

Minutes for February 26, 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	<u>x</u> <u>W</u>	_____
Gov. Szymczak	<u>x</u> <u>MS</u>	_____
<u>1</u> / Gov. Vardaman	_____	<u>x</u>
Gov. Mills	<u>x</u> <u>MS</u>	_____
Gov. Robertson	<u>x</u> _____	_____
Gov. Balderston	<u>x</u> <u>CCB</u>	_____
Gov. Shepardson	<u>x</u> <u>MS</u>	_____

1/ The attached set of minutes was sent to Governor Vardaman's office in accordance with the procedure approved at the meeting of the Board on November 29, 1955. The set was returned by Governor Vardaman's office with the statement (see Mr. Kenyon's memorandum of February 12, 1957) that hereafter Governor Vardaman would not initial any minutes of meetings of the Board at which he was not present. Therefore, with Governor Shepardson's approval, these minutes are being filed without Governor Vardaman's initial.

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, February 26, 1957. 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. Riefler, Assistant to the Chairman
Mr. Vest, General Counsel
Mr. Young, Director, Division of Research and Statistics
Mr. Sloan, Director, Division of Examinations
Mr. Hackley, Associate General Counsel
Mr. Noyes, Adviser, Division of Research and Statistics
Mr. Masters, Associate Director, Division of Examinations
Mr. Cherry, Legislative Counsel

Reference was made to a letter received yesterday from Mr. Donald L. Rogers, Counsel to the Senate Banking and Currency Committee, requesting the Board's views by 10:00 a.m. today on an amendment to the proposed Financial Institutions Act of 1957 submitted by Senator Douglas of Illinois which was intended to disclose the actual ownership of stock in national banks, State member banks, and nonmember insured banks. Copies of a draft of proposed reply were distributed at this meeting.

Governor Robertson said that the proposal was opposed by the Office of the Comptroller of the Currency, that he did not know the views of the Federal Deposit Insurance Corporation, and that he did not think there had been sufficient opportunity to study the proposal for the Board to take a

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firm position at this time. He also said that yesterday Mr. Hackley and Deputy Comptroller of the Currency Jennings worked with the staff of the Committee in an effort to redraft the proposed amendment, that the result represented an improvement over the original proposal, but that even so he continued to feel that the Board should not be rushed into taking a definite position.

Thereupon, unanimous approval was given to a letter to Mr. Rogers for the signature of Chairman Martin reading as follows:

Receipt is acknowledged of your letter of February 25, 1957, enclosing a copy of an amendment to the proposed Financial Institutions Act of 1957 now before the Senate Banking and Currency Committee. We have also seen the revised copy prepared by the staff of the Banking and Currency Committee yesterday afternoon. You state that the intent of the proposal is to disclose the actual ownership of stock in national banks, State member banks and nonmember insured banks.

It is understood that the use of nominees in connection with the ownership or transfer of stock of many corporations, including banks, is a common and widespread practice. This practice occurs particularly in connection with stock held in a fiduciary capacity where the title is in the fiduciary and beneficial ownership in the beneficiaries of the trust. Without an opportunity to give the matter further study, the Board does not feel that it is in a position to weigh the relative advantages and disadvantages of these practices. However, it is possible that this proposal would create serious practical problems in the transfer or the ownership of bank stock held in fiduciary capacities and might tend to discourage the holding of bank stock in this manner.

The proposal as submitted with your letter and the revised draft may well have effects that cannot be immediately seen and, since the provision is not one which has been

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included in the bill heretofore, the Board wishes respectfully to suggest that the provision not be incorporated in the bill unless there has been an opportunity for careful study by those who might be affected. It is possible that the burdens on many law abiding citizens who may be beneficial owners of bank stocks would be so great as to outweigh the contemplated advantages of the proposal.

We are aware of the provisions of section 16(a) of the Securities and Exchange Act of 1934 (15 U.S.C., sec. 78p) which require the beneficial owners of more than 10 per cent of any registered security and every director or officer of the issuer of such a security within 10 days to file a statement with the securities exchange and with the S.E.C. of the amount of such security owned by him. Although we have not had an opportunity to consult with the S.E.C. with respect to this matter, it is possible that some disclosure provision of this kind might be explored as an alternative approach to the problem which the Banking and Currency Committee has in mind.

