

Minutes for February 11, 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

W

Gov. Robertson

R

Gov. Balderston

Gov. Shepardson

CS

Gov. Mitchell

MM

Gov. Daane

DD

Gov. Maisel

SJM



Minutes of the Board of Governors of the Federal Reserve System on Friday, February 11, 1966. The Board met in the Board Room at 10:00 a.m.

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

Mr. Sherman, Secretary  
Mr. Kenyon, Assistant Secretary  
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. Molony, Assistant to the Board  
Mr. Fauver, Assistant to the Board  
Mr. Solomon, Director, Division of Examinations  
Miss Eaton, General Assistant, Office of the  
Secretary  
Mr. Morgan, Staff Assistant, Board Members'  
Offices  
Mr. Furth, Consultant

Messrs. Koch, Axilrod, Eckert, Ettin, and Keir  
and Mrs. Peskin of the Division of Research  
and Statistics

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

Money market review. Mrs. Peskin presented a review of developments in the Government securities market, after which Mr. Gemmill commented on foreign exchange markets and related matters, including rates on long-term loans to foreign borrowers. Tables were distributed on money market and capital market perspective and perspective on bank reserve utilization; also on ownership of marketable U.S. Government

2/11/66

-2-

securities as revealed by the most recent Treasury survey, this table being the subject of analysis by Mrs. Peskin.

After discussion, all members of the staff except Messrs. Sherman, Kenyon, Molony, Fauver, and Solomon (Examinations) and Miss Eaton withdrew and the following entered the room:

Mr. Hackley, General Counsel  
 Mr. Farrell, Director, Division of Bank Operations  
 Mr. Kelleher, Director, Division of Administrative Services  
 Mr. O'Connell, Assistant General Counsel  
 Mr. Shay, Assistant General Counsel  
 Mr. Daniels, Assistant Director, Division of Bank Operations  
 Mr. Leavitt, Assistant Director, Division of Examinations  
 Mr. Egertson, Supervisory Review Examiner, Division of Examinations  
 Mr. Poundstone, Review Examiner, Division of Examinations  
 Mr. Dahl, Chief, Special Studies and Operations Section, Division of International Finance

Discount rates. The establishment without change by the Federal Reserve Banks of Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, and Dallas on February 10, 1966, of the rates on discounts and advances in their existing schedules was approved unani- mously, with the understanding that appropriate advice would be sent to those Banks.

Approved items. The following items, copies of which are attached to these minutes under the respective item numbers indicated, were approved after discussion based on background information made available to the Board:

Item No.

Letter to Manufacturers Hanover Trust Company,  
 New York, New York, approving the establishment  
 of a branch in Greenville, Town of Greenburgh.

1

2/11/66

-3-

	<u>Item No.</u>
Letter to Manufacturers and Traders Trust Company, Buffalo, New York, approving the establishment of a branch at 202-208 Buffalo Street, Village of Hamburg.	2
Letter to Fidelity-Philadelphia Trust Company, Philadelphia, Pennsylvania, approving (1) the establishment of a branch at 1270 Township Line Road, Haverford Township, and (2) an additional investment in bank premises.	3
Letter to Wells Fargo Bank, San Francisco, California, granting a further extension of time to establish a branch in the blocks bounded by Battery, Clay, Davis, and Washington Streets.	4
Letter to Morgan Guaranty International Banking Corporation, New York, New York, granting permission to acquire additional shares of Credito Bursatil, S.A., Mexico, D.F., Mexico.	5
Letter to Eden State Bank, Eden, Texas, waiving the requirement of six months' notice of withdrawal from membership in the Federal Reserve System.	6
Order granting a further extension of time for the acquisition by Virginia Commonwealth Corporation, Richmond, Virginia, of shares of First National Bank of Vienna, Vienna, Virginia.	7
Letter to the Presidents of all Federal Reserve Banks setting forth current instructions with respect to gold certificate reserves of Federal Reserve Banks.	8
Telegram to the Federal Reserve Bank of Richmond authorizing the Bank to proceed with preparation of revised final plans and specifications for the construction of a Communications and Records Center.	9
Letter to the Bureau of the Budget regarding enrolled bill S. 1698, relating to bank mergers.	10

