Minutes for December 3, 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.

Chm. Martin
Gov. Szymczak
Gov. Vardaman
Gov. Mills
Gov. Robertson
Gov. Balderston
Gov. Shepardson
Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, December 3, 1957. The Board met in the Board Room at 9:15 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. Johnson, Director, Division of Personnel Administration
Mr. Hackley, General Counsel
Mr. Hostrup, Assistant Director, Division of Examinations
Mr. Solomon, Assistant General Counsel
Mr. Hexter, Assistant General Counsel
Mr. Nelson, Assistant Director, Division of Examinations

Application to organize national bank at Garden City, New York.
Governor Robertson referred to the file currently in circulation to the members of the Board concerning a request from the Comptroller of the Currency for a recommendation with respect to an application to establish a national bank at Garden City, New York. He recalled that about a year ago a similar application was the subject of a favorable recommendation by the Board to the Comptroller but that the application was subsequently denied. Now, however, the Federal Reserve Bank of New York, which recommended favorably with respect to the previous application, had taken an adverse position and it was Governor Robertson's suggestion that, in the circumstances, the Reserve Bank should be asked to submit, for inclusion in the file of the case, a statement in explanation of the change in its position.

1/ Attended morning session only.
It was agreed unanimously that the procedure suggested by Governor Robertson should be followed.

**Interpretation of section 6(a)(2) of Bank Holding Company Act.**

At this meeting the Board resumed the discussion commenced at the meeting yesterday concerning the request of The Barnett National Bank of Jacksonville, Jacksonville, Florida, for an interpretation of section 6(a)(2) of the Bank Holding Company Act bearing on the question whether a loan made by a subsidiary bank before the date of the Act and secured by stock of its bank holding company might be renewed after the date of the Act without violating this section. There had been presented to the Board a draft of proposed letter suggested by Mr. Hackley which would take the position that such a renewal would not cause the subsidiary bank to "accept" the bank holding company’s stock as security for the loan in violation of the statute, and an alternative draft of letter suggested by Mr. Hexter which would hold that such a renewal would constitute an "advance" and that the continued holding of the bank holding company’s stock as security for the loan should be regarded as a violation of both the letter and spirit of section 6(a)(2).

Governor Shepardson said that on the basis of the information presented he would be inclined to go along with the letter proposed by Mr. Hackley although there was some question in his mind about the desirability of renewal of a loan secured in the manner indicated in view of the broad purposes of section 6 of the Bank Holding Company Act.
In this connection he recalled that at yesterday's meeting Governor Vardaman had mentioned the possibility of taking a position which would hold that although the renewal of such loans was legal the Board questioned the desirability of the practice.

Governor Robertson suggested that if a credit were in fact unsound such a position might be acceptable. Since, however, there did not appear to be any question in this case about the soundness of the loans, he doubted whether it would be feasible to make a reply of that kind.

Governor Vardaman brought out that following the discussion of this possibility at the meeting yesterday he had concluded that it would be preferable to make a reply along the lines of the letter suggested by Mr. Hackley.

Governor Szymczak expressed himself as favoring the position taken by Mr. Hackley although he regarded the question as a close one. He said that although he could accept the alternative draft of letter without too much difficulty, on balance it was his opinion that the other letter was preferable.

Governor Balderston said that to him the problem was essentially legal in nature and that consequently he would favor the position taken by Mr. Hackley. However, he would omit from the letter certain portions which seemed extraneous to development of the legal basis for the Board's views. He also said that he thought the Board should consider recommending a change in the Bank Holding Company Act at the appropriate time for the purpose of clarifying the applicability of section 6(a)(2) to transactions of the kind in question.
In a discussion of the changes in the letter proposed by Governor Balderston, the view was expressed that it would be desirable to eliminate a paragraph concerning the question whether a subsidiary bank which had made a demand loan before the date of the Act on the security of stock of its bank holding company should have called the loan following the passage of the Act in view of the provisions of section 6(a)(2). The view also was expressed that in this particular case the letter should retain a sentence pointing out that violations of the provisions of the Bank Holding Company Act are subject to criminal penalties and that the Department of Justice is charged with the enforcement of such provisions.

