

Minutes for May 28, 1958

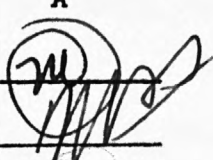
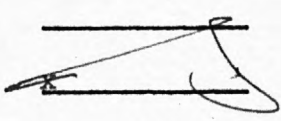
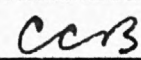
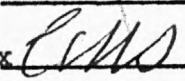
To: Members of the Board

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 | x  | _____ |
| Gov. Szymczak | x _____ | _____ |
| Gov. Vardaman | x _____ | _____ |
| Gov. Mills | _____ |  |
| Gov. Robertson | x _____ | _____ |
| Gov. Balderston | _____ | x  |
| Gov. Shepardson | x  | _____ |

Minutes of the Board of Governors of the Federal Reserve System
on Wednesday, May 28, 1958. The Board met in the Board Room at 10:00 a.m.

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

Mr. Carpenter, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Fauver, Assistant Secretary
Mr. Hackley, General Counsel
Mr. Masters, Director, Division of Examinations
Mr. Farrell, Assistant Director, Division of Bank
Operations
Mr. Solomon, Assistant General Counsel
Mr. Hexter, Assistant General Counsel
Mr. Hooff, Assistant Counsel

Matter regarding Mercantile Trust Company of St. Louis. Governor Vardaman reported to the Board regarding a conference held in his office on Monday afternoon, May 26, with Mr. Byron Moser and Mr. Mervin Krause, Attorney, of St. Louis, Missouri. The gentlemen had asked for an appointment to discuss a suit which they were considering against the Mercantile Trust Company of St. Louis to force the return of stock of the Mercantile-Commerce National Bank to the original stockholders. The long history of this particular dispute and litigation was reviewed briefly including the fact that the position of Mr. Moser's group had been sustained in one court test. According to Governor Vardaman, Mr. Moser asked whether the Board intended to take any further action pursuant to its letter of March 27, 1935, to the Mercantile-Commerce Bank and Trust Company, St. Louis, regarding the disposition of the stock of the Mercantile-Commerce National Bank in St. Louis which it held.

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Governor Vardaman explained to the visitors that he could not speak for the Board, but that it appeared clear from the record in the intervening years that the Board did not intend to take further action. He asked the gentlemen not to call either on individual members of the Board or its staff for any papers, memoranda, or other information relative to this matter. He suggested that if additional material was desired from the Board it be obtained by the subpoena process.

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 Boston regarding the request of the Hadley Falls Trust Company, Holyoke, Massachusetts, for permission to retire its preferred stock. | 1 |
| Letter to Zeeland State Bank, Zeeland, Michigan, approving the establishment of a branch in Allendale, Michigan. (For transmittal through the Federal Reserve Bank of Chicago) | 2 |
| Letter to Barnes Banking Company, Kaysville, Utah, approving an additional investment in bank premises. (For transmittal through the Federal Reserve Bank of San Francisco) | 3 |

Application to organize a national bank at Huntingdon, Tennessee

(Item No. 4). Prior to the meeting there had been circulated to the members of the Board an application to organize a national bank at Huntingdon, Tennessee. The file indicated that the Division of

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Examinations and the Federal Reserve Bank of St. Louis had recommended that the application be disapproved in view of the keen competition which the bank would have from the existing bank in this small community. The present volume of business of all banks in the county made it appear questionable whether the proposed bank could obtain sufficient business to assure sound operations. A letter had been drafted to the Comptroller of the Currency stating that in the light of all the circumstances the Board did not feel justified in recommending approval of the application.

Governor Robertson indicated it would be his preference to recommend approval of the application, recognizing that the question was largely one of individual judgment. Inasmuch as Huntingdon was a one-bank town, he felt competition would be desirable, especially in view of the fact that there was some evidence that the existing bank was not meeting community needs. He thought the Board ought to lean in the direction of favoring competition whenever it was sustainable. He suggested that, if the Board would go along with his view, the matter be referred again to the Federal Reserve Bank of St. Louis for any further comments regarding its recommendation for disapproval.

