

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Thursday, October 18, 1956. 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. Kenyon, Assistant Secretary
 Mr. Vest, General Counsel
 Mr. Young, Director, Division of Research and Statistics
 Mr. Horbett, Associate Director, Division of Bank Operations
 Mr. Hostrup, Assistant Director, Division of Examinations
 Mr. Solomon, Assistant General Counsel
 Mr. Hackley, Assistant General Counsel
 Mr. Farrell, Assistant Director, Division of Bank Operations

Governor Balderston reported receipt by the Board of a telegram dated October 17, 1956, from Governor Coyne of the Bank of Canada stating that the bank rate had been increased to $3\frac{1}{2}$ per cent (from $3\frac{1}{4}$ per cent) effective from the close of business October 17.

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 Mr. Donald L. Ballantyne, Vice President, The Chase Manhattan Bank, New York, New York, reading as follows:

Reference is made to your letter of September 17, 1956, addressed to the Federal Reserve Bank of New York, requesting approval by the Board of Governors of a change in location of your Tokyo Branch from 2, 2-chome, Chiyoda-ku, Tokyo, Japan, to 6 Marunouchi, 1-chome, Chiyoda-ku, Tokyo.

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The Board of Governors approves the proposed change in location of the branch. Please advise the Board of Governors in writing, through the Federal Reserve Bank of New York, when the branch is moved to the new location and opened for business. It is understood, of course, that the new location approved will not be changed without the prior approval of the Board of Governors.

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

Letter to the Board of Directors, Wells Fargo Bank, San Francisco, California, 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 two branches in Hayward, California, by Wells Fargo Bank, San Francisco, California; one to be located on "A" Street between Foothill Boulevard and Second Street, and the other to be located in the Fairway-Park Shopping Center on Hayward-Niles Road, provided the branches are established within one year from the date of this letter, and the approval of the State authorities is in effect as of the date the branches are established.

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

Letter to Mr. Galvin, Chief Examiner, Federal Reserve Bank of San Francisco, reading as follows:

Reference is made to your letter of October 5, 1956, advising that the California Bank, Los Angeles, California, proposes to change the location of its Market and Produce Office from 801 South Central Avenue to a new location at 1244 East 8th Street, Los Angeles. It is noted that the new location is only about one block from the present location of the branch and that the old quarters will be demolished to provide parking space for automobiles.

It appears that the removal of this branch constitutes a mere relocation of an existing branch in the immediate

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neighborhood without affecting the nature of its business or customers served, and, therefore, the Board concurs in your view that approval of the Board of Governors is unnecessary.

Approved unanimously.

Memorandum dated October 4, 1956, from the Division of Personnel Administration recommending that the following employees be authorized to attend the 1957 resident session of the Graduate School of Banking at Rutgers University, New Brunswick, New Jersey, that they be granted the additional leave required, and that transportation and other expenses incident to their attendance be paid by the Board on the basis outlined in the Board's letter to the Federal Reserve Banks dated February 26, 1953 (S-1489):

William S. Wait, Review Examiner, Division of
Examinations
John J. Hart, Technical Assistant, Division
of Bank Operations

Approved unanimously.

Prior to this meeting there had been sent to the members of the Board copies of a memorandum from Mr. Farrell dated October 16, 1956, reporting that the Board of Directors of the Federal Reserve Bank of Dallas had approved unanimously, subject to the approval of the Board of Governors, the recommendation of the building committees of the head office and the El Paso Branch to accept the low bid received for construction of a new building for the El Paso Branch. The memorandum recommended that a telegram reading as follows be sent to Mr. Irons, President of the Dallas Bank:

Reurlet October 11, 1956, Board approves acceptance of low bid for construction of new building for El Paso Branch as recommended by your Directors, which after adjustments referred to in your letter amounts to \$1,001,707.50. Board authorizes expenditures of approximately \$1,210,000 for program as outlined in your letter.

Following comments on the matter by Mr. Farrell, the telegram was approved unanimously.

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Governor Balderston stated that with the current and prospective trend in the volume of Federal Reserve operations, particularly in the check collection function, he foresaw the possibility that within a relatively short period of time even the newer Reserve Bank branch buildings would become inadequate unless steps were taken to organize an intensive System study of electronic or other devices to take care of the increased volume. After noting the attention being given to automation on the part of the commercial banking system, he expressed the view that a coordinated System effort should be organized as promptly as possible to take advantage of existing information and experience and attack the problem vigorously.

