

Minutes for January 31, 1957

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>M</u>	_____
Gov. Szymczak	x <u>M</u>	_____
Gov. Vardaman	x <u>V</u>	_____
Gov. Mills	x _____	_____
Gov. Robertson	x <u>R</u>	_____
Gov. Balderston	x <u>CCB</u>	_____
Gov. Shepardson	x <u>SP</u>	_____

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Thursday, January 31, 1957. The Board met in the Board Room at 10:00 a.m.

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

Mr. Carpenter, Secretary
 Mr. Kenyon, Assistant Secretary
 Mr. Vest, General Counsel
 Mr. Sloan, Director, Division of Examinations
 Mr. Johnson, Controller, and Director, Division of Personnel Administration
 Mr. Hexter, Assistant General Counsel
 Mr. Molony, Special Assistant to the Board

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. Hilkert, Vice President, Federal Reserve Bank of Philadelphia, reading as follows:

In accordance with the request contained in your letter of January 3, 1957, the Board of Governors approves the payment of salary to Miss Pauline F. Higgins, Officers' Waitress, at the rate of \$1,804 per annum.

Approved unanimously.

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

The Board of Governors approves the appointments of Messrs. Sam W. Emerson, Herbert P. Ladds, John P. McWilliams, and Arthur W. Steudel as members of the Industrial Advisory Committee for the Fourth Federal Reserve District to serve for terms of one year each beginning March 1, 1957, in

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accordance with the action taken by the Board of Directors as reported in your letter of January 11, 1957.

Approved unanimously.

Letter to Mr. McConnell, Secretary of the Board, Federal Reserve Bank of Minneapolis, reading as follows:

The Board of Governors approves the appointments of Messrs. Sheldon V. Wood, John M. Bush, A. B. Heian, Walter M. Ringer, Sr., and A. H. Daggett as members of the Industrial Advisory Committee for the Ninth Federal Reserve District to serve for terms of one year each beginning March 1, 1957, in accordance with the action taken by the Board of Directors as reported in your letter of January 10, 1957.

Approved unanimously.

Letter to Mr. Woolley, Secretary pro tem, Federal Reserve Bank of Kansas City, reading as follows:

The Board of Governors approves the appointments of Messrs. Mason L. Thompson, Thomas McNally, Harold F. Silver, Albert R. Waters, and William N. Deramus as members of the Industrial Advisory Committee for the Tenth Federal Reserve District to serve for terms of one year each beginning March 1, 1957, in accordance with the action taken by the Board of Directors as reported in your letter of January 14, 1957.

Approved unanimously.

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

In accordance with your letter of December 19, 1956, the Board of Governors approves the following minimum and maximum salaries for the respective grades at the various offices in your District effective immediately:

Grade	Head Office; Los Angeles and Seattle Branches		Portland and Salt Lake City Branches	
	Minimum	Maximum	Minimum	Maximum
1	\$ 2,280	\$ 3,060	\$ 2,160	\$ 2,940
2	2,460	3,300	2,340	3,180

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Grade	Head Office; Los Angeles and Seattle Branches		Portland and Salt Lake City Branches	
	Minimum	Maximum	Minimum	Maximum
3	\$ 2,700	\$ 3,660	\$ 2,520	\$ 3,420
4	3,000	4,080	2,760	3,720
5	3,300	4,500	3,060	4,140
6	3,660	4,920	3,360	4,560
7	4,020	5,400	3,720	5,040
8	4,380	5,880	4,080	5,520
9	4,800	6,480	4,500	6,060
10	5,280	7,140	4,920	6,660
11	5,820	7,860	5,400	7,320
12	6,360	8,580	5,940	8,040
13	6,960	9,420	6,480	8,760
14	7,680	10,380	7,140	9,660
15	8,400	11,400	7,860	10,620
16	9,300	12,600	8,580	11,580

The Board understands that provision has been made in the 1957 budget of the Federal Reserve Bank of San Francisco for increased salary costs resulting from this adjustment in salary structures.