After further discussion the Board agreed to sustain the position of the Reserve Bank and the Division of Examinations and to approve the letter to the Comptroller of the Currency attached to these minutes as Item No. 4, Governor Robertson voting "no."

During the discussion of the foregoing item Mr. Johnson, Director, Division of Personnel Administration, entered the room.

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Proposed merger of Old Kent Bank and Michigan Trust Company and the Peoples National Bank, Grand Rapids, Michigan (Item No. 5). On Friday, May 23, the Board voted to deny the application of Old Kent Bank and Michigan Trust Company, Grand Rapids, Michigan, for permission to establish branches at various locations in Grand Rapids and Wyoming Township in connection with the proposed merger of that bank and the Peoples National Bank of Grand Rapids. On Monday, May 26, representatives of the two banks had discussed the denial with members of the Board and had been assured that the Board would give further consideration to its previous decision. Subsequently the matter had been discussed informally by members of the Board with Mr. Allen, President of the Federal Reserve Bank of Chicago.

After discussion at this meeting, and with Governor Vardaman voting "no", the Board reaffirmed its previous action of May 23. It was understood that a letter would be written to the Old Kent Bank and Michigan Trust Company informing it of the Board's decision.

Secretary's Note: In accordance with the foregoing action, a letter attached to these minutes as Item No. 5 was sent to the subject bank, with a copy to the Federal Reserve Bank of Chicago.

At this point Messrs. Hexter and Hooff left the meeting.

Assignment of hearing examiner (Items 6 and 7). Pursuant to the understanding at the meeting of the Board on May 26, further consideration was given to the assignment of a hearing examiner for hearings on section 4(c)(6) applications under the Bank Holding Company

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Act by Bank Shares Incorporated and by Northwest Bancorporation. Prior to the meeting a memorandum prepared by Mr. Solomon, dated May 27, had been distributed to the members of the Board outlining the availability of additional hearing officers.

It appeared that no other examiners were available from the National Labor Relations Board, although one or more examiners probably could be obtained from the Office of Alien Property Custodian. It was pointed out, however, that it would take some time to arrange for the loan of an examiner from that agency, as well as time for him to become acquainted with the provisions of the Bank Holding Company Act. Such delays would defeat the purpose of shifting the assignments from Mr. Leff, namely, to expedite the handling of the cases. In the circumstances the feasible alternatives seemed to be either (1) to assign the two cases to Mr. Schneider, or (2) to leave the cases with Mr. Leff as presently assigned and to make such extensions of time as might be necessary.

Governor Vardaman restated his fundamental position that steps should be taken to develop a panel of the Board's own examiners sufficiently large to handle expeditiously cases as they arise.

He called attention to the fact that under present arrangements there were only two hearing examiners available for the use of the Board, and that they had to subordinate the Board's work to that of their regular assignments. He cited the experience with Mr. Leff, who had been originally assigned the subject cases but had later been given other work by the

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Securities and Exchange Commission which precluded his handling them. This left Mr. Schneider as the only hearing examiner available.

Governor Vardaman stated further that while there was no question as to Mr. Schneider's integrity or sincerity, nor was there question as to his conduct in presiding over the hearing, yet his action as hearing examiner in failing initially to consider the First New York Corporation case on its merits indicated a lack of proper judicial consideration and judgment. In view of this opinion, Governor Vardaman stated that he could not agree to the use of Mr. Schneider in cases requiring judicial approach, procedure and judgment.

Governor Robertson concurred that the objective was to have hearings conducted as expeditiously as possible by men who were presumed to be competent. He agreed that it would be desirable to have a bigger panel but he felt strongly that the Board should avoid any implication that it was "picking" its own judges. He pointed out that it would be a lengthy process to set up the Board's own panel of examiners because of the necessity for their qualifying under regulations prescribed by the Civil Service Commission under the Administrative Procedure Act.

In response to a question from Governor Vardaman about the length of time involved in obtaining new hearing officers, Mr. Solomon replied that their availability would vary considerably. He cited the fact that conditions at the National Labor Relations Board had changed considerably since the Board first began to borrow hearing officers from that agency and that they were much busier today than they had

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previously been. With regard to setting up the Board's own panel, he pointed out that the prospects for additional cases were not great. The Board has already had four section 4(c)(6) hearings, two more are involved in the present applications, and the over-all total was not likely to be much greater.