In an ensuing discussion, during which reference was made to current projects of existing System committees, including the study of float, which might have a bearing on the problem mentioned by Governor Balderston, Mr. Young suggested that the time might have come for the Board and the System to give consideration to a new type of research operation in which a small staff composed of persons with appropriate technical education would devote all or nearly all of their time to investigation of automation methods as related to System functions. He expressed the view that this type of investigation could not be handled effectively through committee procedures, that developmental work called for a specially trained staff, and that, with the great demand from private business for this type of service, satisfactory progress was not likely

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to be made without placing personnel resources directly at the disposal of the System.

At the conclusion of the discussion, Governor Balderston repeated his expression of concern over the problem from the point of view of future building requirements and said that since the System's problem was even greater than that of the commercial banks it appeared that the Federal Reserve should consider taking the leadership in experimentation in the field of electronics, not only with regard to statistical work but also paper handling.

Governor Robertson pointed out that this meant also that the System should take into account the machinery of the future in planning its physical facilities.

Reference was made to the following draft of letter to the Comptroller of the Currency, which had been circulated to the members of the Board:

This refers to your letter of October 3, 1956, regarding an application filed by First Security Corporation, Salt Lake City, Utah, in behalf of First Security Bank of Idaho, Boise, Idaho, for your consent to the takeover of The Bank of Orofino, Orofino, Idaho, by the purchase of assets and assumption of liabilities of the latter bank, and for permission to establish a branch at the present location of the selling bank.

It is understood that you are bringing this matter to the Board's attention in view of the recent enactment of the Bank Holding Company Act and in view of the fact that First Security Corporation is a bank holding company under the terms of that Act.

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As you know, section 3(d) of the Bank Holding Company Act prohibits the approval of any application under that section which will permit a bank holding company or any subsidiary thereof to acquire, directly or indirectly, the voting shares or all or substantially all of the assets of any additional bank located outside of the State in which such bank holding company maintains its principal operations, unless the acquisition is specifically authorized by the statutes of the State in which such bank is located. While it appears that the proposed transaction will permit First Security Corporation to acquire an indirect interest in a bank in another State, the statutory prohibition is not by its terms applicable unless the transaction is such as to require an application for the Board's approval under the Act.

Section 3(a)(3) of the Act makes the Board's prior approval necessary "for any bank holding company or subsidiary thereof, other than a bank, to acquire all or substantially all of the assets of a bank." Since the First Security Bank of Idaho is a bank, that bank's acquisition of the assets of The Bank of Orofino would not require the Board's approval. While First Security Corporation is not a bank, it is the Board's opinion that section 3(a)(3) of the Act does not require the Board's prior approval in a case, such as the present one, in which a bank holding company that is not a bank may indirectly acquire bank assets. It is to be noted that, while the immediately preceding clause (2) refers to acquisition of "direct or indirect" ownership or control of voting shares, clause (3) does not use such words and apparently, therefore, applies only to direct acquisition of assets by a nonbank bank holding company. Moreover, if clause (3) applied to the indirect acquisition of assets by a bank holding company, through its subsidiary, then the words "or subsidiary thereof" in clause (3) would appear to be meaningless.

In the circumstances, it is the Board's view that the proposed transaction would not require any application for the Board's approval under the Act and that consequently the provisions of section 3(d) would be inapplicable in the present case.

Your courtesy in submitting this matter for the Board's consideration is appreciated.

Following a brief discussion concerning pertinent provisions of the Bank Holding Company Act, the letter was approved unanimously.

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Mr. Young then withdrew from the meeting and Mr. Thomas, Economic Adviser to the Board, entered the room.

Pursuant to the understanding at the meeting of the Board yesterday, consideration was given to the request of the Bureau of the Budget for views on the legislative recommendations submitted by the Federal Home Loan Bank Board and the Department of Health, Education, and Welfare to the Senate Committee on Banking and Currency in connection with that Committee's study of the Federal statutes governing financial institutions and credit.

The basis for discussion of the legislative suggestions of the Home Loan Bank Board was a memorandum from Mr. Solomon dated October 15, 1956, copies of which had been sent to the members of the Board, summarizing those recommendations in which it appeared that the Board might have particular interest.

During the review of this group of recommendations, Governor Mills referred to the earlier informal understanding of the Board that Governor Robertson would represent the Board at the hearings of the Banking and Currency Committee to discuss the legislative suggestions received by the Committee. He inquired whether the hearings were to be held against the background of the recommendations in their current form or whether drafts in statutory language would be available, his point being that a reading of the proposal in statutory language might suggest a different interpretation and therefore call for a different comment than would now appear appropriate.

