




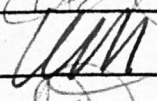
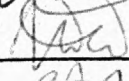
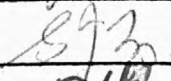
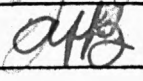
Minutes for April 18, 1966

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 Monday, April 18, 1966. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Robertson, Vice Chairman  
Mr. Shepardson  
Mr. Maisel  
Mr. Brimmer

Mr. Sherman, Secretary  
Mr. Kenyon, Assistant Secretary  
Mr. Holland, Adviser to the Board  
Mr. Solomon, Adviser to the Board  
Mr. Molony, Assistant to the Board  
Mr. Cardon, Legislative Counsel  
Mr. 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. Brill, Koch, Axilrod, Eckert, Ettin,  
and Keir, and Mrs. Peskin of the Division  
of Research and Statistics

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

Money market review. Mrs. Peskin commented on the Government securities market and Mr. Hayes reported on foreign exchange markets, with additional comments on the changes in dollar positions of Canadian banks and their effects on the U.S. balance of payments. Tables were distributed affording perspective on the money and capital markets, along with charts on spot exchange rates and a table on the Canadian situation discussed by Mr. Hayes.

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All members of the staff except Messrs. Sherman, Kenyon, Molony, Cardon, Fauver, and Solomon (Examinations), and Miss Eaton then withdrew.

Call for condition reports. Under the procedure prescribed by statute the close of business on Tuesday, April 5, 1966, had been selected as the date for the first call for reports of condition to be made by insured banks within the calendar year 1966. The call was to be announced on Wednesday, April 20. Accordingly, the usual telegram was sent to all Federal Reserve Banks on April 15, 1966, requesting that a call be made upon State member banks on April 20 for reports of condition as of the close of business April 5.

The sending of the telegram was ratified by unanimous vote.

Discount rates. The establishment without change by the Federal Reserve Banks of Cleveland, Richmond, St. Louis, Minneapolis, Kansas City, and Dallas on April 14, 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.

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 and clarification of points of information about which members of the Board inquired:

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	<u>Item No.</u>
Letter to Lincoln Rochester Trust Company, Rochester, New York, approving the establishment of a branch at 424 Lyell Avenue.	1
Telegram to the Federal Reserve Agent at New York authorizing the issuance of a general voting permit (or permits) to BT New York Corporation, New York, New York.	2
Telegram to the Federal Reserve Agent at New York authorizing the issuance of a general voting permit (or permits) to Charter New York Corporation, New York, New York.	3
Telegram to the Federal Reserve Agent at New York authorizing the issuance of a general voting permit (or permits) to Security New York State Corporation, Rochester, New York.	4
Letter to the Federal Reserve Bank of New York regarding the fiscal agency agreement between that Bank and the Inter-American Development Bank.	5
Letters to St. Bernard Bank & Trust Company, Arabi, Louisiana, approving the establishment of branches in Arabi and Chalmette.	6-7
Letter to County Bank of Santa Cruz, Santa Cruz, California, granting an extension of time in which to establish a branch in Santa Cruz County.	8
Letter to Commercial Security Bank, Ogden, Utah, waiving the requirement of six months' notice of withdrawal from membership in the Federal Reserve System.	9

Report on competitive factors. A report to the Comptroller of the Currency on the competitive factors involved in the proposed consolidation of The Anderson Bank of Dillon, Dillon, South Carolina,

4/18/66

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and The National Bank of Lancaster, Lancaster, South Carolina, was approved unanimously for transmittal to the Comptroller, the conclusion being stated as follows:

Consummation of the proposed consolidation of The Anderson Bank of Dillon and The First National Bank of Lancaster would have no adverse competitive effects.

Foreign travel. Governor Shepardson reported a memorandum from the Division of International Finance dated April 13, 1966, proposing that Rosemary A. Darlington, Economist in that Division, who was to make a personal trip to Europe this summer, be authorized to spend a week each at the German Federal Bank and the Netherlands Bank, with per diem during that period in accordance with the standardized Government travel regulations. Since extending her stay for two weeks in Europe would cause her to have to make flight arrangements different from those originally planned, it was proposed that the Board pay the difference in transportation costs.

The proposed arrangements were authorized.

The meeting then adjourned.

Secretary's Notes: There was sent today to First National City Bank, New York, New York, a letter acknowledging receipt of notice of its intent to establish an additional branch in Lima, Peru, to be located in the Miraflores area of Lima. The letter noted that start-up costs for the branch were expected to be provided from funds available in Peru and that no additional capital investment would be required from New York.



