

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, November 2, 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. Young, Director, Division of Research and Statistics
 Mr. Marget, Director, Division of International Finance
 Mr. Hersey, Chief, Special Studies Section, Division of International Finance

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:

Memorandum dated October 24, 1955, from Mr. Sloan, Director, Division of Examinations, recommending that the resignation of Ruth Jean Deck, Clerk-Typist in that Division, be accepted effective November 18, 1955.

Approved unanimously.

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

In view of the circumstances described in your letter of October 20, 1955, the Board of Governors approves, effective October 24, 1955, the continuation of the payment of salaries to the following employees for the periods and at the rates indicated, which rates are in excess of the maximum salaries established for the grades in which the positions are classified:

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<u>Name</u>	<u>Title</u>	<u>Period</u>	<u>Salary</u>
Howard Hendricksen	Assistant Purchasing Agent	One year	\$5,408
Frank Karhan	Plumber	Until Retirement	5,408
Stewart Kuhns	Mail Verification Clerk	One year	4,134
Joseph Ostendorf	Mailing Machine Operator	Indefinitely	4,056

It is noted from your letter that with respect to Mr. Hendricksen, "it was felt at the time of the annual review last spring that he should receive a salary increase regardless of the fact that such increase placed him above the maximum of his salary grade." In this connection, it has been the Board's policy to encourage the Reserve Banks to follow as closely as possible the salary limits established for the various grades under the personnel classification plan. There are instances, of course, where strict adherence to this policy would create hardships and in such cases the Board has approved, for short periods, the continuation of salaries that were not within the established grade limitations.

In the Board's letter of September 8, 1947, relating to the adoption of the Plan of Job Classification and Salary Administration for Federal Reserve Banks, it was indicated that "when it is deemed necessary an employee may be temporarily assigned for a period not exceeding six months without change in salary to a position having a maximum lower than the salary he is receiving or to a position having a minimum higher than he is receiving, without obtaining approval of the Board." This provision was incorporated in the plan primarily to assist the Banks in meeting temporary personnel problems by assigning employees to positions where the current salary paid might not be within the salary limitations established for the positions involved. It should be noted that this provision was not contemplated to be an area of flexibility under which salaries could be increased beyond grade limits.

Approved unanimously.

Letter to the Board of Directors, Half Dollar Trust and Savings Bank, Wheeling, West Virginia, reading as follows:

Pursuant to your request submitted through the Federal Reserve Bank of Cleveland, the Board of Governors of the

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Federal Reserve System hereby gives its written consent, under the provisions of section 18(c) of the Federal Deposit Insurance Act, to the absorption of Fulton Bank and Trust Company, Wheeling, West Virginia, by Half Dollar Trust and Savings Bank, Wheeling, West Virginia, provided (1) the absorption is effected substantially in accordance with the agreement dated September 30, 1955, and is accomplished within six months from the date of this letter; (2) investment securities acquired in the transaction are placed on the books of the Half Dollar Trust and Savings Bank at no more than market value at the time of acquisition; and (3) fixed assets acquired are not placed on the books of the Half Dollar Trust and Savings Bank in amounts in excess of the depreciated values as computed for Federal income tax purposes.

It is understood that the capital structure of Half Dollar Trust and Savings Bank will be increased in the amount of \$250,000 through the sale of common stock during the early part of 1956.

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

Letter to the Comptroller of the Currency, Treasury Department, Washington, D. C., reading as follows:

Reference is made to a letter from your office dated September 14, 1955, enclosing photostatic copies of an application to convert Florida Bank and Trust Company, Winter Park, Florida, into a national banking association and requesting a recommendation as to whether or not the application should be approved.

Information supplied by the Federal Reserve Bank of Atlanta about the Florida Bank and Trust Company is favorable with respect to its financial history, adequacy of capital structure, earnings prospects, character of its management and service to the community. Therefore, the Board of Governors recommends approval of the application.

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.

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There was presented a request from Mr. Williams, Assistant Director, Division of Research and Statistics, for authority to travel to New York City during the period November 17-19, 1955, to attend a meeting of the Conference on Research in Income and Wealth.

Approved unanimously.

There had been sent to the members of the Board copies of the following draft of letter to Mr. Donald C. Riley, Acting Chief, Office of Statistical Standards, Bureau of the Budget, along with copies of the statement proposed to be transmitted:

This is in response to your letter of September 28 to Chairman Martin, enclosing a copy of a letter from Representative Bolling, Chairman of the Subcommittee on Foreign Economic Policy of the Joint Committee on the Economic Report. Representative Bolling asked that there be prepared, by agencies of the Federal Government which compile or use international economic data, reports dealing with outstanding needs and possible improvements in this field. In reply I am enclosing a statement prepared by the Board's staff on this subject.

The first part of the statement deals with statistics for which the Federal Reserve System has some responsibility for collection and compilation. The second part deals with statistics that are of special interest to the Board of Governors of the Federal Reserve System as a user of data. The third part deals with Representative Bolling's specific question as to evaluation of the available statistics for use in framing "intelligent legislation in the field of economic policy which has international significance or repercussions."

Approved unanimously.

Messrs. Marget and Hersey then withdrew from the meeting.

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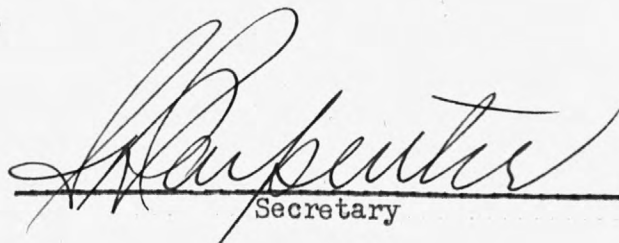
Governor Balderston referred to the Board's practice of sending holiday greeting cards to the heads of foreign central banks, directors of Federal Reserve Banks and branches, members of the Federal Advisory Council, and presidents of the Federal Reserve Banks. He suggested that a card similar to the one sent in 1952 would be appropriate and stated that the cost of approximately \$250 would compare favorably with the cost of other cards which might be purchased.

Governor Balderston also said that inquiries had been made concerning the possibility of supplying to the members of the staff, at cost, cards which might appropriately be sent to professional associates at the Federal Reserve Banks and elsewhere. He reported that a card similar in appearance to the one proposed for use by the Board could be obtained at a price of 15 cents if ordered in a quantity of 500, and it was his recommendation that the card be made available to members of the staff.

Following a brief discussion,
Governor Balderston's recommendations
were approved unanimously.

Minutes of actions taken by the Board of Governors of the Federal Reserve System on November 1, 1955, were approved unanimously.

The meeting then adjourned.


Secretary