Governor Shepardson said it had been his impression that the parties to the cases thus far brought before hearing officers acting for the Board had been extremely well satisfied with the conduct of the hearings. Mr. Hackley commented that while it was not a part of the record, counsel for applicants in the First National City case had stated that while they could not agree with the conclusions reached, the conduct of the hearings as such had been excellent.

Following further discussion the Board voted to transfer the assignment of hearings on the applications by Bank Shares Incorporated and Northwest Bancorporation under section 4(c)(6) of the Bank Holding Company Act, previously assigned to Mr. Arthur Leff, to Mr. Charles W. Schneider, Governor Vardaman voting "no". Copies of the certifications approved by the Board effecting these transfers are attached as Items 6 and 7.

Reserve Bank expenditures (Item No. 8). Prior to the meeting there had been distributed to the Board a proposed letter to the Chairman of the Presidents' Conference requesting discussion of expenditures for nonofficial entertainment of persons not employed by the Federal Reserve Banks.

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Governor Shepardson recalled that the matter had arisen in connection with a convention of the American Institute of Banking to be held in Kansas City. In accordance with previous meetings of this kind, the Federal Reserve Bank in the host city had planned to invite Reserve Bank delegates of this meeting and their wives to attend a special dinner in their honor during the convention. The problem was of such a general nature, however, that it was felt advisable for the Reserve Banks to reach a common understanding. It was proposed, therefore, that the Presidents' Conference be asked to discuss the matter with the Board during its forthcoming meeting in June.

At this point Messrs. Young, Director, Division of Research and Statistics; Molony, Special Assistant to the Board; Koch, Associate Adviser, Division of Research and Statistics; and Brill, Chief, Capital Markets Section, Division of Research and Statistics, joined the meeting.

Mr. Farrell added additional background information, pointing out that the problem was pertinent to many employee activities such as Christmas parties, picnics, and other similar functions for Reserve Bank personnel. He said the Banks were not consistent in their policies with regard to the inclusion of persons other than employees and he realized that the question was primarily a policy matter since the dollar amounts involved were generally small.

Governor Robertson raised a question whether the best way to handle the matter was by putting it on the agenda for a Presidents' Conference or whether it should be handled by a letter to all the Reserve Banks.

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Governor Shepardson said he and the staff had considered this alternative but found it extremely difficult to write a letter that would cover the various ramifications of the problem. Accordingly, it seemed preferable to handle the matter initially through discussion.

Thereupon the Board agreed to ask the Presidents' Conference to discuss the matter. A copy of the letter sent to Chairman Erickson pursuant to the foregoing action taken by the Board is attached as Item No. 8.

Following the discussion of the action, Mr. Farrell left the meeting.

Stock market credit. Prior to the meeting there had been distributed to the Board a memorandum from Mr. Young transmitting a memorandum prepared by Mr. Brill and Mrs. Ulrey of the Capital Markets Section reviewing recent stock market developments. The staff memorandum dealt particularly with the recent and substantial rise in the total amount of credit involved in stock market transactions. It pointed out that prices had risen 10 per cent since the low in late December 1957 and that total customer credit, including both debit balances and bank loans, had increased 11 per cent since the end of 1957 and was now close to the peak reached in mid-1957.

Mr. Brill reviewed the contents of the memorandum for the Board and there followed a general discussion of stock market developments. It was the consensus of the Board that the situation did not call for any action at the present time.

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Appointments at Cleveland Reserve Bank. Pursuant to the request contained in a letter from the Federal Reserve Bank of Cleveland, dated May 9, 1958, the Board approved the payment of salaries to four officers of the Bank at the respective rates fixed by the directors. A copy of the letter sent to the Federal Reserve Bank of Cleveland pursuant to this action is attached as Item No. 9.

The meeting then adjourned.

Secretary's Notes: Pursuant to recommendations contained in memoranda from appropriate individuals concerned, Governor Shepardson approved on behalf of the Board on May 27, 1958, the following items affecting the Board's staff:

Appointment

D. Lewis McKee as Technical Assistant in the Division of Bank Operations, with basic annual salary at the rate of \$6,605, effective the date he assumes his duties.

