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
Minutes of the Board of Governors of the Federal Reserve System on Thursday, September 16, 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. Maisel

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Molony, Assistant to the Board
Mr. Fauver, Assistant to the Board
Mr. Hackley, General Counsel
Mr. Solomon, Director, Division of Examinations
Mr. Shay, Assistant General Counsel
Mr. Leavitt, Assistant Director, Division of Examinations
Mr. Egertson, Supervisory Review Examiner, Division of Examinations

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

<table>
<thead>
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<th>Item No.</th>
<th>Letter</th>
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<tbody>
<tr>
<td>1</td>
<td>Letter to Wells Fargo Bank, San Francisco, California, approving an extension of time to establish a branch in the Value World Shopping Center, Pleasant Hill.</td>
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<tr>
<td>2</td>
<td>Letter to Wells Fargo Bank, San Francisco, California, approving an extension of time to establish a branch in the vicinity of 19th Avenue and Bayshore Freeway, San Mateo.</td>
</tr>
<tr>
<td>3</td>
<td>Letter to Community State Bank of Beloit, Beloit, Wisconsin, granting an extension of time to accomplish membership in the Federal Reserve System.</td>
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Reorganization plan action (Item No. 4). There had been circulated a draft of letter to the Bureau of the Budget that would state, in response to the Bureau's request, that the Board had no recommendations for reorganization plan action under the Reorganization Act of 1949, as amended.

Question was raised whether consideration had been given to using this means, in lieu of legislation such as had been proposed by the Board, to obtain authority for the Board to delegate responsibility for certain types of actions.

Mr. Hackley replied that this possibility had been considered, but he noted that in the past a view had been expressed that a proposal resulting in action under the Reorganization Act might tend in the direction of relating the Board more closely to the Executive Branch of the Government.

Unanimous approval then was given to the proposed letter to the Budget Bureau, a copy of which is attached as Item No. 4.

Commingled investment account (Item No. 5). There had been distributed a memorandum from the Legal Division dated September 15, 1965, relating to the possible applicability of section 21 of the Banking Act of 1933 to the operation by First National City Bank, New York, New York, of a proposed commingled investment account. In a letter of July 22, 1965, the Board advised the bank that interlocking relationships between the bank and the committee of the investment
account would not violate section 32 of the Banking Act of 1933 because the bank and the account must be regarded as a single entity for purposes of that section. However, the Board called the bank's attention to the question of a possible violation of section 21 and suggested that the bank might want to consult the Department of Justice in that regard. The Board also stated that it would appreciate being informed as to any response the bank might receive from the Department. There had ensued an exchange of correspondence between the bank and the Department of Justice, copies of which had been supplied to the Board. It was suggested that the Board might want to acknowledge the most recent communication from counsel for First National City Bank.

In commenting on the matter, Mr. Shay indicated that one purpose of distributing the September 15 memorandum was to keep the Board informed of the developments that had occurred. Another purpose was to raise the question whether it seemed advisable to acknowledge by letter the fact that the bank had furnished the Board copies of correspondence with the Justice Department, pursuant to the request in the Board's letter of July 22, 1965.

After discussion, there was general agreement that an acknowledgment might appropriately be made as a means of closing the correspondence with the bank, but that the letter should be so worded as to avoid any implication that might seem to preclude the Board, if in the light of further developments not presently foreseen it so desired, from initiating
any action on the matter. Accordingly, unanimous approval was given to an acknowledgment letter in the form attached as Item No. 5.

The meeting then adjourned.

Secretary's Note: Governor Shepardson today approved on behalf of the Board a letter to the Federal Reserve Bank of Richmond (attached Item No. 6) approving the appointment of Fred L. Bagwell as examiner.
Board of Directors,
Wells Fargo Bank,
San Francisco, California.

Gentlemen:

The Board of Governors of the Federal Reserve System extends to March 31, 1966, the time within which Wells Fargo Bank, San Francisco, California, may establish a branch in the Value World Shopping Center, on the east side of Pacheco Boulevard approximately one-half mile north of Willow Pass Road and Taylor Boulevard, Pleasant Hill, California.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.
Board of Directors,
Wells Fargo Bank,
San Francisco, California.

Gentlemen:

The Board of Governors of the Federal Reserve System extends to March 25, 1966, the time within which Wells Fargo Bank, San Francisco, California, may establish a branch in the vicinity of the northwest corner of the intersection of 19th Avenue and Bayshore Freeway, San Mateo, California.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.
Board of Directors,
Community State Bank of Beloit,
Beloit, Wisconsin.

Gentlemen:

The Board of Governors of the Federal Reserve System extends to January 19, 1966, the time within which admission to membership in the Federal Reserve System may be accomplished by Community State Bank of Beloit, Beloit, Wisconsin.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.
Mr. Charles L. Schultze, Director,
Bureau of the Budget,
Executive Office of the President,
Washington, D. C. 20503

Dear Mr. Schultze:

This is in response to your letter of July 19, 1965, in which you invite the Board to recommend to the Bureau any Presidential reorganization plan action that the Board may consider desirable in connection with the Bureau's review of proposals concerning the organization and management of agencies and functions for possible presentation during the next session of Congress under the Reorganization Act of 1949, as amended.

The Board has no such recommendations to make at this time.

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.
Mr. William Everdell, III,
Debevoise, Plimpton, Lyons & Gates,
320 Park Avenue,

Dear Mr. Everdell:

This will acknowledge and thank you for your letter of September 8, 1965, enclosing a copy of your reply to the letter of September 3, 1965, to you from Norbert A. Schlei, Assistant Attorney General, Department of Justice, concerning the possible application of section 21 of the Banking Act of 1933 to the Commingled Investment Account which your bank proposes to establish and operate.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.
Mr. John L. Nosker, Vice President,  
Federal Reserve Bank of Richmond,  
Richmond, Virginia. 23213

Dear Mr. Nosker:

In accordance with the request contained in your letter of September 10, 1965, the Board approves the appointment of Fred L. Bagwell, at present an assistant examiner, as an examiner for the Federal Reserve Bank of Richmond, effective October 1, 1965.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,  
Assistant Secretary.