

Minutes for March 8, 1956

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, if you were present at the meeting, please initial in column A below to indicate that you approve the minutes. If you were not present, please initial in column B below to indicate that you have seen the minutes.

	A	B
Chm. Martin	x <u>mm</u>	_____
Gov. Szymczak	x <u>mm</u>	_____
Gov. Vardaman	_____	x <u>W</u>
Gov. Mills	x <u>[Signature]</u>	_____
Gov. Robertson	x <u>R</u>	_____
Gov. Balderston	x <u>CCB</u>	_____
Gov. Shepardson	x <u>[Signature]</u>	_____

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Thursday, March 8, 1956. The Board met in the Board Room at 9:30 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. Bethea, Director, Division of Administrative Services  
 Mr. Sloan, Director, Division of Examinations

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 stated:

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

Appointments, effective upon the respective dates of assuming duties

Robert L. Sammons as Chief of the Latin American Section in the Division of International Finance, with basic salary at the rate of \$11,610 per annum.

Ann Koronakos as Secretary in the Division of Personnel Administration, with basic salary at the rate of \$4,345 per annum and with the understanding that she would be assigned temporarily to Governor Vardaman's office.

Salary increases, effective March 11, 1956

<u>Name and title</u>	<u>Division</u> <u>Examinations</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
Doris S. Shanks, Secretary		\$3,585	\$3,670

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Salary increases, effective March 11, 1956 (continued)

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
<u>Administrative Services</u>			
Margaret C. Caldow, Secretary		\$3,925	\$4,075
Hallie A. Desmond, Secretary		3,670	3,805

Leave without pay

Additional leave without pay through April 30, 1956, for LaRue S. Stahler, Operator, Key Punch, Machine Tabulation and Telegraph Section, Division of Administrative Services, effective at the expiration of her present advance of leave without pay on March 9, 1956.

Acceptance of resignation

Virginia E. Leaman, Stenographer, Division of Administrative Services, effective March 17, 1956.

Approved unanimously.

Memorandum dated March 6, 1956, from Mr. Johnson, Personnel Security Officer, recommending that full-field investigations be instituted for Ruth D. Stone, Secretary in the Division of Research and Statistics, and Elnyr D. Newcome, Secretary in the Board Members' Offices, in order to clear them for access to classified security information.

Approved unanimously.

Letter to the Board of Directors, Dauphin Deposit Trust Company, Harrisburg, Pennsylvania, reading as follows:

Pursuant to your request submitted through the Federal 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 merger of Penbrook Banking Company, Penbrook, Pennsylvania, with and into Dauphin Deposit Trust Company, Harrisburg, Pennsylvania, and approves the establishment by the latter bank of a branch

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at the present site of the Penbrook Banking Company, providing (a) the merger is carried out substantially in accordance with the plan of merger submitted with the application, (b) formal approval of the State authorities is obtained, and (c) the merger and the establishment of the branch are accomplished within six months from the date of this letter.

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

Letter to the Board of Directors, Tracy-Collins Trust Company,  
Salt Lake City, Utah, reading as follows:

Reference is made to your application for permission to establish a branch in Holladay, Utah, submitted through the Federal Reserve Bank of San Francisco.

It appears that the proposal to establish and operate this branch also contemplates an expansion of the trust company's functions to engage in commercial banking activities, which must be considered under the condition of membership prescribed at the time the bank became a member of the System. Among the activities engaged in by the trust company is the real estate brokerage business, which has been expanded and which was the subject for review by the Board last year. As you were informed at that time, the Board does not look with favor upon member banks engaging in non-banking activities such as the real estate brokerage business. You were also informed that further substantial expansion of such business would be cause for review by the Board. A recent report of examination of the bank indicates that the real estate brokerage business has been quite active, and the Board is of the opinion that such business would not be appropriate for a commercial banking institution. In this connection, it is understood that a branch in Holladay would not meet the needs of the community if it did not provide commercial banking services.

In the circumstances the Board does not look with favor upon the trust company broadening its functions to engage in commercial banking activities and the operation of the proposed



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branch unless the real estate brokerage business is discontinued, except to the limited extent necessary to discharge its fiduciary responsibilities.

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

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

The Board of Governors approves the elimination of Grade 1 and the increase to \$2,080 in the minimums of Grades 2 and 3 of the employee salary structure for the Federal Reserve Bank of Philadelphia, effective February 23, 1956, in accordance with the action taken by the Board of Directors as reported in your letter of February 23. The Board's records are being amended to reflect these changes in the grade ranges as follows:

	<u>Minimum Salary</u>	<u>Maximum Salary</u>
Grade 1	None	None
Grade 2	\$2,080	\$2,355
Grade 3	2,080	2,730

Approved unanimously.

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

The Board of Governors approves the increase to \$2,080 in the minimums of the lower grades of the employee salary structures for the Federal Reserve Bank of Dallas and its Branches effective February 23, 1956, in accordance with the action taken by the Board of Directors as reported in your letter of February 23. The Board's records are being amended to reflect these changes in the grade ranges as follows:

	<u>Head Office</u>		<u>San Antonio Branch</u>	
	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>
Grade 1	\$2,080	\$2,115	\$2,080	\$2,115
Grade 2	2,080	2,470	2,080	2,385
Grade 3	2,080	2,755	2,080	2,610

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	<u>El Paso Branch</u>		<u>Houston Branch</u>	
	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>
Grade 1	\$2,080	\$2,660	\$2,080	\$2,425
Grade 2			2,080	2,800
Grade 3				

It is noted from your letter that no other changes were made in the salary structures.

Approved unanimously.