Salary increases, effective June 1, 1958

| <u>Name and title</u> | <u>Division</u> | <u>Basic annual salary</u> | |
|---|-----------------|----------------------------|-----------|
| | | <u>From</u> | <u>To</u> |
| <u>Secretary's Office</u> | | | |
| Elsie N. Carrick, Assistant Supervisor, Stenographic Section | | \$ 4,755 | \$ 4,890 |
| Constance A. Dyer, Secretary | | 4,210 | 4,345 |
| Henry B. Hummel, Administrative Assistant <u>1/</u> | | 4,485 | 4,660 |
| <u>Legal</u> | | | |
| Walter H. Young, Assistant Counsel | | 11,180 | 11,395 |

1/ Change in title from Clerk.

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Salary increases, effective June 1, 1958 (continued)

| <u>Name and title</u> | <u>Division</u> | <u>Basic annual salary</u> | |
|--|-----------------|----------------------------|-----------|
| | | <u>From</u> | <u>To</u> |
| <u>Research and Statistic</u> | | | |
| James C. Byrnes, Economist | | \$6,820 | \$7,035 |
| Florence R. Cox, Secretary | | 4,755 | 4,890 |
| Evelyn M. Hurley, Economist | | 5,440 | 6,390 |
| Tressa B. Hemminger, Secretary | | 4,755 | 4,890 |
| Esther P. Locke, Secretary | | 3,940 | 4,075 |
| Athens J. Messick, Secretary | | 4,930 | 5,065 |
| <u>International Finance</u> | | | |
| Bertha G. Brown, Secretary | | 4,345 | 4,480 |
| Betty B. Taylor, Secretary | | 4,075 | 4,210 |
| <u>Bank Operations</u> | | | |
| Helen M. Bennett, Secretary | | 4,215 | 4,350 |
| Margaret C. Griset, Administrative Clerk | | 4,755 | 4,890 |
| Eleanor E. Omohundro, Secretary | | 5,065 | 5,200 |
| <u>Examinations</u> | | | |
| Frances Bender, Secretary | | 5,200 | 5,335 |
| Anna S. Courtney, Secretary | | 4,485 | 4,620 |
| Nancy R. Porter, Supervisor, Recording and Stenographic Section | | 5,200 | 5,335 |
| Esther Severud, Secretary | | 4,755 | 4,890 |
| Ann C. Tompros, Special Assistant Federal Reserve Examiner | | 3,805 | 3,940 |
| <u>Personnel Administration</u> | | | |
| Ruth H. Goodyear, Secretary | | 5,200 | 5,335 |
| <u>Administrative Services</u> | | | |
| Blanche Evans, Cafeteria Helper | | 3,255 | 3,425 |
| Angelina M. Ferguson, Charwoman | | 2,975 | 3,050 |
| Ethelyn M. Palmer, Secretary | | 4,755 | 4,890 |
| Rebie A. Windsor, Chauffeur | | 3,125 | 3,210 |
| <u>Office of Defense Loans</u> | | | |
| Margaret M. Wolfe, Secretary | | 5,200 | 5,335 |

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Promotion and change to full-time basis

Judith J. McGrain, from the position of Clerk-Typist in the Division of Personnel Administration, to the position of Clerk-Stenographer in the same Division, with a change in annual salary from the rate of \$3,345 on a part-time basis to the rate of \$3,500 on a full-time basis, effective June 3, 1958.

Change to full-time basis

Georgine Winslett, Clerk-Typist in the Division of Research and Statistics, from a half-time to a full-time basis, effective June 2, 1958.

Acceptance of resignations

Dorothy M. Carley, Clerk, Division of International Finance, effective May 23, 1958.

Claudina V. Kane, Secretary, Division of Bank Operations, effective May 31, 1958.

Gladys H. Garber, Mailing List Clerk, Division of Administrative Services, effective June 27, 1958.