At the conclusion of the discussion, approval was given to a letter to the Federal Reserve Bank of Atlanta in the form attached as Item No. 1, Governor Robertson voting "no" for the reasons which he had stated at the meeting of the Board yesterday, with the understanding that the substance of the letter would be sent to all of the Federal Reserve Banks for their information.

Application of Marine Trust Company of Western New York. There had been circulated to the members of the Board a file relating to the application of The Marine Trust Company of Western New York, Buffalo, New York, for consent to a merger with The Citizens Bank, Attica, New York, and approval of the establishment of a branch in Attica. The information submitted revealed that the applicant already had in
operation a branch in Attica, that The Citizens Bank was the only competing bank in the town, and that the applicant intended at some time in the future to consolidate its existing branch with the branch which would be established following the proposed merger. The recommendations of the Federal Reserve Bank of New York and the Board’s Division of Examinations were favorable.

Governor Mills pointed out that the proposed transactions would have the effect of eliminating the only competing bank in a community with a population of approximately 3,000. Therefore, as he pointed out, a distinction could be made between this case and applications heretofore approved by the Board where the acquisition of an existing bank by a subsidiary bank of a bank holding company would leave the community concerned with effective banking competition. In the circumstances of this particular case, he questioned whether the application should be approved.

Governor Robertson stated that he agreed completely with the views expressed by Governor Mills.

In view of these comments, it was agreed to ask the Federal Reserve Bank of New York whether it wished to submit further information or comment to the Board in support of its favorable recommendation.

Messrs. Hexter and Nelson then withdrew from the meeting.

Approval of salary rates for newly appointed Federal Reserve Bank officers (Items 2 through 7, inclusive). There had been distributed to the members of the Board copies of memoranda from the Division of
Personnel Administration dated November 26 and December 2, 1957, recommending that the Board approve the payment of salary at rates fixed by the respective boards of directors to ten newly appointed junior officers at six Federal Reserve Banks. All of the appointments were to become effective January 1, 1958, except that in one instance the appointment was to become effective February 1, 1958. The Reserve Banks concerned had indicated to the Division of Personnel Administration that they would appreciate action by the Board at this time so that public announcement might be made before the appointments became effective.

Governor Vardaman said that although he had no question with regard to the specific appointments, he did not look with favor on piecemeal consideration of officers' salaries at the Federal Reserve Banks. In view of the responsibilities of the Board in the area of Reserve Bank salaries, he felt that it was desirable for the Board to have before it a complete picture of officers' salaries at each Federal Reserve Bank so that it might review the situation as a whole and not be in a position of acting upon the salaries proposed for individual officers from time to time.

Governor Shepardson agreed that in principle there was merit in looking at the entire list of officers and their salaries at one time. However, in the cases now before the Board the appointment of new officers was involved and in each instance the Reserve Bank had provided an explanation of the duties that the new officer would perform,
including the way in which these duties would fit into the general pattern of officers' responsibilities. In the circumstances, he felt that it would be sound and appropriate to approve the salaries proposed for these particular officers in advance of considering the complete schedule of officers' salaries proposed by the respective Reserve Banks for the year 1958.

Governor Balderston suggested that the most important point raised by Governor Vardaman was to have consideration of officers' salaries coordinated with consideration of the proposed annual budgets for the respective Federal Reserve Banks. Like Governor Shepardson, he considered it advisable and appropriate in these particular cases, where new appointments were involved, for the Board to take action in a way which would permit the Reserve Banks to take necessary steps in advance of the effective date of the respective appointments.

Thereupon, Governor Vardaman's comments having been noted, unanimous approval was given to letters to the Federal Reserve Banks of Boston, Philadelphia, Cleveland, Richmond, Atlanta, and Chicago in the form attached hereto as Items 2 through 7, inclusive.

Statement in support of Board's Order regarding application of Baystate Corporation. As requested at the meeting on November 13, 1957, the Legal Division, working with Governor Balderston, had prepared a draft of statement on behalf of the majority members of the Board in support of the Board's Order of November 7, 1957, approving the
application of Baystate Corporation, Boston, Massachusetts, to acquire stock of the Union Trust Company of Springfield, Springfield, Massachusetts. The draft was distributed to the members of the Board with a memorandum from Mr. Hackley dated November 29, 1957, to which there was attached also a draft of press statement which might be issued releasing the majority statement and the dissenting statement previously prepared by Governor Robertson on behalf of the minority members of the Board.