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

Reference is made to your letters of February 15 and 23, 1956, submitting with a favorable recommendation a request of Deposit Guaranty Bank & Trust Company, Jackson, Mississippi, for permission under section 24A of the Federal Reserve Act to invest not exceeding \$1,500,000 for the purpose of remodeling and expanding its main office banking premises.

The Board has given consideration to the information you have submitted and approves the additional investment of not exceeding \$1,500,000 by the Deposit Guaranty Bank & Trust Company for the purpose of remodeling and expanding its main office banking premises. Please advise the trust company accordingly.

Approved unanimously.

Letter to the Board of Directors, California Bank, Los Angeles, 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 branches by California Bank at the following locations in Los Angeles:

6801 Santa Monica Boulevard,  
 San Vicente Boulevard at Montana Avenue, Brentwood,  
 Santa Monica Boulevard between Citrus and Mansfield, and  
 Vicinity of Sherman Way and Sepulveda Boulevard in Van  
 Nuys,

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provided (a) a merger with Hollywood State Bank is effected substantially in accordance with the merger agreement between the parties, dated February 6, 1956, (b) each of the individual branches is established within six months from the date of this letter, and (c) the approval of the State Superintendent of Banks is effective as of the date each branch is established.

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

Consideration was given to a memorandum dated March 7, 1956, from Mr. Fauver, Assistant Secretary, copies of which had been sent to the members of the Board, regarding an inquiry from representatives of the International Monetary Fund as to whether arrangements might be made for persons currently enrolled in the Fund's training program to visit the Board's offices for the purpose of becoming better acquainted with the organization and activities of the Board and the System. The memorandum suggested that a one-day program be arranged on Thursday, April 26, with luncheon in the staff dining room for the trainees and representatives of the Fund who might accompany them.

The view was expressed that a suitable program should be arranged on the day mentioned and that it would be appropriate to have the trainees as guests at luncheon, particularly with the majority being in the employ of central banks. With regard to the luncheon, it was suggested that the circumstances would not appear to require attendance by members of the Board, although individual members might wish to attend if their schedules permitted.

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At the conclusion of the discussion, there was unanimous agreement that a program should be arranged for the group on April 26, including a luncheon in the staff dining room on the basis suggested.

A telegram had been received on March 6, 1956, from Mr. Prall, Chairman of the Federal Reserve Bank of Chicago, stating that the Board of Directors of the Bank had approved the payment of salary to Mr. E. C. Harris as First Vice President for the period March 1, 1956, through December 31, 1956, at the rate of \$27,500 per annum, subject to the approval of the Board of Governors. There had been sent to the members of the Board copies of a suggested draft of telegram from Chairman Martin to Mr. Prall reading as follows:

Board approves payment of salary to E. C. Harris as First Vice President, Federal Reserve Bank of Chicago, for period March 1, 1956, through December 31, 1956, at rate fixed by Board of Directors as indicated in your telegram of March 6.

Approved unanimously.

Mr. Sloan then withdrew from the meeting.

Governor Balderston reported that pursuant to the authorization given by the Board on March 5, 1956, Mr. Bethea had negotiated with the Heurich Brewing Company for storage space in that company's building located off Water Street near 26th Street, N. W. It appeared, he said, that it would be possible to enter into a lease for approximately 800



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square feet of space at an annual rental of approximately \$1,200, which would be somewhat higher than the rate per square foot originally contemplated. He also said that a right of renewal could not be obtained beyond March 15, 1959, and that the company would require the inclusion of a provision permitting cancellation of the lease on 90 days' notice after March 15, 1957, if it should contract to sell the building.

The members of the Board indicated that they would have no objection to proceeding with negotiations for a lease along the lines suggested by the preliminary negotiations.

Governor Balderston then presented a memorandum addressed to him by Mr. Bethea under today's date requesting that the Division of Administrative Services be authorized to (1) accept, on the Board's behalf, a proposal dated January 24, 1956, and letter dated March 2, 1956, submitted by the Westinghouse Electric Corporation for the conversion of the three "C" Street passenger elevators to automatic operation at a total cost of \$61,600, and (2) contract for any necessary additional work or materials as "extras" which cannot be determined prior to the actual work of dismounting existing equipment at a cost not to exceed 10% of the contract price mentioned above.

Governor Balderston said that he deemed it advisable to present this matter to the Board because the current proposal was \$2,656 in excess of the amount provided in the Division's budget for 1956 pursuant

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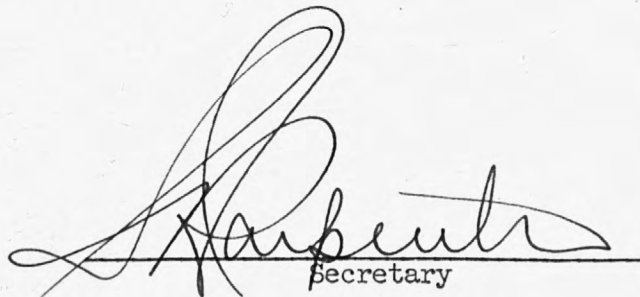
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to the Board's action of December 28, 1955. The increase, he said, was due to an increase in field labor rates which became effective earlier this year and new safety features required by the recently published American Standard Safety Code for Elevators.

In response to a question whether competitive bids for this work had been sought, Mr. Bethea stated that the Westinghouse Electric Corporation made the original installation of elevators in the building, that in converting the elevators they would use certain equipment presently installed, and that for these reasons it was clear that no purpose would be served by obtaining other bids. He also said that a check which was made with General Services Administration indicated that the proposal made by Westinghouse was in line with the rates charged General Services Administration for similar work.

Thereupon, the authority requested in Mr. Bethea's memorandum was granted by unanimous vote.

The meeting then adjourned.

  
Secretary