Mr. Hackley then withdrew from the meeting.

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

In view of the circumstances submitted in your letter of February 14, 1957, the Board of Governors extends until November 22, 1957, the time within which The Cleveland Trust Company, Cleveland, Ohio, may establish a branch at the south-east corner of Front and School Streets in the City of Berea, Cuyahoga County, Ohio, under the authorization contained in its letter of March 22, 1956.

Approved unanimously.

Letter to the Board of Directors, The First National Bank in Rockwood, Rockwood, Tennessee, reading as follows:

The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary

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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 Tennessee, 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 First National Bank in Rockwood 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 Comptroller of the Currency, Treasury Department, Washington, D. C., reading as follows:

Reference is made to a letter from your office dated February 4, 1957, requesting the views of the Board of Governors with respect to the proposal of the First Security Bank of Utah, National Association, Ogden, Utah, to purchase the assets and assume the liabilities of the Monroe State Bank, Monroe, Utah, and to establish a branch at the present location of the State bank.

The Board has given consideration to the competitive situation in the area to be served by the proposed branch and will interpose no objection to the proposed transaction.

Approved unanimously.

Letter to the Board of Directors, Pacific State Bank, Hawthorne, 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 a branch in the vicinity of the intersection of Anza Boulevard and Imperial Highway, Los Angeles, California, by Pacific State Bank, Hawthorne, California,

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provided the branch is established within one year from the date of this letter and that formal approval of the Superintendent of Banks of the State of California is effective at the time the branch is established.

It is understood that capital and surplus will be increased by not less than \$180,000 through sale of additional stock and that the aggregate investment in bank premises, furniture, fixtures, and equipment will not exceed fifty per cent of combined capital and surplus as required by the State Banking Authorities.

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

Letter for the signature of Chairman Martin to Mr. J. Smith Henley, Director, Office of Administrative Procedure, Office of Legal Counsel, Department of Justice, Washington, D. C., reading as follows:

I have received your letter of February 4, 1957, referring to the establishment in the Department of Justice of an Office of Administrative Procedure, and requesting that this Board designate a responsible official who is well-informed on such matters and who will be able to maintain close liaison with your office. The Board has designated Mr. Frederic Solomon, Assistant General Counsel, for this purpose.

In addition, your letter contains six questions, and these may be answered as follows:

(1) When the recommendations of the President's Conference on Administrative Procedure first became available to us, they were carefully studied. However, the Board has had very few formal hearings and has completed only two since the enactment of the Administrative Procedure Act. As a result, the Board has not found it necessary to revise its rules governing hearings. The enactment of the Bank Holding Company Act of 1956 will necessitate the holding of formal hearings more frequently, and consequently experience may well show the need for some changes in the Board's rules. In this connection the recommendations of the Conference will be helpful.

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(2) An Assistant General Counsel of the Board, whose duties include acting as counsel for the Board in formal hearings, devotes more time than anyone else to a consideration of the adequacy of the procedural rules of the Board. However, there is no staff committee engaged in a continuous study of these rules, since the few hearings conducted by the Board have not indicated a need for this.

(3) The Code of Federal Regulations contains the complete text of the Board's general rules of practice and procedure as now in effect.

(4) There are now no proposed procedural rules which are the subject of public rulemaking proceedings.

(5) The Board does not publish any statistical reports which would have any value or significance in determining the need for procedural changes or which might, by comparison, assist other agencies in evaluating their procedures.

(6) The Board will, as you request, be very glad to submit to your office any suggestions that we may have as to specific procedural problems that we would like to explore.

We appreciate your offer of assistance in connection with this matter and trust that the information given above may be helpful to you.

Approved unanimously.

Letter for the signature of Chairman Martin to The Honorable H. C. Coombs, Governor, Commonwealth Bank of Australia, Sydney, New South Wales, Australia, reading as follows:

I was glad to learn from your letter of January 26 that you were moving along in your study of the flow of funds within the Australian economy on a basis similar to that carried out for the United States by our research staff here at the Board. We have found the work in this field most worthwhile.

