

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, October 14, 1955. The Board met in the Board Room at 10:00 a.m.

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

Mr. Carpenter, Secretary
 Mr. Kenyon, Assistant Secretary
 Mr. Solomon, Assistant General Counsel

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:

Appointment, effective upon the
 date of assuming duties

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>
Hallie A. Desmond, Stenographer	Administrative Services	\$3,670

Transfer and appointment as Special Assistant Federal Reserve Examiner

Barbara Anne Huey, Personnel Clerk, Division of Personnel Administration. Transfer to the Division of Examinations, effective January 1, 1956, and appointment as a Special Assistant Federal Reserve Examiner for a period of one year, also effective January 1, 1956, without change in her present basic salary at the rate of \$4,210 per annum, with official headquarters in Washington, D. C., with the understanding that Miss Huey would be granted the special travel allowance and other privileges granted with respect to Special Assistant Federal Reserve Examiners by the Board's

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action of August 2, 1951, and with the further understanding that at the termination of her assignment with the field examining staff, Miss Huey would return to her position in the Division of Personnel Administration.

Salary increases, effective October 23, 1955

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
	<u>Legal</u>		
S. E. Entriken, Legal Assistant		\$5,980	\$6,115
Wilson L. Hooff, Assistant Counsel		9,850	10,065
	<u>Research and Statistics</u>		
Adele S. Bishop, Secretary		4,210	4,345
	<u>International Finance</u>		
Winifred J. Black, Clerk-Stenographer		3,670	3,805
Pearl G. Farrington, Clerk		4,210	4,345
Margaret H. Rhudy, Clerk		3,345	3,500
	<u>Examinations</u>		
F. D. Dargo, Assistant Federal Reserve Examiner		4,080	4,215
Ruth J. Deck, Clerk-Typist		3,515	3,600
	<u>Administrative Services</u>		
Ruth M. Brown, Charwoman		2,675	2,750
Edith C. Hartzell, Charwoman		2,675	2,750

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Salary increases, effective October 23, 1955 (continued)

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
	<u>Administrative Services</u>		
Percy C. Riston, Assistant Foreman of Laborers		\$3,950	\$4,035
George L. Spencer, Jr., Clerk		3,840	3,925

Approved unanimously.

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

In accordance with the request contained in your letter of October 5, 1955, the authorizations heretofore given your bank to designate the following employees as special assistant examiners are hereby cancelled:

E. M. Lund	W. M. Brown
D. G. Wharton, Jr.	H. M. Coupe

The Board approves the designations of E. M. Lund and H. M. Coupe as special assistant examiners for the Federal Reserve Bank of San Francisco for the purpose of rendering assistance in the examination of State member banks only.

Approved unanimously.

Letter to the Board of Directors, The Connecticut Bank and Trust Company, Hartford, Connecticut, reading as follows:

The Board of Governors approves the establishment of a branch of The Connecticut Bank and Trust Company, Hartford, Connecticut, at the corner of Wintonbury Avenue and Jerome Avenue in the Town of Bloomfield, Connecticut, provided the branch is established within one year from the date of this letter and the approval of the State authorities is in effect at that time.

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It is understood that the bank proposes to increase its capital materially through the sale of additional shares in the near future.

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

Letter to the Board of Directors, Petersburg Savings and American Trust Company, Petersburg, Virginia, reading as follows:

Pursuant to your request submitted through the Federal Reserve Bank of Richmond, the Board of Governors of the Federal Reserve System approves the establishment of a branch at the northwest corner of West Washington and Chappell Streets, Petersburg, Virginia, by Petersburg Savings and American Trust Company, Petersburg, Virginia, provided the branch is established within one year from the date of this letter and the approval of the State authorities is effective as of the date the branch is established.

The Board of Governors also approves, under the provisions of Section 24A of the Federal Reserve Act, an additional investment of \$59,000 in banking premises by Petersburg Savings and American Trust Company in connection with the establishment of the branch, which will bring the bank's total investment in banking premises to approximately \$330,000.

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

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

In accordance with the recommendation contained in your letter of October 4, 1955, the Board of Governors extends to April 27, 1956, the time within which the Georgia Railroad Bank & Trust Company, Augusta, Georgia, may establish a branch in a shopping center known as Daniel Village located between Wrightsboro Road and Central Avenue, west of Highland Avenue,

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Augusta, Georgia, under the approval given by the Board in its letter of April 27, 1955. Please advise the bank accordingly.

