

Minutes for December 8, 1965.

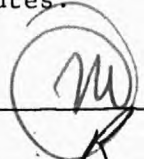
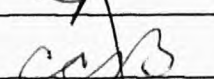
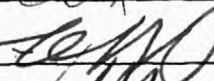

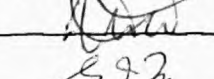
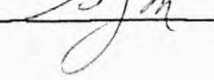

To: Members of the Board

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 the Board of Governors of the Federal Reserve System on Wednesday, December 8, 1965. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Balderston, Vice Chairman
Mr. Robertson
Mr. Shepardson
Mr. Daane
Mr. Maisel

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Hackley, General Counsel
Mr. Brill, Director, Division of Research and Statistics
Mr. Solomon, Director, Division of Examinations
Mr. Hexter, Associate General Counsel
Mr. Axilrod, Associate Adviser, Division of Research and Statistics
Mr. Leavitt, Assistant Director, Division of Examinations
Miss Eaton, General Assistant, Office of the Secretary

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 Trenton State Bank, Trenton, Michigan, approving the establishment of a branch at 2605 West Jefferson Avenue.	1
Letter to Union Bank, Los Angeles, California, approving the establishment of a branch at Eighth and Hill Streets, coincident with the relocation of the bank's main office from that location to Fifth and Figueroa Streets.	2
Letter to Bank of Waverly, Waverly, Virginia, waiving the requirement of six months' notice of withdrawal from membership in the Federal Reserve System.	3

12/8/65

-2-

Item No.

Letter to the Federal Deposit Insurance Corporation regarding the application of Farmers State Bank of Buffalo, Buffalo, Illinois, for continuation of deposit insurance after withdrawal from membership in the Federal Reserve System.

4

Telegram to the California Superintendent of Banks granting his request to submit a brief in opposition to the request of The Chase Manhattan Bank (National Association), New York, New York, for a section 301 determination incident to its proposal to acquire stock of Liberty National Bank and Trust Company, Buffalo, New York.

5

Regulation Q. Governor Balderston reported a telephone call from Mr. Deming, Under Secretary of the Treasury for Monetary Affairs, regarding the concern being felt in some quarters about the possible effect on smaller banks and savings institutions of the Board's recent action authorizing member banks to pay a maximum rate of 5-1/2 per cent on time deposits with maturity of thirty days or more. Mr. Deming had suggested there might be a meeting on Friday of the Board of Governors and representatives of other interested Government agencies to review this matter.

Some of the implications of the situation and alternative possibilities for Board action, if such should seem desirable, were discussed generally, following which the staff was requested to prepare material on economic and legal facets of the question that might be useful to the Board if the suggested meeting should be held on Friday.

The meeting then adjourned.

12/8/65

Secretary's Notes: Governor Shepardson today approved on behalf of the Board memoranda recommending the following actions relating to the Board's staff:

Appointments

Robert Lacey as Statistical Clerk, Division of Research and Statistics, with basic annual salary at the rate of \$3,814, effective the date of entrance upon duty.

Dorothy Marie Slagle as Statistical Clerk, Division of Data Processing, with basic annual salary at the rate of \$5,109, effective the date of entrance upon duty.

Transfers

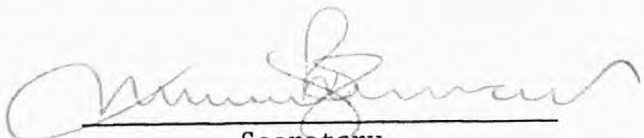
Carmen H. Feliciano, from the position of Secretary in the Legal Division to the position of Secretary in the Division of Research and Statistics, with an increase in basic annual salary from \$5,352 to \$5,702, effective December 19, 1965.

Mary P. Morris, from the position of Secretary in the Office of the Secretary to the position of Secretary in the Board Members' Offices, with an increase in basic annual salary from \$5,352 to \$5,702, effective January 2, 1966.

Governor Shepardson today noted on behalf of the Board memoranda advising that applications for retirement had been filed by the following persons on the Board's staff, effective December 31, 1965:

Legal Division

- Dorothy V. Brooke, Secretary
- Samuel E. Entriken, Attorney
- Walter H. Young, Senior Attorney



 Secretary

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

4084
Item No. 1
12/8/65

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 8, 1965.

Board of Directors,
Trenton State Bank,
Trenton, Michigan.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Trenton State Bank, Trenton, Michigan, of a branch at 2605 West Jefferson Avenue, Trenton, Michigan, 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

4085
Item No. 2
12/8/65

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 8, 1965.

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

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch by Union Bank, Los Angeles, California, at the northeast corner of Eighth and Hill Streets, Los Angeles, California, coincident with the relocation of Union Bank's main office from that location to Fifth and Figueroa Streets, Los Angeles, California. The Board has approved this branch provided the branch is established within 18 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

4086

Item No. 3
12/8/65



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 8, 1965.

Board of Directors,
Bank of Waverly,
Waverly, Virginia.

Gentlemen:

The Federal Reserve Bank of Richmond has forwarded to the Board of Governors Cashier Neblett's letter dated November 16, 1965, together with the accompanying resolution dated November 2, 1965, signifying your intention to withdraw from membership in the Federal Reserve System and requesting waiver of the six months' notice of such withdrawal.

The Board of Governors waives the requirement of six months' notice of withdrawal. Under the provisions of Section 208.10(c) of the Board's Regulation H, your institution may accomplish termination of its membership at any time within eight months from the date that notice of intention to withdraw from membership was given. Upon surrender to the Federal Reserve Bank of Richmond of the Federal Reserve stock issued to your institution, such stock will be cancelled and appropriate refund will be made thereon.

It is requested that the certificate of membership be returned to the Federal Reserve Bank of Richmond.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.

4087

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Item No. 4
12/8/65

WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 8, 1965.

The Honorable K. A. Randall, Chairman,
Federal Deposit Insurance Corporation,
Washington, D. C. 20429

Dear Mr. Randall:

Reference is made to your letter of November 19, 1965, concerning the application of Farmers State Bank of Buffalo, Buffalo, Illinois, for continuance of deposit insurance after withdrawal from membership in the Federal Reserve System.

There have been no corrective programs urged upon the bank, or agreed to by it, which have not been fully consummated, and there are no such programs that the Board would advise be incorporated as conditions of admitting the bank to membership in the Corporation as a nonmember of the Federal Reserve System.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.



T E L E G R A M

December 8, 1965.

John A. O'Kane
Superintendent of Banks
State Capitol Building
San Francisco, California

Urtel December 4 requests permission to submit, prior to December 31, brief in opposition to contention of Chase Manhattan Bank that, after acquiring majority stock of Liberty National Bank of Buffalo, Chase would not "be engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks" (Banking Act of 1935, section 301). If your brief was submitted as late as December 30, Board action on matter might be materially delayed. However, Board can assuredly give consideration to brief received by December 20. Copy should be sent to Milbank, Tweed, Hadley & McCloy, 1 Chase Manhattan Plaza, New York 5, who represent Chase.

(Signed) Merritt Sherman

Merritt Sherman, Secretary,
Federal Reserve Board.