

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Thursday, May 26, 1955. The Board met in the Board Room at 9:30 a.m.

PRESENT: Mr. Balderston, Vice Chairman
 Mr. Szymczak
 Mr. Mills
 Mr. Robertson
 Mr. Shepardson

Mr. Carpenter, Secretary
 Mr. Sherman, Assistant Secretary
 Mr. Kenyon, Assistant Secretary
 Mr. Vest, General Counsel
 Mr. Johnson, Controller, and Director,
 Division of Personnel Administration
 Mr. Hackley, Assistant General Counsel
 Mr. Sprecher, Assistant Director, Division
 of Personnel Administration
 Mr. Stetson, Personnel Technician,
 Division of Personnel Administration

The following matters, which had been circulated to the members of the Board, were presented for consideration and the action taken in each instance was as indicated:

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

Change in status of appointment

William J. Smith, Cafeteria Laborer, Division of Administrative Services. From temporary (two months) to a regular basis, with no change in basic annual salary at the rate of \$2,552, effective upon the expiration of his present appointment.

Salary increases, effective June 5, 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>		
Ruth W. Franta, Supervisor, Bank and Miscellaneous Records		\$4,045	\$4,170

5/26/55

-2-

Salary increases, effective June 5, 1955 (continued)

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
	<u>Legal</u>		
Walter H. Young, Assistant Counsel		\$10,000	\$10,200
	<u>Research and Statistics</u>		
Caroline M. Burgess, Librarian		5,435	5,560
Elsie Q. Davis, Clerk		3,270	3,350
Faye C. First, Clerk-Stenographer		3,255	3,335
Margaret R. Hauser, Clerk-Typist		3,270	3,350
	<u>Examinations</u>		
A. P. Francoeur, Assistant Federal Reserve Examiner		4,580	4,705
John H. Hotson, Assistant Federal Reserve Examiner		3,920	4,205
Eugene M. Tangney, Assistant Federal Reserve Examiner		3,795	3,920
	<u>Personnel Administration</u>		
John B. Bazuin, Personnel Technician		5,060	5,185
Billie Jo Hickman, Secretary		3,785	3,910
	<u>Administrative Services</u>		
Angelina M. Ferguson, Charwoman		2,560	2,630

Approved unanimously.

5/26/55

-3-

Memorandum dated May 20, 1955, from Mr. Thomas, Economic Adviser to the Board, requesting authority to change the arrangements for his trip to the Scandinavian countries this summer, approved by the Board on March 31, 1955, so as to provide for his departure from New York, New York, on July 9 and his return to the Board's offices on September 19, 1955. The memorandum stated that this would involve adding about eight days to the time spent on annual leave and three or four days for necessary overland travel.

Approved unanimously.

Letter to the Board of Directors, Federation Bank and Trust Company, New York, 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 a branch at 461 Eighth Avenue, New York, New York, by Federation Bank and Trust Company, New York, New York, simultaneously with the removal of its head office operations from that address to leased premises at 10 Columbus Circle, provided the branch is established by March 31, 1956.

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

Letter to Mr. George A. Guerdan, Vice President and Cashier, The First National City Bank of New York, New York, New York, reading as follows:

This refers to your letter of May 11, 1955, enclosing a photostat of a letter from Assistant to the Fiscal Assistant Secretary of the Treasury W. Heffelfinger to Vice President Floyd G. Blair of your bank, dated April 26, 1955, and a copy of resolutions adopted by the Board of Directors of your bank on May 10, 1955, both related to the request of the Treasury Department that your bank furnish limited banking facilities at the United States Naval Air Base, Iwakuni, Japan.

The Board of Governors will interpose no objection to The First National City Bank of New York establishing limited banking facilities at the United States Naval Air Base, Iwakuni, Japan, as requested by the Treasury Department. It will be appreciated if you will advise the Board

5/26/55

-4-

of Governors in writing, through the Federal Reserve Bank of New York, as to the date the proposed facilities are established and opened for business at the United States Naval Air Base, Iwakuni, Japan, together with information as to which of your branches in Japan will have supervision over such activity at the aforementioned Air Base.

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

Letter to the Board of Directors, Metropolitan Bank of Miami, Miami, Florida, reading as follows:

This refers to your request for permission, under applicable provisions of your condition of membership numbered 1, to exercise statutory fiduciary powers.

Following consideration of the information submitted, the Board of Governors of the Federal Reserve System grants permission to the Metropolitan Bank of Miami to exercise the fiduciary powers now or hereafter authorized under the terms of its charter and the laws of the State of Florida.

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

Letter to The First National Bank of Petersburg, Petersburg, Indiana, reading as follows:

The Board of Governors of the Federal Reserve System has given consideration to your supplemental application for fiduciary powers and grants you authority to act, when not in contravention of State or local law, as trustee in connection with bond issues of The Petersburg School Building Corporation and as registrar of such bonds. The exercise of these powers, in addition to those heretofore granted to act as executor, administrator, and guardian of estates, shall be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

A certificate indicating the fiduciary authority herein granted to The First National Bank of Petersburg is enclosed.

