \$1,043,318.59, constituting 25 per cent of the total proposed investment, was made on June 2, 1965, but that your partners in the transaction have requested that your investment be increased now by an additional 25 per cent, or approximately \$1,050,000.

It is noted that under existing Spanish banking regulations the present capital structure is a serious limitation upon the activities of Banco Intercontinental Espanol and that you believe its increase is necessary for the effective operation of the investment. Accordingly, the Board approves the additional investment of \$1,050,000 in Banco Intercontinental Espanol at this time.

The foregoing approval is given with the understanding that the foreign loans and investments of Bank of America, combined with those of Bank of America National Trust and Savings Association, including the investment now being approved, will not exceed the guidelines established under the voluntary foreign credit restraint effort now in effect and that due consideration is being given to the priorities contained therein.

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. 3  
9/7/65



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

September 7, 1965

Mr. Eliot J. Swan, President,  
Federal Reserve Bank of San Francisco,  
San Francisco, California. 94120

Dear Mr. Swan:

Thank you for the current information, contained in your letter of August 13, 1965, relating to the widening of Clay Street and its effects on the Bank's parking lot bordering that street.

The Board has no questions at this time concerning the possible enlargement of the parking lot through acquisition from the City of the Musante Building property, and presumably will not need more information until a purchase proposal is made.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,  
Assistant Secretary.