

Minutes for June 19, 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 <u>[Signature]</u>	<u>[Signature]</u>
Gov. Szymczak	<u> </u>	x <u>[Signature]</u>
Gov. Vardaman <u>1/</u>	<u> </u>	x <u> </u>
Gov. Mills	x <u>[Signature]</u>	<u> </u>
Gov. Robertson	x <u>[Signature]</u>	<u> </u>
Gov. Balderston	<u> </u>	x <u>CCRB</u>
Gov. Shepardson	x <u>[Signature]</u>	<u>[Signature]</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 Thursday, June 19, 1958. The Board met in the Board Room at 10:00 a.m.

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

Mr. Carpenter, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Thurston, Assistant to the Board
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 Director, Division of Bank Operations
Mr. Goodman, Assistant Director, Division of Examinations
Mr. Hooff, Assistant Counsel

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 First National City Bank of New York, New York, New York, approving the establishment of branches in Belo Horizonte and Curitiba, Brazil. (For transmittal through the Federal Reserve Bank of New York)	1
Letter to State Bank of Albany, Albany, New York, approving the establishment of a branch in the Town of East Greenbush, New York. (For transmittal through the Federal Reserve Bank of New York)	2
Letter to Long Island Trust Company, Garden City, New York, extending the time within which it may establish a branch in the Town of North Hempstead, New York. (For transmittal through the Federal Reserve Bank of New York)	3

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	<u>Item No.</u>
Letter to the Lincoln Rochester Trust Company, Rochester, New York, approving the establishment of a branch at 65 Fitzhugh Street North. (For transmittal through the Federal Reserve Bank of New York)	4
Letter to Asbury Park and Ocean Grove Bank, Asbury Park, New Jersey, approving the establishment of a branch in Ocean Township, New Jersey. (For transmittal through the Federal Reserve Bank of New York)	5
Letter to the Jenkintown Bank and Trust Company, Jenkintown, Pennsylvania, extending the time within which it may establish a branch in Abington Township, Pennsylvania. (For transmittal through the Federal Reserve Bank of Philadelphia)	6
Letter to Schoolfield Bank & Trust Company, Danville, Virginia, approving its application for membership in the Federal Reserve System. (For transmittal through the Federal Reserve Bank of Richmond)	7
Letter to the City Bank and Trust Company, Jackson, Michigan, approving the establishment of a branch at 4515 Francis Street instead of 4608 Francis Street in Vandercook Lake, Michigan. (For transmittal through the Federal Reserve Bank of Chicago)	8
Letter to the Nevada Bank of Commerce, Reno, Nevada, approving the establishment of a branch at 1379 South Virginia Street. (For transmittal through the Federal Reserve Bank of San Francisco)	9
Letter to the Presidents of all Federal Reserve Banks concerning the cancellation of Federal Reserve Bank stock when a national bank converts into, or merges or consolidates with, a nonmember State bank under the charter of the latter.	10
Letter to the Comptroller of the Currency recommending approval of an application to organize a national bank at San Antonio, Texas. (With a copy to the Federal Reserve Bank of Dallas)	11
Letter to the Federal Reserve Bank of Atlanta authorizing the preparation of detailed plans and specifications for an addition to the head office building and alterations to the existing building.	12

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Item No.

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Letter to the Federal Reserve Bank of Chicago interposing no objection to its furnishing the manufacturer of a currency changer machine information concerning the location of perforations placed in Treasury currency during the cancellation operation.

Before action was taken on the membership application of the Schoolfield Bank & Trust Company (Item No. 7), Mr. Masters summarized, at Governor Mills' request, the reasons why the Division of Examinations had recommended favorably despite the fact that the bank's application for deposit insurance was turned down by the Federal Deposit Insurance Corporation in August 1957. In his comments Mr. Masters stressed the improvement in the bank's condition reflected by the membership examination made by the Federal Reserve Bank of Richmond as of March 17, 1958, as compared with the examination made by the Federal Deposit Insurance Corporation in May 1957. He also brought out that although the Corporation's letter of June 3, 1958, written in response to the Board's letter of May 22, 1958, continued to express certain reservations regarding the applicant bank, the comments were based primarily on the May 1957 examination. With respect to the admittedly overbanked situation in Danville, he said it was the view of the Division of Examinations that where, as in this case, a bank is already in existence and is serving the community, there would be no reason to deny an application for System membership, particularly in view of the improvement in condition shown since the time of the examination by the Federal Deposit Insurance Corporation.