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Comments by the Legal Division were to the effect that although the drafts in statutory language were to be submitted by the date of the hearing in November, it seemed doubtful whether there would be an opportunity for further comment on the basis of such drafts before the hearing. Therefore, it seemed advisable to place the Board's tentative views on record with the Budget Bureau so that such views might be taken into account in the legislative drafting.

Governor Robertson said it was his understanding that at the hearing he would be expected to testify on the legislative suggestions submitted by the Board and answer any questions on the recommendations submitted by the other Federal agencies. He took it for granted that firm views could not be expected on any of the recommendations without an opportunity to examine the exact statutory language proposed.

Further consideration of the recommendations of the Home Loan Bank Board indicated that some of the suggestions, while not in themselves of such a nature as to be of major concern to the Federal Reserve System, might lead to Committee discussion of fundamental matters, including comparisons between the Home Loan Bank System and the Federal Reserve System and between the status of commercial banks and savings and loan associations. With regard to two subjects, relating to the tax status of dividends on Federal Home Loan Bank stock and administrative hearing procedures of the Home Loan Bank Board, Mr. Solomon was requested to study the recommendations in detail and provide briefing to Governor Robertson in advance of the Committee hearings.

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The discussion then turned to the recommendations of the Department of Health, Education, and Welfare for changes in the Federal Credit Union Act, the basis for review being Mr. Solomon's memorandum dated October 15, 1956, which discussed those recommendations that related to a possible broadening or commercializing of the activities of credit unions.

During the consideration of this group of recommendations, attention was drawn to the growing tendency toward an overlapping of the functions of various categories of financial institutions and it was suggested that at the proper time appropriate reference should be made to this development.

At the conclusion of the discussion, it was agreed that letters expressing the Board's views on the recommendations of the Comptroller of the Currency and the Federal Deposit Insurance Corporation which were discussed at the meeting yesterday and the views developed in the discussion at this meeting on the recommendations of the Home Loan Bank Board and the Department of Health, Education, and Welfare would be sent when in a form approved by Governor Robertson.

Secretary's Note: The following letters, approved in accordance with the above action, were sent to Mr. Roger W. Jones, Assistant Director for Legislative Reference, Bureau of the Budget, on October 19, 1956:

This refers to your letters of October 2 and October 10, 1956, requesting the views of the Board with respect to the recommendations submitted by the Comptroller of the Currency

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to the Senate Committee on Banking and Currency regarding amendments to the Federal statutes governing financial institutions and credit.

The Board has considered all of the suggested amendments to the law recommended by the Comptroller. Most of them relate to matters which appear to be peculiarly within the scope of operations of the Comptroller's Office or to have no material significance insofar as the functions and responsibilities of the Federal Reserve System are concerned, and as to these the Board offers no comment. Specifically, these recommendations are those numbered 1, 2, 3, 4, 7, 8, 9, 11, 12, 14, 17, 18, 19, 20, 22, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 35, 36, 38, 39, 40, 41, 43, and 46.

With respect to certain other recommendations made by the Comptroller, the Board is not prepared at this time to offer comment and prefers to reserve judgment as to the desirability of the proposed amendments. These recommendations are the following:

5. Restrict State Authorities from Subjecting National Banks to Examinations and Licensing
6. Contributions by National Banks
10. Capital of Outside Branches
16. Reserves Required by Holding Company Affiliates
21. Removed Director or Officer Voting Stock
23. Exceptions to 10 Per Cent Limit on Obligations
34. Trust Activities of National Banks

The Board wishes to make specific comment with respect to six of the Comptroller's recommendations as indicated below:

Recommendation No. 13, "Unearned Dividends," suggests, among other things, that the statute on this subject be amended to require the approval of the Comptroller before the directors of any national bank may declare and pay to shareholders cash dividends in excess of the amount of net profits after taxes realized from banking operations during the previous six months' period. By virtue of certain provisions of section 9 of the Federal Reserve Act, State member banks are made subject to provisions of law relating to payment of unearned dividends by national banks. It is not entirely clear whether the proposed amendment necessarily relates to the payment of unearned dividends and would therefore be applicable to State member banks,

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but it would be undesirable for such banks to have to obtain the Comptroller's consent. Accordingly, it should be made clear that the Comptroller's approval would not be required in the case of a State member bank.

