

Minutes for December 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

Gov. Robertson

Gov. Balderston

Gov. Shepardson

Gov. Mitchell

Gov. Daane

Gov. Maisel







Minutes of the Board of Governors of the Federal Reserve System
on Friday, December 17, 1965. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Balderston, Vice Chairman
Mr. Robertson
Mr. Shepardson
Mr. Mitchell
Mr. Daane 1/
Mr. Maisel

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Holland, Adviser to the Board
Mr. Solomon, Adviser to the Board
Mr. Molony, Assistant to the Board
Mr. Cardon, Legislative Counsel
Mr. Morgan, Staff Assistant, Board Members'
Offices

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

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

Money market review. Mr. Axilrod reviewed developments in the Government securities market, following which Mr. Baker commented on foreign exchange market developments and on charts that had been distributed relating to the short position of the System in selected foreign currencies. Other charts distributed for the purpose of today's review presented information on recent interest rate developments, along with annual rates of change in selected financial and monetary indicators, as well as perspective on the money market, the capital market, and bank reserve utilization.

1/ Joined meeting at point indicated in minutes.

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Messrs. Axilrod, Katz, Bernard, Eckert, Ettin, Baker, Gemmill, and Morgan then withdrew from the meeting and the following entered the room:

Mr. Hackley, General Counsel
 Mr. Farrell, Director, Division of Bank Operations
 Mr. Solomon, Director, Division of Examinations
 Mr. Johnson, Director, Division of Personnel Administration
 Mr. Hexter, Associate General Counsel
 Mr. O'Connell, Assistant General Counsel
 Mr. Hooff, Assistant General Counsel
 Mr. Leavitt, Assistant Director, Division of Examinations
 Mr. Thompson, Assistant Director, Division of Examinations
 Mr. Forrestal, Senior Attorney, Legal Division
 Messrs. Burton, Donovan, Egertson, Guth, Kline, Lyon, Noory,
 and Rumbarger, and Miss Greene of the Division of Examinations

Discount rates. The establishment without change by the Federal Reserve Banks of New York, Philadelphia, Chicago, and San Francisco on December 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 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 Tompkins County Trust Company, Ithaca, New York, approving the establishment of a branch at 801 West Seneca Street.	1
Letters to The Chase Manhattan Bank (National Association), New York, New York, granting permission to establish branches in Saigon, South Vietnam, and in Seoul, Korea.	2, 3

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Item No.

Letter to Camden Trust Company, Camden, New Jersey, approving the establishment of a branch in Pine Hill. 4

Letter to Rhode Island Hospital Trust Company, Providence, Rhode Island, approving an extension of time to establish a branch on North Main Street. 5

Letter to United California Bank, Los Angeles, California, approving an extension of time to establish a branch in Placentia. 6

Letter to Wells Fargo Bank, San Francisco, California, approving an extension of time to relocate its Twenty-Second Webster Office to Twentieth and Franklin Streets, Oakland. 7

Letter to the Federal Deposit Insurance Corporation regarding the application of Glasford State Bank, Glasford, Illinois, for continuation of deposit insurance after withdrawal from membership in the Federal Reserve System. 8

Letter to Coopersville State Bank, Coopersville, Michigan, approving the declaration of a dividend payable December 30, 1965. 9

Letter to the Federal Reserve Bank of New York waiving the assessment of a penalty incurred by Marine Midland Grace Trust Company, New York, New York, because of a deficiency in its required reserves. 10

Letter to the Federal Reserve Bank of Richmond waiving the assessment of a penalty incurred by First National Bank, Orangeburg, South Carolina, because of a deficiency in its required reserves. 11

Letter to the Federal Reserve Bank of Richmond waiving the assessment of a penalty incurred by First and Merchants National Bank, Radford, Virginia, because of a deficiency in its required reserves. 12

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Item No.

Letter to the Federal Reserve Bank of New York
with respect to the service of Peter D. Sternlight
with the Treasury Department as Deputy Under
Secretary for Monetary Affairs.

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Telegram to the Federal Reserve Agent at Kansas
City authorizing the issuance to First Oklahoma
Bancorporation, Inc., Oklahoma City, Oklahoma, of
a limited permit to vote its stock of The Idabel
National Bank, Idabel, Oklahoma.

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Membership application (Item No. 15). At the Board meeting on
November 17, 1965, consideration was given to an application by Summit
State Bank of Richfield-Bloomington, Richfield, Minnesota, a bank in
process of organization, for membership in the Federal Reserve System.
In view of the fact that the Federal Deposit Insurance Corporation had
concluded adversely with respect to the factors of financial history and
condition, adequacy of capital structure, and general character of manage-
ment, the Board decided against approving the membership application
pending further discussion with the Corporation and Governor Mitchell
was requested to act on behalf of the Board in bringing about such
further consultation. Subsequently, Governor Mitchell sent a memorandum
on the matter to Chairman Randall, and he and Mr. Randall then arranged
for an interagency staff meeting. The results thereof were summarized
in a memorandum from Mr. Leavitt dated December 16, 1965, which had
been distributed. In light of developments, as described therein, the
Division of Examinations recommended that the membership application be
approved and that the letter to the applicant bank contain a proviso

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that additional capital would be supplied if the growth of the bank should be greater than anticipated. The Federal Deposit Insurance Corporation would be notified that this statement had been made to the applicant bank.

After discussion the application was approved unanimously. A copy of the letter sent to the applicant bank is attached as Item No. 15.

Governor Daane joined the meeting at this point.

Section 301 determinations (Items 16-26). A distributed memorandum from Mr. Solomon (Examinations) dated December 16, 1965, brought out that at the Board meeting on November 17, 1965, it was decided to advise the Federal Reserve Banks to invite applications for limited voting permits in cases where requests for section 301 determinations were pending in view of the fact that the Board had not yet made its review of general policy in so-called one-bank cases. Under the statute an application for a voting permit required the filing of certain agreements by the affected corporations.

In his December 16 memorandum Mr. Solomon reported receipt of a telephone call from counsel for a corporation that had pending an application for a section 301 determination. Counsel pointed out certain difficulties in meeting the statutory requirement for the filing of the necessary agreements on short notice and offered the suggestion that the Board grant temporary section 301 determinations with the right to revoke them upon reconsideration. Mr. Solomon recommended to the Board

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that in any case in which an application for a limited voting permit could not be conveniently obtained and where there was only one bank involved, the Board authorize issuance of a conditional determination of the kind suggested. It was contemplated that this procedure would apply to all pending section 301 applications as well as others that might be received, except in one case where the Comptroller of the Currency had requested that neither a section 301 determination nor a voting permit be granted. In order to simplify matters it was suggested that the Board also authorize the issuance of limited voting permits in all cases where it had been possible to obtain such an application unless there appeared to be some unusual circumstance that should be brought before the Board for consideration.