2/11/66

-4-

On Item No. 7 it was noted that Virginia Commonwealth Corporation, in addition to requesting a second extension of time to acquire 80 per cent or more of the voting shares of First National Bank of Vienna, had advised, in respect to its proposed acquisition of shares of The Peoples Bank of Stafford, Falmouth, Virginia, approved by order of the Board dated December 22, 1965, that "it now appears certain that there will not be a sufficient number of shares accepting the exchange offer to make that exchange effective." In response to questions, Mr. O'Connell said the Board's staff had no reason to believe that these circumstances could be attributed to overtures to the shareholders of the banks concerned by some other organization. As to the Vienna case, it was his opinion that the situation would become clear before the end of the period for which an additional extension of time to acquire shares was being requested, and that a request for a further extension was unlikely. While he was inclined to feel that this was the last extension of time that should be permitted, he did not recommend so indicating to the applicant, in view of certain possible developments, such as those incident to registration requirements of the Securities and Exchange Commission, that might justify some additional delay. He verified that holding companies frequently submitted applications for acquisition of bank shares to the Board before meetings had been held of the shareholders of the banks whose shares were proposed to be acquired; it appeared that usually the holding company submitted its application on the basis of having

2/11/66

-5-

received assurance from the directors of the banks concerned that the indicated number of bank shares would be available. He had discussed with the Division of Examinations the possibility of a procedure in connection with the filing of applications that would provide a more firm assurance, but it was not clear whether a solution was feasible.

On Item No. 10 it was noted that the Board had not reported to Congressional Committees on the bank merger legislation that had now been passed by the Congress and sent to the President for signature. It was recalled that at certain stages of the consideration of such legislation the Board had discussed the merits of various drafts and that mixed views had been expressed during such discussions. Some members of the Board indicated that, based on their understanding of the bill now before the President, the legislation could not be regarded as particularly satisfactory. At the same time it was brought out that in the present circumstances the alternative to recommending approval of the legislation, or at least to interposing no objection to its approval by the President, would be to recommend a Presidential veto. The consensus favored advising the Budget Bureau that the Board had no objection rather than advising that it favored approval.

Report on competitive factors. A report to the Comptroller of the Currency on the competitive factors involved in the proposed merger of The Peoples National Bank of Victoria, Victoria, Virginia, into Virginia National Bank, Norfolk, Virginia, was approved for transmittal, the conclusion being stated as follows:

2/11/66

-6-

There is virtually no competition between Virginia National Bank, Norfolk, and The Peoples National Bank of Victoria. While conversion of Peoples National's office into a branch of the second largest bank in Virginia would change the nature of competition in the area served by Peoples National, which area currently contains relatively small locally headquartered banks, the overall effect of the proposal on competition would not be significantly adverse.

Governor Robertson dissented because he favored a conclusion that the overall effect of consummation of the proposed merger on competition would be adverse.

The meeting then adjourned.

Secretary's Notes: Pursuant to the authorization given by the Board on December 17, 1965, and confirmed at its meeting on January 4, 1966, the letter of which a copy is attached as Item No. 11 was sent today to A. B. Robbs Trust Company, Phoenix, Arizona, granting a temporary, revokable section 301 determination.

Governor Shepardson today approved on behalf of the Board the following items:

Letter to the Federal Reserve Bank of Kansas City (attached Item No. 12) approving the appointment of William Charles Lane as assistant examiner.

Memoranda recommending the following actions relating to the Board's staff:

Change in basis of employment

James L. Pierce, Economist, Division of Research and Statistics, from a temporary to a regular appointment, with an increase in basic annual salary from \$12,510 to \$14,685, effective February 13, 1966.

Salary increases, effective February 13, 1966

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
	<u>Research and Statistics</u>		
Charles W. Bryson, Economist		\$8,961	\$9,267

2/11/66

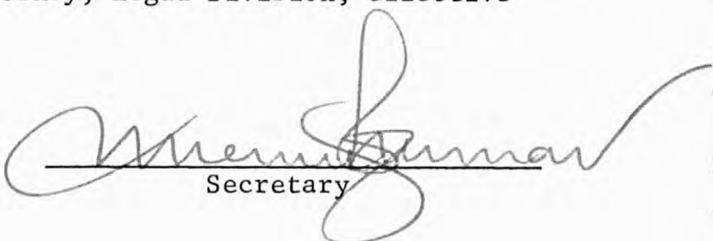
-7-

Salary increases, effective February 13, 1966 (continued)

