

Minutes for June 14, 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	<u>W</u>	x _____
Gov. Mills	x _____	_____
Gov. Robertson	x <u>R</u>	_____
Gov. Balderston	x <u>CCB</u>	_____
Gov. Shepardson	x <u>CS</u>	_____

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Thursday, June 14, 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. Vest, General Counsel
 Mr. Sloan, Director, Division of
 Examinations
 Mr. Boothe, Administrator, Office
 of Defense Loans
 Mr. Noyes, Adviser, Division of Re-
 search and Statistics

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:

Letter to the Board of Directors, State Bank of Suffolk, Bay Shore, New York, approving, subject to conditions of membership numbered 1 and 2 contained in the Board's Regulation H, the bank's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of New York. The letter also contained the following paragraph:

The Board of Governors also approves the retention and operation of the following branches:

Southwest corner of Suffolk Avenue and Fourth Street in the unincorporated Village of Brentwood, Town of Islip, Suffolk County, New York, and

Southwest corner of Broadway and Ireland Place in the incorporated Village of Amityville, Suffolk County, New York.

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

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

Reference is made to your letter of May 24, 1956, recommending favorable consideration of the enclosed request of The Lucas County Bank, Toledo, Ohio, for a waiver of the six months' notice of withdrawal from membership in the Federal Reserve System.

In accordance with the bank's request, the Board of Governors waives the requirement of six months' notice of withdrawal. Accordingly, upon surrender of the Federal Reserve Bank stock issued to the bank, you are authorized to cancel such stock and make appropriate refund thereon. Under the provisions of Section 10(c) of Regulation H as amended effective September 1, 1952, the bank may accomplish termination of its membership at any time within eight months after notice of intention to withdraw was first given. Please advise when cancellation is effected and refund is made.

The certificate of membership issued to the bank should be obtained if possible and forwarded to the Board. The State banking authorities should be advised of the bank's proposed withdrawal from membership and the date such withdrawal becomes effective.

Approved unanimously.

Letter to the Board of Directors, Washington Trust Bank, Spokane, Washington, reading as follows:

Pursuant to your request submitted through the Federal Reserve Bank of San Francisco, the Board of Governors of the Federal Reserve System approves the establishment of branches by the Washington Trust Bank in the vicinity of the following locations:

Julia Street and Trent Avenue
Ferrall Street and Sprague Avenue
Monroe Street and Indiana Avenue

all in the city of Spokane, provided (a) each branch is established within one year from the date of this letter and

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(b) approval of the Supervisor of Banking of the State of Washington is effective as of the date the branches are established.

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

Memorandum dated June 5, 1956, from Mr. Fauver, Assistant Secretary, suggesting that authority be given to arrange luncheons at the Federal Reserve Building on September 25 and 27, 1956, for central bank officials attending the annual meetings of the International Monetary Fund and International Bank for Reconstruction and Development.

Approved unanimously, with
the understanding that the cost
of the luncheons for Board person-
nel invited to attend also would
be absorbed by the Board.

There had been circulated to the members of the Board a draft of suggested letter to the Chairman of the Federal Reserve Bank of Minneapolis with regard to an expenditure discussed in the report of examination of the Bank made as of February 27, 1956. The expenditure, in the amount of \$281.60, represented the cost of a dinner on June 30, 1955, in honor of an officer of the Reserve Bank on the occasion of his retirement, and the proposed letter would state that it seemed questionable whether Reserve Bank funds should be used to defray the cost of functions of this nature. Along with the proposed letter there had been circulated to the members of the Board a memorandum from Mr. Carpenter, dated June 1, 1956, which called attention to a letter from

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the Board to the Federal Reserve Banks dated January 16, 1945, particularly the portion of a memorandum attached thereto which read as follows:

Minor expenditures for testimonials, etc.

Some questions have been raised in the past as to minor expenditures of Reserve Banks for testimonials, floral offerings, and similar purposes. The Board believes that the board of directors of each Reserve Bank should be free to exercise its discretion in authorizing such expenditures in reasonable amounts.

Governor Robertson expressed the view that although the Board of course should question any expenses of this nature that were obviously out of order, it should leave some area of discretion to the directors of the Federal Reserve Banks. He pointed out that in this case the expenditure was rather small in amount and the matter was mentioned in the report of examination. He was inclined to feel that the expenditure should be regarded as one falling within the scope of the pertinent paragraph of the memorandum attached to the Board's letter of January 16, 1945, and that no letter on the subject should be sent to the Minneapolis Reserve Bank.

There was concurrence in the point of view expressed by Governor Robertson and it was agreed unanimously not to send the proposed letter to the Minneapolis Reserve Bank.

With reference to the action taken by the Board at the meeting on June 7, 1956, regarding the maximum permissible rate of interest on

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loans made pursuant to Regulation V, Loan Guarantees for Defense Production, Chairman Martin stated that he had discussed the proposed increase in the rate with the Treasury and had obtained clearance. While he was unsuccessful in contacting Mr. Arthur Burns, Chairman of the Council of Economic Advisers, with a view to obtaining the comments of the special committee on small business problems recently established by the President, he felt that the matter could be brought to Mr. Burns' attention today or tomorrow and that comments would be available shortly.

Governor Robertson stated that at an earlier meeting of the Board in executive session he presented plans whereby Assistant Vice President Guy S. Freutel of the Federal Reserve Bank of St. Louis would be loaned to the Board during the months of June and July 1956 to assist in defense planning matters. He requested that the record show that the Board had authorized interim security clearance for Mr. Freutel pending completion of a full field investigation.

The meeting then adjourned.