Approved unanimously.

Letter to Mr. Pondrom, Vice President, Federal Reserve Bank of Dallas, reading as follows:

As recommended in your letter of September 26, 1955, the Board of Governors, under the provisions of Section 24A of the Federal Reserve Act, approves an additional investment of \$73,425.57 in bank premises by The Citizens State Bank, Richardson, Texas.

Please advise the bank of the Board's action.

Approved unanimously.

Letter to Mr. R. M. Osbold, Assistant Cashier, The United States National Bank, Portland, Oregon, reading as follows:

This refers to your letter of October 5, 1955, regarding the question whether certain time certificates of deposit of the Grange Mutual Fire Insurance Company may be paid before maturity under the provisions of section 4(d) of the Board's Regulation Q.

It is understood from your letter that the certificates in question were issued when the loss ratios of the Insurance Company were favorable, but that since that time, and particularly because of certain losses in September of this year, the loss ratio of the Company has increased and that, while the Company has certain liquid assets, it believes it would be unsound to reduce further its liquid position in paying off the recent losses.

While it is not entirely clear that the case is one in which there exists an emergency of the kind contemplated by section 4(d) of the Board's Regulation Q, in all the circumstances the Board would not object to the payment of the certificates in question prior to their maturity, provided, of course, that all the requirements of the Board's regulation

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are met. As you know, the regulation requires that the depositor sign an application describing fully the circumstances which are deemed to justify the payment before maturity and that the application must be approved by an officer of the bank, who shall certify that to the best of his knowledge and belief the statements in the application are true. In addition, if the certificates are paid before maturity the regulation requires that the depositor forfeit any accrued and unpaid interest for a period of not less than three months on the amount withdrawn.

Approved unanimously, with copies to the Portland Branch of the Federal Reserve Bank of San Francisco and to the Comptroller of the Currency.

Letter to Mr. William S. Gray, Chairman, Board of Trustees, The Hanover Bank, New York, New York, reading as follows:

There are enclosed two copies of the report of examination of the London Branches of The Hanover Bank made as of May 10, 1955, by examiners for the Board of Governors of the Federal Reserve System. The second copy of the report is for the information and files of Mr. H. B. Chappell, Vice President in charge of the London Branches.

After the report has been presented to your trustees for their consideration, please advise the Board of Governors regarding the actions taken or contemplated with respect to the comments, recommendations, and suggestions of the examiner, particularly as set forth on pages 9-10 of the report. Any comments you may care to make with regard to the operations of your foreign branches as disclosed by the reports will be appreciated.

Approved unanimously, for transmittal through the Federal Reserve Bank of New York, with copies of the report to the New York Reserve Bank and to the Superintendent of Banks for the State of New York.

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Letter to the Board of Directors, Bankers Trust Company, New York, New York, reading as follows:

There are enclosed two copies of the report of examination of the London Branch of Bankers Trust Company made as of May 23, 1955, by examiners for the Board of Governors of the Federal Reserve System. The second copy of the report is for the information and files of Mr. C. J. Bridge, Manager of the London Branch.

After the report has been considered by your Board of Directors, any comments you may care to make with regard to the operations of the Branch, as disclosed by the report, will be appreciated. Please acknowledge receipt of the report.

Approved unanimously, for transmittal through the Federal Reserve Bank of New York, with copies of the report to the New York Reserve Bank and to the Superintendent of Banks for the State of New York.

Letter to Mr. Roger W. Jones, Assistant Director, Legislative Reference, Bureau of the Budget, Washington, D. C., reading as follows:

This refers to your communication of September 30, 1955, requesting an expression of views on a draft bill "To provide for an experimental program of national flood insurance, and for other purposes." The bill would create a body corporate to be known as the Federal Flood Insurance Corporation which would be a constituent agency of the Housing and Home Finance Agency. The corporation thus created would be authorized to provide a program of insurance and reinsurance against loss resulting from damage to or loss of real or personal property due to flood as defined by the corporation, occurring within the limits of the United States, its territories, and possessions.