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Governor Robertson added that at his suggestion a representative of the Division of Examinations visited the offices of the Federal Deposit Insurance Corporation on June 16, 1958, and reviewed the application with members of the Corporation's staff, at which time the view was expressed that if, on the basis of current information, the Board was satisfied as to the factors set forth in section 6 of the Federal Deposit Insurance Act, the Corporation would rely on the judgment of the Board with respect to the membership application.

Messrs. Goodman, Daniels, and Hooff then withdrew from the meeting.

Use of Federal Reserve Bank funds for entertainment purposes. In accordance with the understanding at the joint meeting of the Board and the Reserve Bank Presidents held on June 17, 1958, there had been received under that date from the Chairman of the Presidents' Conference a statement setting forth in detail the Presidents' views with respect to the use of Federal Reserve Bank funds for nonofficial entertainment of persons not employed by the Federal Reserve Banks. Copies thereof had been distributed to the members of the Board.

At the suggestion of Chairman Martin, it was agreed to defer consideration of this matter until additional members of the Board were available to participate in the discussion. In addition, it was reported that the President of one Federal Reserve Bank was going to write a letter to the Board on the subject. Reference also was made in this connection to an aide memoire dated June 13, 1958, on the subject of expenses of wives

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accompanying Reserve Bank officers on foreign travel which had been handed to Chairman Martin by President Hayes of the Federal Reserve Bank of New York. Copies of this document had been distributed to the members of the Board.

Mr. Leonard then withdrew from the meeting.

Charlotte Branch matter (Item No. 14). Pursuant to the understanding at the meeting on June 11, 1958, there had been distributed to the members of the Board copies of a draft of letter which might be sent to the Federal Reserve Bank of Richmond with respect to the letter received by the Board from officials of the First Baptist Church, Charlotte, North Carolina, regarding an interview with the Vice President of the Charlotte Branch concerning the employment practices of the branch.

Following a discussion, the letter to the Richmond Bank, of which a copy is attached as Item No. 14, was approved unanimously.

Consideration also was given to the nature of the reply which might be made to the officials of the First Baptist Church, and Mr. Thurston was requested to prepare a letter to that group on the basis of suggestions as to content which were made at this meeting.

Mr. Masters then withdrew from the meeting and Messrs. Connell and Bass, Controller and Assistant Controller, respectively, entered the room.

General salary increase for Board employees (Item No. 15). In anticipation of the enactment of the Federal Employees Salary Increase Act of 1958, now before the President for signature, there had been distributed to the members of the Board copies of a memorandum from the Division of

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Personnel Administration dated June 12, 1958, making recommendations with respect to a general salary increase for Board employees and related matters. Copies of the memorandum and supplemental papers which were distributed with it are attached hereto under Item No. 15.

Following comments by Governor Shepardson and Mr. Johnson concerning matters referred to in the memorandum, the recommendations contained therein were approved unanimously subject to enactment of the Federal Employees Salary Increase Act of 1958.

The meeting then adjourned.

Secretary's Notes: Governor Shepardson today approved on behalf of the Board the following items:

Letter to the Federal Reserve Bank of New York (attached Item No. 16) approving the appointment of Donald F. Walls and John B. Harrison as assistant examiners.

Letter to the Federal Reserve Bank of St. Louis (attached Item No. 17) approving the appointment of Harry Lee Rea and Joseph Clarence Welman, Jr., as assistant examiners.

Memorandum dated June 18, 1958, from Mr. Masters, Director, Division of Examinations recommending extension through July 3, 1958, of the arrangements approved by the Board on May 19, 1958, for the temporary assignment to the Division of Examinations of Mr. J. Donald Murray of the Federal Reserve Bank of Philadelphia, with the understanding that Mr. Murray's commission as an Assistant Federal Reserve Examiner would be extended to July 3, 1958.

Memorandum dated June 19, 1958, from Mr. Kelleher, Director, Division of Administrative Services, recommending that an attached termination notice dated June 12, 1958, from Stanley F. Petrone, manager of the Board's barber shop, be accepted effective at the close of business June 20, 1958, and that an attached agreement with Henry Richelsen to take over the management of the shop beginning June 23, 1958, be approved subject to a satisfactory investigation by the Division of Personnel Administration.