Following comments by Mr. Solomon, Governor Robertson reported that he had also received a telephone call from the individual mentioned in Mr. Solomon's memorandum. During the telephone conversation Governor Robertson had suggested that the corporation involved simply send in a letter requesting authority to vote the bank stock it owned at this time, without prejudice to action later on a request for a section 301 determination. However, after talking with Messrs. Hackley and Hexter and in view of the language of the pertinent statute, he now felt that it would be preferable to follow the course of action recommended by Mr. Solomon. He therefore suggested that the Board now authorize on a blanket basis the issuance of temporary, revokable section 301 determinations to all corporations that had applications pending, with the

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necessary procedural details to be worked out by the Board's staff through the Federal Reserve Banks concerned.

There followed discussion of the type of letter that it would be appropriate to send to the applicants in such circumstances. It was generally agreed that the letter should indicate clearly that the Board's policy with respect to the granting of section 301 determinations in one-bank cases was being reconsidered and that a final determination would be made in the light of whatever policy might be adopted by the Board following such review.

Question was raised regarding cases where applications for limited voting permits had been submitted pursuant to the Board's earlier invitation, it being pointed out that the limited voting permit would be more restrictive than a temporary section 301 determination. After discussion of this point it was agreed that in order to avoid any possible discrimination, temporary section 301 determinations should be issued to all applicants that had applications for such determinations pending.

At the conclusion of the discussion, authority was granted for the issuance of temporary section 301 determinations to all corporations whose applications were pending, where there was only one subsidiary bank involved, except in the one case where the Comptroller of the Currency had requested that neither a section 301 determination nor a voting permit be granted. It was understood that the letters granting the temporary determinations would be phrased substantially along the lines

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indicated during the foregoing discussion. It was also understood that the Board would proceed with its overall review of policy with respect to one-bank cases as promptly as feasible.

Attached as Items 16 through 26 are copies of letters sent pursuant to the abovementioned action by the Board.

Regulation F matter. Governor Robertson reported having received yesterday a telephone call from Senator Robertson of Virginia regarding a problem confronting the Mountain Trust Bank of Roanoke, Virginia, in connection with the requirements of Regulation F, Securities of Member State Banks. In essence, if the bank had to comply fully with the Regulation F financial reporting requirements at this time, it would have to shift its accounting from a cash to an accrual basis, which involved certain tax problems and other difficulties. The bank therefore would like to have relief from such requirements until the end of 1966. Governor Robertson recommended that the request be granted.

After discussion, there was unanimous agreement with Governor Robertson's recommendation.

Members of the staff other than those immediately concerned with the matters discussed in the following paragraphs withdrew from the meeting at this point.

Information regarding rates on time and savings deposits (Items 27 and 28). Pursuant to discussion at yesterday's Board meeting, there had been distributed under today's date a memorandum from Messrs. Brill and

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Holland submitting for consideration a package of actions designed to improve the flow of information on the response by member banks to the recent change in the maximum rate permitted to be paid on time deposits under Regulation Q, Payment of Interest on Deposits. The first item was a draft of telegram that would be sent to every member bank over the name of Chairman Martin asking for prompt advice on any changes made in rates and terms offered on time and savings accounts, or contemplated in the near future, such information to be submitted to the appropriate Federal Reserve Bank. The telegram also would indicate that a request would be forthcoming from the Reserve Bank for more complete information. The second item in the package was a draft of letter that would be sent by the President of each Federal Reserve Bank to the member banks in the Bank's district. The memorandum also submitted information schedules that would accompany the letter sent to member banks by the Reserve Bank Presidents. The member banks would be asked to fill in and return the schedules promptly. The letter from the Presidents would further indicate that Reserve Bank representatives would shortly be in communication with a number of member banks to help in keeping the Federal Reserve abreast of developments.

The response of the Board members to the steps contemplated by the memorandum was favorable. A number of changes in the phrasing of the proposed telegram and letter were suggested, however, and it was understood that certain aspects of the information schedules would be reviewed further by the Board's staff.

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It was then decided to arrange a telephone conference with the Presidents of the Federal Reserve Banks to discuss with them the steps that were contemplated.

Such a telephone conference was held during the course of this meeting, with all of the Reserve Bank Presidents participating except that the San Francisco Bank was represented by its First Vice President.

The reaction of the Reserve Bank Presidents to the steps described to them was favorable, and several further changes were worked out in the text of the wire, which it was agreed would be transmitted by the Reserve Banks to member banks in the respective districts over Chairman Martin's name. It was understood that the text of the telegram and of the letter to be sent to member banks by the Reserve Bank Presidents would be sent to the Reserve Banks by wire, with copies of the information schedules to be dispatched to the Reserve Banks by mail this afternoon. During the telephone conference it was also decided that the text of the telegram would be made the subject of a press release for issuance today and that the fact that the telegram was being sent to member banks would be disclosed by Mr. Molony immediately to the news ticker services, this step having been suggested in light of the Treasury bill auction at 1:30 this afternoon.

Attached as Item No. 27 is the text of the telegram sent to member banks over Chairman Martin's name, and attached as Item No. 28 is a copy of a wire sent to the Federal Reserve Banks quoting the letter to be sent by the Presidents to member banks.

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Promissory notes. After the telephone conference had concluded the Board resumed its discussion of the proposed amendment to Regulation Q (with a similar amendment to Regulation D, Reserves of Member Banks) that would bring member bank promissory notes within the coverage of those regulations as deposits.

From this discussion it developed that all of the members of the Board who were present except Governor Maisel would be prepared to publish such a proposed amendment in the Federal Register, on the basis of allowing 30 days after such publication for the receipt of comments. In this connection Governor Balderston reported that he had been advised by Chairman Martin that the latter would go along with the publication of such a proposed amendment.

Governor Balderston pointed out, however, that a meeting of the interagency Coordinating Committee on matters in the bank supervisory area was to be held next Monday afternoon, which raised the question whether the committee should not be advised of the proposed amendment before it was published. As a result of discussion of that question, it was agreed that Mr. Hackley would prepare a draft notice of proposed rule making that would be submitted to the Board for consideration Monday morning and could then be presented by Governor Balderston at the meeting of the Coordinating Committee Monday afternoon.

Other Regulation Q proposals. There followed discussion of a possible amendment to Regulation Q that would eliminate the provision

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for payment of a time deposit before maturity "in emergencies," or in the alternative an amendment along the lines of permitting payment before maturity only if the depositor forfeited all accrued interest on the amount withdrawn. It was understood that Mr. Hackley would draft such amendments, in the light of comments made at this meeting, for the Board's further consideration on Monday.

Governor Robertson also suggested for the Board's consideration the possibility of increasing from 4 per cent to 5 per cent the reserve requirement on time deposits on which interest was paid at a rate higher than 4 per cent.

