Minutes for January 4, 1966.

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 _____

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Federal Reserve Bank of St. Louis

Minutes of the Board of Governors of the Federal Reserve System on Tuesday, January 4, 1966. The Board met in the Board Room at 10:00 a.m.

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

Mr. Sherman, Secretary
Mr. Molony, Assistant to the Board
Mr. Cardon, Legislative Counsel
Mr. Fauver, Assistant to the Board
Mr. Hackley, General Counsel
Mr. Brill, Director, Division of Research and Statistics
Mr. Farrell, Director, Division of Bank Operations
Mr. Solomon, Director, Division of Examinations
Mr. Hexter, Associate General Counsel
Messrs. O'Connell, Shay, and Hooff, Assistant General Counsel
Mr. Sammons, Associate Director, Division of International Finance
Mr. Daniels, Assistant Director, Division of Bank Operations
Messrs. Goodman, Leavitt, and Thompson, Assistant Directors, Division of Examinations
Mrs. Semia, Technical Assistant, Office of the Secretary
Messrs. Forrestal, Heyde, Sanders, and Smith of the Legal Division
Mr. Dahl, Chief, Special Studies and Operations Section, Division of International Finance
Messrs. Lyon and Poundstone of the Division of Examinations

Discount rates. The establishment without change by the Federal Reserve Bank of Atlanta on December 31, 1965, and by the Federal Reserve Bank of Boston on January 3, 1966, 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.

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

	Item No.
Letter to Chase Manhattan Overseas Banking Corporation, New York, New York, granting permission to amend its articles of association and to purchase shares of Banque de Commerce, Antwerp, Belgium. (The letter in the form approved included an additional sentence suggested by Governor Robertson during discussion.)	1
Letter to Chase Manhattan Overseas Banking Corporation, New York, New York, regarding the Board's letter of November 20, 1964, granting consent for the corporation to purchase shares of Banco Continental, Lima, Peru.	2
Letter to the Chairman of the Senate Committee on the Judiciary reporting on H. R. 10104, a bill that would codify "the general and permanent laws relating to the organization of the Government of the United States and to its civilian officers and employees."	3
Letter to the Federal Reserve Bank of Cleveland approving an annual depreciation rate of 10 per cent to be applied against the allocated cost of the Schmidt Building (Fifth and Main Streets, Cincinnati, Ohio).	4

Application of Central Wisconsin Bankshares (Items 5-7). On January 3, 1966, the Board discussed drafts of an order and statement reflecting the Board's denial on October 13, 1965, of the application of Central Wisconsin Bankshares, Inc., Wausau, Wisconsin, for permission to acquire voting shares of Central National Bank of Stettin, Stettin,

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Wisconsin, a proposed new bank. At the conclusion of the discussion the staff was requested to review certain portions of the proposed statement, and revised pages had now been distributed.

The issuance of the order, and of the statement in the revised form, was authorized. Copies of the documents in the form in which they were issued are attached as Items 5 and 6. A copy of Governor Mitchell's dissenting statement is attached as Item No. 7.

Section 301 determinations (Items 8-24). Mr. Solomon referred to the Board's decision on December 17, 1965, that, pending an over-all review of general policy with respect to section 301 determinations in one-bank holding company cases, temporary determinations would be granted. There had been some uncertainty among the staff, he said, as to whether the Board's decision applied only to applications as to which the staff had already submitted recommendations to the Board or also to others that had been received and were in process of analysis by the staff. Three applications in the latter category therefore had been placed on today's agenda.

Comments by members of the Board indicated that it had been contemplated that until the completion of the over-all review temporary section 301 determinations would be granted in all cases involving one-bank situations without submitting the cases specifically to the Board unless extraordinary circumstances were present. This procedure was confirmed.

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Unanimous approval then was given to letters granting temporary determinations in two of the three cases on today's agenda. Copies of the letters sent to those two applicants (Miller Co., Tipton, Iowa, and Plains States Financial Corporation, Omaha, Nebraska) are attached as Items 8 and 9.

Secretary's Note: Attached as Items 10 through 23 are copies of additional letters sent subsequent to this meeting pursuant to the Board's authorization.

Mr. Solomon stated that there were unusual circumstances, which he described, in regard to the third application, from Motor Finance Corporation, Westfield, New Jersey. The Federal Reserve Bank of New York recommended disapproval of the request for a section 301 determination. The Division of Examinations considered the case close, and although it had recommended approval, it might not have done so if anything more than a temporary action had been at issue. The circumstances were such that the applicant could have requested a limited voting permit as readily as a section 301 determination.

After discussion bearing upon the likelihood of an early opportunity for reappraisal of the over-all one-bank policy, there was general agreement with a suggestion that a limited voting permit be issued to Motor Finance Corporation as an alternative to a temporary section 301 determination.

Unanimous approval was thereupon given to a telegram, in the form attached as Item No. 24, authorizing the Federal Reserve Agent at New York to issue such a permit.

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Messrs. O'Connell, Shay, Sammons, Goodman, Thompson, Heyde, Smith, Dahl, Lyon, and Poundstone then withdrew from the meeting and the following entered the room:

Mr. Young, Senior Adviser to the Board and Director, Division of International Finance
Mr. Holland, Adviser to the Board
Mr. Solomon, Adviser to the Board
Mr. Partee, Associate Director, Division of Research and Statistics
Mr. Eckert, Chief, Banking Section, Division of Research and Statistics

Appointment of director. It having developed that it would not be feasible to appoint certain other persons about whom inquiries had been made, the Board agreed that it should be ascertained through the Chairman of the Federal Reserve Bank of Minneapolis whether Owen Meredith Wilson, President, University of Minnesota, St. Paul, Minnesota, would accept appointment, if tendered, as a Class C director of the Federal Reserve Bank of Minneapolis for the three-year term beginning January 1, 1966, with the understanding that if it were found that Dr. Wilson would accept, the appointment would be made. The Board also agreed that, in the event Dr. Wilson was not able to serve, a similar procedure would be followed with respect to Stephen F. Keating, President, Honeywell, Inc., Minneapolis, Minnesota.