Governor Mills said that after reading the proposed statement carefully he had reached the conclusion that it would be inadvisable to make any statement attempting to explain completely the reasoning of the Board in deciding a case of this particular character. He went on to say that at the time of previous discussion of procedural aspects of this matter he had been inclined to feel that the issuance of such a statement would be desirable. Now, however, after having reviewed the conscientious effort of the Legal Division to explain the Board's reasoning, he felt very much to the contrary, principally because those reading the statement might be led to conclude that the majority members of the Board had found it extremely difficult to reach this decision. He did not sense, he said, that there was so much doubt on the part of those members as might be gathered from reading the proposed statement, a document to which parties interested in making similar applications under the Bank Holding Company Act naturally would turn for enlightenment. He considered it to be a deficiency in the document that it tended to
lump together intensive and extensive factors of competition. Therefore, it seemed to lead to the conclusion that, as far as precedent was concerned, the Board leaned in the direction of considering all forms of holding company expansion, either within or outside a particular community, as being in more or less the same category. It seemed difficult, he said, to write an opinion of this sort in such a way as to provide a public record which would be helpful to parties affected by decisions under the Bank Holding Company Act.

In response to a question by Chairman Martin regarding explanation of the majority opinion in the course of testimony before the Congress concerning the Bank Holding Company Act, Governor Mills suggested that it might be desirable if any such explanation, when called for, could be given verbally, with comments concerning the difficulties involved in handling a case of this kind.

Governor Vardaman expressed agreement with the comments made by Governor Mills regarding the draft of statement in support of the majority position. He questioned whether it was possible to set forth satisfactorily in a document of this kind the reasoning of the individual members on the majority side in support of their votes. However, he felt that it might be possible to prepare a relatively brief statement to the effect that the Board had considered the application in the light of the factors required to be considered pursuant to the statute and that, in the view of the majority of the Board, these factors had been resolved favorably.
Governor Mills concurred in Governor Vardaman's suggestion for preparation of a shorter statement but went on to say that the mere fact of the affirmative decision might be sufficient to indicate that the majority of the Board, after analyzing the application in the light of the statutory factors, had concluded that the application could appropriately be approved.

Governor Balderston then made a statement in which he said that at the outset of the discussions relating to procedural aspects of this matter, it had appeared doubtful to him whether it would be possible to reduce to a single statement the views of different members of the Board, who had cast their votes for a variety of reasons. Subsequently, however, it became clear to him that any member of the Board who dissented from the majority opinion not only had the right to record his dissenting vote but to explain his reasons. Then, if a vigorous dissenting opinion was made public, question might be raised why the majority of the Board felt otherwise. Accordingly, he had come to the conclusion at the time that the dissenting opinion should not be made public unless accompanied by some statement of majority opinion which would be helpful to the public.

As he reviewed the statement drafted by the Legal Division, Governor Balderston said, it seemed to him that the Division had done about as effective a job as possible in compiling a document which attempted to embody the various arguments set forth in discussion of
the matter by the individual members of the Board. After summarizing the reasons underlying his own vote in this case and his negative vote on the application of Northwest Bancorporation to acquire stock in a proposed bank in Rochester, Minnesota, he pointed out that these reasons were apparently different, at least to some extent, from those of any other member of the Board. In such circumstances, he did not know whether it was possible to prepare any single statement which would be entirely satisfactory, yet it seemed to him that the need for some statement was indicated if the dissenting opinion was to be published.

Chairman Martin indicated that personally he did not consider it of vital importance whether or not a statement supporting the majority position was released to the public at this time. He again expressed the feeling, however, that some statement of this kind should be available when the Board appeared before the Congress to report on operations under the Bank Holding Company Act.

There followed a discussion of the reasons which might be given for issuing a statement in support of the majority opinion from the standpoint of the interests of various parties, including those who might wish to take an appeal from the Board's decision. In addition, Governor Szymczak referred to the desirability of providing as much guidance as possible to the Federal Reserve Banks concerning the principles applicable to the administration of the statute.