The Board approves the payment of salaries to the employees, other than officers, within the limits specified for the grades in which the positions of the respective employees are classified. It is understood 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 April 1, 1957.

Approved unanimously.

Letter to Mr. Latham, First Vice President, Federal Reserve Bank of Boston, reading as follows:

In view of the circumstances outlined in your letter of January 11, 1957, and the Reserve Bank's favorable recommendation, the Board of Governors further extends until April 29, 1957, the time within which The Connecticut Bank and Trust Company, Hartford, Connecticut, may establish a branch at 71 Town Street in the Norwichtown section of Norwich, Connecticut, under the authorization contained in its letter of December 21, 1955.

Approved unanimously.

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Letter to the Board of Directors, Peoples Union Bank, McKeesport, Pennsylvania, reading as follows:

Pursuant to your request submitted through the Federal Reserve Bank of Cleveland, the Board of Governors of the Federal Reserve System approves the establishment of a branch at the intersection of U. S. Route #30, (Lincoln Highway), and Center Highway in the Township of North Huntingdon, Westmoreland County, Pennsylvania, by Peoples Union Bank, McKeesport, Pennsylvania, provided the branch is established within nine months from the date of this letter, and the approval of the State authorities is in effect as of the date of the establishment of the branch.

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

Letters to Mr. Armistead, Vice President, Federal Reserve Bank of Richmond, reading as follows:

Reference is made to your letter of December 17, 1956, submitting the request of The Bank of Russell County, Cleveland, Virginia, for approval under Section 24A of the Federal Reserve Act of an investment in bank premises not to exceed \$40,000.

After consideration of the information submitted, the Board concurs in the recommendation of the Reserve Bank and approves a total investment of not to exceed \$40,000 in bank premises by The Bank of Russell County, which will include investment of approximately \$2,000 in the old bank premises and amounts already expended in constructing a new building.

It is understood that the investment in banking premises is to be written down to \$25,000 from the proceeds of sale of the present bank building and a charge to undivided profits.

Reference is made to your letter of January 10, 1957, submitting the request of The Bank of Salem, Salem, Virginia, for approval under Section 24A of the Federal Reserve Act of an investment of \$190,000 in bank premises, which will include \$157,000 for the purpose of remodeling and building an addition to its present bank building.

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After consideration of the information submitted, the Board of Governors approves a total investment in bank premises by The Bank of Salem of not to exceed \$190,000.

It is understood that the bank will increase its capital to at least \$200,000 not later than February 1, 1958, through the sale of additional common stock.

Approved unanimously.

Letter to the Board of Directors, The City National Bank of Tuscaloosa, Tuscaloosa, Alabama, reading as follows:

The Board of Governors of the Federal Reserve System has given consideration to your supplemental application for fiduciary powers, and, in addition to the authority heretofore granted to act as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, and committee of estates of lunatics, grants you authority to act, when not in contravention of State or local law, in any other fiduciary capacity in which State banks, trust companies, or other corporations which come into competition with national banks are permitted to act under the laws of the State of Alabama. The exercise of all such powers shall be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

A formal certificate indicating the fiduciary powers which The City National Bank of Tuscaloosa is now authorized to exercise will be forwarded to you in due course.

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

Letter to the Board of Directors, The National Bank of Greenwood, Greenwood, Indiana, reading as follows:

The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers and grants you authority to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of

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Indiana, the exercise of all such rights to be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

A formal certificate indicating the fiduciary powers which The National Bank of Greenwood is now authorized to exercise will be forwarded to you in due course.

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

Letter to the Presidents of all Federal Reserve Banks, prepared pursuant to the understanding at the meeting on December 28, 1956, and reading as follows:

It has been the long-standing policy of the Board to grant trust authority to national banks only in the specific terms of section 11(k) of the Federal Reserve Act and to grant the ninth or general power in lieu of granting a specific power not enumerated in section 11(k). However, the Board has been reluctant to grant the ninth or general power unless all or most of the eight specific powers have been or are being granted. This is for the reason, as explained in F.R.L.S. #4026, that the ninth power, in effect, gives authority to exercise any and all fiduciary powers that competing State chartered institutions may legally exercise.