Recommendation No. 15, "Cumulative Voting in the Election of National Bank Directors," would eliminate mandatory cumulative voting in the election of directors of national banks but permit cumulative voting to be retained if so provided in the bank's articles of association. In the Board's opinion, the principle underlying cumulative voting in the election of directors--namely, to permit substantial minority groups of shareholders to be represented on the board of directors--is a sound one. The principle has been applied by law with respect to elections of directors of national banks for many years. While the Board, unlike the Comptroller, has not had direct supervision of the operation of this statute, it believes that the statute should not be amended in the manner proposed unless it is established to the satisfaction of Congress that results in actual operation have been so unfavorable that the enactment of such an amendment is clearly advisable.

Recommendation No. 37, "Contributions by the Federal Deposit Insurance Corporation and the Federal Reserve Board to the Comptroller," would, in brief, require the Board of Governors and the Federal Deposit Insurance Corporation to pay annually to the Comptroller an amount equal to 50 per cent of the expenses incurred by the Board in examining State member banks and by the Corporation in examining nonmember insured banks. While the Board recognizes that there is a variation between the expenses directly borne by national banks and State banks for examination and supervision by the Federal banking authorities, the Board questions whether the changes proposed would be desirable. The Board's views with respect to this matter are more specifically covered in the enclosed statement.

Recommendation No. 42, "Mergers or Consolidations by Insured Banks," is substantially identical with a recommendation made by the Board to the Senate Banking and Currency Committee on this subject. Consequently, the Board endorses this recommendation by the Comptroller.

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Recommendation No. 44, "National Bank Examination Reports Privileged Against Disclosures," suggests the enactment of a statute providing that reports of national bank examinations and related correspondence should be deemed to be confidential documents privileged against disclosure to unauthorized persons except with the Comptroller's consent. If such an amendment is to be considered, the Board believes that similar provision should be made regarding disclosures with respect to bank examinations made by the other Federal supervisory agencies.

Recommendation No. 45, "Merged or Consolidated Bank as Branch Office," would permit any national bank, with the approval of the Comptroller, to take over another national bank located within the same county if such other bank is found by the Comptroller to be in a precarious financial condition, and would permit the acquiring bank to continue the office or offices of the absorbed bank as branch offices even though the State laws do not permit the establishment of such branches. Such an amendment would contravene long-standing Congressional policy of permitting the establishment of branches by national banks only in accordance with the laws of the States in which they are located. In the Board's opinion, this policy should not be altered without the most careful study of this entire subject in the light of the dual banking system and the broad implications involved, and the Board would be inclined to question any proposals that would create or increase competitive advantages of national banks over State member banks in the absence of such a thoroughgoing review of the matter.

The enclosed statement referred to in the foregoing letter read as follows:

Comment on Comptroller of the Currency's Recommendation No. 37

The Comptroller of the Currency recommends enactment of a statute requiring the Board of Governors and the Federal Deposit Insurance Corporation to pay to the Comptroller annually an amount equal to 50 per cent of the expense of their examinations of member State banks and nonmember insured banks, respectively. At present, national banks bear the full cost of the supervision they receive from the Comptroller's Office, whereas insured State banks, both member and nonmember, do not bear directly any of the expense of Federal supervision. The Comptroller's suggestion is intended to correct this situation by relieving national

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banks of a part of the cost of their supervision, "thus restoring a more equitable balance between the State and national systems."

The problem pointed up by this proposal is quite complex, and for several reasons the solution suggested by the Comptroller does not appear to the Board of Governors to be satisfactory.

In the first place, in many States the advantage of smaller examination fees lies with national banks rather than State banks. In a number of States, State banks already pay a larger fee for one annual examination than national banks pay for two. In certain other States where State banks, like national banks, are examined twice a year, the State banks pay larger examination fees than do their national bank competitors. In such cases enactment of the Comptroller's proposal would exaggerate the advantage of national banks over their State bank competitors.

The Board of Governors also notes that the Comptroller's suggestion would have the effect of varying national banks' share of the costs of their examinations in inverse proportion to the number and size of State banks and nonmember insured banks, which would be difficult to justify as a reasonable arrangement. In other words, under the Comptroller's proposal, national banks would pay a smaller proportion of the cost of their examinations as the number and size of Federally-supervised State banks increased, and a larger proportion as those figures diminished.

Another point to be considered with respect to the Comptroller's recommendation is that it would constitute a departure from the principle, adhered to for almost a century, that the cost of national bank examinations should be borne by the banks rather than by the Federal Government. To the extent that the cost of national bank examinations would be covered by payments to the Comptroller's Office by the Federal Reserve System, the cost of examinations would in large measure be shifted from the banks to the Federal Government. Congress may conclude that such subsidizing of national bank examination costs is unobjectionable, but this aspect of the Comptroller's proposal should be clearly brought to the attention of Congress before the plan is adopted.