Regulation Q. At today's meeting the Board continued its recent series of discussions regarding possible amendments to Regulation Q, Payment of Interest on Deposits (with conforming amendments to Regulation D,

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Reserves of Member Banks). The latest of various distributed memoranda bearing upon the subject were one dated January 3, 1966, in which the Division of Examinations summarized replies from the Federal Reserve Banks to an inquiry as to the use being made by member banks of the provision of Regulation Q under which a time deposit may be paid before maturity to prevent hardship to the depositor, and one dated January 4, 1966, from Mr. Holland outlining what he termed the "90x90" alternative for sharpening distinctions between savings and time deposits. That alternative would (1) define as a savings deposit rather than a time deposit any deposit that provided optional interim maturities or automatic renewal dates that were less than 90 days apart; and (2) stiffen the interest forfeiture in case of prematurity redemptions in hardship cases to a maximum of 90 days' interest earned, whether paid or unpaid. A draft of amendment reflecting this alternative proposal was distributed during the meeting.

Comments today touched upon many facets of the over-all problem, beginning with positions reported to have been taken by the Comptroller of the Currency and the Federal Deposit Insurance Corporation with regard to classification of funds of national banks in Iowa in the light of a State law providing that any time deposit on which interest is paid at a rate of more than 4 per cent shall be considered borrowed money.

During today's discussion Governor Mitchell expressed himself in favor of dropping from consideration the proposal to amend the provision

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of Regulation Q allowing for payment of a time deposit before maturity in emergency. The information received from the Reserve Banks indicated that relatively little use was made of that provision. Mr. Hackley agreed that there seemed to be no evidence that the provision gave rise to any problem.

Comments were made also regarding the relative economic usefulness of various savings instruments, the classes of savers whose needs they served, and regional patterns in the use of such instruments.

Governor Mitchell observed that certificates of deposit provided for corporations a useful placement of temporarily idle funds, not available to them through passbook savings accounts. He also believed that savings bonds and certificates were a useful device. Therefore, he could not subscribe to some of the recent proposals that would have the practical effect of preventing the issuance of such bonds or certificates.

Governor Daane concurred in the latter view and said he would dislike to see the Federal Reserve inhibit the development of instruments that would encourage savings. He did not feel that the use of savings certificates would become too widespread or, if it did, that this would necessarily be harmful. However, he was somewhat concerned about the substitution of certificates of deposit for other forms of saving. It seemed to him that to allow a corporate treasurer to have the same rate on 30-day money as on 90-day money put the Federal Reserve in the position of being the guarantor of bank liquidity. He did not believe the Board

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should stand aside completely and let the market forces take over; he was still interested in the suggestion that time deposits be limited to a single maturity, with no renewal option.

Governor Maisel cited the experience of the savings and loan industry in providing a variety of savings instruments, which had been largely discarded in the interests of simplicity and avoidance of public confusion. It seemed to him that the Board's regulations should facilitate the simplest possible savings structure.

Governor Robertson reiterated the view he had expressed during other discussions that the only essential action was to provide for distinguishing, on a rational basis, between savings accounts, on which member banks were allowed to pay no more than 4 per cent interest, and time deposits, on which they were permitted to pay up to 5-1/2 per cent. He believed that this required two steps. First, the penalty for withdrawal of time deposits before maturity should be eliminated. Second, provision should be made that if a savings bond or certificate were redeemed before maturity the rate of interest could not be greater than the maximum rate permissible for savings accounts.

There ensued a lengthy discussion relating to the proposals specifically before the Board, variations that had been suggested earlier or were suggested at this meeting, the objectives of such proposals and the validity of those objectives, the results likely to be achieved, and the desirability or undesirability of such results in terms of the banking

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system, competing savings institutions, and the public. Consideration also was given to factors suggesting a need for early action by the Board and to factors counselling delay.

Reference then was made to the proposal, which the Board had recently tentatively agreed to publish in the Federal Register for comment, to cover promissory notes issued by banks in the definition of the term "deposit." Various considerations bearing upon the timing of such publication were mentioned, and it was brought out that the New York Reserve Bank had cautioned in a letter of December 31, 1965, that an adverse money market impact might be occasioned by publication of the notice, especially at the present time when the market was under substantial pressure. The Reserve Bank had suggested deferring the announcement, or as an alternative, that the proposal be modified to apply only to promissory notes and exclude repurchase agreements. The views of the Board's staff were divided on this latter suggestion.

The discussion turned to the question whether there had been sufficient meeting of the minds among the members of the Board on any of the proposals, except the proposal on promissory notes, to warrant reporting to the interagency Coordinating Committee in the bank supervisory area at a meeting to be held this afternoon that such proposals were under consideration (the Committee members had already been furnished a draft of the proposal regarding promissory notes). A suggestion was made that the Board first seek the views of the Presidents of the

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Federal Reserve Banks, who were to be in Washington next week for a meeting of the Federal Open Market Committee.

There was unanimous agreement that a meeting with the Presidents should be scheduled.

All members of the staff except Messrs. Sherman and Fauver then withdrew from the meeting.

Appointment of Deputy Chairman at Atlanta. The Board appointed Edwin Irby Hatch as Deputy Chairman of the Federal Reserve Bank of Atlanta for the remainder of the year 1966.

The meeting then adjourned.

Secretary's Notes: On December 30, 1965, Governor Shepardson approved on behalf of the Board a memorandum from the Division of Research and Statistics dated December 27, 1965, recommending that an additional economist position be established in the Flow of Funds and Savings Section.

Governor Shepardson today approved on behalf of the Board a letter to the Federal Reserve Bank of Chicago (copy attached as Item No. 25) approving the appointment of Dennis E. Beatty as assistant examiner.

Merritt Sherman
Secretary

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

Item No. 1
1/4/66

21

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 4, 1966.

Chase Manhattan Overseas Banking Corporation,
1 Chase Manhattan Plaza,
New York, New York. 10005

Gentlemen:

Reference is made to your letter dated December 3, 1965, enclosing a consent signed under date of December 3, 1965, on behalf of The Chase Manhattan Bank (National Association), sole shareholder of your Corporation, consenting to the amendment of the Articles of Association of your Corporation to increase the capital stock to $13,254,000 consisting of 13,254 shares of the par value of $1,000 each. The Board of Governors approves the amendment to Article SEVENTH of your Articles of Association. Please advise the Board of Governors when the capital increase has been effected.

As requested in your letter, the Board of Governors grants consent for Chase Manhattan Overseas Banking Corporation ("CMOBC") to purchase and hold, directly or indirectly, up to 50 per cent of the shares of Banque de Commerce ("BdeC"), Antwerp, Belgium, at a cost of approximately US$5,400,000, provided such shares are acquired within one year from the date of this letter. In this connection, the Board also approves the purchase and holding of such shares in excess of 15 per cent of CMOBC's capital and surplus.