National banks on occasion have requested authority to act in specific fiduciary capacities not enumerated in section 11(k) but do not wish - and perhaps cannot qualify - to exercise the full range of trust powers permitted by the Federal Reserve Act. This problem has recently been considered by the Board, and its policy in this regard has been modified to a limited extent.

When all relevant circumstances justify, the Board will henceforth consider an application by a national bank for one or more specific fiduciary powers not enumerated in section 11(k). In appropriate cases, therefore, application may be made by a national bank for permission to act, for example, in the capacity of "agent", "transfer agent", or "custodian" provided the fiduciary power applied for is one in which State banks, trust companies, or other corporations which come into competition with national banks are permitted to act under the laws of the State in which the national bank is located. In passing upon an application for permission

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to exercise any fiduciary powers, whether or not enumerated in section 11(k), the Board will, of course, continue to give special consideration to the factors enumerated in section 2 of Regulation F.

This revision in policy will permit the Reserve Banks to be more selective both in recommending the scope of fiduciary authority appropriate in individual cases and in designating it in more precise terms. In general, application for a specific fiduciary power not enumerated in section 11(k) should be suggested only in those cases where (1) the specific fiduciary power is necessary to permit applicant to accept and administer a fiduciary appointment not within the eight enumerated powers, (2) the fiduciary power in question is specifically permitted to competing State-chartered institutions under applicable provisions of State law, and (3) an application for full trust powers, including the ninth or general power, is not, in the judgment of the Reserve Bank, in the best interest of the applicant or is not compatible with the needs of the community for trust services.

Approved unanimously.

Letter to Mr. Woodward, Chairman, Federal Reserve Bank of Richmond, reading as follows:

The Board of Governors approves the payment of salary to Mr. Robert R. Fentress as Assistant Cashier, Federal Reserve Bank of Richmond, for the period February 1, 1957 through December 31, 1957, at the rate of \$7,500 per annum, which is the rate fixed by your Board of Directors as reported in your letter of January 16, 1957.

Approved unanimously.

Mr. Johnson then withdrew from the meeting.

Governor Robertson referred to the work being done currently by members of the Board's staff, with the assistance of certain Federal Reserve Bank personnel, in developing proposed decisions on matters deemed essential to the defense planning of various agencies, and in particular to the planning for monetary and credit policy. He suggested that the Board meet next Wednesday, February 6, with the staff members concerned for an explanation of these proposals, following which a memorandum regarding the

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proposals would be distributed and the Board could meet again the following day to offer suggestions and criticisms. Thereafter, he said, the memorandum could be sent to the Presidents of the Federal Reserve Banks, as individuals, for their comments and to an official of the Office of Defense Mobilization for his views. It was contemplated that the memorandum then would be sent officially to the Office of Defense Mobilization and through that Office to the President.

Pursuant to Governor Robertson's suggestion, it was agreed that the Board would meet on the matter at 9:30 a.m. on Wednesday, February 6, and again on Thursday afternoon.

Pursuant to the understanding at the meeting yesterday, further consideration was given to the application of Marine Midland Corporation, Buffalo, New York, for permission to acquire the stock of The Lake Shore National Bank of Dunkirk, Dunkirk, New York.

Following a summary by Mr. Sloan of the facts of the case, Mr. Hexter said that although the intensity of competition in the area concerned might well be enhanced by completion of the proposed transaction, it seemed to him quite clear from the legislative history of the Bank Holding Company Act that when the Congress spoke of preservation of competition in the public interest in this field, it had in mind not simply preserving the intensity of competition but preserving competition between a relatively large number of separate banking units. Marine Midland already controlled quite a large percentage of the banking offices and deposits in western

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New York State and it appeared to him the approval of this application would lead to approval of similar proposals, for in each case it might be shown that the intensity of competition would be enhanced. In principle, he felt that in the absence of elements in any case which made other factors enumerated in the statute outweigh the desirability of maintaining individual unit banks, it was contemplated by the Congress that the Board would not approve acquisitions by bank holding companies already having substantial holdings in the particular area. Where, as in this case, the existing bank was not in difficulty or in danger of going out of business, he believed that the Act contemplated retention of the unit bank.