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
<u>Research and Statistics</u>			
Margaret R. Hauser, Statistical Assistant		\$ 6,036	\$ 6,207
Katharyne P. Reil, Economist		10,491	10,797
<u>International Finance</u>			
Sandra H. Cook, Clerk		4,149	4,289
<u>Examinations</u>			
Irwin W. Robinson, Federal Reserve Examiner		11,355	11,723
<u>Personnel Administration</u>			
Ann W. Raybold, Employment Technician		6,683	6,890
<u>Administrative Services</u>			
Ella M. Dear, Teletype Operator		5,523	5,694
Myrtle M. Evans, Cafeteria Helper		4,102	4,221
Phillip M. Wiggins, Messenger		3,507	3,626

Acceptance of resignation

J. William Via, Jr., Senior Attorney, Legal Division, effective February 25, 1966.



Secretary

Item No. 1  
2/11/66

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



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

February 11, 1966

Board of Directors,  
Manufacturers Hanover Trust Company,  
New York, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Manufacturers Hanover Trust Company, New York, New York, of a branch at 660-662 Central Park Avenue, Greenville (unincorporated area), Town of Greenburgh, Westchester County, New York, provided the branch is established within six months from the date of this letter.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,  
Assistant Secretary.

(The letter to the Reserve Bank stated that the Board also had approved a six-month extension of the period allowed to establish the branch; and that if an extension should be requested, the procedure prescribed in the Board's letter of November 9, 1962 (S-1846), should be followed.)

Item No. 2  
2/11/66

**BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM**

WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

February 11, 1966



Board of Directors,  
Manufacturers and Traders Trust Company,  
Buffalo, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Manufacturers and Traders Trust Company, Buffalo, New York, of a branch at 202-208 Buffalo Street (about 470 feet west of your existing Hamburg office at 141-161 Buffalo Street), Village of Hamburg, Erie County, New York, provided the branch is established within one year from the date of this letter.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,  
Assistant Secretary.

(The letter to the Reserve Bank stated that the Board also had approved a six-month extension of the period allowed to establish the branch; and that if an extension should be requested, the procedure prescribed in the Board's letter of November 9, 1962 (S-1846), should be followed.)

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

Item No. 3  
2/11/66



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

February 11, 1966

Board of Directors,  
Fidelity-Philadelphia Trust Company,  
Philadelphia, Pennsylvania.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Fidelity-Philadelphia Trust Company, Philadelphia, Pennsylvania, of a branch at 1270 Township Line Road, Haverford Township, Delaware County, Pennsylvania, provided the branch is established within six months from the date of this letter.

The Board of Governors also approves under the provisions of Section 24A of the Federal Reserve Act, an additional investment of \$80,000 in bank premises incident to the establishment of the branch.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,  
Assistant Secretary.

(The letter to the Reserve Bank stated that the Board also had approved a six-month extension of the period allowed to establish the branch; and that if an extension should be requested, the procedure prescribed in the Board's letter of November 9, 1962 (S-1846), should be followed.)

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

Item No. 4  
2/11/66

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

February 11, 1966



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

Gentlemen:

The Board of Governors of the Federal Reserve System extends to June 25, 1966, the time within which Wells Fargo Bank, San Francisco, California, may establish a branch in the blocks bounded by Battery, Clay, Davis, and Washington Streets, San Francisco, California.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,  
Assistant Secretary.

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 5  
2/11/66

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

February 11, 1966.



Morgan Guaranty International  
Banking Corporation,  
23 Wall Street,  
New York, New York. 10015

Gentlemen:

As requested in your letter of January 25, 1966, the Board of Governors grants consent for your Corporation to purchase and hold 12,000 additional shares, par value Mexican Pesos 100 each, of Credito Bursatil, S.A., Mexico, D. F., Mexico, at a cost of approximately US\$144,000, provided such stock is 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 10 per cent of your Corporation's capital and surplus.

The foregoing consent is given with the understanding that the investment now being approved, combined with other foreign loans and investments of your Corporation, Morgan Guaranty Trust Company of New York and Morgan Guaranty International Finance 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.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,  
Assistant Secretary.