The Board's consent to the proposed purchase and holding of shares of BdeC by CMOBC is granted subject to the following conditions:

(1) That CMOBC shall not hold, directly or indirectly, any shares of stock in BdeC if BdeC at any time fails to restrict its activities to those permissible to a corporation in which a corporation organized under Section 25(a) of the Federal Reserve Act could, with the consent of the Board of Governors, purchase and hold stock, or if BdeC establishes any branch or agency or takes any action or undertakes any operation in Belgium or elsewhere, in any manner, which at the time would not be permissible to CMOBC.

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(2) That, when required by the Board of Governors, CMOBC will cause BdeC (a) to permit examiners selected or auditors approved by the Board of Governors to examine BdeC and (b) to furnish the Board of Governors with such reports as it may require from time to time; and

(3) That any share acquisitions or dispositions by BdeC be reported under Section 211.8(d) of Regulation K in the same manner as if BdeC were a corporation organized under Section 25(a) of the Federal Reserve Act.

Upon completion of the proposed transaction, it is requested that the Board of Governors be furnished a translation of the amended Articles of Association and By-Laws of BdeC. If CMOBC acquires the stock of BdeC through an intermediary corporation, please furnish pertinent details regarding the corporation, including copies of the Articles of Association and By-Laws and a list of officers and directors.

Subject to continuing observation and review, the Board suspends, until further notice, the provisions of subparagraph (1) of the third paragraph of this letter so far as they relate to restrictions on loans granted by BdeC in Belgium in the currency of that country.

The foregoing consent is given with the understanding that the investment now being approved, combined with other foreign loans and investments of your Corporation, The Chase Manhattan Bank (National Association), and Chase International Investment Corporation will not cause the total of such loans and investments to exceed the guidelines established under the voluntary foreign credit restraint effort now in effect and that due consideration is being given to the priorities contained therein. The Board considers that compliance with the priorities expressed in Guideline 4 would require that total nonexport credits to developed countries in Continental Western Europe not exceed the amount of such loans and investments as of the end of 1965, unless this can be done without inhibiting the bank's ability to meet all reasonable requests for priority credits within the over-all target.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.

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

Item No. 2
1/4/66

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 4, 1966.

Chase Manhattan Overseas Banking Corporation,
1 Chase Manhattan Plaza,
New York, New York. 10005

Gentlemen:

Reference is made to the Board's letter of November 20, 1964, granting consent for your Corporation to purchase and hold approximately 51 per cent of the voting shares of Banco Continental ("Banco"), Lima, Peru. Subparagraph (1) of the third paragraph of the Board's letter contained the following condition:

> "(1) That CMOBC shall not hold, directly or indirectly, any shares of stock in Banco if Banco at any time fails to restrict its activities to those permissible to a corporation in which a corporation organized under Section 25(a) of the Federal Reserve Act could, with the consent of the Board of Governors, purchase and hold stock, or if Banco establishes any branch or agency or takes any action or undertakes any operation in Peru or elsewhere, in any manner, which at the time would not be permissible if Banco were a corporation organized under said Section 25(a);" (underscoring supplied)

Mr. Roy C. Haberkern, of Milbank, Tweed, Hadley & McCloy, counsel for your Corporation, has inquired informally whether the underscored portion of the above condition (which differed from conditions prescribed in consents to acquire shares of a South African bank and a Brazilian bank) indicated a change in the Board's position that loan limitations should be based on the capital and surplus of CMOBC and not of the subsidiary banks (except with respect to the modification permitting a temporary suspension of the restrictions on loans granted in the country of domicile in the currency of that country). It continues to be the Board's view that loan limitations should be based on the capital and surplus

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of CMOBC and not the subsidiary bank concerned. However, in order that there may be no question concerning the meaning of the Board's letter of November 20, 1964, the underscored portion of the subparagraph above quoted is hereby amended to read: "would not be permissible to CMOBC."

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.

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Item No. 3
1/4/66

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

OFFICE OF THE CHAIRMAN

January 5, 1966

The Honorable James O. Eastland, Chairman,
Committee on the Judiciary,
United States Senate,
Washington, D. C. 20510

Dear Mr. Chairman:

This is in reply to your letter of October 4, 1965, requesting the comments or suggestions of the Board in regard to H.R. 10104, a bill to "enact title 5, United States Code, 'Government Organization and Employees', codifying the general and permanent laws relating to the organization of the Government of the United States and to its civilian officers and employees".

The Board has reviewed the proposed legislation and favors its objective. As no substantive change in presently existing law is contemplated by enactment of H.R. 10104, the Board has no suggestions in regard to the bill.

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.

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

Item No. 4 26
1/4/66

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 4, 1966

Mr. W. Braddock Hickman, President,
Federal Reserve Bank of Cleveland,
Cleveland, Ohio. 44101

Dear Mr. Hickman:

This refers to your letter of December 20, 1965, about allocation of the cost of the Schmidt Building (Fifth and Main Streets, Cincinnati, Ohio) purchased by the Reserve Bank in September 1965, and requesting approval of a 10 per cent rate of depreciation on the building.

It is noted that the Bank proposes to allocate the purchase price of the property on the basis of an appraisal made for this purpose in November 1965.

In view of the circumstances described in your letter, the Board approves an annual depreciation rate of 10 per cent to be applied against the allocated cost of the building.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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Item No. 5
1/4/66

UNITED STATES OF AMERICA

BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

WASHINGTON, D. C.

In the Matter of the Application of CENTRAL WISCONSIN BANKSHARES, INC., WAUSAU, WISCONSIN, for approval of the acquisition of voting shares of Central National Bank of Stettin, Stettin, Wisconsin, a proposed new bank.

ORDER DENYING APPLICATION UNDER
BANK HOLDING COMPANY ACT

There has come before the Board of Governors, pursuant to section 3(a)(2) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(a)(2)) and section 222.4(a)(2) of Federal Reserve Regulation Y (12 CFR 222.4(a)(2)), an application on behalf of Central Wisconsin Bankshares, Inc., Wausau, Wisconsin, a registered bank holding company, for the Board's approval of the acquisition of up to 100 per cent of the 20,000 voting shares of the Central National Bank of Stettin, Stettin, Wisconsin, a proposed new bank.

As required by section 3(b) of the Act, notice of receipt of the application was given to the Comptroller of the Currency with

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a request for his views and recommendation. The Comptroller recommended approval of the application.

Notice of receipt of the application was published in the Federal Register on June 16, 1965 (30 F.R. 7770), providing an opportunity for interested persons to submit comments and views with respect to the proposed acquisition. The time for filing such comments and views has expired and all those received have been considered by the Board.