We have considered your request that Mr. Ralph Young, the Board's Director of Research and Statistics, visit Australia in 1958 to assist on your specific problem of money flow analysis, or, in the event he cannot do so,

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that some other member of our senior staff be made available. While it is not possible at this time to indicate the availability of Mr. Young, the Board will be glad to have him or another staff member spend some time in Australia next year. In addition to assisting along the lines you indicate, such a visit would give the staff member an opportunity to become familiar at first hand with the banking and economic structure of Australia, which we would consider to be highly desirable. As you indicate, it would also carry along the personal communications between our institutions that are so valuable.

I would suggest that sometime in the second half of this year, when your study will have progressed further, you get in touch with us again and we will hope to work out an arrangement that will be mutually satisfactory.

Approved unanimously.

At this point Messrs. Johnson, Controller, and Director, Division of Personnel Administration, and Wood, Economist, Division of Research and Statistics, entered the room.

Consideration was given to a memorandum from Governor Shepardson dated February 25, 1957, concerning a proposal of the Federal Reserve Bank of Chicago to strengthen recruiting and on-the-job evaluation of research personnel through research awards and part-time employment at the graduate school level. The memorandum had been distributed to the members of the Board along with memoranda containing the comments of the Division of Personnel Administration and the Division of Research and Statistics. Governor Shepardson's memorandum recommended that the Board give its approval to the plan on a trial basis for a period of three years, with the suggestion to the Federal Reserve Bank of Chicago that the amount of the proposed stipend be reconsidered to determine if it was unduly liberal in

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comparison with other graduate fellowship awards. A proposed letter to President Allen of the Chicago Reserve Bank was submitted with the memorandum.

Governor Shepardson said that the plan had been approved by the Board of Directors of the Chicago Bank and was then presented personally to Chairman Martin by Mr. Allen. It appeared that the Reserve Bank was anxious to receive word from the Board so that it might proceed to select students from this year's graduating classes to participate in the program. He went on to say that the plan seemed to hold promise of bringing top-flight men in the field of economics into the Federal Reserve System and that in the circumstances he felt the Board should give its approval on a trial basis. However, the proposed stipend might be liberal and it would seem advisable for the Reserve Bank to review this phase of the plan. Governor Shepardson also said, however, that over the past weekend Mr. Young had obtained certain information which indicated that the awards under the program would not be unduly out of line with awards given elsewhere under somewhat similar programs. He suggested, therefore, that if the Board approved the plan, the letter to Mr. Allen be changed to merely raise a question about the proposed stipend rather than to express the opinion that it was liberal.

Following comments by Governor Balderston to the effect that experience at the Wharton School of the University of Pennsylvania would indicate that the proposed awards were not necessarily out of line,

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Chairman Martin said that the proposal was of a type that he felt the Board ought to encourage. While this would be an experiment not tried out previously by the System, he thought that experimentation was desirable in order to obtain the best personnel available.

Governor Mills inquired whether the awards which would be offered under this program would align properly in the Reserve Bank with the salaries being paid to other employees, particularly those in training for positions of executive responsibility in other areas. For example, he said, the Reserve Banks had been encouraged, without great success, to improve the salaries of their examining staffs, and to encourage recruitment in the research area at salary levels which might be out of line with those in other departments perhaps would create problems that should be analyzed.

Chairman Martin agreed that analysis was indicated but went on to say that he thought the heart of the System was in its research activities. After expressing the opinion that the Board should encourage the directors of the respective Reserve Banks to assume greater responsibilities in the field of Bank management, he said that he would not like to discourage the experimental project in Chicago, which had been presented by the directors without solicitation, even if it appeared that the stipends proposed under the program might be a little out of line.

Governor Mills then referred in a favorable vein to the suggestion in the memorandum from the Division of Personnel Administration that the

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subject might be referred to the Conference of Presidents of the Federal Reserve Banks for analysis on a System basis.

Chairman Martin stated that he would have no objection to such a procedure but repeated that he felt everything possible should be done to encourage the boards of directors of the Federal Reserve Banks to assume increased management responsibilities.

Following a comment by Governor Shepardson to the effect that referring the matter to the Presidents' Conference might result in delaying the initiation of the program to the point that this year's graduating classes could not be contacted, Governor Robertson said that in his view the only problem was that the proposed program did not go far enough. In other words, he would be inclined to do whatever was appropriate in order to obtain the best available personnel in all areas of employment. In addition to sending a letter to the Chicago Bank, he would also communicate with all of the Federal Reserve Banks to advise them of the program at Chicago and suggest that similar programs be given consideration in every line of work.