Mr. Hackley then brought out that the statement had been drafted with the difficulties mentioned at this meeting very much in mind. He
said that an effort was made to be as specific as possible without, on the other hand, committing the Board from the standpoint of the various factors which were involved in considering the application of Baystate Corporation, such as competition afforded by mutual savings banks and the relevant area of competition. The gist of the statement, he pointed out, was to the effect that the Board in its judgment had decided in this particular case that the application should be approved, and this could be reduced to a relatively short statement.

Accordingly, at the conclusion of further discussion, it was agreed that the Legal Division would prepare for the Board's consideration a draft of a relatively brief statement in support of the majority position such as had been suggested at this meeting.

Request to make Board letter available in connection with criminal contempt proceeding (Item No. 8). There had been distributed to the members of the Board copies of a telegram from Mr. O'Kane, General Counsel for the Federal Reserve Bank of San Francisco, dated November 26, 1957, stating that a request had been made in connection with a criminal contempt proceeding at Salt Lake City, Utah, involving Christopoulos and Nichols, a brokerage firm in that city, that there be made available to the United States Attorney and to local counsel for the Securities and Exchange Commission the text of the Board's letter S-1588 dated April 6, 1956, in regard to section 4(c) of Regulation T. Mr. O'Kane expressed in his telegram the opinion that the requested information should be furnished and stated the hearing was set for December 9, 1957.
There had also been distributed to the Board copies of a proposed reply telegram which would authorize making available, for the purpose indicated, a copy of the Board's letter of April 6, 1956, in which the view was expressed that it would be virtually impossible, except perhaps in some rare situations, for an appropriate committee of a National Securities Exchange to exercise properly its functions in handling applications for extension of time for settlement of a transaction in a special cash account under Section 4(c) of Regulation T if such an application did not include the name and address of the customer.

Following a brief discussion, the telegram to Mr. O'Kane, of which a copy is attached as Item No. 8, was approved unanimously.

The meeting then recessed and reconvened in the Board Room at 2:30 p.m. with all of the members of the Board except Governor Szymczak present. Mr. Allen, President of the Federal Reserve Bank of Chicago, also was present along with Messrs. Carpenter, Kenyon, Leonard, and Hostrup of the Board's staff.

Question of establishing an additional branch in the Chicago Federal Reserve District. This meeting had been arranged so that Mr. Allen might present to the Board the results of a study which he had made concerning the question of establishing an additional branch of the Federal Reserve Bank of Chicago at Des Moines, Iowa. This study had been undertaken by Mr. Allen pursuant to the Board's letter
Of March 6, 1957, in which he was asked to give the Board his views on the establishment of such a branch. A copy of Mr. Allen's report, entitled "Decentralization Survey Covering the State of Iowa" and dated August 1957, has been placed in the Board's files.

Mr. Allen explained that the study had been made entirely within the Reserve Bank to avoid the possibility of pressures being exerted if the matter became known in other quarters and that thus far he had advised only the Chairman and Deputy Chairman of the Bank that the survey was in progress. In the course of his remarks, he read from the survey report the various factors which had been advanced as favorable or unfavorable to the establishment of a branch in Des Moines and commented concerning these factors. He also read from the report the conclusions he had reached, which were as follows:

1. A Federal Reserve branch at Des Moines could adequately serve a branch territory comprising the state of Iowa.

2. It is estimated that the additional annual expense of a Des Moines branch would be approximately $600,000 to $900,000, and that from $3,000,000 to $4,000,000 would be the cost of a branch building in Des Moines; yet the establishment of such a branch would not result in improved operating procedures or in better service to Iowa banks overall.

3. Consideration of establishing a branch in Des Moines should be deferred until new factors are presented or there are important changes in existing factors which might justify such a branch.

In concluding his presentation, Mr. Allen said that in many ways he would like to see a branch established in Des Moines as well.
as in Indianapolis, Indiana, and perhaps other cities within the
District, but that he could not recommend establishment of a Des
Moines branch on the basis of the cost that would be involved and
the fact that service to Iowa banks overall would not be improved.