Mr. Vest said it was a question of judgment whether this acquisition would make the size and extent of the particular bank holding company system inconsistent with the public interest and the preservation of competition. While he felt that the question was a close one, it was his view that Marine Midland Corporation had reached a point where any further expansion in western New York State might well be inconsistent with the preservation of competition in the field of banking. It seemed to him also that the granting of this application might make it difficult for the Board to deny similar applications in the future, for he did not see where the Board could stop if not in a case of this kind. He went on to point out that the Board had not previously had any specific statutory responsibility in this field, its previous responsibilities having been derived

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in a rather general way, and that this was the first case of its kind to arise under the new statute.

Governor Vardaman expressed disagreement with the position that the Bank Holding Company Act contemplated the preservation of small unit banks. He said that although there were remarks to such effect in the debates preceding enactment of the legislation, he failed to find anything in the Act itself to so indicate. In this case, he pointed out, the management of the unit bank had indicated a desire to get out of the banking business. In the circumstances, he would be inclined to favor permitting the acquisition, and he felt that any future applications should be considered on their own merits.

Governor Shepardson inquired as to the effect on this case of the New York State legislation passed earlier this week freezing the expansion of bank holding companies in that State until May 1, 1957.

In response, Mr. Vest stated that by virtue of an exception contained in the legislation permitting expansion by a holding company within the State banking district where its principal office is located, this proposed acquisition could be accomplished.

Governor Szymczak expressed his views on the matter substantially as follows:

Marine Midland already controls over one-third of the commercial bank offices and over 40 per cent of the commercial bank deposits in the Ninth Banking District of New York, which comprises Buffalo and the eight western counties of the State.

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In the circumstances of this case, that degree of banking concentration in the area is sufficient to establish, at least prima facie, that any additional acquisitions would "expand the size or extent of the holding company system involved beyond limits consistent with . . . the public interest and the preservation of competition" (Holding Company Act, section 3(c)).

In Chautauqua County alone, acquisition of the Dunkirk bank would increase Marine Midland's proportion of commercial bank offices from 24 per cent to 29 per cent and its proportion of commercial bank deposits from 25 per cent to 31 per cent.

It seems to me that the Act's legislative history indicates that Congress did not intend acquisitions of additional banks to take place in such situations unless consideration of the other factors enumerated in section 3(c) disclosed that the proposed acquisition would yield benefits sufficient to outweigh the general policy against further expansion--for example, continued operation of a needed banking office that otherwise would be closed. In this instance there do not appear to be prospective advantages of such nature and substance as to justify approving this further enlargement of the Marine Midland system.

It seems to me that if expansion of the size and extent of the holding company system in this case is appropriate under the law, that would be equally true in perhaps a majority of cases where holding companies wish to absorb additional unit banks and therefore, the consequence would be that one of the major purposes of the Holding Company Act would be frustrated.

Chairman Martin agreed that the application presented a close question. While he would not go as far as Governor Vardaman in his interpretation of the Bank Holding Company Act and was sympathetic to the Board's responsibilities under the Act, he was influenced in this case by the delay in reaching a decision and by the fact that the State freeze legislation had by specific exception left this matter to the discretion of the Board.

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For these reasons, he felt that the wiser course would be to approve the current application and "cross the bridge" on the next similar application to come before the Board.

Governor Mills stated that he concurred in the views expressed by Chairman Martin.

