

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Thursday, December 23, 1954. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman  
 Mr. Szymczak  
 Mr. Mills  
 Mr. Robertson  
 Mr. Balderston

Mr. Carpenter, Secretary  
 Mr. Sherman, Assistant Secretary  
 Mr. Thurston, Assistant to the Board  
 Mr. Johnson, Controller, and Director, Division of Personnel Administration  
 Mr. Sprecher, Assistant Director, Division of Personnel Administration

The following matters, which had been circulated among the members of the Board, were presented for consideration and action taken as indicated:

Memoranda from appropriate individuals concerned recommending personnel actions with respect to members of the Board's staff as follows:

Salary increases, effective January 2, 1955

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
	<u>Office of the Secretary</u>		
Alberta L. Thorley, Records Clerk		\$3,270	\$3,415
	<u>Research and Statistics</u>		
Priscilla D. Staples, Editorial Clerk		3,175	3,410
	<u>Bank Operations</u>		
John J. Hart, Technical Assistant		6,540	7,040

12/23/54

-2-

Leave of absence without pay

W. B. Lassen, Federal Reserve Examiner, Field Staff, Division of Examinations. For the period beginning January 3, 1955, and ending January 31, 1955.

Jennie L. Glass, Clerk, Division of Research and Statistics. For the period beginning December 17, 1954, and ending February 1, 1955.

Resignation

C. Richard Youngdahl, Assistant Director, Division of Research and Statistics, effective December 31, 1954.

Approved unanimously.

Letter to Mr. Fulton, President, Federal Reserve Bank of Cleveland, reading as follows:

The Board of Governors approves the payment of salary to Edward A. Fink, as an Assistant Cashier of the Federal Reserve Bank of Cleveland, for the period January 1, 1955 through December 31, 1955, at the rate of \$8,000 per annum, which is the rate fixed by the Board of Directors as indicated in your letter of December 9, 1954.

Approved unanimously.

Letter to Mr. Stetzelberger, Vice President, Federal Reserve Bank of Cleveland, reading as follows:

In accordance with the request contained in your letter of December 14, 1954, the Board approves the appointment of Mark D. Bauer as an assistant examiner for the Federal Reserve Bank of Cleveland. Please advise as to date upon which the appointment is made effective and as to salary rate.

Approved unanimously.

Letter to Mr. Bryan, President, Federal Reserve Bank of Atlanta, reading as follows:

The Board of Governors approves the appointment of Mr. George W. Sheffer, Jr., as an officer of the Federal Reserve Bank of Atlanta with the title of Chief Examiner and the payment of salary to him for the period January 1, 1955

12/23/54

-3-

through December 31, 1955, at the rate of \$9,000 per annum, which is the rate approved by the Board of Directors as indicated in your letter of December 13, 1954.

Approved unanimously.

Letter to Mr. Diercks, Vice President, Federal Reserve Bank of Chicago, reading as follows:

In accordance with the requests contained in your letters of December 15, 1954, the Board approves the appointment of Charles M. Barclay, Donald L. Bauer, Herman H. Longfield, William H. Low, and Richard A. Moffatt as examiners for the Federal Reserve Bank of Chicago.

Please advise as to the dates upon which these appointments are made effective and as to salary rates.

Approved unanimously.

Letter to Mr. Hilkert, Vice President, Federal Reserve Bank of Philadelphia, reading as follows:

In accordance with the request contained in your letter of December 6, 1954, the Board of Governors approves the payment of salary to Dr. William S. Magee, Medical Director, Grade 15, at a rate of \$5,040 per annum, effective January 1, 1955.

The Board understands that, when converted to a full-time basis, this salary is in excess of the grade maximum in which Dr. Magee's position is classified, but that the salary rate proposed is in line with rates paid in your community for comparable services.

Approved unanimously.

Letter to the Board of Directors, The County Trust Company, White Plains, New York, reading as follows:

Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors approves the establishment of the following branches in Westchester County, New York, by The County Trust Company, White Plains, New York:

On Addyman Square, in the Village of Ardsley, at the present location of The First National Bank of Ardsley;

140 Katonah Avenue, in the unincorporated Village of Katonah, at the present principal office of

12/23/54

-4-

Northern Westchester Bank; and  
 On the easterly side of Saw Mill Road, in the un-  
 incorporated Village of Yorktown Heights, at  
 the present location of the branch operated by  
 Northern Westchester Bank,

provided the proposed mergers with The First National Bank  
 of Ardsley, Ardsley, New York, and Northern Westchester Bank,  
 Katonah, New York, are carried out substantially in accord-  
 ance with the agreements between the parties dated November  
 26, 1954, and are effected within six months from the date  
 of this letter.