IT IS HEREBY ORDERED, for the reasons set forth in the Board's Statement of this date, that said application be and hereby is denied.

Dated at Washington, D. C., this 4th day of January, 1966.

By order of the Board of Governors.

Voting for this action: Chairman Martin, and Governors Balderston, Robertson, Shepardson, Daane, and Maisel.

Voting against this action: Governor Mitchell.

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

(SEAL)

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BOARD OF GOVERNORS

OF THE

FEDERAL RESERVE SYSTEM

APPLICATION BY CENTRAL WISCONSIN BANKSHARES, INC.,
FOR APPROVAL OF THE ACQUISITION OF VOTING SHARES OF
CENTRAL NATIONAL BANK OF STETTIN

STATEMENT

Central Wisconsin Bankshares, Inc., Wausau, Wisconsin ("Applicant"), a registered bank holding company, has applied to the Board of Governors, pursuant to section 3(a)(2) of the Bank Holding Company Act of 1956 ("the Act"), for permission to acquire up to 100 per cent of the voting stock to be issued by the Central National Bank of Stettin, Stettin, Wisconsin ("Bank"), a proposed new bank.

Views and recommendation of supervisory authority. - As required by section 3(b) of the Act, the Board notified the Comptroller of the Currency of receipt of the application and requested his views and recommendation thereon. The Comptroller recommended approval of the application.

Statutory factors. - Section 3(c) of the Act requires the Board to take into consideration the following five factors: (1) the financial history and condition of the holding company and the banks concerned; (2) their prospects; (3) the character of their management; (4) the convenience, needs, and welfare of the communities and the area

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concerned; and (5) whether or not the effect of the proposed acquisition would be to expand the size or extent of the bank holding company system involved beyond limits consistent with adequate and sound banking, the public interest, and the preservation of competition in the field of banking.

Applicant became a bank holding company in September 1961 and presently controls two banks, namely, the First American National Bank, Wausau ("American National"), a commercial bank with total deposits of $53 million at December 31, 1964,[1/] and the Wisconsin Valley Trust Company, Wausau ("Trust Company"), a trust company with total deposits of $175,000. Trust Company is primarily engaged in a fiduciary business and cannot, under its charter, accept demand deposits. Applicant's subsidiaries are located in a common building in the portion of the City of Wausau lying east of the Wisconsin River.

Preliminary approval of a national bank charter for Bank has been granted by the Comptroller of the Currency. As proposed, Bank will be situated just outside the city limits of the portion of Wausau lying west of the Wisconsin River. Although none of Bank's 20,000 shares has been issued, all have been subscribed for by certain directors or officers of Applicant or its subsidiary banks. Applicant states that Bank will be opened for business regardless of the Board's action on this application, and that if the application is denied and Bank's organizers decide to sell their shares, they will give purchase priority to the present shareholders of Applicant.

1/ Unless otherwise indicated, all banking data noted are as of this date.

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Financial history, condition, and prospects of Applicant and Bank. - Applicant's brief financial history is satisfactory. In the four-year period ending December 31, 1964, the aggregate deposits of its subsidiary banks increased from $35 million to $53 million. Based upon the sound condition reflected in Applicant's balance sheet and the satisfactory condition of its subsidiary banks, the Board finds that Applicant's financial condition is satisfactory.

Applicant's largest subsidiary, American National, is by far the dominant bank in Wausau and in Marathon County. In the past five calendar years its deposits increased from $32 million to $53 million, or 64 per cent. In the same five-year period the book value of fiduciary accounts serviced by Trust Company increased from $27.4 million to $28.5 million. Both banks appear to be operating profitably. The population in the Wausau area has grown from 42,197 in 1950 to 48,758 in 1960, and is presently estimated at about 51,000 persons. Based on the favorable growth prospects of the subsidiary banks and the area they serve, it is concluded that Applicant's prospects for continued growth and satisfactory earnings are satisfactory.

Regarding the proposed new Bank, Applicant projects that it will have total deposits of about $4.7 million at the end of three years of operation and that it will show a net profit of about $11,000 for its third year of operation. On the basis of these and additional projections set forth in the record, the Board concludes that Bank's condition and its future prospects will be satisfactory. Bearing on Bank's favorable prospects is the fact that it is proposed to be

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established on a tract of land owned by Employers Mutuals of Wausau, a leading writer of comprehensive insurance. The company, with an annual payroll of nearly $6 million, plans to construct new main office facilities on the site. There also will be developed on the Employers Mutuals tract a 40-acre shopping center containing, among other commercial outlets, a department store, supermarket, and motel. The tract also will contain commercial office space, a medical center, and multiple family housing units. Although it is indicated that the Wausau City Council has approved the annexation of this complex to the city, and Employers Mutuals is expected to occupy its new quarters in 1966, the cumulative effect of the complex is not expected to be experienced most strongly until after 1970.

As earlier stated, it is proposed that Bank will be established even if the present application is denied. Since, as hereafter discussed, Bank's primary service area 1/ will encompass the above-mentioned commercial development - a fact auguring well for Bank's prospects - and inasmuch as Bank probably will be owned and controlled initially by shareholders of Applicant if this application is denied, and thus operated in close harmony with Applicant's other subsidiaries, the considerations relative to Bank's prospects as a subsidiary of Applicant are not viewed as offering significant support for approval of the application.

1/ The area from which Applicant estimates that 75 per cent of Bank's deposits of individuals, partnerships, and corporations ("IPC deposits") originate.

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Management. - Applicant's management is drawn primarily from its subsidiary banks and, based upon the sound financial record of the banks, the Board concludes that management of Applicant is satisfactory. Likewise, inasmuch as Applicant states that Bank's management also will be drawn from Applicant's subsidiary banks, and this apparently regardless of the Board's action on Applicant's proposal, the Board concludes that management of Bank will be satisfactory regardless of whether or not the acquisition is approved and consummated. Consequently, while considerations relating to Bank's management under Applicant's plan of acquisition are consistent with approval of the application, they do not offer strong support therefor.

Convenience, needs, and welfare of the area concerned. - Bank's primary service area consists of that part of the greater Wausau area lying west of the Wisconsin River, extending from Bank's proposed site some five to six miles north, south, and west, and one mile to the east. The area encompasses portions of the townships of Maine, Berlin, Stettin, Marathon, and Rib Mountain. The eastern portion of the area, along the west bank of the river, contains several large industrial plants, as well as some retail establishments. Also along the river and to the west of Bank's proposed site are a large number of residential properties, and still farther west is an agricultural area. Bank's primary service area contains about 24,000 persons, a majority of whom are located within the City of Wausau.