Bank merger legislation. Mr. Cardon reported that he had received a telephone call from the General Counsel of the Treasury, who advised that another interagency meeting was to be held this afternoon to try to work out proposed legislation on standards governing the approval of bank mergers that would have the support of the Administration. Mr. Cardon said he had been asked whether he could get any preliminary indication from the Board as to its reaction, to which he had replied in the negative since there was no concrete proposal available for the Board's review at the moment. He understood that this afternoon's meeting would be held primarily to consider a new proposal from the Justice Department.

It was agreed that Messrs. Cardon and Shay should attend the meeting this afternoon and that a further report to the Board on the subject would be made as seemed appropriate in the light of developments.

The meeting then adjourned.

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

Salary increases, effective December 19, 1965

David Robinson, II, Attorney, Legal Division, from \$7,733 to \$8,961 per annum.

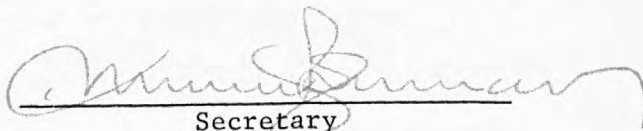
Bruce D. Shuter, Attorney, Legal Division, from \$7,733 to \$8,961 per annum.

Madelene Glee Donaldson, Clerk-Typist, Division of Research and Statistics, from \$3,814 to \$4,149 per annum.

Paul F. Quirante, Statistical Clerk, Division of Research and Statistics, from \$3,814 to \$4,149 per annum.

Transfer

Constance I. Stokes, from the position of Stenographer in the Division of Personnel Administration to the position of Stenographer in the Legal Division, with no change in basic annual salary at the rate of \$4,149, effective December 19, 1965.


Secretary



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

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Item No. 1
12/17/65

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 17, 1965.

Board of Directors,
Tompkins County Trust Company,
Ithaca, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Tompkins County Trust Company, Ithaca, New York, of a branch at 801 West Seneca Street, Ithaca, New York, 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
12/17/65

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 17, 1965.



The Chase Manhattan Bank (National Association),
1 Chase Manhattan Plaza,
New York, New York. 10015

Gentlemen:

The Board of Governors of the Federal Reserve System grants its permission to The Chase Manhattan Bank (National Association), New York, New York, pursuant to the provisions of Section 25 of the Federal Reserve Act, to establish a branch in the City of Saigon, South Vietnam, and to operate and maintain such branch subject to the provisions of such Section and of Regulation M.

Unless the branch is actually established and opened for business on or before December 1, 1966, all rights granted hereby shall be deemed to have been abandoned and the authority hereby granted will automatically terminate on that date.

With respect to the establishment of foreign branches, funds provided by home office (whether in the form of allocated capital, advances, or otherwise) should be regarded as foreign assets for purposes of the voluntary foreign credit restraint effort.

Please inform the Board of Governors, through the Federal Reserve Bank of New York, when the branch is opened for business, furnishing information as to the exact location of the branch. The Board should also be promptly informed of any future change in location of the branch within the City of Saigon.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 3
12/17/65

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 17, 1965.



The Chase Manhattan Bank (National Association),
1 Chase Manhattan Plaza,
New York, New York. 10015

Gentlemen:

The Board of Governors of the Federal Reserve System grants its permission to The Chase Manhattan Bank (National Association), New York, New York, pursuant to the provisions of Section 25 of the Federal Reserve Act, to establish a branch in the City of Seoul, Korea, and to operate and maintain such branch subject to the provisions of such Section and of Regulation M.

Unless the branch is actually established and opened for business on or before December 1, 1966, all rights granted hereby shall be deemed to have been abandoned and the authority hereby granted will automatically terminate on that date.

With respect to the establishment of foreign branches, funds provided by home office (whether in the form of allocated capital, advances, or otherwise) should be regarded as foreign assets for purposes of the voluntary foreign credit restraint effort.

Please inform the Board of Governors, through the Federal Reserve Bank of New York, when the branch is opened for business, furnishing information as to the exact location of the branch. The Board should also be promptly informed of any future change in location of the branch within the City of Seoul.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 4
12/17/65

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 17, 1965.



Board of Directors,
Camden Trust Company,
Camden, New Jersey.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Camden Trust Company, Camden, New Jersey, of a branch at the northwest corner of Clementon-Erial Road and Branch Avenue, Pine Hill, Camden County, New Jersey, 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. 5
12/17/65



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 17, 1965.

Board of Directors,
Rhode Island Hospital Trust Company,
Providence, Rhode Island.

Gentlemen:

The Board of Governors of the Federal Reserve System extends to July 11, 1966, the time within which Rhode Island Hospital Trust Company, Providence, Rhode Island, may establish a branch on North Main Street in the Lippitt Hill section of Providence, Rhode Island.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

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Item No. 6
12/17/65

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 17, 1965.

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

Gentlemen:

The Board of Governors of the Federal Reserve System extends to June 30, 1966, the time within which United California Bank, Los Angeles, California, may establish a branch in the vicinity of the intersection of Yorba Linda Boulevard and Rose Drive, Placentia, Orange County, California.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.

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

Item No. 7
12/17/65

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 17, 1965.



Board of Directors,
Wells Fargo Bank,
San Francisco, California.

Gentlemen:

The Board of Governors of the Federal Reserve System extends to August 31, 1966, the time within which Wells Fargo Bank, San Francisco, California, may establish a branch to relocate its Twenty-Second Webster Office, Oakland, California, to Twentieth and Franklin Streets, Oakland.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 8

12/17/65



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 17, 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 December 2, 1965, concerning the application of Glasford State Bank, Glasford, 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.

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

Item No. 9
12/17/65



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 17, 1965.

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

Gentlemen:

The Board of Governors of the Federal Reserve System approves, under the provisions of paragraph 6 of Section 9 of the Federal Reserve Act and Section 5199(b) of United States Revised Statutes, the declaration of a dividend of \$18,000 by Coopersville State Bank, Coopersville, Michigan, payable December 30, 1965. This letter does not authorize any future declaration of dividends that would require the Board's approval under the foregoing statutes.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.

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

4264

Item No. 10
12/17/65

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 17, 1965.

Mr. Harold A. Bilby, Vice President,
Federal Reserve Bank of New York,
New York, New York. 10045

Dear Mr. Bilby:

This refers to your letter of November 23, 1965, regarding a penalty of \$156.95 incurred by the Marine Midland Grace Trust Company, New York, New York, on an average daily deficiency in reserves of \$136,400 for the reserve computation period ended November 3, 1965.

It is noted that (1) because of the power failure on November 9, the bank was unable to make adjustments on November 10 necessary to accumulate excess reserves to offset a deficiency for the reserve computation period ended November 3, (2) the bank had a deficiency for the period ended November 10, which was waived under the authorization in the Board's telegram of November 10, and (3) the bank had excess reserves of \$1,060,700 for the period ended November 17.

In the circumstances, the Board authorizes your Bank to waive assessment of the penalty of \$156.95 for the period ended November 3, 1965.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.



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

Item No. 11
12/17/65

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 17, 1965.

