

Minutes for December 23, 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>MM</u>	_____
Gov. Szymczak	x <u>MS</u>	_____
Gov. Vardaman <u>1/</u>	_____	x _____
Gov. Mills	x <u>MS</u>	_____
Gov. Robertson	x <u>RS</u>	_____
Gov. Balderston	_____	x <u>CCB</u>
Gov. Shepardson	x <u>CS</u>	_____

1/ In accordance with Governor Shepardson's memorandum of March 8, 1957, these minutes are not being sent to Governor Vardaman for initial.

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, December 23, 1957. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman
 Mr. Szymczak
 Mr. Mills
 Mr. Robertson
 Mr. Shepardson

Mr. Carpenter, Secretary
 Mr. Kenyon, Assistant Secretary
 Mr. Leonard, Director, Division of Bank Operations
 Mr. Johnson, Director, Division of Personnel Administration
 Mr. Hackley, General Counsel
 Mr. Masters, Director, Division of Examinations
 Mr. Daniels, Assistant Controller

Items circulated to the Board. The following items, which had been circulated to the members of the Board and copies of which are attached to these minutes under the respective item numbers indicated, were approved unanimously:

	<u>Item No.</u>
Letter to the Federal Reserve Bank of Richmond approving an adjustment in the salary structure for employees of the Baltimore Branch.	1
Letter to Central Trust Company, Harrisburg, Pa., Harrisburg, Pennsylvania, approving the establishment of a branch in the Colonial Park Shopping Center, Dauphin County, Pennsylvania. (For transmittal through the Federal Reserve Bank of Philadelphia)	2
Letter to the Federal Reserve Bank of Atlanta waiving the requirement of six months' notice of withdrawal from membership in the Federal Reserve System for American Bank and Trust Company, Bessemer, Alabama.	3

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Item No.

Letter to the Federal Reserve Bank of New York approving a proposed amendment to the Fiscal Agency Agreement between the Reserve Bank and the International Bank for Reconstruction and Development.

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Mr. Johnson then withdrew from the meeting.

Estimated Reserve Bank earnings and expenses during 1957 (Items 5

and 6). There had been sent to the members of the Board copies of a memorandum from the Division of Bank Operations dated December 20, 1957, concerning estimated earnings and expenses of the Federal Reserve Banks during 1957, including proposed year-end adjustments. It was recommended that the respective Reserve Banks be advised that the Board had noted without objection the proposed 1957 year-end entries to profit and loss accounts. In addition, it was proposed to advise the Banks that the lump-sum payments of approximately \$8,335,000 to the Retirement System of the Federal Reserve Banks to provide for increased benefits would be shown in the Board's Annual Report as "Retirement System (adjustment for revised benefits)"; that the addition of approximately \$1,300,000 to net earnings reflecting reimbursement of expenses incurred prior to 1957 in connection with processing Postmasters' Deposits would be shown as "Reimbursement for fiscal agency expenses incurred in prior years"; and that the Board believed it desirable that these items be described uniformly. In the case of the Federal Reserve Bank of Dallas, the memorandum stated that on the basis of figures as of December 11, 1957, the surplus (section 7) account was about \$422,000 below subscribed

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capital. Therefore, in accordance with the established procedure the telegram to that Bank would indicate that allowance would be made for bringing surplus (section 7) up to 100 per cent of subscribed capital before computation of the payment to the Treasury as interest on Federal Reserve notes.

In commenting on the subject, Mr. Leonard said that in addition to the two special charge-offs totaling \$12,525 which the Federal Reserve Bank of Atlanta proposed to make, the memorandum should have stated that the Federal Reserve Bank of San Francisco was charging off an item of \$11,000 representing architect's fees in connection with an abandoned project for the erection of a service building across the street from the head office building.

Unanimous approval then was given to telegrams to the Federal Reserve Banks, except Dallas, in the form attached hereto as Item No. 5 and a telegram to the Dallas Bank in the form attached as Item No. 6.

Messrs. Leonard and Masters then withdrew from the meeting.

Assessment to cover expenses of Board during first half of 1958.