Chairman Martin said he agreed wholeheartedly with Governor Robertson, his only reservation being that the Board should be cautious about suggesting such programs to Federal Reserve Banks that might not be set up at this time in such a way as to administer them satisfactorily.

Mr. Johnson said that the concern of the Division of Personnel Administration was principally that the program would be limited only to

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economists and that the proposed stipend seemed quite liberal. After amplifying the views of the Personnel Division in the latter respect, he said the Division felt that it might be well to refer the matter to the Presidents' Conference because other Federal Reserve Banks no doubt would wish to at least consider similar programs.

Mr. Young then summarized the information, mentioned by Governor Shepardson, which he had received over the weekend and which indicated that the proposed program would not be out of line with what was being done in many fields elsewhere.

The discussion turned to the content of the proposed letter to the Chicago Reserve Bank and several suggestions were made for changes in it which would be in line with the views expressed at this meeting.

At the conclusion of the discussion, it was agreed that the letter to President Allen would be revised by Governor Shepardson to reflect the suggestions made at this meeting, and that it would then be sent. This action was taken with the understanding that a letter also would be prepared by the Division of Personnel Administration for the Board's consideration which would bring this matter to the attention of the other Federal Reserve Banks.

Secretary's Note: Pursuant to this action, the following letter was sent to President Allen today over the signature of Chairman Martin:

The Board has considered the "Proposal to strengthen recruiting and on-the-job evaluation of Research personnel

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through research awards and part-time employment at the graduate student level," dated January 16, 1957, which you submitted recently, and gives its approval to the proposal on a trial basis for a period of three years.

The Board suggests that you consider the possibility of including in this program provision for its use in any Department of the Bank where recruitment of potential top-flight personnel presents a problem.

It is also suggested that you review the proposed stipend with a view to determining whether or not it will result in any misalignment with existing salary schedules.

There had been sent to the members of the Board copies of a memorandum from Mr. Young dated February 25, 1957, regarding a request from the Bureau of the Budget for the Board's views on a proposed bill to be known as "Housing Amendments of 1957". The memorandum summarized the principal provisions of the proposed bill and submitted for the Board's consideration a draft of letter to Mr. Roger W. Jones, Assistant Director for Legislative Reference, Bureau of the Budget, reading as follows:

This is in response to your request for the views of the Board of Governors on the proposed bill cited as "Housing Amendments of 1957."

On a great majority of the provisions of the bill, which are technical amendments to existing law, the Board has no specific comment to make, except perhaps to question whether such matters are properly the subject of specific legislation. The frequency with which these laws must be amended gives rise to the question whether more general legislation, flexibly administered, might not be much more effective. As it is, every accretion of experience or change in economic conditions appears to require changes in basic statutes.

The proposed amendments to the National Housing Act are a case in point. Some four amendments would be

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required to make the proposed FHA loan ratios effective. It would seem reasonable that the Commissioner should exercise the judgment required to make a less detailed statute effective. In the case of the price to be paid by the Federal National Mortgage Association for mortgages under the Special Assistance Program, the proposal now is to restore to the Association discretion that was removed only last year.

Concerning more substantive matters, the Board doubts the wisdom of any further relaxation of down payment requirements under the FHA mortgage-insurance program. On other matters, the Board would favor giving the FHA Commissioner general authority to accept for insurance mortgages, within these broad limits, with terms that he deemed satisfactory, and to exercise such administrative discretion as is necessary to meet changing market conditions.

The Board questions whether the Military Housing Mortgage Insurance Program should be continued. The need for the proposed amendment appears to demonstrate that provision of housing at military establishments might better be made from appropriated funds.

The proposal to rescind the authority of the Federal National Mortgage Association to purchase participations in mortgages seems sound, as does removal of the \$15,000 limit on the size of mortgages the Association may purchase. The Board would hope that removal of the \$15,000 limit would not be construed as encouraging Federal financing of high-priced houses on very low down payments, because despite its mixed ownership, the Association has borrowed directly from the Treasury, so that the operations of the Association are not entirely unrelated to debt management and monetary policy.

