

Minutes for January 24, 1958

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	<input checked="" type="checkbox"/> <u>MM</u>	_____
Gov. Szymczak	<input checked="" type="checkbox"/> <u>MS</u>	_____
Gov. Vardaman <u>1/</u>	_____	<input checked="" type="checkbox"/> _____
Gov. Mills	<input checked="" type="checkbox"/> _____	_____
Gov. Robertson	<input checked="" type="checkbox"/> <u>R</u>	_____
Gov. Balderston	<input checked="" type="checkbox"/> <u>CB</u>	_____
Gov. Shepardson	<input checked="" type="checkbox"/> <u>BS</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 the Board of Governors of the Federal Reserve System
on Friday, January 24, 1958. The Board met in the Board Room at 10:00 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. Leonard, Director, Division of
Bank Operations
Mr. Hackley, General Counsel
Mr. Masters, Director, Division of
Examinations
Mr. Conkling, Assistant Director,
Division of Bank Operations
Mr. Solomon, Assistant General Counsel

Approval of the reestablishment of existing discount rates. The Secretary presented proposed telegrams to the Federal Reserve Banks of Atlanta, San Francisco, Philadelphia, Minneapolis, and Dallas approving the establishment without change by Atlanta on January 20, 1958, by San Francisco on January 22, 1958, and by the other three Banks on January 23, 1958, of the rates on discounts and advances in their existing schedules.

These telegrams were approved unanimously and the Secretary then raised a question about changing the existing procedure pursuant to which telegrams approving the reestablishment of existing discount rates are held during the week and placed on the agenda for the Board meeting on Friday, or the next succeeding meeting when the Board does not meet on Friday. After commenting on the reason why this procedure was instituted,

1/24/58

-2-

he suggested that, with the Board currently meeting daily, it would be more appropriate to follow the practice of listing such telegrams for approval on the agenda for the next Board meeting following receipt of advice from a Reserve Bank that the existing rates had been established without change. This suggestion also contemplated that if action were taken by the Board on the day such a telegram was received with respect to a change in rate at one or more other Federal Reserve Banks, advice of approval of the reestablishment of existing rates would be sent on that day in the absence of other instructions by the Board.

In this connection, reference was made to the fact that at yesterday's meeting the Board authorized the Secretary's Office to advise administratively of approval by the Board of the establishment of a 2-3/4 per cent discount rate for any Reserve Bank which informed the Board subsequent to the meeting that its directors had established such a rate. However, no action was taken to authorize advice of approval of the reestablishment of existing rates on the understanding that such action would be taken at the meeting today in accordance with the existing procedure. This could convey the impression in the present situation that the Board was not disposed to regard favorably the reestablishment of existing rates by a Federal Reserve Bank.

Following a discussion of the suggestion made by the Secretary, it was agreed unanimously that the procedure which he had proposed would be followed.

1/24/58

-3-

Request of Counsel for Continental Bank and Trust Company for access to certain earnings and dividends reports. There had been distributed to the members of the Board copies of a memorandum from the Division of Examinations dated January 16, 1958, recommending that the 1929-38 earnings and dividends reports of the Bloomfield Bank and Trust Company, Bloomfield, New Jersey, the Franklin Washington Trust Company, Newark, New Jersey, and the Montclair Trust Company, Montclair, New Jersey, be made available for the inspection of Respondent in the current proceeding against The Continental Bank and Trust Company, Salt Lake City, Utah, and that these reports be allowed to become a part of the confidential portion of the record of the proceeding if this should be deemed necessary by Counsel for either party. The memorandum stated that Special Counsel for the Board concurred in this recommendation.

In summarizing the circumstances involved, Mr. Masters explained that after Mr. Crosse, Assistant Vice President of the Federal Reserve Bank of New York, testified in this proceeding on November 21, 1957, regarding certain aspects of the operation of the three State member banks in the early 1930's as an example of what could develop in well operated banks under adverse economic conditions, Counsel for Respondent requested access to certain Federal Reserve Bank synopsis sheets, reports of condition, and earnings and dividends reports pertaining to these banks. While the synopsis sheets had been furnished and the published reports of condition were being reproduced for Respondent's use, the question of

1/24/58

-4-

furnishing the earnings and dividends reports appeared to require Board action because of the Board's previous ruling in this proceeding that such reports of certain individual banks for the years 1948-56 should not be made available. Here, however, the three banks in question were no longer in existence and Mr. Crosse had obtained written authorization from the successor institutions for the use of the earnings and dividends reports.

Thereupon, the recommendation of the Division of Examinations was approved unanimously, with the understanding that the Division would give appropriate advice to Special Counsel for the Board concerning the Board's action.