Governor Shepardson today approved on behalf of the Board the appointment of the following persons to the Board's staff, each as Clerk-Stenographer in the Division of Personnel Administration, effective as of the respective dates of assuming duties:

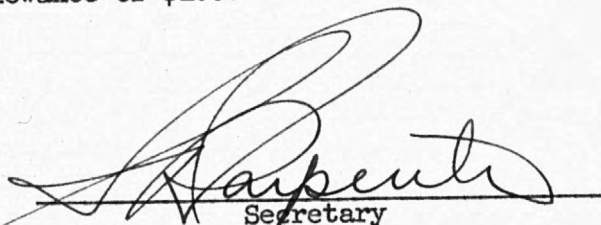
| <u>Name</u> | <u>Basic annual salary</u> |
|------------------------|----------------------------|
| Barbara J. Clarke | \$3,670 |
| Patricia A. D'Ambrosio | 3,415 |
| Nancy E. Harcourt | 3,500 |
| Delores E. Helvey | 3,415 |
| Patricia D. Kevilly | 3,415 |
| Harriet D. Litoff | 3,500 |
| Willa I. McChesney | 3,415 |
| Mary B. McKee | 3,415 |
| Marcia L. Mehl | 3,670 |
| Nancy A. Milner | 3,500 |
| Margaret D. Quick | 3,415 |
| Judith J. Sherbine | 3,415 |
| Margaret Ann Smith | 3,670 |
| Ann L. Smithson | 3,415 |
| Anita L. Tidler | 3,415 |
| Roberta M. Zeisz | 3,415 |

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Governor Shepardson also approved today on behalf of the Board a letter to the Federal Reserve Bank of Chicago (attached Item No. 10) approving the designation of David F. Popp as special assistant examiner.

Pursuant to the recommendation contained in a memorandum dated May 28, 1958, from Mr. Young, Director, Division of Research and Statistics, Governor Shepardson approved on behalf of the Board making Kenneth B. Williams, Associate Adviser in that Division, available to serve as a member of the United States delegation to the semiannual meeting of the United Nations Economic and Social Council to be held in Geneva, Switzerland, from July 1 to August 2, 1958, with the understanding that the Department of State would defray all of Mr. Williams' expenses in connection with the trip but that Mr. Williams would remain on the Board's pay roll. Governor Shepardson also approved for Mr. Williams a travel advance of \$1,000 and a representation allowance of \$200.



Secretary

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON 25, D. C.

Item No. 1
5/28/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 28, 1958

Mr. Benjamin F. Groot, Vice President,
Federal Reserve Bank of Boston,
30 Pearl Street,
Boston 6, Massachusetts.

Dear Mr. Groot:

Reference is made to your letter of May 2, 1958, submitting the request of the Hadley Falls Trust Company, Holyoke, Massachusetts, for permission to retire the remaining \$600,000 outstanding preferred stock.

Section 9 of the Federal Reserve Act provides that the capital stock of a State member bank shall not be "reduced" except with the prior consent of the Board of Governors. In the present case, the Board understands that, simultaneously with the retirement of preferred stock, an equal amount of common stock will be issued. Therefore, it is the Board's opinion that there will be no reduction in the bank's capital stock and the Board's approval will not be required.

However, there are several features of the proposal which warrant comment. In spite of the fact that the bank is considered to be undercapitalized, capital funds will be further reduced under the proposal, and the suggested cash dividends of \$50,000 to \$60,000 to be paid on common stock after recapitalization, as compared with the modest dividends presently being paid on both the preferred and common stock, will further adversely affect the bank's capital position unless management makes continuous and strenuous efforts to conserve earnings.

The waiver of payments by the Hadley Falls Realty Trust upon the first mortgage held by the Hadley Falls Trust Company for a period of five years, to permit the repayment of \$125,000 serial notes, and the use of established valuation reserves on fixed assets for the purpose of retiring preferred stock are both transactions that appear to be questionable.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Mr. Benjamin Groot

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While, as stated above, the proposed retirement does not require the Board's approval if common stock is increased simultaneously in a like amount, the undercapitalized position of the bank is of considerable concern to the Board and the bank's management should be advised that the matter of augmenting its capital funds should receive its continuing consideration.