Approved unanimously, for  
 transmittal through the Federal  
 Reserve Bank of New York.

Letter to the Board of Directors, Littlestown State Bank, Little-  
 town, Pennsylvania, reading as follows:

Pursuant to your request submitted through the Fed-  
 eral Reserve Bank of Philadelphia, the Board of Governors  
 hereby gives its written consent under the provisions of  
 Section 18(c) of the Federal Deposit Insurance Act to the  
 absorption of the Farmers Bank of McSherrystown, McSherrys-  
 town, Pennsylvania, by the Littlestown State Bank and ap-  
 proves the establishment by the Littlestown State Bank of  
 a branch at the present location of the Farmers Bank of  
 McSherrystown, McSherrystown, Pennsylvania, provided the  
 absorption is carried out substantially in accordance with  
 an agreement between the parties dated November 10, 1954,  
 and is effected within six months from the date of this  
 letter.

It is understood that the fixed assets to be acquired  
 from the Farmers Bank of McSherrystown will not be placed  
 upon the books of the Littlestown State Bank at amounts in  
 excess of the depreciated value as computed for Federal  
 income tax purposes and that the capital structure of your  
 bank is to be strengthened through the sale of additional  
 stock in the near future.

Approved unanimously, for  
 transmittal through the Federal  
 Reserve Bank of Philadelphia.

Letter to Mr. Armistead, Vice President, Federal Reserve Bank of  
 Richmond, reading as follows:

12/23/54

-5-

In view of the circumstances outlined in your letter of December 15, 1954, and the Reserve Bank's favorable recommendation, the Board of Governors extends for an additional month until January 31, 1955, the time within which Union Trust Company of Maryland, Baltimore, Maryland, may establish a branch at the intersection of Ritchie Highway and Edison Street, Anne Arundel County, Maryland.

Approved unanimously.

Letter to Mr. Millard, Vice President, Federal Reserve Bank of San Francisco, reading as follows:

As recommended in your letter of December 13, 1954, the Board of Governors extends to June 30, 1955, the time within which the Farmers and Merchants Bank of Lodi, Lodi, California, may establish a branch at the northeast corner of Lodi Avenue and Church Street in Lodi.

Please notify the bank of this extension.

Approved unanimously.

Letter to the Board of Directors, The Southwest Bank, Inglewood, California, reading as follows:

Pursuant to your request submitted through the Federal Reserve Bank of San Francisco, the Board of Governors approves the establishment of a branch by The Southwest Bank in the vicinity of the intersection of Crenshaw and Imperial Boulevards, Inglewood, California; provided (a) additional capital of not less than \$225,000 is supplied as required by the State Superintendent of Banks, and (b) the branch is established within one year from the date of this letter.

Approved unanimously, for transmittal through the Federal Reserve Bank of San Francisco.

Memorandum from Mr. Young, Director, Division of Research and Statistics, requesting that the following members of the staff of that Division be authorized to attend at Board expense the annual meeting of the American Economic Association to be held in Detroit, Michigan, from December 28 through December 30, 1954:

Mr. C. Richard Youngdahl, Assistant Director;  
Mr. Albert R. Koch, Assistant Director;

12/23/54

-6-

Mr. Louis Weiner, Chief, National Income, Moneyflows, and Labor Section;  
Miss Mona E. Dingle, Economist;  
Mr. Stephen P. Taylor, Economist.

Approved unanimously.

Letter for the signature of the Chairman to Mr. Javier Marquez, Director, Centro de Estudios Monetarios Latinamericanos, Edificio Guardiola, Madero 2-Desp. 501, Mexico 1, D. F., reading as follows:

This is in reply to your letter of December 7 requesting Federal Reserve cooperation in connection with the 1955 training program of your Center.

It does not appear possible to comply with your request for the services of Mr. Arthur W. Marget, because Mr. Marget does not believe that a series of lectures at the Center could be conveniently fitted into his schedule for next summer.