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 the request of American Commercial Bank, Charlotte, North Carolina, for an extension of time to establish an in-town branch.	1
Letter to the Federal Deposit Insurance Corporation regarding the application of Inland Empire Bank, Umatilla, Oregon, for continuance of deposit insurance after withdrawal from membership in the Federal Reserve System.	2
Letter to the Federal Reserve Bank of Philadelphia approving the payment of salaries at rates previously approved to three officers of that Bank whose titles have been changed.	3

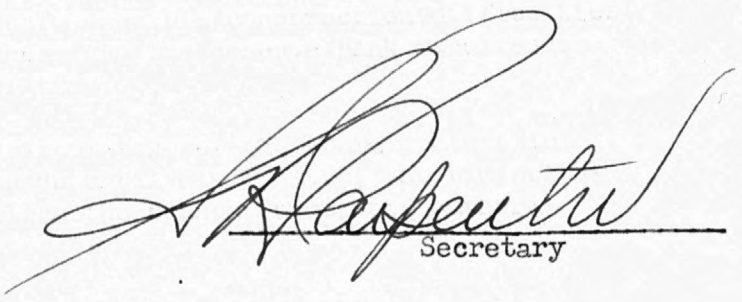
The meeting then adjourned.

1/24/58

Secretary's Notes: 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 employees in the Division of Research and Statistics in the amounts indicated, effective January 26, 1958:

- Stephen H. Axilrod, Economist, from \$8,000 to \$8,990.
- Peter M. Keir, Economist, from \$8,000 to \$8,990.
- Stephen P. Taylor, Economist, from \$8,000 to \$8,990.
- Charles A. Yager, Economist, from \$7,570 to \$8,990.

Governor Shepardson also approved today on behalf of the Board a letter to the Federal Reserve Bank of Dallas approving the appointment of Glen W. James as assistant examiner. A copy of the letter is attached as Item No. 4.



Secretary

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

Item No. 1
1/24/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 24, 1958

Mr. Aubrey N. Heflin, Vice President
and General Counsel,
Federal Reserve Bank of Richmond,
Richmond 13, Virginia.

Dear Mr. Heflin:

Reference is made to your letter of January 17, 1958, regarding the request of American Commercial Bank, Charlotte, North Carolina, for a ninety-day extension of time to establish an in-town branch at the corner of Commonwealth Avenue and The Plaza.

It is noted that unforeseeable construction difficulties have been encountered and therefore the Reserve Bank recommends approval of the extension of time.

In view of these circumstances, the Board concurs in your recommendation and extends until May 3, 1958, the time within which the bank may establish the branch, under the authorization contained in its letter of May 3, 1957.

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
1/24/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 24, 1958

The Honorable Jesse P. Wolcott,
Chairman,
Federal Deposit Insurance Corporation,
Washington 25, D. C.

Dear Mr. Wolcott:

Reference is made to your letter of January 14, 1958, concerning the application of Inland Empire Bank, Umatilla, Oregon for continuance of deposit insurance after withdrawal from membership in the Federal Reserve System.

No corrective programs have been urged upon the bank or agreed to by it which the Board of Governors believes should be incorporated as conditions to the continuance of deposit insurance.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Assistant Secretary.



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

Item No. 3
1/24/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 24, 1958

CONFIDENTIAL (FR)

Mr. Alfred H. Williams, President,
Federal Reserve Bank of Philadelphia,
Philadelphia 1, Pennsylvania.

Dear Mr. Williams:

The Board of Governors approves payment of salaries to the following officers of the Federal Reserve Bank of Philadelphia at their new titles for the period January 3, 1958 through December 31, 1958, at the rates indicated, which are the rates for the year 1958 fixed previously by your Board of Directors and approved by the Board as reported in a letter, dated December 13, 1957, to Mr. Meinel:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
William G. McCreedy	Vice President	\$18,000
Richard G. Wilgus	Vice President and Secretary	16,000
George J. Lavin	Asst. Vice President and Asst. Secretary	14,000

As noted in our letter of December 13, 1957, payment of salary to Mr. McCreedy is approved only to the date of his retirement.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.

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

Item No. 4

1/24/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 24, 1958

Mr. L. G. Pondrom, Vice President,
Federal Reserve Bank of Dallas,
Dallas 2, Texas.

Dear Mr. Pondrom:

In accordance with the request contained in your letter of January 21, 1958, the Board approves the appointment of Glen W. James as an assistant examiner for the Federal Reserve Bank of Dallas. Please advise as to the date upon which the appointment is made effective.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Assistant Secretary.