Mr. Aubrey N. Heflin, First Vice President,
Federal Reserve Bank of Richmond,
Richmond, Virginia. 23213

Dear Mr. Heflin:

This refers to your letter of December 3, 1965, regarding a penalty of \$82.36 incurred by the First National Bank, Orangeburg, South Carolina, on an average daily deficiency in reserves of \$35,786 for the biweekly computation period ended November 24, 1965.

It is noted that (1) garbled wire transfer instructions led your Bank into the error of making a duplicate credit to the reserve account of the subject bank; (2) the bank relied on the Reserve Bank's daily statements of account in the establishment of its reserve; and (3) because the initial error occurred at the Reserve Bank, your Bank recommends that the penalty be waived, although the member bank has had six other reserve deficiencies since January 1, 1963.

In the circumstances, the Board authorizes your Bank to waive the assessment of the penalty of \$82.36 for the period ended November 24, 1965.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.



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

Item No. 12
12/17/65

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 17, 1965.

Mr. Aubrey N. Heflin, First Vice President,
Federal Reserve Bank of Richmond,
Richmond, Virginia. 23213

Dear Mr. Heflin:

This refers to your letter of December 3, 1965, regarding a penalty of \$54.58 incurred by the First and Merchants National Bank of Radford, Virginia, on an average daily deficiency of \$23,714 for the biweekly computation period ended November 10, 1965.

It is noted that (1) in handling the bank's request on October 28 to charge its account and transfer the funds to the account of another bank, your Bank charged the account of the wrong bank, and the error was not discovered until the next day; (2) when the member bank computed its reserve position, your Bank's advice of correction by making an adjustment "as of" October 28 were misinterpreted to mean that the funds would remain in the bank's reserve account on that day; and (3) the bank has had a good record for maintaining its required reserves.

In the circumstances, the Board authorizes your Bank to waive the assessment of the penalty of \$54.58 for the period ended November 10, 1965.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20531

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Item No. 13
12/17/65

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 17, 1965.

Mr. Richard A. Debs, Secretary,
Federal Reserve Bank of New York,
New York, New York. 10045

Dear Mr. Debs:

Reference is made to your letter of November 29, 1965, regarding Peter D. Sternlight, formerly Assistant Vice President of the Federal Reserve Bank of New York, who has been appointed Deputy Under Secretary of the Treasury for Monetary Affairs.

The Board agrees that Mr. Sternlight's service with the Treasury Department, beginning November 16, 1965, is for a purpose deemed in the public interest within the meaning of Section 5A of the Rules and Regulations of the Retirement System of the Federal Reserve Banks, the resolutions adopted and approved under such Section, and the Board's letter S-1802 of August 4, 1961.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

TELEGRAM
LEASED WIRE SERVICE

4268

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 14
12/17/65

December 17, 1965.

SCOTT -- KANSAS CITY

KECEA

- A. First Oklahoma Bancorporation, Inc., Oklahoma City, Oklahoma.
- B. The Idabel National Bank, Idabel, Oklahoma.
- C. None.
- D. At any time prior to April 1, 1966, at the annual meeting of shareholders of such bank, or any adjournment thereof, to elect directors for the ensuing year and to act thereat upon such matters of a routine nature as are ordinarily acted upon at the annual meeting of such bank. STOP. Please advise Applicant that in view of the lack of improvement in the Bank's asset quality, prior to the issuance of any additional limited voting permit, the Board will take greater cognizance of Idabel National Bank's over-all condition.

(Signed) Karl E. Bakke

BAKKE

Definition of KECEA:

The Board authorizes the issuance of a limited voting permit, under the provisions of section 5114 of the Revised Statutes of the United States, to the holding company affiliate named below after the letter "A", entitling such organization to vote the stock which it owns or controls of the bank(s) named below after the letter "B", subject to the condition(s) stated below after the letter "C". The permit authorized hereunder is limited to the period of time and the purposes stated after the letter "D". Please proceed in accordance with the instructions contained in the Board's letter of March 10, 1947, (S-964).

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

Item No. 15
12/17/65

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 17, 1965.

Organization Committee,
Summit State Bank of
Richfield-Bloomington,
Richfield, Minnesota.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the application made on behalf of Summit State Bank of Richfield-Bloomington, Richfield, Minnesota, for stock in the Federal Reserve Bank of Minneapolis, effective if and when the bank opens for business under appropriate State authorization, subject to the numbered conditions hereinafter set forth.

1. Such bank at all times shall conduct its business and exercise its powers with due regard to the safety of its depositors, and, except with the permission of the Board of Governors of the Federal Reserve System, such bank shall not cause or permit any change to be made in the general character of its business or in the scope of the corporate powers exercised by it at the time of admission to membership.
2. The net capital and surplus funds of such bank shall be adequate in relation to the character and condition of its assets and to its deposit liabilities and other corporate responsibilities.
3. At the time of admission to membership, such bank shall have paid-in and unimpaired capital stock of not less than \$200,000, and other capital funds of not less than \$200,000.

The Board understands that additional capital funds will be supplied if growth of this bank exceeds expectations during the first three years of operation.

In connection with foregoing conditions of membership, particular attention is called to the provisions of the Board's Regulation H, regarding membership of State banking institutions in the Federal Reserve System, with especial reference to Section 208.7 thereof. A copy of the regulation is enclosed.

Summit State Bank of Richfield-Bloomington

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It is understood that the bank does not plan to exercise fiduciary powers upon admission to membership. Should the bank at any future time desire to exercise any powers not exercised at the time of admission to membership it will be necessary, under condition of membership numbered 1, to obtain permission of the Board of Governors.

If at any time a change in or amendment to the bank's charter is made, the bank should advise the Federal Reserve Bank, furnishing copies of any documents involved, in order that it may be determined whether such change affects in any way the bank's status as a member of the Federal Reserve System.

Acceptance of the conditions of membership contained in this letter should be evidenced by a resolution adopted by the board of directors after the bank's charter has been issued and a certified copy of such resolution should be transmitted to the Federal Reserve Bank. Arrangements will thereupon be made to accept payment for an appropriate amount of Federal Reserve Bank stock, to accept the deposit of the required reserve balance, and to issue the appropriate amount of Federal Reserve Bank stock to the bank.

The time within which admission to membership in the Federal Reserve System in the manner described may be accomplished is limited to six months from the date of this letter, unless the bank applies to the Board and obtains an extension of time. When the Board is advised that all of the requirements have been complied with and that the appropriate amount of Federal Reserve Bank stock has been issued to the bank, the Board will forward to the bank a formal certificate of membership in the Federal Reserve System.

The Board of Governors sincerely hopes that you will find membership in the System beneficial and your relations with the Reserve Bank pleasant. The officers of the Federal Reserve Bank will be glad to assist you in establishing your relationships with the Federal Reserve System and at any time to discuss with representatives of your bank means for making the services of the System most useful to you.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.

Enclosures.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 16
12/17/65

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 30, 1965.