Regarding your request that Mr. Frank Tamagna hold three seminars on Central Banking and also give three lectures on the Federal Reserve System, it appears that compliance with this request will be entirely feasible. Unless there should be some change in the situation here between now and next summer that would make Mr. Tamagna's participation at the Center inconvenient, the Board will be glad to make his services available for this purpose. However, it is observed that the suggested dates mentioned in your letter would leave a gap of one week between Mr. Tamagna's two groups of lectures. The assignment would thus require Mr. Tamagna's absence for three weeks, which would seem difficult to justify. I trust that it will be possible to arrange the schedule in such a way that you will require Mr. Tamagna's services for a period of two weeks only.

Approved unanimously.

Memorandum from Mr. Johnson, Controller, recommending that an assessment of two hundred and fifteen thousandths of one per cent (.00215) of the total paid-in capital and surplus (Section 7 and Section 13b) of the Federal Reserve Banks as of the close of business December 31, 1954, be levied, and that the Banks be instructed to pay in the assessment in two equal installments, the first on or before January 14, 1955, and the second on March 1, 1955.

The following resolution levying an assessment in accordance with the above recommendation was adopted

12/23/54

-7-

by unanimous vote with the understanding that copies of the resolution would be transmitted by the Controller to the Presidents of all Federal Reserve Banks:

WHEREAS, Section 10 of the Federal Reserve Act, as amended, provides among other things that the Board of Governors of the Federal Reserve System shall have power to levy semiannually upon the Federal Reserve Banks, in proportion to their capital stock and surplus, an assessment sufficient to pay its estimated expenses and the salaries of its members and employees for the half year succeeding the levying of such assessment, together with any deficit carried forward from the preceding half year, and

WHEREAS, it appears from a consideration of the estimated expenses of the Board of Governors of the Federal Reserve System that for the six months' period beginning January 1, 1955, it is necessary that a fund equal to two hundred and fifteen thousandths of one per cent (.00215) of the total paid-in capital stock and surplus (Section 7 and Section 13b) of the Federal Reserve Banks be created for such purposes, exclusive of the cost of printing, issuing and redeeming Federal Reserve notes;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, THAT:

(1) There is hereby levied upon the several Federal Reserve Banks an assessment in an amount equal to two hundred and fifteen thousandths of one per cent (.00215) of the total paid-in capital and surplus (Section 7 and Section 13b) of each such Bank at the close of business December 31, 1954.

(2) Such assessment, rounded to the nearest hundred dollars, shall be paid by each Federal Reserve Bank in two equal installments, the first on or before January 14, 1955, and the second on March 1, 1955.

(3) Every Federal Reserve Bank except the Federal Reserve Bank of Richmond shall pay such assessment by transferring the amount thereof on the dates as above provided through the Interdistrict Settlement Fund to the Federal Reserve Bank of Richmond for credit to the account of the Board of Governors of the Federal Reserve System on the books of that Bank, with telegraphic advice to Richmond of the purpose and amount of the credit, and the Federal Reserve Bank of Richmond shall pay its assessment by crediting the amount thereof on its books to the Board of Governors of the Federal Reserve System on the dates as above provided.

12/23/54

-8-

Letter to Mr. Leach, President, Federal Reserve Bank of Richmond, reading as follows:

In accordance with your letter of November 16, 1954, the Board of Governors approves the following minimum and maximum salaries for the respective grades of the salary structure applicable to the Federal Reserve Bank of Richmond, including Branches, effective January 1, 1955:

<u>Grade</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>
1	\$1,860	\$2,520
2	2,100	2,820
3	2,220	3,000
4	2,460	3,300
5	2,700	3,660
6	3,060	4,080
7	3,420	4,620
8	3,780	5,100
9	4,200	5,700
10	4,620	6,300
11	5,200	7,000
12	5,700	7,700
13	6,300	8,500
14	6,900	9,300
15	7,600	10,200
16	8,300	11,100

The Board notes that this structure, when applied to the Charlotte Branch, will be substantially in excess of the community wage market in that city and understands that, if this condition is found to exist following the salary survey scheduled for 1955, serious consideration will be given to the establishment of a separate structure applicable to this office.

The Board approves the payment of salaries to the employees, other than officers, within the limits specified for the grades in which the positions of the respective employees are classified. It is assumed that all employees whose salaries are below the minimum of their grades as a result of the structure increase will be brought within the appropriate range as soon as practicable and not later than March 15, 1955.