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Although recent growth in the area has been moderate, the prospects are for rather significant growth resulting from establishment of the Employers Mutuals complex. Applicant estimates that within ten years after the opening of Bank the population in its primary service area will be approximately 36,000, and that employment will increase to or exceed 8,600 during the same time.

Two banks are now located in Bank's designated service area - Peoples State Bank, Stettin (deposits of $3.7 million), situated six-tenths of a mile from Bank's proposed site; and Citizens State Bank and Trust Company, Wausau (deposits of $15.5 million), situated about one mile from Bank's proposed site. Four other banks, including Applicant's subsidiaries, are located outside of, but compete within, Bank's primary service area. Applicant's two subsidiaries are located within 1.8 miles of the proposed site of Bank, as is the third in size of the six competing banks - First National Bank, Wausau, which has deposits of $5.7 million. Since there are several bridges joining the eastern and western sections of the City of Wausau, any of the banks named would appear to be readily accessible to prospective customers within Bank's designated primary service area.

Applicant asserts that due to the small size of the banks located in Bank's designated primary service area, they are unable to furnish the specialized services which are, or will be, required by their customers. On the other hand, according to Applicant, through Bank's affiliation with Applicant's two subsidiary banks, complete

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banking services would be made available to the area's industrial, commercial, and residential customers. Among the services that Applicant proposes to make available through or to Bank are computer processing of certain loan and deposit accounts, advice and assistance in handling special credit problems, assistance in advertising, auditing, accounting, and legal matters, and the availability of a full range of trust services.

A study of the record before the Board, including the character of the area primarily to be served by Bank and the banking facilities now available to the present and prospective occupants of that area, leads to the reasonable conclusion that the major banking requirements of the area are presently being served, and that foreseeable requirements can be met by Bank, operating independently of Applicant's system, together with other of the area's banks. Even though Bank might, as a subsidiary of Applicant, more immediately offer certain of the services proffered by and through Applicant than would be the case if Bank were operated outside of Applicant's system, the Board is unable to find that any significant disadvantage would occur to Bank's prospective customers from such independent operation. With respect to the businesses and individuals to be located in the proposed Employers Mutuals complex, since Bank will be established in the complex regardless of the Board's action on this application, the probable benefits to prospective occupants and customers of the complex from consummation of Applicant's proposal lend but slight support for approval thereof.

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The same conclusion of minimal benefit from Applicant's acquisition of Bank is, in the Board's judgment, equally applicable to Bank's prospective customers other than those who would be drawn to Bank primarily because of the Employers Mutuals development. These customers will have not only the services offered by Bank, but they will have convenient access, as the Board now finds they have, to all major banking services through Applicant's two existing subsidiaries, which constitute the area's largest commercial bank and trust institution, both located within two miles of Bank's proposed site, and to the area's second largest commercial bank, with $15 million of deposits, located within one mile of Bank's site. In addition, a number of the banking services required by the area's inhabitants can be obtained within one-half mile of Bank's site from a bank with nearly $4 million of deposits.

On the basis of the foregoing, it is the Board's judgment that considerations bearing on the convenience, needs, and welfare of the community and area concerned, while consistent with approval of the application, lend no tangible support for such approval.

Effect on adequate and sound banking, the public interest, and banking competition. - Applicant, in terms of aggregate deposits of subsidiary banks, is fifth in size of six bank holding companies headquartered in Wisconsin. Its present two banking offices, with aggregate deposits of $53 million, represent, respectively, less than

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1 per cent of the offices and deposits of all commercial banks in the State. Were Applicant's deposits to include the deposits projected for Bank's first three years of operation ($4,650,000), the percentage of commercial bank deposits controlled by Applicant would remain at less than 1 per cent of all deposits in the State. The six bank holding companies domiciled in Wisconsin control about 8 per cent of the offices and 35 per cent of the deposits of Wisconsin commercial banks, and two other holding companies headquartered outside the State, but operating three offices therein, hold less than 1 per cent of such commercial bank deposits. On a State-wide scale, the acquisition here proposed would not, in the Board's judgment, expand the extent of control of banking resources either by Applicant or by all holding company systems operating in Wisconsin beyond limits consistent with adequate and sound banking or the preservation of banking competition.

The market area most directly affected by Applicant's proposal, and in relation to which the Board has determined the probable effects of that proposal, is that portion of Marathon County which Applicant has designated as the respective primary service areas of Bank and of Applicant's two subsidiaries. Bank's designated primary area, except for portions of the westernmost boundary thereof, lies wholly within the common primary service area designated for American National and Trust Company, Applicant's two subsidiaries. This area, common to all three banks in the aforementioned respect, is hereafter referred to as the Wausau area.

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Within the Wausau area and in Marathon County, American National is the dominant factor in the commercial banking structure, as is its affiliated Trust Company in respect to fiduciary accounts. American National's deposits of $53 million represent more than 50 per cent of the total deposits, and nearly 58 per cent of the demand IPC deposits of the 16 banks in Marathon County. Its deposits are more than three times greater than those of the County's second largest bank ($15.5 million), and nearly ten times greater than those of the County's third largest bank ($5.7 million).

In the Wausau area, there are now located six banks. These banks hold, in the aggregate, total deposits of nearly $82 million and IPC deposits of about $71 million. The deposits held by American National represent 65 per cent, respectively, of the aforementioned total and IPC deposits, and 71 per cent of the demand IPC deposits. Applicant has stated that of American National's total IPC deposits, about $12.5 million, or more than 25 per cent of such total, were estimated to be derived from Bank's designated primary service area. Thus, American National derives in IPC deposits nearly three times the dollar volume of total deposits projected for Bank at the end of three years of operation.

Applicant states that more than one-half of the near $12.5 million IPC deposits derived from Bank's service area are accounts of other than large customers. On the basis of the foregoing, the Board finds that Applicant's system so dominates the banking structures

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of Marathon County and the Wausau area that even the relatively small increase in Applicant's control of banking resources in both areas that would result from consummation of its proposed acquisition of Bank would prove inimical to the preservation of banking competition in those areas. A similar conclusion was reached by the Wisconsin Commissioner of Banks who recommended denial of the application for the reason that its consummation "would give [Applicant] an increased dominant position over banking operations within the immediate area of the City of Wausau" and "would represent a further detriment to the best interests of the other independent banks operating within this area".