Mr. F. E. O'Riordan, Secretary-Controller,
Sterling Precision Corporation,
103 Park Avenue,
New York, New York. 10017

Dear Mr. O'Riordan:

This refers to the request contained in your letter of September 7, 1965, submitted through the Federal Reserve Bank of Cleveland, for a determination by the Board of Governors of the Federal Reserve System as to the status of Sterling Precision Corporation as a holding company affiliate.

From the information presented, the Board understands that Sterling Precision Corporation is a diversified organization having six wholly owned subsidiaries or divisions engaged in the manufacture or sale of fire engines and related equipment, steel fabrication, office furniture and filing systems, and highway and specialized trailers; that Sterling Precision Corporation also owns four small real estate holding companies, a corporation used in special collection situations, and three other non-operating corporate shells; that it owns 99 per cent of the outstanding voting stock of a savings and loan association; that it controls a company used in the financing of trailer sales; that it is a holding company affiliate by reason of the fact that it owns 3,096 of the 4,000 outstanding shares of capital stock of The Community National Bank of Flushing, Flushing, Ohio; and that it does not, directly or indirectly, own or control any stock of, or manage or control, any other banking institution.

The Board is in process of reviewing its interpretation of the last paragraph of section 2(c) of the Banking Act of 1933, as amended (12 U.S.C. 221a), as it applies to situations like that presented by your request for a determination pursuant to that provision

Mr. F. E. O'Riordan

-2-

of law. In order to avoid delay that might inconvenience your company, the Board has determined, in accordance with its interpretation of that statutory provision in prior cases of this type, that Sterling Precision Corporation is not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling banks, banking associations, savings banks, or trust companies. Accordingly, Sterling Precision Corporation is not deemed to be a holding company affiliate except for the purposes of section 23A of the Federal Reserve Act (12 U.S.C. 371c) and does not need a voting permit from the Board of Governors in order to vote the bank stock which it owns.

As stated above, the interpretation of section 2(c) is under review by the Board. As a result of that review, it is possible that the Board's interpretation of the statute may be so modified that companies such as Sterling Precision Corporation would not be entitled to "favorable" determinations under the last paragraph of section 2(c). In that event, the Board may rescind the determination referred to in the preceding paragraph.

In any event, if the facts should at any time change in such manner as to indicate that Sterling Precision Corporation might be so engaged, this matter should again be submitted to the Board for another determination in the light of the new facts. A change in facts would include, among other things, any additional acquisitions of bank stock even though not constituting control.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 17
12/17/65



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 30, 1965.

Mr. J. H. Faulkner, President,
Gulf Area Insurance Agency, Inc.,
114 W.2nd Street,
Bay Minette, Alabama.

Dear Mr. Faulkner:

This refers to the request contained in your letter of October 15, 1965, submitted through the Federal Reserve Bank of Atlanta, for a determination by the Board of Governors of the Federal Reserve System as to the status of Gulf Area Insurance Agency, Inc., as a holding company affiliate.

From the information presented, the Board understands that Gulf Area Insurance Agency, Inc., is engaged in the operation of a general insurance business; that it owns some rental property; that it owns a camera protection franchise; that it is a holding company affiliate by reason of the fact that it owns 13,880 of the 20,000 outstanding shares of capital stock of Baldwin National Bank of Robertsdale, Robertsdale, Alabama; and that it does not, directly or indirectly, own or control any stock of, or manage or control, any other banking institution.

The Board is in process of reviewing its interpretation of the last paragraph of section 2(c) of the Banking Act of 1933, as amended (12 U.S.C. 221a), as it applies to situations like that presented by your request for a determination pursuant to that provision of law. In order to avoid delay that might inconvenience your company, the Board has determined, in accordance with its interpretation of that statutory provision in prior cases of this type, that Gulf Area Insurance Agency, Inc., is not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling banks, banking associations, savings banks, or trust companies. Accordingly,

Mr. J. H. Faulkner

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Gulf Area Insurance Agency, Inc., is not deemed to be a holding company affiliate except for the purposes of section 23A of the Federal Reserve Act (12 U.S.C. 371c) and does not need a voting permit from the Board of Governors in order to vote the bank stock which it owns.

As stated above, the interpretation of section 2(c) is under review by the Board. As a result of that review, it is possible that the Board's interpretation of the statute may be so modified that companies such as Gulf Area Insurance Agency, Inc., would not be entitled to "favorable" determinations under the last paragraph of section 2(c). In that event, the Board may rescind the determination referred to in the preceding paragraph.

In any event, if the facts should at any time change in such manner as to indicate that Gulf Area Insurance Agency, Inc., might be so engaged, this matter should again be submitted to the Board for another determination in the light of the new facts. A change in facts would include, among other things, any additional acquisitions of bank stock even though not constituting control.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 18
12/17/65

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 30, 1965.



Citizens Capital Corporation,
c/o Fred V. Hanson, Attorney,
135 South LaSalle Street,
Chicago, Illinois. 60603

Gentlemen:

This refers to your request submitted through the Federal Reserve Bank of Chicago, for a determination by the Board of Governors of the Federal Reserve System as to the status of Citizens Capital Corporation as a holding company affiliate.

From the information presented, the Board understands that Citizens Capital Corporation's certificate of incorporation empowers it to engage in broad activities; that the pattern of Citizens Capital Corporation's business activities is as yet undetermined, however, it intends in the future to broaden its scope of activity into nonbanking areas; that it is a holding company affiliate by reason of the fact that it owns 10,001 of the 20,000 outstanding shares of capital stock of Citizens National Bank of Chicago, Chicago, Illinois; and that it does not, directly or indirectly, own or control any stock of, or manage or control, any other banking institution.

The Board is in process of reviewing its interpretation of the last paragraph of section 2(c) of the Banking Act of 1933, as amended (12 U.S.C. 221a), as it applies to situations like that presented by your request for a determination pursuant to that provision of law. In order to avoid delay that might inconvenience Citizens Capital Corporation, the Board has determined, in accordance with its interpretation of that statutory provision in prior cases of this type, that such Company is not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling banks, banking associations, savings banks, or trust companies. Accordingly, Citizens Capital Corporation is not deemed to be a holding company affiliate except for the purposes of section 23A of the Federal Reserve Act (12 U.S.C. 371c) and does not need a voting permit from the Board of Governors in order to vote the bank stock which it owns.

Citizens Capital Corporation -2-

As stated above, the interpretation of section 2(c) is under review by the Board. As a result of that review, it is possible that the Board's interpretation of the statute may be so modified that companies such as Citizens Capital Corporation would not be entitled to "favorable" determinations under the last paragraph of section 2(c). In that event, the Board may rescind the determination referred to in the preceding paragraph.

In any event, if the facts should at any time change in such manner as to indicate that Citizens Capital Corporation might be so engaged, this matter should again be submitted to the Board for another determination in the light of the new facts. A change in facts would include, among other things, any additional acquisitions of bank stock even though not constituting control.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.