Without questioning the general public policy reflected in the urban renewal program, the Board wonders whether, in the current context of generally strong inflationary pressures, the program should be expanded so substantially so soon. This proposal involves two areas of pressure: construction activities which are now substantially at capacity, and Federal finance. Perhaps some way can be found to authorize funds to the URA so that planning may

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proceed in an orderly fashion, but still retain discretion to slow down the timing of the physical work and disbursement of grants.

The Board agrees that the proposed formula for setting interest rates on loans for college housing is an improvement over the current one. Here again, however, is a matter which might be better handled by a grant of discretionary authority to the Secretary of the Treasury and the Housing Administrator. The Board also approves extension of the Voluntary Home Mortgage Credit Program which has had considerable success in securing financing for minority housing and in giving small and remote communities access to large aggregations of investment capital.

Following a discussion,
the letter was approved unani-
mously.

At the meeting on February 21, 1957, informal reference was made to a draft of letter to the Senate Banking and Currency Committee reporting on S. 1075, a bill to amend the Bank Holding Company Act of 1956, and it was agreed, at Governor Robertson's suggestion, to defer consideration of the matter until a revised draft of letter was available. A revised draft was distributed to the members of the Board before this meeting.

The bill would amend the Bank Holding Company Act so as to exempt therefrom corporations which are wholly owned by certain organizations exempt under the Act and turn their entire net income over to such an exempt organization. The proposed letter would take the position that it would be inappropriate to consider such an amendment at this time and would state that in the Board's view the existing exemption with respect to religious, charitable, and educational organizations should eventually be repealed.

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In a discussion of the matter, agreement was expressed with a suggestion by Governor Balderston that the sentence expressing the Board's view in favor of eventual repeal of the existing exemption be stricken. The letter, it was pointed out, would clearly indicate that the Board did not favor the amendment proposed by S. 1075 and considered it desirable to reserve amendments to the Bank Holding Company Act for a later date rather than making piecemeal amendments to the law.

Thereupon, unanimous approval was given to a letter for the signature of Chairman Martin to The Honorable J. W. Fulbright, Chairman, Committee on Banking and Currency, United States Senate, reading as follows, with a copy to the Bureau of the Budget:

This refers to your letter of February 8, 1957, requesting a report on S. 1075, a bill to amend the Bank Holding Company Act of 1956.

The Bank Holding Company Act exempts from its provisions "any corporation or community chest, fund, or foundation, organized and operated exclusively for religious, charitable, or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting to influence legislation." S. 1075 would amend the Act so as also to exempt any corporation all of whose stock is owned by an organization exempt under the above-quoted provision of the Act and all of whose net income is turned over to such an exempt organization.

The Board recognizes that the present Act grants complete exemption to religious, charitable, and educational organizations. It is also recognized that for tax purposes the Internal Revenue Code provides a similar exemption for such organizations and, in addition, exempts corporations organized

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for the exclusive purpose of holding title to property, collecting income therefrom, and turning over the entire amount thereof to an organization which is itself exempt from taxation.

In the Board's opinion, however, it is highly questionable whether any company that falls within the definition of a bank holding company as stated in section 2(a) of the Bank Holding Company Act should be exempted from the requirements of section 3 of the Act with respect to the necessity for obtaining prior approval for the acquisition of additional banks or bank stocks. There may be justification for exempting religious, charitable, and educational organizations from the divestment requirements of section 4; but the Board doubts that any hardship would result from requiring even a charitable organization to comply with the prior approval requirements of section 3.

In any event, it is believed that it would be inappropriate to consider the amendment proposed by S. 1075 at this time. Under the statute, the Board is required to report to Congress prior to May 9, 1958, and at that time to make any recommendations for changes in the law which, in the Board's opinion, would be desirable. Instead of piecemeal amendments to the law, it would be preferable to consider the Act as a whole at a later date in order to determine what, if any, amendments may be desirable.

Messrs. Sloan, Masters, and Wood then withdrew from the meeting and Mr. Kelleher, Assistant Director, Division of Administrative Services, entered the room.

