

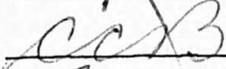
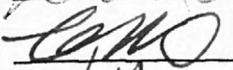
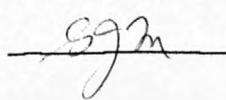
Minutes for September 17, 1965

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	<u></u>
Gov. Robertson	<u></u>
Gov. Balderston	<u></u>
Gov. Shepardson	<u></u>
Gov. Mitchell	<u></u>
Gov. Daane	<u></u>
Gov. Maisel	<u></u>

Minutes of a meeting of the available members of the Board of Governors of the Federal Reserve System on Friday, September 17, 1965.

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

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

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Broida, Assistant Secretary
Mr. Young, Adviser to the Board and Director,
Division of International Finance
Mr. Molony, Assistant to the Board
Mr. Solomon, Director, Division of Examinations
Mr. Goodman, Assistant Director, Division of
Examinations
Miss Eaton, General Assistant, Office of the
Secretary
Mr. Morgan, Staff Assistant, Board Members'
Offices

Messrs. Brill, Koch, Solomon, Axilrod, Bernard,
Eckert, and Keir of the Division of Research
and Statistics

Messrs. Hersey, Katz, Irvine, Baker, and Gemmill
of the Division of International Finance

Money market review Mr. Bernard presented a review of develop-
ments in the Government securities market, Mr. Keir reviewed the capital
market, and Mr. Baker summarized foreign exchange market developments.
Tables were distributed affording perspective on the money market, the
capital market, and bank reserve utilization, along with a table showing
selected indicators of monetary policy and a chart showing official
account purchases of longer-term Governments.

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Mr. Koch commented on implications of the selected indicators of monetary policy, and there was a general discussion in the light of his observations.

All members of the staff except Messrs. Sherman, Kenyon, Solomon (Examinations), and Irvine, and Miss Eaton then withdrew and Messrs. Hackley, General Counsel, and Leavitt, Assistant Director, Division of Examinations, entered the room.

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

Discount rates. The establishment without change by the Federal Reserve Banks of New York, Philadelphia, Minneapolis, and San Francisco on September 16, 1965, 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.

Circulated 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 Bank of Smithtown, Smithtown, New York, approving the establishment of a branch in Kings Park, Town of Smithtown.	1
Letter to Peoples Union Bank and Trust Company, McKeesport, Pennsylvania, approving the establishment of a branch in Elizabeth Township.	2

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Item No.

Letter to United California Bank, Los Angeles, California, approving the establishment of a branch in Orange.

3

Gold loan (Item No. 4). There had been distributed a memorandum from Mr. Young dated September 16, 1965, relating to a proposed gold collateral loan to the Bank of the Republic (Colombia). This loan had been authorized by the Board of Directors of the Federal Reserve Bank of New York subject to approval by the Board of Governors.

Bank of the Republic had requested a loan against gold collateral of up to \$22 million. However, the New York Bank authorized a loan or loans up to a total of \$21 million, which was the maximum that could be granted on the basis of current gold holdings of Bank of the Republic with the New York Bank. Such loan or loans: (1) would be made up to 98 per cent of the value of gold bars set aside in the vaults of the New York Bank under pledge to it; (2) would mature in three months with option to repay at any time before maturity, advances to be made in multiples of \$1 million and repayments in multiples of \$1 million; (3) would bear interest at the discount rate of the New York Bank in effect on the date on which such loan or loans were made; and (4) could be requested and made at any time during a period of 30 days beginning with the date of acceptance by Bank of the Republic of the New York Bank's terms and conditions. The usual participation would be offered to the other Reserve Banks.

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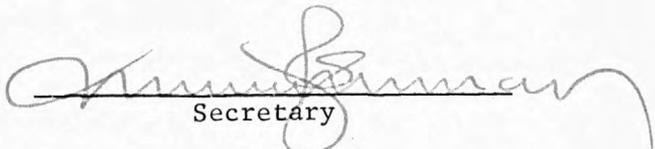
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After discussion of the circumstances giving rise to the loan request, unanimous approval was given to a telegram to the Federal Reserve Bank of New York stating that the Board approved the making of the loan or loans on the terms and conditions indicated. A copy of the telegram is attached as Item No. 4.

The meeting then adjourned.

Secretary's Notes: At the meeting of the Board on September 3, 1965, it was agreed to order a hearing on the application of Associated Bancorporation, Milwaukee, Wisconsin, to become a bank holding company through the acquisition of shares of Milwaukee Western Bank, Milwaukee, and Menomonee Falls Bank, Menomonee Falls. Pursuant to the authorization given at that meeting, arrangements for the hearing had now been completed and there was issued today the order of which a copy is attached as Item No. 5.