BOARD OF GOVERNORS
OF THE
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WASHINGTON, D. C. 20551

4277
Item No. 19
12/17/65

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 30, 1965.

Mr. Wm. R. Wandrey, President,
K-J Investment Company,
506 15th Street,
Moline, Illinois. 61265

Dear Mr. Wandrey:

This refers to the request contained in your letter of July 12, 1965, submitted through the Federal Reserve Bank of Chicago, for a determination by the Board of Governors of the Federal Reserve System as to the status of K-J Investment Company as a holding company affiliate.

From the information presented, the Board understands that K-J Investment Company is a holding company affiliate by reason of the fact that it owns or controls 1,146 of the 1,200 outstanding shares of stock of The Farmers National Bank of Knoxville, Knoxville, Illinois; and that it does not, directly or indirectly, own or control any stock of, or manage or control, any other banking institution.

The Board is in process of reviewing its interpretation of the last paragraph of section 2(c) of the Banking Act of 1933, as amended (12 U.S.C. 221a), as it applies to situations like that presented by your request for a determination pursuant to that provision of law. In order to avoid delay that might inconvenience your company, the Board has determined, in accordance with its interpretation of that statutory provision in prior cases of this type, that K-J Investment Company is not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling banks, banking associations, savings banks, or trust companies. Accordingly, K-J Investment Company is not deemed to be a holding company affiliate except for the purposes of section 23A of the Federal Reserve Act (12 U.S.C. 371c) and does not need a voting permit from the Board of Governors in order to vote the bank stock which it owns.

Mr. Wm. R. Wandrey

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As stated above, the interpretation of section 2(c) is under review by the Board. As a result of that review, it is possible that the Board's interpretation of the statute may be so modified that companies such as K-J Investment Company would not be entitled to "favorable" determinations under the last paragraph of section 2(c). In that event, the Board may rescind the determination referred to in the preceding paragraph.

In any event, if the facts should at any time change in such manner as to indicate that K-J Investment Company might be so engaged, this matter should again be submitted to the Board for another determination in the light of the new facts. A change in facts would include, among other things, any additional acquisitions of bank stock even though not constituting control.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 30, 1965.

Edwards, Hafner & McDonald, Ltd.,
502 Exchange Building,
La Crosse, Wisconsin.

Dear Sirs:

This refers to the request contained in your letter of October 15, 1965, submitted through the Federal Reserve Bank of Minneapolis, for a determination by the Board of Governors of the Federal Reserve System as to the status of First National Agency of Bagley, Inc., as a holding company affiliate.

From the information presented, the Board understands that First National Agency of Bagley, Inc., is primarily engaged in the business of conducting a general insurance agency, and is selling casualty insurance, fire and indemnity, and credit life insurance; that it is a holding company affiliate by reason of the fact that it owns 380 of the 625 outstanding shares of capital stock of The First National Bank of Bagley, Bagley, Minnesota; and that it does not, directly or indirectly, own or control any stock of, or manage or control, any other banking institution.

The Board is in process of reviewing its interpretation of the last paragraph of section 2(c) of the Banking Act of 1933, as amended (12 U.S.C. 221a), as it applies to situations like that presented by your request for a determination pursuant to that provision of law. In order to avoid delay that might inconvenience First National Agency of Bagley, Inc., the Board has determined, in accordance with its interpretation of that statutory provision in prior cases of this type, that such Company is not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling banks, banking associations, savings banks, or trust companies. Accordingly, First National Agency of Bagley, Inc., is not deemed to be a holding company affiliate except for the purposes of section 23A of the Federal Reserve Act (12 U.S.C. 371c) and does not need a voting permit from the Board of Governors in order to vote the bank stock which it owns.



Edwards, Hafner & McDonald, Ltd.

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As stated above, the interpretation of section 2(c) is under review by the Board. As a result of that review, it is possible that the Board's interpretation of the statute may be so modified that companies such as First National Agency of Bagley, Inc., would not be entitled to "favorable" determinations under the last paragraph of section 2(c). In that event, the Board may rescind the determination referred to in the preceding paragraph.

In any event, if the facts should at any time change in such manner as to indicate that First National Agency of Bagley, Inc., might be so engaged, this matter should again be submitted to the Board for another determination in the light of the new facts. A change in facts would include, among other things, any additional acquisitions of bank stock even though not constituting control.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.



BOARD OF GOVERNORS
OF THE
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WASHINGTON, D. C. 20551

4281
Item No. 21
12/17/65

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 23, 1965.

Mr. Roy Dinsdale, President,
Dinsdale Bros., Inc.,
Palmer, Nebraska.

Dear Mr. Dinsdale:

This refers to the request contained in your letter of March 8, 1965, submitted through the Federal Reserve Bank of Kansas City, for a determination by the Board of Governors of the Federal Reserve System as to the status of Dinsdale Bros., Inc., as a holding company affiliate.

From the information presented, the Board understands that Dinsdale Bros., Inc., is engaged in merchandising and handling of grain, feeding of livestock, and general farming; that it is a holding company affiliate by reason of the fact that it owns 331 (66.2%) of the 500 outstanding shares of capital stock of The First National Bank of Wisner, Wisner, Nebraska; and that it does not, directly or indirectly, own or control any stock of, or manage or control, any other banking institution.

The Board is in process of reviewing its interpretation of the last paragraph of section 2(c) of the Banking Act of 1933, as amended (12 U.S.C. 221a), as it applies to situations like that presented by your request for a determination pursuant to that provision of law. In order to avoid delay that might inconvenience your company, the Board has determined, in accordance with its interpretation of that statutory provision in prior cases of this type, that Dinsdale Bros., Inc. is not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling banks, banking associations, savings banks, or trust companies.


Mr. Roy Dinsdale

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Accordingly, Dinsdale Bros., Inc. is not deemed to be a holding company affiliate except for the purposes of section 23A of the Federal Reserve Act (12 U.S.C. 371c) and does not need a voting permit from the Board of Governors in order to vote the bank stock which it owns. As stated above, the interpretation of section 2(c) is under review by the Board. As a result of that review, it is possible that the Board's interpretation of the statute may be so modified that companies such as yours would not be entitled to "favorable" determinations under the last paragraph of section 2(c). In that event, the Board may rescind the determination described in the preceding paragraph.

In any event, if the facts should at any time change in such manner as to indicate that Dinsdale Bros., Inc. might be so engaged, this matter should again be submitted to the Board for another determination in the light of the new facts. A change in facts would include, among other things, any additional acquisitions of bank stock even though not constituting control.

Very truly yours,

Merritt Sherman,
Secretary.

Item No. 22
12/17/65

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 30, 1965.



Mr. Oliver H. Hughes, Vice President,
Educators Investment Company of Kansas, Inc.,
Wichita Plaza Building, Suite 1128,
Wichita, Kansas.

Dear Mr. Hughes:

This refers to the request contained in your letter of September 22, 1965, submitted through the Federal Reserve Bank of Kansas City, for a determination by the Board of Governors of the Federal Reserve System as to the status of Educators Investment Company of Kansas, Inc., as a holding company affiliate.