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Pursuant to recommendations contained in memoranda from appropriate individuals concerned, Governor Shepardson also approved today on behalf of the Board the following items affecting the Board's staff:

Salary increases, effective June 29, 1958 1/

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
<u>Research and Statistics</u>			
Daniel H. Brill, Chief, Capital Markets Section		\$12,420	\$12,690
Dorothy Bujno, Secretary		4,485	4,620
Dorothy Drake, Editorial Clerk		3,940	4,075
Carolyn B. Hammond, Statistical Clerk		3,260	3,345
Mary John Katinas, Secretary		4,215	4,350
Nelle Dixon Rawles, Statistical Clerk		3,585	3,670
Gail Roberts, Clerk-Stenographer		3,415	3,500
Anne English Stewart, Librarian		4,525	4,660
Louis Weiner, Chief, National Income, Labor Force, and Trade Section		12,420	12,690
<u>Examinations</u>			
Brenton C. Leavitt, Supervisory Review Examiner		10,535	10,750
Douglas L. Orre, Assistant Federal Reserve Examiner		4,660	4,795
Fred W. Troup, Supervisory Review Examiner		10,320	10,535
Margaret M. Tunstall, Clerk-Typist		3,415	3,500
<u>Personnel Administration</u>			
Jane Donohoe, Secretary		4,485	4,620
<u>Administrative Services</u>			
Ruth M. Flowers, Charwoman		2,975	3,050
James Jackson, Laborer		2,745	2,830
P. D. Maddox, Guard		2,960	3,045
Mary F. Murphy, Mailing List Clerk		3,670	3,755
R. Jean Myers, Utility Clerk		3,670	3,805
Abner Thompson, Xerox Operator		3,619	3,806

Acceptance of resignation

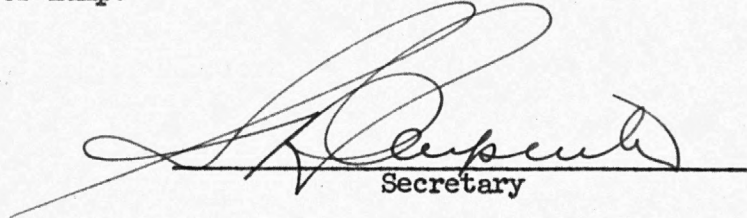
Homer Jones, Chief, Consumer Credit and Finances Section, Division of Research and Statistics, effective June 30, 1958.

1/ With the understanding that the salaries to which the general pay increases would be applicable would be adjusted to appropriate steps in the new schedule.

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Pursuant to the recommendation contained in a memorandum dated June 18, 1958, from Mr. Marget, Director, Division of International Finance, Governor Shepardson approved today on behalf of the Board an overexpenditure of \$25 in the 1958 budget of the Division of International Finance to cover the purchase of a floor lamp.



Secretary

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

Item No. 1
6/19/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 19, 1958

The First National City Bank of New York,
55 Wall Street,
New York, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System authorizes The First National City Bank of New York, New York, New York, pursuant to the provisions of Section 25 of the Federal Reserve Act, to establish a branch in Belo Horizonte, State of Minas Geraes, Republic of the United States of Brazil, and to establish a branch in Curitiba, State of Parana, Republic of the United States of Brazil, and to operate and maintain such branches subject to the provisions of such Section; upon condition that, unless the branches are actually established and opened for business on or before December 1, 1959, all rights granted hereby shall be deemed to have been abandoned and the authority hereby granted shall automatically terminate on such date. This authorization is made with the understanding that the approval of the appropriate Brazilian authorities will be obtained prior to the establishment of the branches.

Please advise the Board of Governors in writing, through the Federal Reserve Bank of New York, (1) when the establishment of the branches has been approved by the authorities in Brazil, and (2) when the branches are established and opened for business, furnishing information as to the exact locations of such branches. It is understood that no change will be made in the locations of such branches after establishment without the prior approval of the Board of Governors.