Governor Shepardson today approved on behalf of the Board a letter to the Federal Reserve Bank of Richmond (attached Item No. 6) approving the designation of G. Dwight Hearn as special assistant examiner.


Secretary



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

3057

Item No. 1
9/17/65

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 17, 1965.

Board of Directors,
Bank of Smithtown,
Smithtown, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Bank of Smithtown, Smithtown, New York, of a branch at 82-84 Main Street, Kings Park, Town of Smithtown (unincorporated area), Suffolk County, New York, provided the branch is established within six months from the date of this letter.

Very truly yours,

(Signed) Kenneth A. Kenyon

**Kenneth A. Kenyon,
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

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 17, 1965.



Board of Directors,
Peoples Union Bank and Trust Company,
McKeesport, Pennsylvania.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Peoples Union Bank and Trust Company, McKeesport, Pennsylvania, of a branch on the southwest corner of the intersection of Route #48 and Simpson Howell Road in Elizabeth Township, Allegheny County, Pennsylvania, provided the branch is established within twelve months from the date of this letter.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
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. 3
9/17/65



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 17, 1965.

Board of Directors,
United California Bank,
Los Angeles, California.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by United California Bank, Los Angeles, California, of a branch in the vicinity of the intersection of Tustin and Meats Avenues, Orange, California, provided the branch is established within one year from the date of this letter.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
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.)

TELEGRAM
LEASED WIRE SERVICE**BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM**
WASHINGTONItem No. 4
9/17/65

September 17, 1965.

SANFORD - NEW YORK

BOARD APPROVES GRANTING LOAN OR LOANS ON GOLD UP TO
A TOTAL OF \$21 MILLION BY THE FEDERAL RESERVE BANK OF NEW YORK
TO THE BANCO DE LA REPUBLICA (COLOMBIA) ON THE TERMS
DESCRIBED IN YOUR WIRE OF SEPTEMBER 16.

(Signed) Merritt Sherman

SHERMAN

Item No. 5
9/17/65

UNITED STATES OF AMERICA

BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

WASHINGTON, D. C.

In the Matter of the Application ofASSOCIATED BANCORPORATION,
Milwaukee, Wisconsin,pursuant to Section 3 of the
Bank Holding Company Act of 1956.
-----DOCKET NO.
BHC-74

ORDER FOR HEARING

On July 1, 1965, there was published in the Federal Register (30 F. R. 8423) a notice of receipt by the Board of Governors of an application, pursuant to section 3(a)(1) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(a)(1)), by Associated Bancorporation, Milwaukee, Wisconsin, for the Board's prior approval of action whereby Applicant would become a bank holding company through the acquisition of a minimum of 80 per cent of the voting shares of Milwaukee Western Bank, Milwaukee, and Menomonee Falls Bank, Menomonee Falls, both of Wisconsin.

It appears to the Board that it is appropriate in the public interest that a hearing be held with respect to this application.

Accordingly,

IT IS HEREBY ORDERED, That, pursuant to section 222.7(a) of the Board's Regulation Y (12 CFR Part 222.7(a)), promulgated under the Bank Holding Company Act of 1956, a public hearing with respect to this

application be held, commencing November 9, 1965, at 10 a.m. at the Federal Reserve Bank of Chicago, Fifth Floor, 230 South LaSalle Street, Chicago, Illinois, before a duly designated hearing examiner, said hearing to be conducted in accordance with the Board's Rules of Practice for Formal Hearings (12 CFR Part 263).

IT IS FURTHER ORDERED, That the following matters will be the subject of consideration at said hearing, without prejudice to the designation of additional, related matters and questions upon further examination:

- (1) the financial history and condition of the company and the banks concerned;
- (2) their prospects;
- (3) the character of their management;
- (4) the convenience, needs, and welfare of the communities and area concerned; and
- (5) whether or not the effect of the proposed acquisition would be to create a bank holding company system the size or extent of which would exceed limits consistent with adequate and sound banking, the public interest, and the preservation of competition in the field of banking.

IT IS FURTHER ORDERED, That any person desiring to give testimony, present evidence, or otherwise participate in these proceedings should file with the Secretary, Board of Governors of the Federal Reserve System, Washington, D. C. 20551, on or before October 15, 1965, a written request containing a statement of the nature of the petitioner's interest in

the proceedings, the extent of the participation desired, a summary of the matters concerning which petitioner wishes to give testimony or submit evidence, and the names and identity of the witnesses who propose to appear. Requests will be presented to the designated hearing examiner for his determination, and persons submitting them will be notified of his decision.

Dated at Washington, D. C., this 17th day of September, 1965.

By order of the Board of Governors.

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

(SEAL)

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

Item No. 6
9/17/65

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

September 17, 1965.



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 14, 1965, the Board approves the designation of G. Dwight Hearn as a special assistant examiner for the Federal Reserve Bank of Richmond.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.