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

5/26/55

-5-

Letter to the Comptroller of the Currency, Treasury Department, Washington, D. C., (Attention: Mr. L. A. Jennings, Deputy Comptroller of the Currency), reading as follows:

Reference is made to a letter from your office dated March 10, 1955, enclosing photostatic copies of an application to organize a national bank at Gardena, California, and requesting a recommendation as to whether or not the application should be approved.

Based upon information contained in a report of investigation of the application made by an examiner for the Federal Reserve Bank of San Francisco it appears that the proposed capital structure of the bank may be adequate for the volume of business available in the area; that the prospects for profitable operations are only fair; and that the proposed management appears to lack experience needed for a newly organized bank. While the banking facilities now available or approved for the area may be adequate for its present needs, it is indicated that apparently assured development and further growth would justify additional facilities. Therefore, the Board of Governors would recommend favorable consideration of the application provided management satisfactory to your office is provided.

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.

Reference was made to the request of the Federal Reserve Bank of Cleveland, in a letter from President Fulton dated May 13, 1955, for approval by the Board of Governors of an upward adjustment in the Bank's salary structure for employees, effective April 24, 1955. The letter had been circulated to the members of the Board prior to this meeting along with a memorandum dated May 19, 1955, from the Division of Personnel Administration recommending that the request be approved as submitted.

Following an explanatory statement by Mr. Johnson, there was a discussion which related principally to two questions. The first concerned

5/26/55

-6-

the fact that the three highest grades in the proposed structure appeared to be higher in relation to community rates than the lower grades. The second question related to the fact that, according to the Cleveland Bank's survey, the proposed salary structure would be approximately 12 per cent above the average of the Cincinnati wage market, while only 5 per cent and 4 per cent, respectively, above the Cleveland and Pittsburgh markets.

No conclusions were reached as the result of the discussion, and it was understood that the matter would be considered further at the meeting tomorrow. In preparation for the further discussion, Mr. Johnson was requested to call Mr. Allen, Vice President of the Federal Reserve Bank of Cleveland, on the telephone, discuss with him the situation respecting the top grades in the proposed salary structure, and ascertain his reaction to the possibility of reducing those grades somewhat so that they would conform more closely to the relationship to the community wage markets which would prevail in other portions of the salary structure.

Mr. Stetson then withdrew from the meeting.

Consideration was given to a memorandum from Mr. Johnson dated May 17, 1955, which had been circulated to the members of the Board, recommending that the Board designate an Employment Policy Officer in accordance with the provisions of Executive Order 10590, issued January 19, 1955, which created the President's Committee on Government Employment Policy. The memorandum, which outlined the functions to be performed by the Employment Policy Officer, pointed out that the person designated was to be under

5/26/55

-7-

the immediate supervision of the head of the agency, and that the position was to be established outside of the division handling personnel matters. An attached memorandum from Mr. Hackley, dated May 19, 1955, stated that the Executive Order was not believed to be applicable to the Board because of the provisions of section 10 of the Federal Reserve Act, but suggested that it would seem advisable to conform to the spirit and purposes of the Order as far as possible.

Following a statement by Mr. Sprecher concerning this matter, all of the members of the staff except Messrs. Carpenter and Vest withdrew from the meeting.

There ensued a further discussion of the designation of an Employment Policy Officer, at the conclusion of which unanimous approval was given to a letter for the signature of Vice Chairman Balderston to Mr. Maxwell Abbell, Chairman, The President's Committee on Government Employment Policy, Washington, D. C., in the following form:

In response to your letter of April 18, 1955, please be advised that the Board of Governors of the Federal Reserve System has designated Mr. S. R. Carpenter, Secretary of the Board, as its Employment Policy Officer in order to carry out the purposes of Executive Order 10590, dated January 19, 1955.

Mr. Carpenter's address is Board of Governors of the Federal Reserve System, Washington 25, D. C. His telephone number is REpublic 7-1100, extension 257.

Minutes of actions taken by the Board of Governors of the Federal Reserve System on May 24, 1955, were approved unanimously.


The meeting then adjourned.

5/26/55

Secretary's Note: Mr. Guy T. (G. Ted) Cameron, President of the Cameron Feed Mills, North Little Rock, Arkansas, having advised that he would accept appointment, if tendered, as director of the Little Rock Branch of the Federal Reserve Bank of St. Louis, the following telegram was sent to Mr. Cameron today pursuant to action taken by the Board on May 24, 1955:

Board of Governors of Federal Reserve System has appointed you director of Little Rock Branch of Federal Reserve Bank of St. Louis for unexpired portion of term ending December 31, 1956. 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 respects change during the tenure of your appointment, please advise Chairman of Federal Reserve Bank of St. Louis.



Secretary