Additional considerations relevant to the Board's decision on this application are the extent to which competition between Applicant's present subsidiaries and Bank would be precluded by the acquisition proposed, and the effect of such acquisition on the competitive abilities of other banks in the Wausau area. Inasmuch as this proposal involves the acquisition of a new bank, no existing competition between it and Applicant's banks is involved. Respecting future competition between and among these institutions which might arise if this application is denied, the Board recognizes that the individuals who would control Bank as an independent institution are at the same time officers, directors, and stockholders of Applicant and/or its banks. While such affiliation might reasonably be expected to preclude the future growth of any substantial competition between

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Bank and either or both of Applicant's subsidiaries, the nature of the affiliation that would exist if this application is denied is such as to permit some competition between Applicant's banks and Bank. In view of the dominant position now occupied by Applicant in this area, action by the Board that would preclude the development of even minimal future competition would be contrary to the public interest, unless accompanied by overriding favorable considerations. No such considerations are found to be present in this case.

The Board finds that even the slight strengthening of Applicant's already dominant position that would occur upon its acquisition of Bank portends sufficiently adverse competitive consequences as to outweigh the foreseeably slight contribution to the convenience of the communities and area concerned. On the basis of all the relevant facts as contained in the record before the Board, and in the light of the factors set forth in section 3(c) of the Act, it is the Board's judgment that the proposed transaction would not be consistent with the public interest and that the application should therefore be denied.

January 4, 1966.

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DISSENTING STATEMENT OF GOVERNOR MITCHELL

My dissent from the Board's action denying Central Wisconsin Bankshares' application is based on two judgments: first, the inability of the Board, by its action in this case, to change, to any significant degree, the competitive situation in the Wausau area; and, second, that the Board's action is premised on the unsupported and implicit assumption that Applicant's dominant position in the area is per se evidence of a monopolistic and predaceous operation. I would agree with the majority that the applicant has not established that the convenience and needs of the community would be measurably affected one way or the other by affiliation of Central National Bank of Stettin with the Holding Company. However, I conclude from this that, since this transaction is not hostile to the public interest, Applicant's business judgment and operational acumen should be permitted to prevail.

On the first point, Bank will open with an identity of the corporate interest controlling the Holding Company and the Bank and, therefore, there will be no competition in any meaningful sense between Bank and Holding Company. It serves no useful purpose to pretend otherwise.

On the second point, the Board's denial of Applicant's proposal assumes a premise not established in the record, namely, that the dominant position occupied by Applicant's system in the Wausau area is per se evidence of a position hostile to the public interest. It could have been, however, that the dominant position reflected the superior service provided by Applicant's banks to the community, a fact not contradicted

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in the record. The Comptroller of the Currency presumably determined that the banking requirements of the area to be served by Bank were such that the opening of the bank would not produce an overbanked condition. That decision is not subject to review by the Board. However, under the Bank Holding Company Act, judgments of the banking needs of the area involved, and of the probable effect of consummation of the proposal on the adequacy and soundness of banking, bring into being a reconsideration of the need or advisability of permitting Applicant's ownership and operation of a new bank at the proposed location.

In my opinion, before asserting that the technical assent sought by the Holding Company was adverse to the public interest, the Board should have held a public hearing on this application to elicit direct, pertinent testimony and other evidence on the competitive issue. Such a hearing would have supplied this type of evidence, regrettably absent in the record before the Board, and perhaps would have enabled the Board to judge more reasonably the question of whether Applicant's position in the Wausau area is the result of a service rendition substantially superior to its competitors. Absent evidence that this is not the fact, Applicant's operating preferences should not be impeded by unsupported administrative assumption.

January 4, 1966.

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ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 4, 1966

Mr. Wayne F. Miller,
President and Secretary-Treasurer,
Miller Co.,
Tipton, Iowa.

Dear Mr. Miller:

This refers to the request contained in your letter of December 3, 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 Miller Co. as a holding company affiliate.

From the information presented, the Board understands that Miller Co. is engaged in servicing some notes receivable and holds some real estate; that it is a holding company affiliate by reason of the fact that it owns 518 of the 1,000 outstanding shares of capital stock of the First National Bank of Tipton, Tipton, Iowa; 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 Miller Co. 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, Miller Co. 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.

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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 Miller Co. 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 Miller Co. 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.

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Item No. 9
1/4/66

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 4, 1966

Mr. Sidney H. Sweet, Secretary-Treasurer,
Plains States Financial Corporation,
3528 Dodge Street,
Omaha, Nebraska.

Dear Mr. Sweet:

Reference is made to the request contained in your letter of March 10, 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 Plains States Financial Corporation as a holding company affiliate.

From the information presented, the Board understands that Plains States Financial Corporation owns majority control of a company engaged in the insurance and real estate agency business; that it is a holding company affiliate by reason of the fact that it owns 925 of the 1,000 outstanding shares of capital stock of First National Bank in Walsenburg, Walsenburg, Colorado; 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 Plains States Financial 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, Plains States Financial 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.

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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 Plains States Financial 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 Plains States Financial 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.

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Item No. 1047
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BOARD OF GOVERNORS
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ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 13, 1966.

Fostoria Corporation,
1200 North Main Street,
Fostoria, Ohio. 44830

Tri-County Financial Corporation,
1200 North Main Street,
Fostoria, Ohio. 44830

Gentlemen:

This refers to the request contained in Mr. Carter's letter of December 15, 1965, submitted through the Federal Reserve Bank of Cleveland, for determinations by the Board of Governors of the Federal Reserve System as to the future status of Fostoria Corporation ("Fostoria") and Tri-County Financial Corporation ("Financial") as holding company affiliates.

From the information presented, the Board understands that Fostoria is an industrial corporation engaged in the business of manufacturing infrared heating systems and lighting equipment largely for industrial use; that Financial is its wholly owned subsidiary created for the purpose of chartering a new national bank, Hancock-Seneca-Wood National Bank (into which Tri-County National Bank, Fostoria, Ohio, would be merged under the charter of the former and the title of the latter); that Fostoria and Financial will become holding company affiliates when the latter acquires ownership or control of a majority of the stock of the new national bank; and that neither Fostoria nor Financial will, 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 determinations pursuant to that provision of law. In order to avoid delay that might inconvenience

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such companies, the Board has determined, in accordance with its interpretation of that statutory provision in prior cases of this type, that Fostoria and Financial will not be 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, Fostoria and Financial will not be deemed to be holding company affiliates except for the purposes of section 23A of the Federal Reserve Act (12 U.S.C. 371c) and will not need voting permits from the Board of Governors in order to vote the bank stock which they will own or control under the proposed plan.