Governor Robertson then made a statement which he began by saying that the decision in this matter ought not to be based at all on what position the State banking authorities might or might not take in the event the Marine Midland application was denied and Manufacturers and Traders Trust Company of Buffalo sought permission to acquire the Lake Shore Bank. After expressing agreement with the views stated at this meeting by the Legal Division, he referred to the Legal Division memorandum on the matter dated January 8, 1957, and especially to the opinion contained therein that the Board would be on sound legal ground if it adopted a general position that whenever a holding company controlled a substantial proportion of the banking offices and deposits in an area, additional acquisitions of existing banking facilities would be regarded as not consistent with the preservation of competition in the field of banking in the absence of special circumstances relating to the convenience, needs, and welfare of the communities and the area concerned that were sufficient to outweigh the general policy against further expansion. He considered that such a position was sound in principle and ought to be adhered to by the Board. However, he would go along with the majority of the Board on a favorable

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decision in this case because of the action of the State Legislature in placing an exception in the freeze legislation, thus affording some indication of public policy, because of the delay in handling this case and the lack of previous indication to the applicant concerning Board policy in cases of this kind under the Bank Holding Company Act, and because the New York State Legislature was in the process of developing guideposts for the expansion of bank holding companies in that State which might give a better basis for determining public policy before action was necessary on any other applications by Marine Midland Corporation. Nevertheless, before a decision was made in the case now before the Board, he would like to have an indication of the sentiment of the members of the Board toward the general policy proposed in the Legal Division memorandum.

In a discussion of the last point mentioned by Governor Robertson, Governors Vardaman and Mills indicated that they would not want to commit themselves to such a policy for considering applications under the Bank Holding Company Act, at least until such time as the Board had gained more experience with the administration of the Act and the principles had been debated. They also referred to the several factors enumerated in the Act which should be taken into account in considering applications.

Chairman Martin expressed agreement with the policy generally, but agreed with Governors Vardaman and Mills that the action on the current application need not be related to acceptance of such a principle for future application.

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Governor Shepardson said he did not understand it to be Governor Robertson's thought that such a general principle would preclude consideration of factors other than competition in a particular case. As far as the factor of competition was pertinent, he was inclined to feel that the proposed principle was in accord with the intent of Congressional action in passing the bank holding company legislation. With regard to the current application, he said that he was inclined to favor its approval, but only with great reluctance and because of the circumstances developed at this meeting and in previous discussions of the matter. In principle, he felt that a succession of small acquisitions might well produce results not consistent with the intent of the Act.

Governor Balderston suggested that in the State of New York one might find a cross-section of the problems facing the Board in the administration of the Bank Holding Company Act. He shared Governor Robertson's view that the current consideration of the State banking structure by the Legislature might provide the Board with useful guides for making determinations under the Act, not only in that State but elsewhere. With reference to the current Marine Midland application, he said that he intended to vote in favor of approval, not in the sense of establishing a precedent for future cases but because of the delay that had been mentioned, the indication of policy afforded by the exception contained in the freeze legislation, and the fact that banking services in the Dunkirk area apparently would be improved should Marine Midland take over the Lake Shore Bank. In

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explanation of the last point, he referred to the conservative approach suggested by the operating statistics of the Lake Shore Bank and the wider range of services that would be offered by a Marine Midland banking office. Governor Balderston said that he was sympathetic to the principle set forth in the Legal Division memorandum, but that he did not interpret the law as instructing the Board to prevent any bank holding company from increasing in size. He felt that developments in the next six months, including the results of the study currently in progress in New York State, might enable the Board to evolve principles under which individual decisions could be made that would be helpful in providing a sound banking structure for the country in years to come.

Governor Robertson then reiterated that he had merely desired the observations of the other Board members with regard to the principle proposed in the Legal Division memorandum, and it was understood that the votes of the members on the Marine Midland application were not to be construed as representing any commitment on their part with regard to the acceptance of such a principle.

Thereupon, it was voted to approve the application of Marine Midland Corporation, Governor Szymczak voting "no" for the reasons which he had stated at this meeting and during previous discussion of the application.