Governor Vardaman then made certain comments in which he
reviewed the number of branches in other Federal Reserve Districts,
particularly Atlanta, St. Louis, and Dallas, and suggested that in
those cases, as in the Chicago District, it might be possible to
operate at less cost with fewer branches. However, he said, there
were other considerations arguing in favor of the operation of
branches, such as the spreading out of the Federal Reserve System
and the building up of communities other than the large financial
centers. Therefore, it appeared to him either that the other Districts
which he had mentioned must be operating under erroneous conceptions
or that the Chicago Bank must be in error. As to costs, he stated
that if the Chicago Bank had made a decision ten years ago to establish
additional branches the costs would have been much less than at the
present time, and he assumed that this trend might continue. He
expressed concern about the increasing volume of financial transactions
in New York and Chicago, about dependence on a precarious transportation
system in the event of an emergency, and about concentration of
facilities of the Federal Reserve System in large cities.
President Allen replied that he felt the members of the Board were in a better position than he was to evaluate considerations of the kind mentioned by Governor Vardaman. Along these lines, he considered it doubtful, if the establishment of branches in other Federal Reserve Districts had been preceded by surveys of the kind made by the Federal Reserve Bank of Chicago, whether there would be nearly as many branches now in existence.

In further comments Governor Vardaman suggested that the Chicago commercial banks had been very active in their opposition to the establishment of additional branches in the Seventh Reserve District. He expressed the view that a matter of this kind should not be considered in the light of the correspondent banking interests of the Chicago commercial banks but rather in the light of the preservation of the Federal Reserve System as a bulwark against Government ownership of the private banking system. He said that he could not think of a Reserve District where more diversification was needed than in the Chicago District.

Mr. Allen's response was in terms that he did not yet feel that the factors mentioned by Governor Vardaman were controlling when compared with those relating to costs and the effectiveness of services rendered. While he did not want to predict, he said, the situation of the Chicago Bank 15 or 20 years from now, he foresaw that ten years hence the Reserve Bank would be operating satisfactorily in its same physical
location following completion of the building program now in progress. He also said that he did not regard the influence of the Chicago commercial banks as increasing, but rather deteriorating somewhat, from the standpoint of the effect of such influence on membership in the Federal Reserve System.

After commenting favorably on the survey, Chairman Martin stated to Mr. Allen that he thought the policy question involved had to do with what was the most effective way in which the Federal Reserve System could discharge its responsibilities. He observed that on such a question there might be differences of opinion at the Board level.

Governor Robertson said that to him the strongest of the factors favorable to the establishment of a branch in Des Moines was that this would be a major step in the dispersal of Federal Reserve facilities as a wartime emergency measure. Unlike Chicago and Detroit, he pointed out, Des Moines was not regarded as a critical target area.

After Mr. Allen had expressed agreement that Des Moines would be an excellent location from this standpoint, Governor Robertson commented that the construction of a branch building might include provision for vaults for emergency supplies of currency and thus eliminate the need for special vault facilities at some other location. He indicated that he would want to give further thought to whether factors of this kind were sufficiently important to offset the unfavorable factors developed through the survey.
Reference then was made to the possibility of establishing an agency or facility rather than a branch in Des Moines, and Mr. Allen indicated that he had not given enough consideration to this possibility to express a good judgment at this time. It was his impression, however, that sentiment in the State of Iowa would not favor anything less than a full branch.

In this connection Mr. Leonard recalled that several years ago Mr. Young, then President of the Chicago Reserve Bank, had reported to the Board that if any office were to be established in Iowa for check collection purposes he felt that the population would not be satisfied with a limited facility.

In response to a question by Governor Balderston concerning the large proportion of nonmember banks in the State of Iowa, Mr. Allen stated that there might be a substantial number of small nonmember banks that would not be qualified for membership. He agreed with a statement by Governor Shepardson that continued enlargement and mechanization of farms and the resulting credit needs might result gradually in reducing the number of small banks.

At the conclusion of the discussion President Allen said that he felt he should inform his Board of Directors at some time regarding the survey, to which Chairman Martin replied that he saw no reason why the directors should not be informed at any time in Mr. Allen's discretion.

The meeting then adjourned.
December 4, 1957

Mr. Harold T. Patterson,
Vice President and General Counsel,
Federal Reserve Bank of Atlanta,
Atlanta 3, Georgia.

Dear Mr. Patterson:

This is in reply to your letter of September 16 regarding questions presented by Mr. Frank W. Norris, President of The Barnett National Bank of Jacksonville, as to the interpretation and application of section 6(a)(2) of the Bank Holding Company Act, which forbids a bank

"to accept the capital stock . . . of a bank holding company of which it is a subsidiary . . . as collateral security for advances made to any person. . . ."