It appears that the proposed legislation would be unlikely to have important or direct effects upon the Board's major responsibilities. While the Board appreciates the opportunity to state its views, in the circumstances it has

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not attempted to make a thorough appraisal of the merits of the proposed legislation and has no comments to offer.

Following a discussion, during which reference was made to the relatively small scope of the experimental program, the letter was approved unanimously.

Letter to Mr. Erickson, President, Federal Reserve Bank of Boston, reading as follows:

Reference is made to Mr. Neal's letter of September 27, 1955, requesting approval of a new salary structure for the Federal Reserve Bank of Boston under the Plan of Job Classification and Salary Administration which has been approved by your Board of Directors.

The Board of Governors approves the following minimums and maximums for the respective grades at the Federal Reserve Bank of Boston effective October 12, 1955.

<u>Grade</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>
1	\$ 1860.	\$ 2500.
2	2010.	2710.
3	2160.	2920.
4	2350.	3170.
5	2570.	3470.
6	2830.	3810.
7	3160.	4280.
8	3510.	4750.
9	3950.	5350.
10	4440.	6000.
11	5060.	6840.
12	5740.	7760.
13	6550.	8850.
14	7600.	10260.
15	8970.	12110.
16	10340.	13960.

The Board approves the payment of salaries to the employees, other than officers, within the limits specified for the grades

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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 December 31, 1955.

Approved unanimously.

There were presented telegrams to the Federal Reserve Banks listed below approving the establishment without change, on the dates indicated, of the rates of discount and purchase in their existing schedules.

Boston	October 10
New York	October 13
Cleveland	October 13
Richmond	October 13
Atlanta	October 13
St. Louis	October 13
Minneapolis	October 13
Dallas	October 13

Approved unanimously.

Governor Balderston referred to the agreement reached at the meeting on October 11, 1955, that a favorable response should be given to the request of the International Cooperation Administration that a group of 17 French bankers coming to this country under the auspices of that agency be permitted to visit the Board's offices on Tuesday, October 25, for a program of general information on United States banking methods to be given by the research staff. At that time, it was felt that a luncheon invitation was not necessary.

Governor Balderston said it had now been ascertained that the group was to be entertained at luncheon by the International Monetary

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Fund and by a local commercial bank while in Washington. In the circumstances, he inquired whether the Board desired to amend the previous understanding and extend an invitation to the group to have luncheon in the Board's dining rooms on October 25.

The matter was discussed from the standpoint of the general policy which should be followed in such cases. The relative frequency of requests of this kind involving group visits to the Board's offices was noted, and the opinion was expressed that it would not be feasible to provide luncheon for one group unless other similar groups were accorded the same treatment.

Accordingly, it was agreed that there should be no change in the understanding reached at the meeting on October 11.

Reference was made to the discussion at the meeting on July 25, 1955, concerning seminars on the effects of credit and monetary policies which might be arranged for commercial bank economists and other groups similar to the seminar held in June 1955 with university professors, and to the understanding that plans would go forward for a seminar for commercial bank economists this fall. As a result of further comments at that meeting, arrangements also were made to include a group of life insurance economists.

It was reported that tentative plans called for the seminar to be held on November 7-8, 1955, and inquiry was made as to whether these dates would be agreeable to the Board. In this connection, it was noted that

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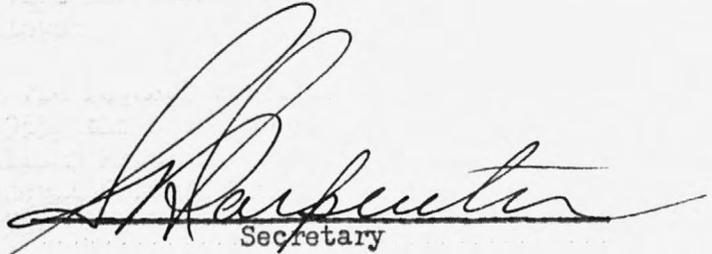
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November 8 would be an election day in some places, which might cause some absences. On the other hand, it was pointed out that the Board's schedule for the month of November offered no other more favorable dates for the seminar.

At the conclusion of the discussion, it was agreed that the seminar should be held on the dates suggested and that the program arrangements should be similar to those worked out for the seminar which was held in June 1955.

Minutes of actions taken by the Board of Governors of the Federal Reserve System on October 12, 1955, were approved unanimously.

The meeting then adjourned.



Secretary