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
6/19/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



June 19, 1958

Board of Directors,
State Bank of Albany,
Albany, New York.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors approves the establishment of a branch on the west side of Columbia Turnpike (U. S. Routes 9 and 20) 130 feet south of the intersection of Routes 9 and 20 and Troy Road (unincorporated Village of East Greenbush) Town of East Greenbush, Rensselaer County, New York. This approval is given provided the branch is established within six months from the date of this letter and that formal approval of the State authorities is effective at the time the branch is established.

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
6/19/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 19, 1958

Board of Directors,
Long Island Trust Company,
Garden City, New York.

Gentlemen:

In accordance with the request submitted through the Federal Reserve Bank of New York, the Board of Governors extends to September 2, 1958, the time within which Long Island Trust Company may, under the authority granted in the Board's letter of July 1, 1957, establish a branch at the northwest corner of Jericho Turnpike and Villa Place, in the unincorporated village of Garden City Park, Town of North Hempstead, Nassau County, New York.

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
6/19/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 19, 1958

Board of Directors,
Lincoln Rochester Trust Company,
Rochester, New York.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors approves the establishment of a branch at 65 Fitzhugh Street North, Rochester, New York, by Lincoln Rochester Trust Company, Rochester, New York. This approval is given provided the branch is established within one year from the date of this letter and that formal approval of the State authorities is effective at the time the branch is established.

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
6/19/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 19, 1958

Board of Directors,
Asbury Park and Ocean Grove Bank,
Asbury Park, New Jersey.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors of the Federal Reserve System approves the establishment of a branch by the Asbury Park and Ocean Grove Bank, Asbury Park, New Jersey, on Sunset Avenue, approximately 100 feet east of State Highway 35 in Ocean Township, Monmouth County, New Jersey, provided the branch is established within one year from the date of this letter, and approval of the State authorities is effective as of the date the branch is established.

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. 6
6/19/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 19, 1958

Board of Directors,
Jenkintown Bank and Trust Company,
Jenkintown, Pennsylvania.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Philadelphia, the Board of Governors extends to January 29, 1959, the time within which Jenkintown Bank and Trust Company may establish a branch at the intersection of Old York and Township Line Roads in Abington Township, Montgomery County, Pennsylvania, under the authorization contained in the Board's letter of July 29, 1957.

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. 7
6/19/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 19, 1958



Board of Directors,
Schoolfield Bank & Trust Company,
Danville, Virginia.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the application of the Schoolfield Bank & Trust Company, Danville, Virginia, for stock in the Federal Reserve Bank of Richmond, subject to the numbered conditions hereinafter set forth:

1. Such bank at all times shall conduct its business and exercise its powers with due regard to the safety of its depositors, and, except with the permission of the Board of Governors of the Federal Reserve System, such bank shall not cause or permit any change to be made in the general character of its business or in the scope of the corporate powers exercised by it at the time of admission to membership.
2. The net capital and surplus funds of such bank shall be adequate in relation to the character and condition of its assets and to its deposit liabilities and other corporate responsibilities.

In connection with the foregoing conditions of membership, particular attention is called to the provisions of the Board's Regulation H, as amended effective September 1, 1952, regarding membership of State banking institutions in the Federal Reserve System, with especial reference to Section 7 thereof. A copy of the regulation is enclosed.

Attention is invited to the fact that if the bank desires to exercise trust powers it will be necessary under condition of membership numbered 1 to obtain the permission of the Board of Governors before exercising them.

Schoolfield Bank & Trust Company - 2 -

If at any time a change in or amendment to the bank's charter is made, the bank should advise the Federal Reserve Bank, furnishing copies of any documents involved, in order that it may be determined whether such change affects in any way the bank's status as a member of the Federal Reserve System.

Acceptance of the conditions of membership contained in this letter should be evidenced by a resolution adopted by the board of directors and spread upon its minutes, and a certified copy of such resolution should be filed with the Federal Reserve Bank. Arrangements will thereupon be made to accept payment for an appropriate amount of Federal Reserve Bank stock, to accept the deposit of the required reserve balance, and to issue the appropriate amount of Federal Reserve Bank stock to the bank.

The time within which admission to membership in the Federal Reserve System in the manner described may be accomplished is limited to 30 days from the date of this letter, unless the bank applies to the Board and obtains an extension of time. When the Board is advised that all of the requirements have been complied with and that the appropriate amount of Federal Reserve Bank stock has been issued to the bank, the Board will forward to the bank a formal certificate of membership in the Federal Reserve System.