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

Item No. 6  
2/11/66



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

February 11, 1966

Board of Directors,  
Eden State Bank,  
Eden, Texas.

Gentlemen:

The Federal Reserve Bank of Dallas has forwarded to the Board of Governors two letters both dated January 11, 1966, signed by President Jas. L. Daniel, together with the accompanying resolution, signifying your intention to withdraw from membership in the Federal Reserve System and requesting waiver of the six months' notice of such withdrawal.

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

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

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,  
Assistant Secretary.

Item No. 7  
2/11/66

## UNITED STATES OF AMERICA

BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

WASHINGTON, D. C.

-----

In the Matter of the Application of	:
	:
VIRGINIA COMMONWEALTH CORPORATION,	:
Richmond, Virginia,	:
	:
for approval of the acquisition of voting	:
shares of First National Bank of Vienna,	:
Vienna, Virginia.	:
	:

-----

ORDER EXTENDING TIME FOR  
ACQUISITION OF BANK SHARES

By Order dated August 27, 1965, 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)), approved an application by Virginia Commonwealth Corporation, Richmond, Virginia, a registered bank holding company, for the Board's prior approval of the acquisition of more than 80 per cent of the voting shares of First National Bank of Vienna, Vienna, Virginia, and said Order was made subject to the proviso "that the acquisition so approved shall not be consummated . . . (b) later than three months after said date [of Order]".

By further Order dated October 13, 1965, the Board, in response to a request of Applicant, extended to February 27, 1966, the time within which the approved acquisition might be consummated.

WHEREAS, Applicant has requested a further extension of the time within which the acquisition approved may be consummated; and it appearing to the Board that reasonable cause has been shown for the extension of time requested; and that such extension would not be inconsistent with the public interest;

IT IS HEREBY ORDERED, that the Board's Order of October 13, 1965, be and hereby is amended so that the proviso relating to the date by which the acquisition approved shall be consummated shall read "(b) later than May 10, 1966."

Dated at Washington, D. C., this 11th day of February, 1966.

By Order of the Board of Governors.

(Signed) Merritt Sherman

---

Merritt Sherman,  
Secretary.

(SEAL)

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 8  
2/11/66  
S-1985



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

February 23, 1966.

Dear Sir:

The Act of March 3, 1965, (P.L. 89-3) abolishing the requirement that a reserve in gold certificates be maintained by each Federal Reserve Bank against its deposits, has made obsolete certain instructions now outstanding with respect to gold certificate reserves of Federal Reserve Banks. This letter sets forth the current instructions on this subject; it supersedes letters of--

April 10, 1920	(F.R.L.S. #5880)
March 16, 1921	(F.R.L.S. #5882)
July 30, 1945	(F.R.L.S. #5883)
March 4, 1946	(F.R.L.S. #5881)
December 18, 1963	(F.R.L.S. #5880.1)

A Federal Reserve Bank's total gold certificate reserves consist of the sum of its gold certificates on hand and due from the U. S. Treasury and its redemption fund for Federal Reserve notes (code TAGG on form FR 34).

For the purpose of computing the ratio of gold certificate reserves to Federal Reserve notes, a Federal Reserve Bank shall include as notes against which reserves must be maintained all outstanding notes that have been issued to it by the Federal Reserve Agent (code DEER) less such notes as are in the possession of the Bank or have been forwarded for destruction and credit (code DOTH).

The ratio of total gold certificate reserves to Federal Reserve note liability shall be computed each day and reported to the Board on the daily balance sheet, form FR 34.

If at any time a Bank's gold certificate reserves fall below 25 per cent of its note liability, the Bank shall pay a tax on such deficiency computed as follows:

S-1985

-2-

When such reserve falls below 25 per cent, but is not less than 20 per cent, the tax upon the deficiency will be at the rate of  $1/2$  of 1 per cent per annum.

When such reserve falls below 20 per cent, but is not less than  $17-1/2$  per cent, the tax on the deficiency below 20 per cent will be at the rate of 2 per cent per annum.

When such reserve falls below  $17-1/2$  per cent, but is not less than 15 per cent, the tax on the deficiency below  $17-1/2$  per cent will be at the rate of  $3-1/2$  per cent per annum; and so on, increasing the tax at the rate of  $1-1/2$  per cent per annum upon each further deficiency in the reserve amounting to  $2-1/2$  per cent or any fraction thereof.