The first question is whether section 6(a)(2) would be violated if subsidiary banks of Barnett National Securities Corporation, a bank holding company, now made loans secured by stock of The Barnett National Bank of Jacksonville. You point out that, under the Securities Corporation's charter and other relevant documents, the

"pledge . . . of stock of said Bank . . . shall, to the full and ultimate extent that may be permissible by or under any reasonable interpretation of the laws then in effect and applicable, operate ipso facto and automatically as a like sale, transfer, pledge or other disposition to the same person or persons of a like interest in an equal or proportionate number of shares of the capital stock of this corporation."

The Board agrees with your opinion that, in view of these provisions, the pledge of shares of The Barnett National Bank of Jacksonville necessarily involves a pledge of shares of the bank holding company. Accordingly, it would appear that loans by bank subsidiaries of the holding company secured by stock of The Barnett National Bank of Jacksonville would violate section 6(a)(2) of the Bank Holding Company Act.
The second question relates to the right of subsidiary banks of the Securities Corporation to continue to carry loans secured by shares of Barnett National Bank of Jacksonville where such loans were made prior to enactment of the Bank Holding Company Act. In other words, if the bank extends the maturity of such a loan and continues to hold the stock as security, does the bank "accept" that stock as security for an "advance" within the meaning of section 6(a)(2)?

As you know, in construing other statutory provisions the Board in the past has several times taken the position that the renewal of a loan does not constitute a "loan" or an "extension of credit". Thus, in 1936 the Board expressed the view that where a member bank has made a loan to a person who was not at the time an executive officer of the bank, a renewal or extension of the loan after the borrower became an executive officer "is not to be regarded as a 'loan or extension of credit' within the meaning of the prohibitions" of section 22(g) of the Federal Reserve Act (1936 F. R. Bulletin, P. 325). Similarly, in 1934 and 1935, in construing section 23A of the Federal Reserve Act, a provision that is similar in many respects to section 6(a) of the Bank Holding Company Act, the Board took the position that the words "extension of credit" in that section do not include a renewal of an existing loan. The Board stated its belief that "under the more usual interpretation of the words 'make ... any extension of credit to', such words mean a grant or an allowance of credit rather than an extension of the time of payment of a debt already in existence."

In a number of cases it appears that the courts have held that a renewal or extension of a loan is not equivalent to the making of a loan or advance. See Adler v. United States, 182 F. 464 (C.C.A. 5, 1910), cert. den. 223 U. S. 733 (1912); McRoberts v. Spaulding, 32 F. 2d 315 (D. C. Iowa 1927); Payne v. Ostrus, 50 F. 2d 1039 (C. C. A. 8, 1931); State v. Love, 150 So. 196 (Miss. 1933). In one case the court sustained a jury verdict that the words "loans" and "discounts" as used in a contract, in the light of other provisions of the contract, included renewals; but in that case Judge Cardozo stated that "loans and discounts in their proper legal meaning do not include renewals", pointing out that a renewal is not a loan but an extension of the time of payment. Utica City National Bank v. Gunn, (1910) 222 N.Y. 204, 116 N.E. 607.

For the foregoing reasons, the Board is inclined to the view that, under the language of the statute, renewal or extension of maturity of the loans here in question would not involve the acceptance of a bank holding company's stock as security for advances in violation of section 6(a)(2).
It will be appreciated if you will advise Mr. Norris of the Board's views as stated in this letter. It should be made clear to him, of course, that violations of the provisions of section 6, as well as of other provisions of the Act, are subject to criminal penalties and that the Department of Justice, rather than the Board, is charged with the enforcement of such provisions.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.
Mr. J. A. Erickson, President,
Federal Reserve Bank of Boston,
Boston 6, Massachusetts.