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On April 15, 1966, Governor Shepardson approved on behalf of the Board the following items:

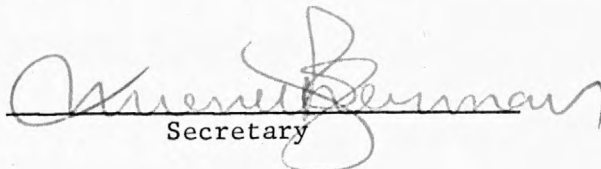
Letter to the Federal Reserve Bank of Boston (attached Item No. 10) approving the appointment of Judith F. Wilkes as assistant examiner.

Letter to the Federal Reserve Bank of San Francisco (attached Item No. 11) approving the appointment of Richard A. Olin as assistant examiner.

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

Letter to the Executive Secretary of the Interagency Committee on Automatic Data Processing advising that Lawrence H. Byrne, Jr., Director of the Division of Data Processing, had been designated to succeed M. H. Schwartz as the Board's representative on the Interagency Committee and stating that David S. Staiger, Senior Economist in the Division of Data Processing, would continue to serve as alternate.

Memorandum from Andrew T. Radigan, Jr., Design Specialist, Division of Data Processing, requesting permission to engage in pastel and photographic portraiture on a part-time basis.

  
Secretary



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

Item No. 1  
4/18/66

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

April 18, 1966

Board of Directors,  
Lincoln Rochester Trust Company,  
Rochester, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Lincoln Rochester Trust Company, Rochester, New York, of a branch at 424 Lyell Avenue, Rochester, 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.)

T E L E G R A M  
LEASED WIRE SERVICEItem No. 2  
4/18/66BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON

April 18, 1966

CASE -- NEW YORK

KEBJE

- A. BT New York Corporation, New York, New York.
- B. Bankers Trust Company, New York, New York;  
First Trust Company of Albany, Albany, New York;  
The First State Bank of Spring Valley, Spring Valley, New York;  
The Fallkill Bank and Trust Company, Poughkeepsie, New York.
- C. Prior to issuance of permit authorized herein Applicant shall  
(1) have acquired a majority of the outstanding shares of each  
of the banks named above; and (2) execute and deliver to you,  
in duplicate, an agreement in form accompanying Board's letter  
S-964 (F.R.L.S. #7190). STOP. In the meantime you may assure  
Applicant that the voting permit will be issued after it has  
become a holding company affiliate of the banks named above.  
If a voting permit is needed for one of the banks before a holding  
company affiliate relationship has been established with respect  
to the others, separate permits may be issued for each bank,  
provided item (2) above is furnished prior to the issuance of  
the first permit.

(Signed) Karl E. Bakke

BAKKE



Definition of KEBJE

The Board authorizes the issuance of a general 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" at all meetings of shareholders of such bank(s), subject to the condition(s) stated below after the letter "C". The period within which a permit may be issued pursuant to this authorization is limited to thirty days from the date of this telegram unless an extension of time is granted by the Board. Please proceed in accordance with the instructions contained in the Board's letter of March 10, 1947, (S-964).

TELEGRAM  
LEASED WIRE SERVICEItem No. 3  
4/18/66BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON

April 18, 1966

CASE -- NEW YORK

KEBJE

A. Charter New York Corporation, New York, New York.

B. Irving Trust Company, New York, New York;

The Merchants National Bank & Trust Company of Syracuse,  
Syracuse, New York.

C. Prior to issuance of permit authorized herein Applicant shall

(1) have acquired a majority of the outstanding shares of each of the banks named above; and (2) execute and deliver to you, in duplicate, an agreement in form accompanying Board's letter S-964 (F.R.L.S. #7190). STOP. In the meantime you may assure Applicant that the voting permit will be issued after it has become a holding company affiliate of the banks named above. If a voting permit is needed for one of the banks before a holding company affiliate relationship has been established with respect to the other, separate permits may be issued for each bank, provided item (2) above is furnished prior to the issuance of the first permit.