The Board of Governors sincerely hopes that you will find membership in the System beneficial and your relations with the Reserve Bank pleasant. The officers of the Federal Reserve Bank will be glad to assist you in establishing your relationships with the Federal Reserve System and at any time to discuss with representatives of your bank means for making the services of the System most useful to you.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.

Enclosure

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

Item No. 8
6/19/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 19, 1958

Board of Directors,
City Bank and Trust Company,
Jackson, Michigan.

Gentlemen:

In a letter dated June 3, 1958, the Board of Governors approved an extension of time until November 29, 1958, in which the City Bank and Trust Company may establish a branch in the unincorporated village of Vandercook Lake, Michigan. It is understood that the branch is to be established at 4515 Francis Street instead of 4608 Francis Street which was the specific location described in the Board's letters of August 30, 1957 and June 3, 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. 9
6/19/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 19, 1958

Board of Directors,
Nevada Bank of Commerce,
Reno, Nevada.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of San Francisco, the Board of Governors of the Federal Reserve System approves the establishment of a branch at 1379 South Virginia Street, Reno, Nevada, by the Nevada Bank of Commerce, Reno, Nevada, provided the branch is established by April 1, 1959.

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
6/19/58
S-1660

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 19, 1958.

Dear Sir:

It has come to the Board's attention that the Federal Reserve Banks are following different procedures in canceling Federal Reserve Bank stock held by national banks which convert into or merge or consolidate with nonmember State banks under the charter of the latter.

The second paragraph of section 9 of the Federal Reserve Act provides that, in such cases, the Federal Reserve Bank stock owned by the national bank "shall be canceled and paid for as provided in section 5 of this Act." The latter section deals, among other things, with the surrender of Federal Reserve Bank stock in the case of voluntary liquidation of a State member bank and provides that the shares surrendered shall be canceled and the member banks shall receive payment therefor under regulations to be prescribed by the Board. Section 7 of Regulation I provides that, when a member bank goes into voluntary liquidation, the liquidating agent or some other duly authorized person shall, "within three months from the date of the vote to place such bank in voluntary liquidation," file an application for cancellation of the Federal Reserve Bank stock.

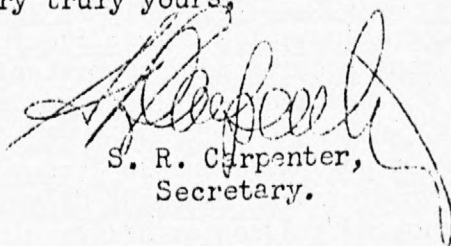
As is apparent, provisions for cancellation of stock in the case of voluntary liquidation do not apply precisely to conversions or mergers. In liquidation the corporate existence may continue for some time, whereas in conversions or mergers the corporation ceases as a separate entity on a specific date.

In adapting these statutes and the Board's Regulation I to conversions, mergers and consolidations of national banks, the Board is of the opinion that the application for cancellation of Federal Reserve Bank stock should be filed within three months from the date of the vote to convert the national bank into, or to merge or consolidate with, a nonmember State bank. However, regardless of when the application is filed, dividends should cease upon the effective date of the conversion, merger or consolidation. After that date, the bank is

no longer a member of the Federal Reserve System and is not entitled to dividends on the Reserve Bank stock even though physical cancellation may not take place for some days.

In order to assist the Federal Reserve Banks in arranging for the cancellation of Federal Reserve Bank stock and the transfer of the reserve accounts and safe-keeping items, the Office of the Comptroller of the Currency has agreed to send advance information to the appropriate Federal Reserve Bank in all cases where a national bank proposes to convert into a State bank, or merge or consolidate with another bank. In cases where the resulting bank will not be a member of the Federal Reserve System, the national bank should be informed as to the advisability of making prompt application for cancellation of its Federal Reserve Bank stock and transfer of its account. It should also be informed that dividends on such stock will cease upon the effective date of the conversion, merger or consolidation.