Dear Mr. Erickson:

The Board of Governors approves the payment of salary to the following newly appointed officers of the Federal Reserve Bank of Boston for the period January 1, 1958 through December 31, 1958, at the rates indicated, which are the rates fixed by the Board of Directors as reported in your letter of November 8, 1957:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charles H. Brady</td>
<td>Assistant Cashier</td>
<td>$ 9,000</td>
</tr>
<tr>
<td>Jarvis M. Thayer</td>
<td>Assistant Cashier</td>
<td>10,500</td>
</tr>
<tr>
<td>Richard H. Radford</td>
<td>Assistant Cashier</td>
<td>10,000</td>
</tr>
</tbody>
</table>

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.
Mr. Alfred H. Williams, President,
Federal Reserve Bank of Philadelphia,
Philadelphia 1, Pennsylvania.

Dear Mr. Williams:

The Board of Governors approves the payment of salary to the following newly appointed officer of the Federal Reserve Bank of Philadelphia for the period January 1, 1958 through December 31, 1958, at the rate indicated, which is the rate fixed by the Board of Directors as reported in your letter of October 30, 1957:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>John R. Bunting</td>
<td>Business Economist</td>
<td>$ 9,000</td>
</tr>
</tbody>
</table>

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.
Mr. W. D. Fulton, President,
Federal Reserve Bank of Cleveland,
Cleveland 1, Ohio.

Dear Mr. Fulton:

The Board of Governors approves the payment of salaries to the following newly appointed officers of the Federal Reserve Bank of Cleveland for the period and at the rates indicated. The rates are the same as those fixed by your Board of Directors as reported in your letter of November 14 with respect to Mr. Houpt and your letter of November 27 concerning Mr. Kiel.

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fred O. Kiel</td>
<td>Senior Economist-Office Manager</td>
<td>$11,000</td>
</tr>
<tr>
<td></td>
<td>(For the period January 1, 1958 through December 31, 1958.)</td>
<td></td>
</tr>
<tr>
<td>Charles E. Houpt</td>
<td>Assistant Cashier</td>
<td>$10,500</td>
</tr>
<tr>
<td></td>
<td>(For the period February 1, 1958 through December 31, 1958.)</td>
<td></td>
</tr>
</tbody>
</table>

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.
Mr. John B. Woodward, Jr.,
Chairman of the Board,
Federal Reserve Bank of Richmond,
Richmond 13, Virginia.

Dear Mr. Woodward:

The Board of Governors approves the payment of salary to the following newly appointed officers of the Federal Reserve Bank of Richmond for the period January 1, 1958 through December 31, 1958, at the rates indicated, which are the rates fixed by the Board of Directors as reported in your letter of November 14, 1957:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>John E. Friend</td>
<td>Assistant Cashier</td>
<td>$9,000</td>
</tr>
<tr>
<td>Raymond E. Sanders, Jr.</td>
<td>Assistant Cashier</td>
<td>$8,500</td>
</tr>
</tbody>
</table>

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.
Mr. Malcolm Bryan, President,
Federal Reserve Bank of Atlanta,
Atlanta 3, Georgia.

Dear Mr. Bryan:

The Board of Governors approves the payment of salary to the following newly appointed officer of the Federal Reserve Bank of Atlanta for the period January 1, 1958 through December 31, 1958, at the rate indicated, which is the rate fixed by the Board of Directors as reported in your letter of September 18, 1957:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Edgar M. Vallette</td>
<td>Director of Personnel</td>
<td>$10,000</td>
</tr>
</tbody>
</table>

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter, Secretary.
Mr. Carl E. Allen, President,
Federal Reserve Bank of Chicago,
Chicago 90, Illinois.

Dear Mr. Allen:

The Board of Governors approves the payment of salary to the following newly appointed officer of the Federal Reserve Bank of Chicago for the period January 1, 1958 through December 31, 1958, at the rate indicated, which is the rate fixed by the Board of Directors as reported in your letter of October 21, 1957:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gohr, Lester</td>
<td>Assistant Cashier</td>
<td>$10,500</td>
</tr>
</tbody>
</table>

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.
December 3, 1957

O'Kane - San Francisco

Reurtel November 26, 1957 Board authorizes you, pursuant to section 8(a) of its Rules of Organization, to make available copy of Board's letter of April 6, 1956 (S-1588) to United States Attorney and Securities and Exchange Commission Counsel in Salt Lake City for use in connection with criminal contempt proceedings involving violation by brokerage firm of consent judgment and provisions of section 4(c) of Regulation T as stated in your wire.

(Signed) S. R. Carpenter
CARPENTER