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. 2
5/28/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 28, 1958

Board of Directors,
Zeeland State Bank,
Zeeland, Michigan.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Chicago, the Board of Governors of the Federal Reserve System approves the establishment of a branch at 6851 Lake Michigan Drive in the unincorporated community of Allendale, Michigan, by Zeeland State Bank, Zeeland, Michigan, provided the branch is established within six months from the date of this letter and the approval of the State authorities is in effect as of the date of the establishment of the branch.

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. 3
5/28/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 28, 1958

Board of Directors,
Barnes Banking Company,
Kaysville, Utah.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of San Francisco, the Board of Governors, under the provisions of section 24A of the Federal Reserve Act, approves an additional investment of \$1,624.42 expended during the recent construction of new banking quarters. This amount is over and above the \$150,000 previously approved by the Board.

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
5/28/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 28, 1958

Comptroller of the Currency,
Treasury Department,
Washington 25, D. C.

Attention Mr. G. W. Garwood,
Deputy Comptroller of the Currency.

Dear Mr. Comptroller:

Reference is made to a letter from your office dated February 25, 1958, enclosing copies of an application to organize a national bank at Huntingdon, Tennessee, and requesting a recommendation as to whether or not the application should be approved.

Information contained in a report of investigation of the application made by an examiner for the Federal Reserve Bank of St. Louis indicates that the proposed capital structure of the bank would be adequate. However, in view of the keen competition which the bank would have from the existing bank in this small community and the present volume of business of all banks in the county, it appears questionable whether the proposed bank could obtain sufficient business to assure sound operations. At most, the earnings prospects are regarded as only fair. None of the proposed directors have had previous banking experience and, since the chief executive officer has not been designated, the management factor cannot be fully resolved at this time. In the light of all the circumstances, the Board does not feel justified in recommending approval of the application.

The Board's Division of Examinations will be glad to discuss any aspects of this case with representatives of your office if you so desire.

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. 5
5/28/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 28, 1958



Mr. Carl H. Morgenstern, President,
Old Kent Bank and Michigan Trust Company,
Grand Rapids, Michigan.

Dear Sir:

Reference is made to the application of Old Kent Bank and Michigan Trust Company for permission to establish seven branches incident to a proposed merger with the Peoples National Bank of Grand Rapids and to the representations on this matter by you and your associates before the Board on May 26.

The Board has reviewed this proposal again and is of the opinion that it would not be justified in changing the conclusion set forth in its letter of May 23 to your Board of Directors. It appears that the transaction will result in a significant reduction in competition for banking business in the Grand Rapids area which may be contrary to the public interest. The Board feels that consideration must be given to this factor in transactions of this character.

A copy of this letter is being sent to the Federal Reserve Bank of Chicago so that it will be informed.

Very truly yours,

(Signed) S. R. Carpenter

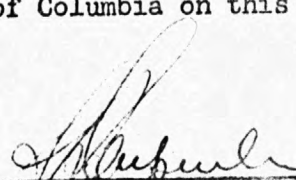
S. R. Carpenter,
Secretary.

BOARD OF GOVERNORS
of the
FEDERAL RESERVE SYSTEMItem No. 6
5/28/58

I, S. R. Carpenter, do hereby certify that it appears by and from the records in my custody as Secretary, Board of Governors of the Federal Reserve System, that in accordance with the provisions of section 11 of the Administrative Procedure Act (5 U.S.C. 1010) and at the request of the said Board of Governors for a Hearing Examiner to conduct a hearing under section 4(c)(6) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843), and section 5(b) of the Board's Regulation Y (12 CFR 222.5(b)), the Civil Service Commission selected Charles W. Schneider to act in such capacity, and he was assigned to act as Hearing Examiner to conduct said hearing in connection with requests of Bank Shares Incorporated, Minneapolis, Minnesota, for determinations by the said Board that certain companies and the activities thereof are of the kind described in those provisions of the Act and the regulation so as to make it unnecessary for the prohibitions of section 4 of the Act with respect to retention of shares in nonbanking organizations to apply in order to carry out the purposes of the Act, said hearing to be conducted in accordance with the order of the Board of Governors in this matter, dated May 2, 1958, 23 Federal Register 3082 (May 8, 1958), and said assignment to supersede any prior assignment of any other Hearing Examiner to conduct said hearing.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the Board of Governors of the Federal Reserve System to be affixed at the City of Washington in the District of Columbia on this 29th day of May, 1958.