Approved unanimously.

Messrs. Johnson and Sprecher withdrew from the meeting at this point.

12/23/54

-9-

Memorandum dated December 20, 1954, from Mr. Leonard, Director, Division of Bank Operations, recommending that the Board authorize sending on January 3, 1955, without prior Board action on that day, the usual telegrams to the Federal Reserve Banks specifying the interest rates on Federal Reserve notes for the last quarter of 1954. The memorandum stated that appropriate deductions, estimated at about \$1,900,000, \$700,000, and \$1,400,000, respectively, would be made from the net earnings of the Federal Reserve Banks of New York, Dallas and San Francisco before computing their interest payments to increase the surplus of those Banks to an amount equal to 100 per cent of subscribed capital stock.

Approved unanimously.

Memorandum dated December 20, 1954, from the Division of Bank Operations recommending that the Federal Reserve Banks be advised that the Board has noted without objection proposed 1954 year-end entries to profit and loss accounts.

Approved unanimously.

Letter to the Comptroller of the Currency, Treasury Department, Washington, D. C., (Attention: Mr. G. W. Garwood, Deputy Comptroller of the Currency), reading as follows:

Reference is made to a letter from your office dated October 7, 1954, enclosing photostatic copies of an application to organize a national bank at Altheimer, Arkansas, and requesting a recommendation as to whether or not the application should be approved.

Information contained in a report of investigation of this proposal made by an examiner for the Federal Reserve Bank of St. Louis indicates generally satisfactory findings with respect to the factors which you requested be given consideration in connection with this application. Accordingly, the Board of Governors has concluded that approval of the application should be recommended.

It is understood that individuals identified with the National Bank of Commerce, Pine Bluff, Arkansas, are interested in promoting the organization of the proposed bank and that a competing national bank in Pine Bluff has applied for permission to establish a "teller's window" in Altheimer. It is obvious that the establishment of both facilities would not be justified and the Board feels that the decision as to which of these competing applications should be granted is a

12/23/54

-10-

matter for the determination of your office, and its recommendation should not be interpreted as its view on this specific question.

The Board's Division of Examinations will be glad to discuss any aspects of this case with representatives of your office, if you so desire.

Approved unanimously.

At this point Mr. Sherman withdrew from the meeting.

There was a further discussion of appointments of directors at Federal Reserve Banks and branches during which it was agreed unanimously to request Mr. Brawner, Chairman of the Federal Reserve Bank of San Francisco, to ascertain whether Mr. Aaron M. Frank of Meier and Frank Company, Inc., Portland, Oregon, would accept appointment as a Class C director of the Federal Reserve Bank of San Francisco for the three-year term commencing January 1, 1955, and to tender Mr. Frank the appointment if it were found that he would accept.

It was also agreed unanimously to request Mr. Virden, Chairman of the Federal Reserve Bank of Cleveland, to ascertain whether Mr. William B. Irvine, President, Marietta College, Marietta, Ohio, would accept appointment as director of the Cincinnati Branch for a three-year term beginning January 1, 1955, and, if it were found that Mr. Irvine would accept, to tender him the appointment.

Secretary's Note: It having been ascertained that Mr. Irvine would accept the appointment, the following telegram was sent to him on December 27, 1954:

Board of Governors of Federal Reserve System has appointed you director of Cincinnati Branch of Federal Reserve Bank of Cleveland for three-year term beginning January 1, 1955. Your acceptance by collect telegram will be appreciated.

Understand you are not a director of a bank and do not hold public or political office. Should situation in these

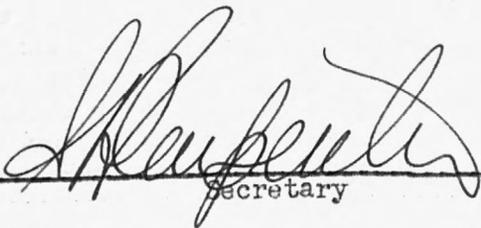
12/23/54

-11-

respects change during tenure of your appointment, please advise Chairman of Federal Reserve Bank of Cleveland.

Minutes of actions taken by the Board of Governors of the Federal Reserve System on December 21, 1954, were approved unanimously.

The meeting then adjourned.

  
Secretary