From the information presented, the Board understands that Educators Investment Company of Kansas, Inc., is a Kansas corporation formerly specializing in making direct-by-mail loans to school teachers; that it still retains some larger loans but that all future loan activity will be handled by its wholly-owned subsidiary, Educators Finance, Inc., Wichita, Kansas; that it is a holding company affiliate by reason of the fact that it owns 1,540 of the 3,000 outstanding shares of capital stock of The Citizens National Bank of Emporia, Emporia, Kansas; and that it does not, directly or indirectly, own or control any stock of, or manage or control, any other banking institution.

The Board is in process of reviewing its interpretation of the last paragraph of section 2(c) of the Banking Act of 1933, as amended (12 U.S.C. 221a), as it applies to situations like that presented by your request for a determination pursuant to that provision of law. In order to avoid delay that might inconvenience your company, the Board has determined, in accordance with its interpretation of that statutory provision in prior cases of this type, that Educators Investment Company of Kansas, Inc., is not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling banks, banking associations, savings banks, or trust

Mr. Oliver H. Hughes

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companies. Accordingly, Educators Investment Company of Kansas, Inc., is not deemed to be a holding company affiliate except for the purposes of section 23A of the Federal Reserve Act (12 U.S.C. 371c) and does not need a voting permit from the Board of Governors in order to vote the bank stock which it owns.

As stated above, the interpretation of section 2(c) is under review by the Board. As a result of that review, it is possible that the Board's interpretation of the statute may be so modified that companies such as Educators Investment Company of Kansas, Inc., would not be entitled to "favorable" determinations under the last paragraph of section 2(c). In that event, the Board may rescind the determination referred to in the preceding paragraph.

In any event, if the facts should at any time change in such manner as to indicate that Educators Investment Company of Kansas, Inc., might be so engaged, this matter should again be submitted to the Board for another determination in the light of the new facts. A change in facts would include, among other things, any additional acquisitions of bank stock even though not constituting control.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

Item No. 23
12/17/65

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

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 30, 1965.

Mr. Gene C. Eaton, President,
First Estes Plaza Company,
714 Stuart Building,
Lincoln, Nebraska.

Dear Mr. Eaton:

This refers to the request contained in your letter of January 25, 1965, submitted through the Federal Reserve Bank of Kansas City, for a determination by the Board of Governors of the Federal Reserve System as to the status of First Estes Plaza Company as a holding company affiliate.

From the information presented, the Board understands that First Estes Plaza Company was formed to own control of First National Bank of Estes Park, Estes Park, Colorado, and to furnish management advice to that bank; that it is a holding company affiliate by reason of the fact that it owns 13,506 of the 25,000 outstanding shares of capital stock of First National Bank of Estes Park; and that it does not, directly or indirectly, own or control any stock of, or manage or control, any other banking institution.

The Board is in process of reviewing its interpretation of the last paragraph of section 2(c) of the Banking Act of 1933, as amended (12 U.S.C. 221a), as it applies to situations like that presented by your request for a determination pursuant to that provision of law. In order to avoid delay that might inconvenience your company, the Board has determined, in accordance with its interpretation of that statutory provision in prior cases of this type, that First Estes Plaza Company is not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling banks, banking associations, savings banks, or trust



Mr. Gene C. Eaton

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companies. Accordingly, First Estes Plaza Company is not deemed to be a holding company affiliate except for the purposes of section 23A of the Federal Reserve Act (12 U.S.C. 371c) and does not need a voting permit from the Board of Governors in order to vote the bank stock which it owns.

As stated above, the interpretation of section 2(c) is under review by the Board. As a result of that review, it is possible that the Board's interpretation of the statute may be so modified that companies such as First Estes Plaza Company would not be entitled to "favorable" determinations under the last paragraph of section 2(c). In that event, the Board may rescind the determination referred to in the preceding paragraph.

In any event, if the facts should at any time change in such manner as to indicate that First Estes Plaza Company might be so engaged, this matter should again be submitted to the Board for another determination in the light of the new facts. A change in facts would include, among other things, any additional acquisitions of bank stock even though not constituting control.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

12/17/65

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 30, 1965.



Mr. E. R. Blair, President,
Blair-Warren Corporation,
Borger, Texas.

Dear Mr. Blair:

This refers to the request contained in your letter of September 20, 1965, submitted through the Federal Reserve Bank of Dallas, for a determination by the Board of Governors of the Federal Reserve System as to the status of Blair-Warren Corporation as a holding company affiliate.

From the information presented, the Board understands that Blair-Warren Corporation is engaged in a merchandising service business dealing in the sale and service of new and rebuilt oil well pumps; that it owns and operates commercial rental properties, including the building occupied by First National Bank of Dumas, Dumas, Texas; that it is a holding company affiliate by reason of the fact that it owns 12,950 of the 24,000 outstanding shares of capital stock of First National Bank of Dumas; and that it does not, directly or indirectly, own or control any stock of, or manage or control, any other banking institution.

The Board is in process of reviewing its interpretation of the last paragraph of section 2(c) of the Banking Act of 1933, as amended (12 U.S.C. 221a), as it applies to situations like that presented by your request for a determination pursuant to that provision of law. In order to avoid delay that might inconvenience your company, the Board has determined, in accordance with its interpretation of that statutory provision in prior cases of this type, that Blair-Warren Corporation is not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling banks, banking associations, savings banks, or trust companies. Accordingly, Blair-Warren Corporation is not deemed to be a holding company.

Mr. E. R. Blair

-2-

affiliate except for the purposes of section 23A of the Federal Reserve Act (12 U.S.C. 371c) and does not need a voting permit from the Board of Governors in order to vote the bank stock which it owns.

As stated above, the interpretation of section 2(c) is under review by the Board. As a result of that review, it is possible that the Board's interpretation of the statute may be so modified that companies such as Blair-Warren Corporation would not be entitled to "favorable" determinations under the last paragraph of section 2(c). In that event, the Board may rescind the determination referred to in the preceding paragraph.

In any event, if the facts should at any time change in such manner as to indicate that Blair-Warren Corporation might be so engaged, this matter should again be submitted to the Board for another determination in the light of the new facts. A change in facts would include, among other things, any additional acquisitions of bank stock even though not constituting control.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

Item No. 25
12/17/65

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

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 30, 1965.



Mr. Delmar W. Holloman, Secretary,
First Bancorporation,
c/o Davies, Richberg, Tydings, Landa & Duff,
1000 Vermont Avenue, Northwest,
Washington 5, D. C.

Dear Mr. Holloman:

Reference is made to the request contained in your letter of March 29, 1965, submitted through the Federal Reserve Bank of San Francisco, for a determination by the Board of Governors of the Federal Reserve System as to the status of First Bancorporation as a holding company affiliate.