In the event that a Reserve Bank has a deficiency in reserves, it shall file a report on form FR 420, a copy of which is attached hereto. The report shall be submitted to the Bureau of Accounts, Treasury Department, Washington, D. C., promptly after the end of the month in which the deficiency or deficiencies occurred. The appropriate tax shall then be paid by credit to the Treasurer's General Account, with advice of such payment accompanying each report. A copy of each report and advice shall be forwarded to the Board.

The annual certified statement with respect to deficiencies in required reserves during the year, if any, heretofore submitted to the Board at the end of the year, may be discontinued. The Board, at the request of the Secretary of the Treasury, furnishes the Treasury Department each year with a statement relating to deficiencies in reserves of the Federal Reserve Banks.

Very truly yours,



Merritt Sherman,  
Secretary.

Enclosure

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS.

To: Bureau of Accounts,  
Treasury Department,  
Washington, D. C. 20226

REPORT OF DEFICIENCIES IN GOLD CERTIFICATE  
RESERVES OF THE FEDERAL RESERVE BANK OF \_\_\_\_\_  
FOR THE MONTH OF \_\_\_\_\_, 19\_\_

Dates on which a deficiency occurred	Federal Reserve note liability		Total gold certificate reserves	Deficiency in reserves (2 - 3)	Amount of tax*
	Amount	Reserve required (25%)			
	1	2			
			3	4	5

\_\_\_\_\_  
Signature of Officer

\* Based on rates established by the Board of Governors of the Federal Reserve System pursuant to Section 11 of the Federal Reserve Act.

**TELEGRAM**  
LEASED WIRE SERVICEItem No. 9  
2/11/66**BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM**  
WASHINGTON

February 11, 1966

Wayne - Richmond

Board authorizes your Bank to proceed with the preparation of final plans and specifications for the construction of the Communications and Records Center at Culpeper, in accordance with preliminary plans as revised by the three changes recommended in your letter of January 17, 1966.

(Signed) Merritt Sherman

Sherman

Item No. 10  
2/11/66



BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

OFFICE OF THE CHAIRMAN

February 11, 1966.

Mr. Phillip S. Hughes,  
Assistant Director for  
Legislative Reference,  
Bureau of the Budget,  
Washington, D. C. 20503

Dear Mr. Hughes:

This is in response to your communication of February 10, 1966, requesting the views of the Board on the enrolled bill, S. 1698, "To establish a procedure for the review of proposed bank mergers so as to eliminate the necessity for the dissolution of merged banks, and for other purposes."

The Board has no objection to approval of the bill.

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.

Item No. 11  
2/11/66

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

February 11, 1966.



Mr. A. B. Robbs, Jr., President,  
A. B. Robbs Trust Company,  
4000 North Central Avenue,  
Phoenix, Arizona. 85012

Dear Mr. Robbs:

This refers to the request contained in your letter of September 17, 1965, submitted through the Federal Reserve Bank of San Francisco, for a determination by the Board of Governors of the Federal Reserve System as to the status of A. B. Robbs Trust Company, as a holding company affiliate.

From the information presented, the Board understands that A. B. Robbs Trust Company is a holding company affiliate by reason of the fact that it owns 87,726 of the 162,726 outstanding shares of capital stock of Continental National Bank, Phoenix, Arizona, 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 A. B. Robbs Trust 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, A. B. Robbs Trust Company is not deemed

## BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Mr. A. B. Robbs, Jr.

-2-

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 A. B. Robbs Trust 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 A. B. Robbs Trust 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) Kenneth A. Kenyon

Kenneth A. Kenyon,  
Assistant Secretary.

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 12  
2/11/66



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

February 11, 1966.

Mr. George D. Royer, Jr., Vice President,  
Federal Reserve Bank of Kansas City,  
Kansas City, Missouri. 64106

Dear Mr. Royer:

In accordance with the request contained in Mr. Wilkinson's letter of February 8, 1966, the Board approves the appointment of William Charles Lane as an assistant examiner for the Federal Reserve Bank of Kansas City. Please advise the salary rate and the effective date of the appointment.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.