Secretary's Note: On June 12, 1956, Governor Balderston approved on behalf of the Board memoranda from appropriate individuals concerned recommending actions with respect to the Board's staff as follows:

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Appointments, effective upon the respective dates of assuming duties

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>
Teresa S. Hutchinson, Stenographer	Legal	\$3,670
Dorothy M. Bujno, Secretary	Research and Statistics	4,075
Nita Fay Nowlin, Clerk-Typist	Personnel Adminis- tration	3,585

Acceptance of resignation

Evelyn L. Jeffers, Secretary in the Division of Research and Statistics, effective June 6, 1956.

On June 13, 1956, Governor Balderston approved on behalf of the Board memoranda from appropriate individuals concerned recommending the following appointments, effective upon the respective dates of assuming duties:

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>
Carolyn D. Bertolini, Clerk	Research and Statistics	\$3,175
Dorothy G. Drake, Clerk <u>1/</u>	Research and Statistics	3,670

1/ Temporary appointment to October 1, 1956.

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Pursuant to the recommendation contained in a memorandum dated June 13, 1956, from the Division of Personnel Administration, supported by recommendations contained in attached memoranda from the respective Divisions, Governor Balderston today approved on behalf of the Board merit increases in the basic annual salaries of the following employees in the amounts indicated, effective July 1, 1956:

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
<u>Board Members' Offices</u>			
Jane Donohoe, Stenographer		\$3,940	\$4,075
Ruth E. Morris, Secretary		5,080	5,215
Virginia J. Ogilvie, Secretary		5,200	5,710
<u>Office of the Secretary</u>			
Katherine D. Ayers, Records Clerk		3,415	3,500
Joan V. Caulfield, Records Clerk		3,415	3,500
Sudelle Rice, Records Clerk		3,585	3,670
<u>Legal</u>			
Eunice M. Boyd, Secretary		4,350	4,485
Evelyn W. Edwards, Secretary		4,620	4,755
<u>Research and Statistics</u>			
James B. Eckert, Chief, Banking Section		11,880	12,150
Lorman C. Trueblood, Economist		10,750	10,965
Mona E. Dingle, Economist		8,990	9,205
Edward P. Snyder, Economist		6,390	6,605
Mary Jane Harrington, Economist		5,980	6,115
Theodore G. Flechsig, Economist		5,575	5,710
Edward R. Fry, Economist		5,440	5,575
Edward A. Manookian, Economist		5,440	5,575
Evelyn M. Hurley, Economist		4,660	4,795
Priscilla Staples, Editorial Clerk		3,805	3,940

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Salary increases, effective July 1, 1956 (continued)

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
<u>Research and Statistics</u>			
Joan I. Darby, Clerk		\$3,345	\$3,430
Joann J. Connor, Clerk-Typist		3,260	3,345
Mary Ann Nichols, Clerk-Typist		3,260	3,345
<u>International Finance</u>			
Catherine B. Davian, Secretary		3,805	3,940
Elinor R. Harris, Economist		7,035	7,250
Mary J. Katinas, Secretary		3,670	3,805
John E. Reynolds, Economist		7,570	7,785
Anna I. Sansalone, Clerk		2,960	3,045
<u>Bank Operations</u>			
Rita D. Brinley, Clerk-Stenographer		3,585	3,670
Mary M. Durkan, Technical Assistant		7,250	7,465
<u>Examinations</u>			
John A. Bladen, Assistant Federal Reserve Examiner		5,845	5,980
Att W. Hammons, Jr., Assistant Federal Reserve Examiner		4,660	4,795
Paula G. Hauprich, Stenographer		3,500	3,585
James C. Smith, Senior Federal Reserve Examiner		11,180	11,395
<u>Personnel Administration</u>			
John B. Bazuin, Personnel Assistant		6,390	6,605
John H. Stetson, Personnel Assistant		6,390	6,605
<u>Administrative Services</u>			
Albert C. Bain, Telegraph Operator		3,805	3,940
Beverly A. Carter, Senior Mail Clerk		4,210	4,345

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Salary increases, effective July 1, 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>			
Ida Goodloe, Supervisor, Stenographic Section		\$5,065	\$5,200
Mary E. Sanders, Secretary		5,065	5,200
<u>Office of the Controller</u>			
John Kakalec, Accountant		5,980	6,115
Wayne A. Pollard, Assistant Chief, Fiscal Section		7,785	8,000

Pursuant to the recommendations contained in memoranda from appropriate individuals concerned, Governor Balderston also approved the following items today on behalf of the Board:

Salary increase, effective June 17, 1956

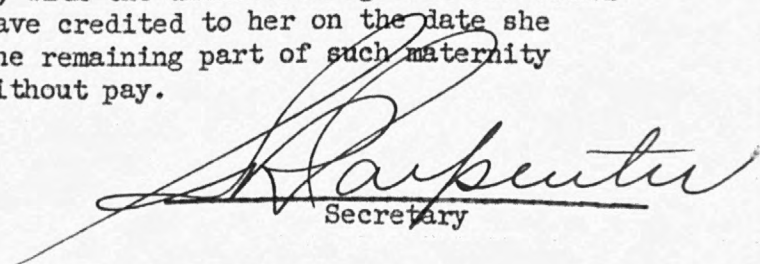
Gordon B. Grimwood, Economist, Division of International Finance. Increase in basic salary from \$6,605 to \$7,570 per annum.

Leave without pay

Helen L. Sweeney, Clerk, Division of Administrative Services. Additional leave without pay for a period of two months, effective June 20, 1956, the date of expiration of her present advance of leave without pay.

Maternity leave

Dolores Ann Winkler, Secretary, Division of Administrative Services. Maternity leave beginning July 2, 1956, and not to exceed six full pay periods after date of confinement, with the understanding that she would be granted the annual and sick leave credited to her on the date she begins maternity leave and that the remaining part of such maternity leave would be charged to leave without pay.


 Secretary