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 Fostoria and Financial would not be entitled to "favorable" determinations under the last paragraph of section 2(c). In that event, the Board may rescind the determinations referred to in the preceding paragraph.

In any event, if the facts should at any time change in such manner as to indicate that Fostoria and Financial might be so engaged, this matter should again be submitted to the Board for other determinations 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.

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Item No. 11
1/4/66

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 10, 1966.

Mr. Alfred E. Tonti, President,
Greater Ohio River Co.,
3035 West Broad Street,
Columbus, Ohio.

Dear Mr. Tonti:

Reference is made to the request contained in your letter of December 21, 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 Greater Ohio River Co. as a holding company affiliate.

From the information presented, the Board understands that Greater Ohio River Co. is a holding company affiliate by reason of the fact that it owns 47,643 of the 63,000 outstanding shares of capital stock of First National Bank in Marietta, Marietta, 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 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 Greater Ohio River Co. 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, Greater Ohio River Co. 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.

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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 Greater Ohio River Co. 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 Greater Ohio River Co. 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.

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Item No. 12
1/4/66

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 10, 1966.

Mr. Joseph Weintraub,
Chairman of the Board,
Atico Financial Corporation,
P. O. Box 3131,
Miami, Florida. 33101

Dear Mr. Weintraub:

This refers to the request contained in your letter of December 8, 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 Atico Financial Corporation as a holding company affiliate.

From the information presented, the Board understands that Atico Financial Corporation was organized primarily to own title insurance companies and to carry on other business originating and servicing mortgage loans; that it is a holding company affiliate by reason of the fact that it owns 100,600 of the 200,000 outstanding shares of capital stock of the Pan American Bank of Miami, Miami, Florida; that is owns 502 of the 200,000 outstanding shares of capital stock of the Mercantile National Bank of Miami Beach, Miami Beach, Florida (these shares are to be sold on January 8, 1966); 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 Atico Financial Corporation is not engaged, directly or

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indirectly, as a business in holding the stock of, or managing or controlling banks, banking associations, savings banks, or trust companies. Accordingly, Atico Finacial 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 Atico Financial 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 Atico Financial 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.

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Item No. 13
1/4/66

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 17, 1966.

Mr. Raymond Mason, President,
The Charter Company,
555 Osceola Street,
P. O. Box 1489,
Jacksonville, Florida. 32201

Dear Mr. Mason:

This refers to the request contained in your letter of January 3, 1966, 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 The Charter Company as a holding company affiliate.

From the information presented, the Board understands that The Charter Company and its subsidiaries, are principally engaged in the real estate and mortgage originating and servicing business; that it is a holding company affiliate by reason of the fact that it owns 33,000 of the 40,000 outstanding shares of capital stock of Jacksonville National Bank, Jacksonville, Florida; that it also owns, directly and indirectly, less than 1 per cent of the outstanding shares of capital stock of First National Beach Bank, Jacksonville Beach, Florida; 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 similar to 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 The Charter 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, The

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Charter 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 The Charter 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 The Charter 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.

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Item No. 14
1/4/66

BOARD OF GOVERNORS
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ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 11, 1966

Mr. Byrne Litschgi, Attorney,
Shackleford, Farrior, Stallings,
Glos & Evans,
Marine Bank Building,
Post Office Box 3324,
Tampa, Florida. 33601

Dear Sir:

This refers to the request contained in your letter of December 5, 1965, addressed to Mr. Frederic Solomon, Director of the Board's Division of Examinations, for a determination by the Board of Governors of the Federal Reserve System as to the status of Paradise Fruit Company, Inc., a Florida corporation as a holding company affiliate.

From the information presented, the Board understands that Paradise Fruit Company, Inc., is primarily engaged in the business of processing citrus fruit into forms used by the baking industry, essentially glazed fruit, and the sale of the glazed fruit and fruit mixes; that it is a holding company affiliate by reason of the fact that is owns or controls a majority of the outstanding shares of Capital National Bank of Tampa, Tampa, Florida, 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 Paradise Fruit Company, 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, Paradise Fruit Company, 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.

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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 Paradise Fruit Company, 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 Paradise Fruit Company, 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.

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

Item No. 15
1/4/66

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 10, 1966.

Mr. B. W. Koeneman, Chairman of the Board,
B. W. K. Company,
8740 State Street,
East St. Louis, Illinois.

Dear Mr. Koeneman:

This refers to the request contained in your letter of December 28, 1965, submitted through the Federal Reserve Bank of St. Louis, for a determination by the Board of Governors of the Federal Reserve System as to the status of B. W. K. Company, as a holding company affiliate.

From the information presented, the Board understands that B. W. K. Company's present activities are confined to holding 3,184 of the 4,000 outstanding shares of stock of The First National Bank of Lebanon, Lebanon, 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 B. W. K. 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, B. W. K. 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.

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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 B. W. K. 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 B. W. K. 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.

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Item No. 16
1/4/66

BOARD OF GOVERNORS
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ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 10, 1966.

Mr. David L. Mitchell, President,
BD. Inc., of Barron,
P. O. Box 56,
Barron, Wisconsin. 54812

Dear Mr. Mitchell:

This refers to the request contained in your letter of December 7, 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 BD. Inc., of Barron as a holding company affiliate.

From the information presented, the Board understands that BD. Inc., of Barron manages a general insurance agency; that it provides management services for the trustees of two testamentary trusts; that it is a holding company affiliate by reason of the fact that it owns 568-1/2 of the 1,000 outstanding shares of capital stock of the First National Bank of Barron, Barron, Wisconsin; 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 BD. Inc., of Barron 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, BD. Inc., of Barron 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.

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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 BD. Inc., of Barron 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 BD. Inc., of Barron 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.

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Item No. 17
1/4/66

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 10, 1966.

Mr. Harold L. Hanson, President,
First National Agency of Baudette, Inc.,
Baudette, Minnesota.

Dear Mr. Hanson:

This refers to the request contained in your letter of December 13, 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 Baudette, Inc., as a holding company affiliate.

From the information presented, the Board understands that First National Agency of Baudette, Inc., operates a general insurance sales business; that it is a holding company affiliate by reason of the fact that it owns 800 of the 1,000 outstanding shares of capital stock of The First National Bank of Baudette, Baudette, 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 your company, the Board has determined, in accordance with its interpretation of that statutory provision in prior cases of this type, that First National Agency of Baudette, 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, First National Agency of Baudette, 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.