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This refers to your letter of October 5, 1956, requesting the views of the Board with respect to the recommendations submitted by the Federal Deposit Insurance Corporation to the Senate Committee on Banking and Currency regarding amendments to the Federal statutes governing financial institutions and credit.

The Board has considered all of the suggested amendments to the law recommended by the Corporation. Most of them relate to matters which appear to be peculiarly within the scope of operations of the Corporation or to have no material significance insofar as the functions and responsibilities of the Federal Reserve System are concerned. The Board offers no comment with respect to these recommendations, specifically numbered 86 to 98 inclusive, 99(a), 99(b), 99(c), 99(e), 99(f), 100 to 113 inclusive, and 115. (This numbering follows that of the Senate Banking Committee's printed booklet entitled "Legislative Recommendations of the Federal Supervisory Agencies." The corresponding numbers on the recommendations as listed in the enclosure with your letter of October 5 are: 1 to 13 inclusive, 14(a), 14(b), 14(c), 14(e), 14(f), 15 to 28 inclusive, and 30.)

Subsection (d) of Recommendation No. 99, "Procedure for Termination of Insured Status", would amend section 8(a) of the Federal Deposit Insurance Act, as amended (12 U.S.C. 1818(a)). Under present law, when the board of directors of the Corporation find that an insured bank has engaged in unsafe or unsound practices or has knowingly or negligently permitted violations of law or regulation, the bank must correct the situation within 120 days "or such shorter period of time as the Comptroller of the Currency, the State authority, or Board of Governors of the Federal Reserve System, as the case may be, shall require. . . ." The Corporation interprets section 8(a) as meaning that the State supervisory authority is empowered to shorten the correction period only with respect to nonmember insured banks, and that this power with respect to member State banks is vested exclusively in the Board of Governors. The Corporation recommends that this authority with respect to all insured State banks, member and nonmember, be vested in the State supervisor and that the Board of Governors be divested of authority to shorten the allotted time in the case of member State banks.

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The proposed broadening of the authority of State supervisors in this respect is based on the fact that they exercise "primary supervision" over all State-chartered banks. Assuming that this justifies the proposed broadening of the power of the State supervisory authorities, the Board of Governors is unable to agree that it also calls for termination of the Board's authority to shorten the correction period in the case of member State banks. The Federal Reserve System exercises close supervision over the affairs of those banks, and it seems appropriate that authority to shorten the correction period should continue to be vested in the Board of Governors with respect to insured banks that are actually examined and otherwise supervised by the Federal Reserve System. Accordingly, the Board of Governors is opposed to Recommendation No. 99(d).

Recommendation No. 114, "Regulation of Bank Mergers", is substantially identical with a recommendation made by the Board to the Senate Banking and Currency Committee on this subject. Consequently, the Board endorses this recommendation by the Federal Deposit Insurance Corporation.

This refers to your letter of October 5, 1956, requesting the views of the Board with respect to the recommendations of the Federal Home Loan Bank Board to the Senate Committee on Banking and Currency regarding amendments to the Federal statutes administered by the Federal Home Loan Bank Board.

Most of the recommendations of the Federal Home Loan Bank Board relate to matters which appear to be peculiarly within the scope of operations of that Board or to have no material significance insofar as the principal functions of the Federal Reserve System are concerned, and as to these, the Board of Governors offers no comment. These include all except recommendations 133 and 135 as listed in the Senate Committee compilation.

Recommendation 133 would amend section 15 of the Federal Home Loan Bank Act to broaden the classes of funds for which obligations of the Federal Home Loan Banks are legally eligible as investments or security. The Board of Governors offers no

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comment with respect to what appears to be the general purpose of this provision. However, the language proposed by the Bank Board for the amendment is such that there might be some possibility of its being construed as authorizing the Federal Reserve Banks to invest in obligations of the Federal Home Loan Banks. As a matter of sound monetary policy, investments of the Federal Reserve Banks are customarily made in securities which are as near as possible to money. The direct obligations of the United States, particularly short-term obligations such as Treasury bills, are the most suitable for this purpose, and in the judgment of the Board of Governors it would be undesirable to broaden the investment powers of the Reserve Banks to include additional obligations such as those of the Federal Home Loan Banks. Accordingly, the Board of Governors believes that the language of any amendment regarding investment in obligations of the Home Loan Banks should be suitably clarified to preclude any possibility of its being interpreted as broadening the investment authority of the Federal Reserve Banks.