From the information presented, the Board understands that First Bancorporation will actively engage in the real estate business and other commercial activities; that it is a holding company affiliate by reason of the fact that it owns 134,064 (99.76%) of the 134,384 outstanding shares of capital stock of Nevada Bank of Commerce, Reno, Nevada; and that it does not, directly or indirectly, own or control any stock of, or manage or control, any other banking institution.

The Board is in process of reviewing its interpretation of the last paragraph of section 2(c) of the Banking Act of 1933, as amended (12 U.S.C. 221a), as it applies to situations like that presented by your request for a determination pursuant to that provision of law. In order to avoid delay that might inconvenience your company, the Board has determined, in accordance with its interpretation of that statutory provision in prior cases of this type, that First Bancorporation is not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling banks, banking associations, savings banks, or trust companies. Accordingly, First Bancorporation is not deemed to be a holding company affiliate except for the purposes of section 23A of the Federal Reserve Act (12 U.S.C. 371c) and does not need a voting permit from the Board of Governors in order to vote the bank stock which it owns.

Mr. Delmar W. Holloman

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As stated above, the interpretation of section 2(c) is under review by the Board. As a result of that review, it is possible that the Board's interpretation of the statute may be so modified that companies such as First Bancorporation would not be entitled to "favorable" determinations under the last paragraph of section 2(c). In that event, the Board may rescind the determination referred to in the preceding paragraph.

In any event, if the facts should at any time change in such manner as to indicate that First Bancorporation might be so engaged, this matter should again be submitted to the Board for another determination in the light of the new facts. A change in facts would include, among other things, any additional acquisitions of bank stock even though not constituting control.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

Item No. 26
12/17/65

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 30, 1965.

Mr. Roy W. Simmons, President,
Zions Utah Bancorporation,
Salt Lake City, Utah.

Dear Mr. Simmons:

This refers to the request contained in your letter of April 23, 1965, submitted through the Federal Reserve Bank of San Francisco, for a determination by the Board of Governors of the Federal Reserve System as to the status of Zions Utah Bancorporation (formerly Zions First National Investment Company) as a holding company affiliate.

Assuming that before Zions Utah Bancorporation has acquired the assets of Lockhart Corporation the changes have been effected that are outlined in the Board's letter of October 28, 1965, with respect to the operations of the Utah industrial loan companies and Rocky Mountain Industrial Bank and any other subsidiaries to which applicable, to remove each from status as a "bank" as that term is defined in section 2(c) of the Bank Holding Company Act of 1956, from the information presented, the Board understands that upon the merger with Lockhart Corporation, Zions Utah Bancorporation, as the surviving entity, will continue to own a majority of the outstanding shares of Zions First National Bank, Salt Lake City, Utah ("Bank"), and will also own subsidiaries which include a savings and loan association, industrial loan companies, an industrial bank, a small business investment company, and others engaged in the businesses of consumer loan and finance, equipment leasing, life insurance, and real estate brokerage; that it is and will continue to be a holding company affiliate by reason of the fact that it owns and will continue to own a majority of the outstanding shares of capital stock of Bank; and that it does not, and will not after the merger, directly or indirectly, own or control any stock of, or manage or control, any other banking institutions.

The Board is in process of reviewing its interpretation of the last paragraph of section 2(c) of the Banking Act of 1933, as amended (12 U.S.C. 221a), as it applies to situations like that presented by your request for a determination pursuant to that provision

Mr. Roy W. Simmons

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of law. In order to avoid delay that might inconvenience your company, the Board has determined, in accordance with its interpretation of that statutory provision in prior cases of this type, that Zions Utah Bancorporation is not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling banks, banking associations, savings banks, or trust companies. Accordingly, Zions Utah Bancorporation is not deemed to be a holding company affiliate except for the purposes of section 23A of the Federal Reserve Act (12 U.S.C. 371c) and does not need a voting permit from the Board of Governors in order to vote the bank stock which it owns.

As stated above, the interpretation of section 2(c) is under review by the Board. As a result of that review, it is possible that the Board's interpretation of the statute may be so modified that companies such as Zions Utah Bancorporation would not be entitled to "favorable" determinations under the last paragraph of section 2(c). In that event, the Board may rescind the determination referred to in the preceding paragraph.

In any event, if the facts should at any time change in such manner as to indicate that Zions Utah Bancorporation might be so engaged, this matter should again be submitted to the Board for another determination in the light of the new facts. A change in facts would include, among other things, any additional acquisitions of bank stock even though not constituting control.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

T E L E G R A M
LEASED WIRE SERVICEItem No. 27
12/17/65BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

December 17, 1965.

PRESIDENTS - ALL FEDERAL RESERVE BANKS.

Quoted below is text of Chairman Martin's telegram to be sent by your Bank, straight wire, to chief executive officer of each member bank in your District to be received today:

"Federal Reserve action of December 6 raising ceiling rates under Regulation Q was taken with the confident expectation that every member bank would exercise prudence in availing itself of the enhanced flexibility in competing for funds. Federal Reserve needs to be kept fully and promptly informed on bank response to Regulation Q action. If you have made changes in rates and terms offered on time and savings accounts, or contemplate such changes in the near future, please advise general nature of action by collect wire to your Reserve Bank. Information for individual banks, particularly as to future plans, will be treated as confidential.

"Will also appreciate a prompt reply to forthcoming request from your Reserve Bank for more complete information.

Wm. McChesney Martin, Jr."

(Signed) Merritt Sherman
SHERMAN

TELEGRAM
LEASED WIRE SERVICEItem No. 28
12/17/65BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

December 17, 1965.

PRESIDENTS - ALL FEDERAL RESERVE BANKS.

Quoted below is the text of a suggested letter to be sent by the President of each Reserve Bank to the chief executive officer of each member bank in his District soliciting information regarding rates on time and savings deposits:

"You have recently received a telegram from Chairman Martin indicating the Federal Reserve's need for up-to-date information pertaining to the rates and terms your bank offers on time and savings deposits. We are also interested in any plans you may have for modifying rates or terms in the near future, or plans to introduce new savings instruments.

"The type of information needed is detailed on the schedule enclosed. We would appreciate your prompt reply to this inquiry. The information regarding individual banks, particularly as to their future plans, will be treated as confidential. In addition, representatives of this Bank will shortly be in touch with a number of the member banks in this District to help us keep abreast of evolving developments."

The two-page schedule referred to in the above letter will be mailed to each President later today for reproduction at his Bank. The Board assumes that mailing of letters of Reserve Bank Presidents can begin on December 20. With respect to tabulation of data received from member banks, a separate wire will be sent to you later today indicating procedure for reporting responses to Chairman Martin's telegram. It is not desired that Reserve Banks maintain staff for tabulating responses to Chairman's wire over this week end, but it will be appreciated if first report covering such responses can be sent to Board morning of December 20. Procedure for reporting information to be received in response to your letter will be covered in a subsequent communication.

(Signed) Merritt Sherman

SHERMAN