

Minutes for April 5, 1966

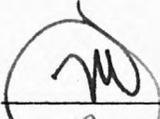
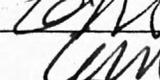
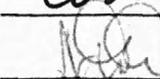
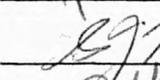
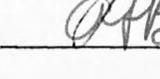
To: Members of the Board

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

Minutes of the Board of Governors of the Federal Reserve System on Tuesday, April 5, 1966. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Shepardson
Mr. Daane
Mr. Maisel
Mr. Brimmer

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Fauver, Assistant to the Board
Mr. Solomon, Director, Division of Examinations
Mr. Shay, Assistant General Counsel
Mr. Sammons, Associate Director, Division of International Finance
Mr. Leavitt, Assistant Director, Division of Examinations
Miss Eaton, General Assistant, Office of the Secretary
Messrs. Egertson, Maguire, and Poundstone of the Division of Examinations

Approved items. The following items, copies of which are attached to these minutes under the respective numbers indicated, were approved unanimously after consideration of background material that had been made available to the Board:

	<u>Item No.</u>
Letter to Manufacturers and Traders Trust Company, Buffalo, New York, approving the establishment of a branch in the Twin Fair Plaza.	1
Letter to The Schenectady Trust Company, Schenectady, New York, approving the establishment of a branch in the County Line Shopping Center, Town of Colonie.	2

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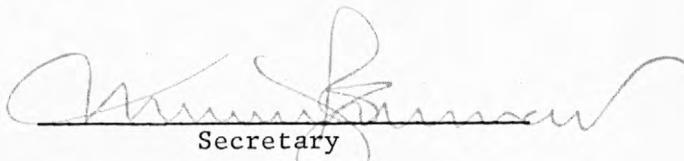
	<u>Item No.</u>
Letter to Chemical International Banking Corporation, New York, New York, approving (1) an amendment to its Articles of Association and (2) acquisition of shares of Frankfurter Bank, Frankfurt/Main, Germany.	3
Letter to The First State Bank of Hotchkiss, Hotchkiss, Colorado, approving an investment in bank premises.	4

Report on competitive factors. A report to the Comptroller of the Currency on the competitive factors involved in the proposed merger of First National Bank in Crestline, Crestline, Ohio, into First National Bank of Mansfield, Mansfield, Ohio, was approved unanimously for transmittal to the Comptroller in a form in which the conclusion was stated as follows:

While there appears to be only slight competition existing between First National Bank of Mansfield and First National Bank in Crestline, consummation of the proposed merger would increase the size of the largest bank operating in the area involved in this proposal, which bank now holds about 32 per cent of the area's deposits of individuals, partnerships, and corporations. In this latter respect, the effect of the transaction on competition is adverse.

The meeting then adjourned.

Secretary's Note: Governor Shepardson today approved on behalf of the Board a letter to the Federal Reserve Bank of Cleveland (attached Item No. 5) approving the appointment of Ronald M. Cohen as assistant examiner.


Secretary

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

Item No. 1
4/5/66



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 5, 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 the southwest corner of the Twin Fair Plaza, 2101 Elmwood Avenue, Buffalo, 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



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 5, 1966

Board of Directors,
The Schenectady Trust Company,
Schenectady, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by The Schenectady Trust Company, Schenectady, New York, of a branch in the County Line Shopping Center on State Route 7, Town of Colonie (unincorporated area), Albany 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
4/5/66



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 5, 1966.

Chemical International
Banking Corporation,
20 Pine Street,
New York, New York. 10015

Gentlemen:

Reference is made to a letter from the Federal Reserve Bank of New York dated March 22, 1966, enclosing a copy of a resolution adopted by the shareholders amending the Articles of Association of your Corporation to increase the capital stock to \$4,000,000, consisting of 40,000 shares of the par value of \$100 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 of February 23, 1966, the Board of Governors grants consent for Chemical International Banking Corporation ("CIBC") to purchase and hold 26,000 shares, par value DM 100 each, of Frankfurter Bank ("FFB"), Frankfurt/Main, Federal Republic of Germany, at a cost of approximately US\$2,827,500, 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 CIBC's capital and surplus.

Section 211.9(b) of Regulation K, which relates to "liabilities of one borrower", provides, in part:

"Except as the Board may otherwise specify, the total liabilities to a Corporation of any person shall at no time exceed 50 per cent of the Corporation's capital and surplus, or 10 per cent thereof if it is engaged in banking. In this paragraph 'liabilities' includes: any obligations for money borrowed and shares of stock; . . ."

Subject to continuing observation and review, the Board suspends, until further notice, the provisions of the above-quoted portion of Section 211.9(b) to the extent that the investment by CIBC in the stock of FFB would cause "liabilities" to exceed the percentage limitations stated therein.

Chemical International
Banking Corporation

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It is noted that CIBC and FFB will each pay a fee of one-half of 1 per cent of the purchase price to S. G. Warburg & Company, London, in recognition of the original introduction.

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

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 4
4/5/66

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 5, 1966

Board of Directors,
The First State Bank of Hotchkiss, Colorado,
Hotchkiss, Colorado.

Gentlemen:

Pursuant to the provisions of Section 24A of the Federal Reserve Act, the Board of Governors of the Federal Reserve System approves an investment in bank premises of not to exceed \$65,000 by The First State Bank of Hotchkiss, Colorado, Hotchkiss, Colorado, for the purposes of remodeling banking quarters.

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
4/5/66

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 5, 1966



Mr. Harry W. Huning, Vice President,
Federal Reserve Bank of Cleveland,
Cleveland, Ohio. 44101

Dear Mr. Huning:

In accordance with the request contained in your letter of March 31, 1966, the Board approves the appointment of Ronald M. Cohen as an assistant examiner for the Federal Reserve Bank of Cleveland. Please advise the effective date of the appointment.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.