(SEAL)



Secretary, Board of Governors
of the Federal Reserve System

BOARD OF GOVERNORS
of the
FEDERAL RESERVE SYSTEMItem No. 7
5/28/58

I, S. R. Carpenter, do hereby certify that it appears by and from the records in my custody as Secretary, Board of Governors of the Federal Reserve System, that in accordance with the provisions of section 11 of the Administrative Procedure Act (5 U.S.C. 1010) and at the request of the said Board of Governors for a Hearing Examiner to conduct a hearing under section 4(c)(6) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843), and section 5(b) of the Board's Regulation Y (12 CFR 222.5(b)), the Civil Service Commission selected Charles W. Schneider to act in such capacity, and he was assigned to act as Hearing Examiner to conduct said hearing in connection with requests of Northwest Bancorporation, Minneapolis, Minnesota, for determinations by the said Board that certain companies and the activities thereof are of the kind described in those provisions of the Act and the regulation so as to make it unnecessary for the prohibitions of section 4 of the Act to apply in order to carry out the purposes of the Act, said hearing to be conducted in accordance with the order of the Board of Governors in this matter, dated May 8, 1958, 23 Federal Register 3281 (May 14, 1958), and said assignment to supersede any prior assignment of any other Hearing Examiner to conduct said hearing.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the Board of Governors of the Federal Reserve System to be affixed at the City of Washington in the District of Columbia on this 29th day of May, 1958.

(SEAL)


Secretary, Board of Governors
of the Federal Reserve System

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

Item No. 8
5/28/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 28, 1958.

Mr. J. A. Erickson, Chairman,
Conference of Presidents of the
Federal Reserve Banks,
c/o Federal Reserve Bank of Boston,
Boston 6, Massachusetts.

Dear Mr. Erickson:

One matter that has recently come to the Board's attention is the entertainment of Federal Reserve delegates to the annual National Convention of the American Institute of Banking. It is understood that it has been customary for the Federal Reserve office in the city in which this convention may be held to arrange and bear the cost of a party, generally a dinner, for Federal Reserve employees who are attending the convention; and that the invitations to these parties have included the wives of the employees invited.

The Board feels that there is considerable doubt as to whether it is appropriate, generally speaking, to use Federal Reserve funds for the purpose of nonofficial entertainment of persons not employed by the Federal Reserve Banks. It is recognized, however, that an absolute prohibition of such expenditures might work hardships on personnel activities, such as Christmas parties, etc.

Therefore, the Board would like to discuss this matter with the Presidents during their next Conference.

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. 9
5/28/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 28, 1958

CONFIDENTIAL (FR)

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 officers of the Federal Reserve Bank of Cleveland for the period and at the rates indicated, which are the rates fixed by your Board of Directors as reported in your letter of May 9, 1958:

| <u>Name</u> | <u>Title</u> | <u>Annual Salary</u> |
|------------------|--|----------------------|
| | <u>Head Office</u> | |
| Paul Breidenbach | Counsel | \$12,000 |
| | (For the period July 1, 1958 through December 31, 1958) | |
| George T. Quast | Chief Examiner | 11,000 |
| Harold H. Renz | Asst. Chief Examiner | 10,556 |
| | (For the period September 1, 1958 through December 31, 1958) | |
| | <u>Pittsburgh Branch</u> | |
| Paul H. Dorn | Assistant Cashier | 10,500 |
| | (For the period June 1, 1958 through December 31, 1958) | |

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. 10
5/28/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 28, 1958

Mr. C. P. Van Zante, Vice President,
Federal Reserve Bank of Chicago,
Chicago 90, Illinois.

Dear Mr. Van Zante:

In accordance with the request contained in your letter of May 22, 1958, the Board approves the designation of David F. Popp as a special assistant examiner for the Federal Reserve Bank of Chicago. Please advise as to the date upon which the designation is made effective.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.