Recommendation 135 would amend section 17 of the Federal Home Loan Bank Act to incorporate a reference to the Board of Governors of the Federal Reserve System as part of a proposed broadening of the powers and authority of the Home Loan Bank Board and Federal Savings and Loan Insurance Corporation with respect to financial transactions, administration, expenses, personnel, etc. The Board of Governors would not attempt to comment upon the requirements of the Federal Home Loan Bank Board and the Federal Savings and Loan Insurance Corporation with regard to such matters. However, any authority requested by the Home Loan Bank Board should be considered on its own merits, and if any change should be deemed appropriate, it should be made only by a suitably self-contained provision without any cross-reference to the Board of Governors of the Federal Reserve System -- an organization which is unique in that it is the agent of the Congress in formulating and executing national monetary policy.

This refers to your letter of October 5, 1956, requesting the views of the Board with respect to the recommendations of the Department of Health, Education, and Welfare to the Senate Committee on Banking and Currency regarding amendments to the Federal Credit Union Act.

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The recommendations of the Department of Health, Education, and Welfare are, in general, matters which appear to be peculiarly within the scope of operations of that Department and are not closely related to the principal functions of the Board of Governors. Accordingly, the Board has no comments to offer with respect to the details of these recommendations. However, the Board wishes to offer a general comment with respect to the proposals on this subject.

It is recognized that Federal credit unions serve a useful and constructive purpose and should be encouraged. However, in view of the special privileges which are accorded to credit unions on the basis of their nonprofit and cooperative character, the Board believes it is important that their activities be required at all times to conform to such character and to avoid undesirable commercialism. The Board has some question whether some of the recommendations now proposed may not tend to encourage undue expansion of the activities of credit unions in a manner at variance with their basic purposes. One example of this type of recommendation is that which would provide for compensation for an officer authorized to pass upon loans. The Board feels that especially careful consideration of these proposals from this point of view would be desirable in order that credit unions may serve their proper purposes but without tending to become organizations of a commercial character.

The meeting then adjourned.

Secretary's Note: During the day Governor Shepardson approved on behalf of the Board the following items relating to the Board's staff:

Memorandum dated October 17, 1956, from Mr. Young, Director, Division of Research and Statistics, recommending that the temporary appointment of Harold F. Golding, Clerk in that Division, be extended to December 30, 1956, that Mr. Golding be transferred to a different clerical position in the Division effective October 19, 1956, and that his basic annual salary be adjusted from \$4,075 to \$3,925, effective the same date.

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Memorandum dated October 15, 1956, from Mr. Carpenter, Secretary of the Board, recommending that Elizabeth P. Vanni be transferred from the position of Stenographer in the Division of Examinations to the position of Minutes Clerk in the Office of the Secretary, with no change in her present basic salary at the rate of \$3,585 per annum, effective the date she assumes her new duties.

Governor Shepardson also approved the following letters on behalf of the Board:

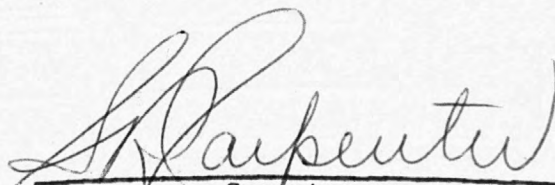
Letter to Mr. Stetzelberger, Vice President, Federal Reserve Bank of Cleveland, reading as follows:

In accordance with the request contained in your letter of October 10, 1956, the Board approves the appointment of Harlan Hayes Todd as an assistant examiner for the Federal Reserve Bank of Cleveland. Please advise as to the date upon which the appointment is made effective.

Letter to Dr. Stephen K. Bailey, Rockefeller Public Service Awards, Princeton University, Princeton, New Jersey, reading as follows:

Enclosed is an application for a Rockefeller Public Service Award by Merritt Sherman, Assistant Secretary of the Board. This is the application referred to in Mr. Riefler's letter of October 15 and it has been completed as far as presently available information will permit. A supplementary statement will be sent to you as soon as additional details are received concerning the exact term of the Administrative Staff College and the costs of living accommodations, tuition, and other fees.

As indicated by Mr. Riefler in his letter, it is anticipated that if Mr. Sherman were to be honored by an award, he would be granted leave of absence without pay by the Board for the purpose of accepting. All concerned definitely expect that he would return to the Board's service at the expiration of such leave.


Secretary