In a memorandum dated December 19, 1957, copies of which had been sent to the members of the Board, Mr. Daniels recommended that an assessment of two hundred fifty-seven thousandths of one per cent (.00257) of the total paid-in capital and surplus (section 7 and section 13b) of the Federal Reserve Banks as of December 31, 1957, be levied upon the Banks

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to meet estimated expenses of the Board for first half of 1958. Based on an estimate of Federal Reserve Bank capital and surplus of \$1,181,000,000, the recommended rate would produce a total of \$3,035,170. The gross amount required by the Board for the first half of 1958 was estimated to be \$3,367,697, including an allowance for contingencies of \$200,000.

Following comments by Mr. Daniels, the recommendation contained in his memorandum was approved unanimously and it was understood that appropriate advice regarding the assessment would be sent to the Federal Reserve Banks by the Office of the Controller.

The meeting then adjourned.

Secretary's Note: Pursuant to recommendations contained in memoranda from appropriate individuals concerned, Governor Shepardson today approved on behalf of the Board increases in the basic annual salaries of the following persons on the Board's staff, effective December 29, 1957:

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
<u>Board Members' Offices</u>			
Margaret N. Muehlhaus, Secretary to the Chairman		\$6,820	\$7,035
Helen B. Wolcott, Secretary to Governor Balderston		6,605	6,820
George L. Spencer, Jr., Secretary to Governor Szymczak		5,105	5,440
Dorothy Duke, Secretary to Governor Vardaman		6,605	6,820
Madeleine E. Benton, Secretary to Governor Mills		6,605	6,820
Dorothy S. Mooney, Secretary to Governor Robertson		6,605	6,820
Elsie M. Westman, Secretary to Governor Shepardson		6,605	6,820

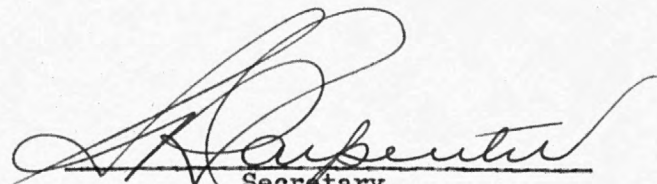
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Salary increases, effective December 29, 1957 (continued)

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
<u>Office of the Secretary</u>			
Adaline R. Beeson, Records Analyst <u>1/</u>		\$4,480	\$4,620
<u>Research and Statistics</u>			
Priscilla S. Goodby, Research Assistant		4,210	4,345
Monica F. Jones, Statistical Assistant		4,620	4,755
Winofred J. Racz, Statistical Assistant		4,620	4,755
<u>Examinations</u>			
Michael W. Flynn, Assistant Federal Reserve Examiner		5,845	5,980
Travis J. Johnson, Federal Reserve Examiner		6,820	7,035
<u>Personnel Administration</u>			
John J. Hart, Personnel Assistant		7,785	8,000

Pursuant to the recommendation contained in a memorandum dated December 20, 1957, from Mr. Kelleher, Assistant Director, Division of Administrative Services, Governor Shepardson today approved on behalf of the Board payment of the usual night differential to members of the Board's Labor Force assigned to duty from 1:00 p.m. to 5:00 p.m. on December 24 and December 31, 1957, because of the action of the Board granting reduced hours of duty on those dates.


Secretary

1/ Change in title from Senior Records Clerk to Records Analyst.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 1
12/23/57

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 23, 1957



CONFIDENTIAL (FR)

Mr. Hugh Leach, President,
Federal Reserve Bank of
Richmond,
Richmond 13, Virginia.

Dear Mr. Leach:

In accordance with your letter of December 5, 1957, the Board of Governors approves the following minimum and maximum salaries for the respective grades of the salary structure applicable to the Baltimore Branch of the Federal Reserve Bank of Richmond effective December 30, 1957:

<u>Grade</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>
1	\$2,197	\$2,964
2	2,444	3,302
3	2,665	3,601
4	2,899	3,900
5	3,224	4,355
6	3,601	4,849
7	4,043	5,460
8	4,433	5,993
9	4,940	6,669
10	5,369	7,241
11	5,798	7,813
12	6,383	8,619
13	6,890	9,308
14	7,488	10,114
15	8,086	10,920
16	8,710	11,700

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 assumed

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, 1958.

It is understood that the present employees' salary structure of the Head Office and Charlotte Branch, which was made effective January 1, 1957, will continue to be applicable to those offices.