Consideration was given to memoranda from the Division of Administrative Services and the Office of the Controller dated February 6 and February 12, 1957, respectively, concerning the proposed purchase of Xerox and Multilith equipment. The memorandum from the Division of Administrative Services recommended that the Board authorize (1) the purchase of one No. 4 Xerox unit at a cost of \$5,300 and one No. 1250 Multilith Offset Press

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at a cost of \$3,371 to supplement the printing and mimeograph services of the Division of Administrative Services, and (2) the employment of an additional operator in the Division at a salary of \$3,453 per annum (PG-7-\$3,453-\$3,827) to operate such equipment. The memorandum from the Office of the Controller concurred in the recommendations and stated that although no provision was made in the Board's budget for 1957 to cover the cost of the equipment it was believed that the expenditure should be approved in view of the immediate use that could be made of the equipment.

Governor Shepardson said that the staff had made a thorough review of the uses of such equipment, that the availability of the machinery would afford a means of simplifying the reproduction of various kinds of material, and that, if experience with the equipment was successful, purchase of additional Xerox and Multilith equipment would be indicated to replace existing machinery. In the circumstances, he said, he would recommend that the Board authorize the expenditures mentioned in the memoranda that had been circulated.

In response to an inquiry by Governor Mills as to why provision for the proposed expenditures was not included in the 1957 budget, Governor Shepardson said it had been contemplated originally that the Division of Administrative Services would look into the Xerox-Multilith equipment this year with a view to determining whether provision should be made in the 1958 budget, but that because of the recent improvements in the plates used

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in the Xerox process, it was considered advisable not to defer the purchase further and lose the benefits that might be derived from having the equipment.

Governor Mills then said that while he approved the recommendation, he was still not completely satisfied with the reasons given for failing to include any reference to the item in the 1957 budget.

At the conclusion of the discussion, the recommendations contained in the memorandum of February 6, 1957, from the Division of Administrative Services were approved unanimously.

Messrs. Johnson and Kelleher then withdrew from the meeting.

Reference was made to a request from the Subcommittee on Housing of the House Banking and Currency Committee that a representative of the Board testify before the Subcommittee on Monday, March 4, 1957, in connection with hearings on the availability of credit in the housing field.

Chairman Martin inquired of Mr. Cherry whether the nature of the Subcommittee's request made it appear essential that a member of the Board testify. When Mr. Cherry's response was in the negative, the Chairman suggested that Mr. Riefler be designated to represent the Board at the hearing.

There was unanimous agreement with this suggestion and it was understood that Mr. Cherry would advise the staff of the Subcommittee

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informally concerning the designation of Mr. Riefler as the Board's representative.

The meeting then adjourned.

Secretary's Note: On February 25, 1957, Governor Shepardson approved on behalf of the Board the following letters:

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

In accordance with the request contained in your letter of February 15, 1957, the Board approves the designation of Joseph N. Belflower as a special assistant examiner for the Federal Reserve Bank of Atlanta for the purpose of participating in the examinations of State member banks only.

Letter to Mr. Allen, President, Federal Reserve Bank of Chicago, reading as follows:

With respect to the Board's letter of February 7, 1957 regarding the service of Mr. Lamphere as counsel for the Board in hearings relating to the General Contract Corporation and Transamerica Corporation, Mr. Hodge advised by telephone last week that you would prefer to change the arrangement outlined in the last paragraph of the letter to provide that while Mr. Lamphere is engaged in this work his salary will be paid by your Bank and his traveling and other expenses will be paid by the Board of Governors.

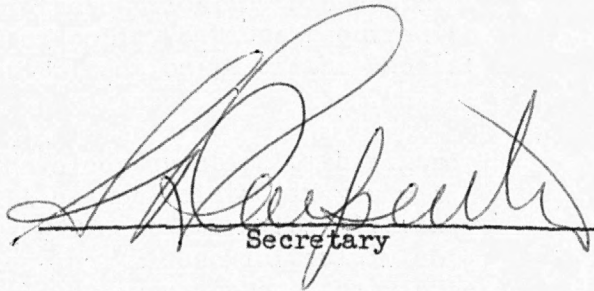
This arrangement is entirely acceptable and the Board will regard the last sentence of its letter of February 7, 1957 as being amended accordingly.

Governor Shepardson today approved on behalf of the Board a memorandum dated February 26, 1957, from Mr. Marget, Director, Division of International Finance, recommending that Yves Maroni,

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Economist in that Division, be authorized to accept an invitation to teach a course in Principles of Economics at the University of Virginia, Northern Virginia Center, during the 1957 Spring semester, with an honorarium of \$324.



Secretary