The foregoing decision having been reached, question was raised concerning the procedure to be followed in giving advice regarding the

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Board's action. In this connection, reference was made to the tentative policy adopted by the Board on November 5, 1956, which contemplated that orders issued by the Board on applications under section 3 of the Bank Holding Company Act would be published in the Federal Register in the customary manner. It was noted that such publication would afford notice to aggrieved parties who might wish to take advantage of the privilege, as provided by the Act, of seeking court review of the Board's action within a period of 60 days from the date of the order.

Question also was raised whether the letter to Marine Midland Corporation should go any further than to state that the Board had approved the application, as indicated by the enclosed order.

At the conclusion of the discussion, it was agreed that the Order resulting from the Board's decision on the application, reading as follows, would be sent to the Federal Register for publication, that a press statement would be issued today by the Board giving the text of the Order, and that the letter of advice to Marine Midland Corporation would contain a statement to the effect that the Board's decision was not to be regarded as a precedent for future applications if a review of the records revealed that such a statement had been made in the past in letters to the Corporation advising of Board action on similar applications:

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

In the Matter of the Application of
Marine Midland Corporation for Approval
of Acquisition of Voting Shares of
The Lake Shore National Bank of Dunkirk
Dunkirk, New York

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ORDER

The above matter having come before the Board on the application of Marine Midland Corporation, Buffalo, New York, dated August 6, 1956, filed pursuant to the provisions of section 3(a)(2) of the Bank Holding Company Act of 1956, for prior approval of acquisition by Marine Midland Corporation of direct ownership of 2,000 shares of a total of 2,000 voting shares of The Lake Shore National Bank of Dunkirk, New York, and it appearing after due consideration thereof in the light of the factors enumerated in section 3(c) of the Bank Holding Company Act of 1956 that such application should be granted,

IT IS HEREBY ORDERED that the said application be and hereby is granted and the acquisition by Marine Midland Corporation of 2,000 voting shares of The Lake Shore National Bank of Dunkirk, Dunkirk, New York, is hereby approved, provided that such acquisition is completed within three months from the date hereof.

By order of the Board.

(Signed) S. R. Carpenter
Secretary.

(SEAL)

Dated:

January 31, 1957.

Secretary's Note: Since a review of the Board's records revealed that on the occasion of approval of a Marine Midland application in 1955, the letter of notification to the Corporation contained language making it clear that further applications would be considered carefully in view of Marine Midland's concentration in certain areas of New York State, it was deemed that such advice constituted adequate notification to the Corporation and that it was not necessary to send to Marine at this time any advice other than that the application had been approved. Accordingly, a letter reading as follows was sent today to Mr. Baldwin Maull, President of Marine

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Midland Corporation, with copies to the Federal Reserve Bank of New York and the Comptroller of the Currency:

The Board of Governors today approved the acquisition by Marine Midland Corporation of all of the 2,000 outstanding shares of The Lake Shore National Bank of Dunkirk, Dunkirk, New York, as requested in the application filed by Marine Midland Corporation pursuant to the Bank Holding Company Act. The Order containing the approval of the Board is enclosed.

The members of the staff then withdrew from the meeting and the Board went into executive session.

Following the meeting, Governor Shepardson informed the Secretary's Office that during the executive session the Board took the following actions:

1. The Board hereby authorizes a staff development program for selected members of the staff. Staff members so selected will be placed on special assignments to pursue courses of study or other activities for the purpose of providing training or experience that will further their own development and enhance their potential contribution to the Board's program. The period of such special assignment for any one individual will not extend beyond one year, and normally not more than one such assignment will be in effect at one time.

A committee of the Board consisting of the Board Member currently in charge of internal operations and two other members appointed by the Board will be responsible for considering staff members for these special assignments and making recommendations thereon to the Board. Selection of individuals for such assignments may be made from any office or division of the Board's organization. Individuals will be selected on the basis of their current contribution to the Board's program and their potential capacity for assuming broadened responsibilities at senior levels within the staff. An individual so selected will be considered to be on official leave when away from his headquarters, and the authorization to undertake an approved program will constitute his assignment of duties for such period. The Board will authorize

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and pay for necessary travel and subsistence expenses incident to such assignment, either on an actual expense basis or such other basis as the Board may determine in each case, together with fees or tuitions that may be involved.