BAKKE (Signed) Karl E. Bakke

T E L E G R A M  
LEASED WIRE SERVICEItem No. 4  
4/18/66BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON

April 18, 1966

CASE -- NEW YORK

KEBJE

- A. Security New York State Corporation, Rochester, New York.
- B. Security Trust Company of Rochester, Rochester, New York;  
The State Bank of Seneca Falls, N.Y., Seneca Falls, New York.
- C. Prior to issuance of permit authorized herein Applicant shall  
(1) have acquired a majority of the outstanding shares of each  
of the banks named above; and (2) execute and deliver to you,  
in duplicate, an agreement in form accompanying Board's  
letter S-964 (F.R.L.S. #7190). STOP. In the meantime you  
may assure Applicant that the voting permit will be issued  
after it has become a holding company affiliate of the banks  
named above. If a voting permit is needed for one of the  
banks before a holding company affiliate relationship has  
been established with respect to the other, separate permits  
may be issued for each bank, provided item (2) above is  
furnished prior to the issuance of the first permit.

BAKKE (Signed) Karl E. Bakke

BOARD OF GOVERNORS  
OF THE

## FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 5

4/18/66

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

April 18, 1966.

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

Dear Mr. Bilby:

This refers to your letter of April 11, 1966, requesting the Board's approval of the Federal Reserve Bank of New York acting as Fiscal Agent to the Inter-American Development Bank with respect to the proposed issuance by the latter of Short-Term Dollar Bonds, First Issue, in the aggregate principal amount of \$65 million.

It is understood that the bond issue in question is the same bond issue concerning which the Board, by letter of March 25, 1966, approved your Bank acting as Fiscal Agent of the Inter-American Development Bank. However, since the date of the Board's action, the Board of Executive Directors of the Inter-American Development Bank has increased the aggregate principal amount of the proposed issue from \$60 million to \$65 million. Accordingly, while no change appears necessary in Supplement No. 3 to the Fiscal Agency Agreement of September 7, 1962, between your Bank and the Inter-American Development Bank, you request an affirmation of the previously granted authorization to cover the proposed increase in the amount of the bond issue.

The Board affirms its previously granted authorization in this matter, with the understanding that the proposed issue by the Inter-American Development Bank of Short-Term Dollar Bonds, First Issue, will have an aggregate principal amount of \$65 million.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.



BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 6  
4/18/66

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

April 18, 1966

Board of Directors,  
St. Bernard Bank & Trust Company,  
Arabi, Louisiana.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by St. Bernard Bank & Trust Company, Arabi, Louisiana, of a branch at the corner of Claiborne Avenue and Schnell Drive, within the unincorporated community of Arabi, Louisiana, 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. 7

4/18/66

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

April 18, 1966

Board of Directors,  
St. Bernard Bank & Trust Company,  
Arabi, Louisiana.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by St. Bernard Bank & Trust Company, Arabi, Louisiana, of a branch on Goodchildren Street, between Decomine Drive and Dauterive Drive in the unincorporated area of Chalmette, Louisiana, 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.)



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

Item No. 8  
4/18/66



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

April 18, 1966

Board of Directors,  
County Bank of Santa Cruz,  
Santa Cruz, California.

Gentlemen:

The Board of Governors of the Federal Reserve System extends to April 15, 1967, the time within which County Bank of Santa Cruz, Santa Cruz, California, may establish a branch in the vicinity of the intersection of Capitola Road and 41st Avenue, Santa Cruz County, California.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,  
Assistant Secretary.



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

Item No. 9  
4/18/66

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

April 18, 1966

Board of Directors,  
Commercial Security Bank,  
Ogden, Utah.

Gentlemen:

The Federal Reserve Bank of San Francisco has forwarded to the Board of Governors a letter dated March 31, 1966, signed by Senior Vice President and Secretary Francis, together with the accompanying resolution dated March 31, 1966, 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 San Francisco of the Federal Reserve stock issued to your institution, such stock will be cancelled and appropriate refund will be made thereon.

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

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. 10  
4/18/66

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD



April 15, 1966

Mr. Luther M. Hoyle, Jr., Vice President,  
Federal Reserve Bank of Boston,  
Boston, Massachusetts. 02106

Dear Mr. Hoyle:

In accordance with the request contained in your letter of April 12, 1966, the Board approves the appointment of Miss Judith F. Wilkes as an assistant examiner for the Federal Reserve Bank of Boston. Please advise the effective date of the appointment.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 11  
4/18/66

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

April 15, 1966

Mr. A. B. Merritt, Vice President,  
Federal Reserve Bank of San Francisco,  
San Francisco, California. 94120

Dear Mr. Merritt:

In accordance with the request contained in your letter of April 11, 1966, the Board approves the appointment of Richard A. Olin as an assistant examiner for the Federal Reserve Bank of San Francisco, effective today. Please furnish a photograph of Mr. Olin.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.