The Board understands that provision has been made in the 1958 budget to cover the cost of increases arising from this change in salary structure.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 2
12/23/57

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 23, 1957



Board of Directors,
Central Trust Company, Harrisburg, Pa.,
Harrisburg, Pennsylvania.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Philadelphia, the Board of Governors of the Federal Reserve System approves the establishment of a branch in the Colonial Park Shopping Center, Jonestown Road and Colonial Road, Lower Paxton Township, Dauphin County, Pennsylvania, by Central Trust Company, Harrisburg, Pa., Harrisburg, Pennsylvania, provided the branch is established within one year 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.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

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Item No. 3
12/23/57

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 23, 1957



Mr. J. E. Denmark, Vice President,
Federal Reserve Bank of Atlanta,
Atlanta 3, Georgia.

Dear Mr. Denmark:

Reference is made to your letter of December 10, 1957, enclosing a copy of a resolution adopted by the board of directors of the American Bank and Trust Company, Bessemer, Alabama, signifying its intention to withdraw from membership in the Federal Reserve System and requesting waiver of the six months' notice of such withdrawal.

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

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

It is our understanding that the bank has filed a formal application with the Federal Deposit Insurance Corporation for continuance of deposit insurance after withdrawal from membership.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 4
12/23/57

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 23, 1957

Mr. H. A. Bilby, Vice President,
Federal Reserve Bank of New York,
New York 45, New York.

Dear Mr. Bilby:

This refers to your letter of December 12, 1957, and its enclosures, concerning the proposed amendment to the Fiscal Agency Agreement, dated as of February 6, 1950, between the International Bank for Reconstruction and Development and your Bank so as (1) to provide that your Bank shall make all transfers and exchanges of all registered Bonds of the International Bank in accordance with instructions given by the International Bank which will be in the form of a letter to your Bank to make such transfers and exchanges in accordance with procedures applicable to United States Treasury Bonds, and (2) to reflect the fact that there is now more than one Vice President of the International Bank.

The Board of Governors approves the execution and delivery by your Bank of an Agreement with the International Bank in the form of the draft of Supplement No. 12 to the Fiscal Agency Agreement, dated as of February 6, 1950, between your Bank and the International Bank, enclosed with your letter.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.

T E L E G R A M
LEASED WIRE SERVICE

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 5
12/23/57

December 23, 1957

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS
EXCEPT DAL IAS

Board has considered and notes without objection proposed year-end closing entries of your Bank as shown by statement accompanying

(a).

Board's Annual Report will show as separate items (a) reimbursement for handling Postmasters' Deposits in prior years as "Reimbursement for fiscal agency expenses incurred in prior years"; and (b) special contributions to Retirement System as "Retirement System (adjustment for revised benefits)". If these items are set forth in your published statements, Board believes it desirable that they be described uniformly as indicated above.

(Signed) S. R. Carpenter
CARPENTER
(a)

Boston	December 3 letter from Mr. Strong
New York	December 5 letter from Mr. Kimball
Philadelphia	December 5 letter from Mr. McGreedy
Cleveland	December 12 letter from Mr. Clouse
Richmond	December 12 letter from Mr. Leach
Atlanta	December 13 letter from Mr. Raisty
Chicago	December 12 letter from Mr. Dawes
St. Louis	December 16 letter from Mr. Weigel
Minneapolis	December 11 letter from Mr. Ohnsted
Kansas City	December 11 letter from Mr. Rankin
San Francisco	November 18 letter from Mr. Hemmings

T E L E G R A M
LEASED WIRE SERVICEBOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTONItem No. 6
12/23/57

December 23, 1957

Irons - Dallas

Board has considered and notes without objection proposed year-end closing entries of your Bank as shown by statement accompanying December 12 letter from Mr. Austin.

Board's Annual Report will show as separate items (a) reimbursement for handling Postmasters' Deposits in prior years as "Reimbursement for fiscal agency expenses incurred in prior years"; and (b) special contributions to Retirement System as "Retirement System (adjustment for revised benefits)". If these items are set forth in your published statements, Board believes it desirable that they be described uniformly as indicated above.

It is noted that your surplus (Section 7) account is below subscribed capital. In accordance with established procedure allowance will be made for bringing such surplus to 100 per cent of subscribed capital before computation of payment to Treasury of interest on Federal Reserve notes.

(Signed) S. R. Carpenter
CARPENTER