2. The Board designated Mr. Merritt Sherman, Assistant Secretary, as the staff member first to undertake an assignment under the plan referred to above, such assignment to be for a period of six months tentatively expected to begin in September 1957, with the understanding that he would be relieved of his immediate responsibilities for that period in order to pursue a program that would contemplate attendance at the session of The Administrative Staff College at Henley-on-Thames, England, and visitations at European central banks and other fiscal and monetary agencies.

3. The Board authorized the acceptance of a bequest of the economic books in the technical library of the late Adolph C. Miller, a former Board member, consisting of some 500 books, with the understanding that such of the books as have not outlasted their usefulness would be placed in the Board Members' Special Library in accordance with a procedure outlined in a memorandum from Miss Sutherland, Librarian, dated January 28, 1957. The tentative offer to the Board of these books was made by Mr. Alfred T. Souder, Trust Officer and Assistant Secretary of American Security and Trust Company, Washington, D. C., who stated that if the Board was willing to accept the bequest he would take the matter up with the committee executing the will of Mrs. Miller, who died in January 1957.

The meeting then adjourned.

Secretary's Notes: Pursuant to recommendations contained in memoranda from appropriate individuals concerned, Governor Shepardson today approved on behalf of the Board the following items relating to the Board's staff:

Salary increases, effective February 10, 1957

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
	<u>International Finance</u>		
Dorothy L. Helprin, Economist		\$5,575	\$5,710

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<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
<u>Bank Operations</u>			
Raymond J. Collier, Technical Assistant		\$8,430	\$8,645
Dorothy L. Duvall, Statistical Clerk		3,755	3,840
<u>Examinations</u>			
H. G. Felix, Assistant Federal Reserve Examiner		4,080	4,215
J. N. Lyon, Assistant Federal Reserve Examiner		6,390	6,605
<u>Administrative Services</u>			
Elizabeth L. Carmichael, Chief, Publications Section		7,250	7,465

Acceptance of resignation, effective February 1, 1957

John B. Bazuin, Personnel Assistant, Division of Personnel Administration.

Pursuant to the recommendation contained in a memorandum dated January 28, 1957, from Mr. Young, Director, Division of Research and Statistics, Governor Shepardson also approved on behalf of the Board today the appointment of Robert W. Johnson as Consultant, effective from the date of his resignation as Economist in the Division of Research and Statistics (the close of business February 1, 1957) until December 31, 1957, for work in connection with the consumer instalment credit study, on a temporary contractual basis, with compensation at the rate of \$40 per day for each day worked for the Board, either in Washington, D. C., or outside the city, plus transportation and a per diem in lieu of subsistence at the rate of \$12 for time spent in a travel status in connection with his assignments, both in accordance with the Board's travel regulations. The memorandum stated that for purposes of travel Mr. Johnson's headquarters would be either his home or

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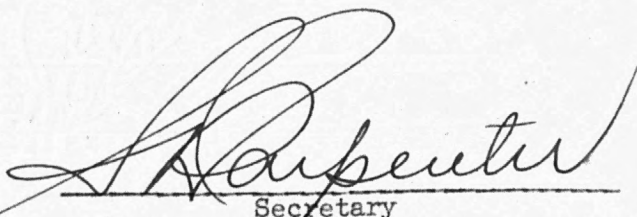
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place of business; and that it was expected that he would work no more than 60 consultant days under the terms of this appointment.

Governor Shepardson also approved on behalf of the Board today the following letter to Mr. Stetzelberger, Vice President, Federal Reserve Bank of Cleveland:

In accordance with the request contained in your letter of January 25, 1957, the Board approves the appointment of Wilson A. Stephenson as an assistant examiner for the Federal Reserve Bank of Cleveland.

Please advise as to the date upon which the appointment is made effective.



Secretary