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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 Baudette, 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 Baudette, 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.

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BOARD OF GOVERNORS
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Item No. 18
1/4/66

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD,

January 10, 1966.

Mr. C. I. Lokken, President,
Sioux Enterprises, Inc.,
1103 East 8th Street,
Sioux Falls, South Dakota.

Dear Mr. Lokken:

This refers to the request contained in your letter of December 20, 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 Sioux Enterprises, Inc., as a holding company affiliate.

From the information presented, the Board understands that Sioux Enterprises, Inc., was formed to engage in the business of buying, selling, trading, and dealing in, and to acquire, hold, sell, and dispose of all kinds of property; that it is a holding company affiliate by reason of the fact that it owns 751 of the 1,500 outstanding shares of capital stock of the Valley State Bank, Yankton, South Dakota; 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 Sioux Enterprises, 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, Sioux Enterprises, 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.

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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 Sioux Enterprises, 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 Sioux Enterprises, 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.

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Item No. 19
1/4/66

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

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 11, 1966.

Mr. Philip C. Sorensen,
Attorney at Law,
537 Stuart Building,
Lincoln, Nebraska. 68508

Dear Mr. Sorensen:

This refers to the request contained in your letter of December 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 Buckley Investment Corporation, Lincoln, Nebraska, as a holding company affiliate.

From the information presented, the Board understands that Buckley Investment Corporation owns and operates an insurance agency; that it is a holding company affiliate by reason of the fact that it owns 166 of the 250 outstanding shares of capital stock of The First National Bank of Wilcox, Wilcox, 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 Buckley Investment 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, Buckley Investment 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.

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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 Buckley Investment 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 Buckley Investment 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.

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BOARD OF GOVERNORS
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Item No. 20
1/4/66

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 13, 1966.

Mr. John C. Watson,
Assistant Secretary and Treasurer,
O'Neill Properties, Inc.,
O'Neill, Nebraska.

Dear Mr. Watson:

This refers to the request contained in your letter of January 4, 1966, 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 O'Neill Properties, Inc., as a holding company affiliate.

From the information presented, the Board understands that O'Neill Properties, Inc., will be engaged primarily in the insurance and real estate business; that it is a holding company affiliate by reason of the fact that it owns 327 of the 500 outstanding shares of capital stock of The First National Bank of O'Neill, O'Neill, 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 O'Neill Properties, 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, O'Neill Properties, 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.

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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 O'Neill Properties, 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 O'Neill Properties, 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.

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BOARD OF GOVERNORS
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Item No. 21
1/4/66

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 10, 1966.

Mr. Earl C. Herman, President,
Wakefield Agency, Inc.,
Box 127,
Wakefield, Kansas.

Dear Mr. Herman:

This refers to the request contained in your letter of December 14, 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 Wakefield Agency, Inc., as a holding company affiliate.

From the information presented, the Board understands that Wakefield Agency, Inc., was organized to conduct insurance business, real estate business, and any other activities it deems wise to engage in; that it is a holding company affiliate by reason of the fact that it owns 346 shares of the 500 outstanding shares of capital stock of The Farmers and Merchants State Bank, Wakefield, 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 Wakefield 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

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companies. Accordingly, Wakefield 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 Wakefield 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 Wakefield 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.

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Item No. 22
1/4/66

BOARD OF GOVERNORS
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WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 13, 1966.

Mr. Alfred L. Raney, President,
Alltex Mortgage Company, Inc.,
6631 South Main Street,
P. O. Box 25125,
Houston, Texas. 77005

Dear Mr. Raney:

This refers to the request contained in your letter of August 17, 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 Alltex Mortgage Company, Inc., as a holding company affiliate.

From the information presented, the Board understands that Alltex Mortgage Company, Inc., is engaged principally in the real estate loan business; that it is a holding company affiliate by reason of the fact that it owns 20,012 of the 25,000 outstanding shares of capital stock of The First National Bank of Levelland, Levelland, Texas; that it owns 16,876 of the 80,000 outstanding shares of capital stock of Medical Center National Bank, Houston, Texas; that it owns 500 of the 100,250 outstanding shares of capital stock of American Bank of Commerce, Albuquerque, New Mexico; that it owns 100 shares of the Tri-County Savings & Loan Association, Muleshoe, Texas; 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 Alltex Mortgage Company, Inc., is not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling

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banks, banking associations, savings banks, or trust companies. Accordingly, Alltex Mortgage Company, 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 Alltex Mortgage Company, 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 Alltex Mortgage Company, 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.

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ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 10, 1966.

Mr. C. Q. Abernathy,
Chairman of the Board,
Carthage Loan Company,
P. O. Box 635,
Carthage, Texas.

Dear Mr. Abernathy:

This refers to the request contained in your letter of December 13, 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 Carthage Loan Company as a holding company affiliate.

From the information presented, the Board understands that Carthage Loan Company was, as stated in its Charter, organized to accumulate and lend money, purchase, sell and deal in notes, bonds and securities, but without banking and discounting privileges; that it is a holding company affiliate by reason of the fact that it owns 4,980 shares of stock of The First National Bank of Carthage, Carthage, Texas, which is more than 50 per cent of the number of shares voted for the election of directors of such bank at the last annual shareholders' meeting held in January 1965; 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 provisionof 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

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type, that Carthage Loan 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, Carthage Loan 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 Carthage Loan 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 Carthage Loan 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.

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TELEGRAM
LEASED WIRE SERVICE

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 24
1/4/66

January 4, 1966

REED - NEW YORK

KECEA

A. "Motor Finance Corporation," Westfield, New Jersey.

B. "The First National Bank of Dunellen," Dunellen, New Jersey.

C. None.

D. At any time prior to May 1, 1966, at the annual meeting of shareholders of such bank, or any adjournments thereof, to elect directors, and to act thereat upon such matters of a routine nature as are ordinarily acted upon at the annual meeting of such bank.

(Signed) Karl E. Bakke

BAKKE

Definition of KECEA:

The Board authorizes the issuance of a limited voting permit, under the provisions of section 5144 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).

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ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 5, 1966.

Mr. Leland M. Ross, Vice President,
Federal Reserve Bank of Chicago,
Chicago, Illinois. 60690

Dear Mr. Ross:

In accordance with the request contained in your letter of December 29, 1965, the Board approves the appointment of Dennis E. Beatty as an assistant examiner for the Federal Reserve Bank of Chicago. Please advise the effective date of the appointment.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

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