Very truly yours,



S. R. Carpenter,
Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS.

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

Item No. 11
6/19/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 19, 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 July 30, 1957, enclosing copies of an application to organize a national bank at San Antonio, Texas, 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 Dallas indicates satisfactory findings with respect to the proposed capital structure of the bank, its earnings prospects, and management. While it is reported that some question exists as to the need for another bank in the area at this time, the potentialities for further growth would seem to justify favorable consideration of the proposal. Accordingly, the Board of Governors recommends 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. 12
6/19/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 19, 1958



Mr. Malcolm Bryan, President,
Federal Reserve Bank of Atlanta,
Atlanta 3, Georgia.

Dear Mr. Bryan:

The Board authorizes the preparation of detailed plans and specifications for the construction of an addition to the east of the present Head Office building and for alterations of the existing building, as submitted with your letter of February 12, 1958, and modified by Mr. Patterson's letter of May 21.

It is noted that, when bids are taken, the Bank proposes to ask for a number of deductive alternates. Mr. Persina, the Board's former consulting architect, used to maintain that it was more effective to provide for "add-on alternates" rather than "deduct alternates," and it is suggested that you give consideration to this procedure.

The February estimates included \$115,750 for bandit-resisting equipment, and the summary of deductions submitted with Mr. Patterson's letter includes possible savings of \$42,000 in this field. While excessive provisions of this nature should be avoided, it is assumed that changes in this respect will not go beyond prudent limits.

The list of deductions also includes estimated savings if waivers can be obtained from the City building department with respect to stairway requirements. One request would be for permission to retain the west stairway, which does not fully comply with the latest Atlanta building code. The other request would be for approval of a total of three stairways in the enlarged building instead of four as required under the City building code. The requests would be based on the fact that the existing west stairway is safe and that, with the number of employees to be housed in the enlarged building, three stairways are considered ample. The Board suggests that any request for waivers under the building code be very carefully considered, as it would be inadvisable for a Federal Reserve Bank to be in the position of seeking to save money through building construction that does not meet appropriate safety standards.

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. 13
6/19/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 19, 1958



Mr. E. C. Harris, First Vice President,
Federal Reserve Bank of Chicago,
230 South LaSalle Street,
Chicago, Illinois.

Dear Mr. Harris:

In reply to your letter of May 27, 1958, the Board of Governors interposes no objection to the Federal Reserve Bank of Chicago furnishing the A.B.T. Manufacturing Company, Chicago, Illinois with information pertaining to the location of perforations placed in currency during the cancellation operation.

Since the desired information is a part of the confidential instructions issued by the Treasury Department with respect to the issue, exchange, replacement and redemption of U. S. paper currency, your request was discussed with the Office of the Treasurer of the United States. As a result of this discussion, it is suggested that when you furnish the information pertaining to the cancellation perforations to the manufacturer he be advised that it is considered confidential and is being furnished for use in developing the currency changer equipment with the understanding that the confidential nature of the information will be preserved.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 14
6/19/58

OFFICE OF THE CHAIRMAN

June 19, 1958.

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

Dear Mr. Leach:

On June 6, 1958, the Board received a letter from officials of the First Baptist Church of Charlotte, North Carolina, transmitting a copy of their letter of April 28, 1958, to your bank in regard to an interview with Mr. Cherry, Vice President in charge of the Charlotte Branch.

The Board is deeply concerned about statements contained in the April 28 letter, and requests that you bring the matter before the Directors of the Bank at their next meeting in order to make sure that no justification shall exist for any charge of discrimination in the employment practices of the Federal Reserve Bank of Richmond.

Sincerely yours,

Wm. McC. Martin, Jr.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Item No. 15
6/19/58

1824

Office Correspondence

Date June 12, 1958

To Board of Governors
From Division of Personnel Administration

Subject: General Salary Increase
for Board Employees.

The Federal Employees Salary Increase Act of 1958 increases by 10 per cent per annum the rates of compensation of the "classified" employees of the Federal Government. The increase is effective, retroactively, as of the first day of the first pay period which began on or after January 1, 1958.

In line with the Board's policy of maintaining a salary structure for its employees at the same general level as other agencies of the Federal Government, it is recommended that the Board approve the following, to be effective retroactive to January 12, 1958 (the first day of the Board's first pay period which began on or after January 1, 1958):

RECOMMENDATION

1. Revise the Board's Regular Salary Schedule in accordance with the attached table (Attachment No. 1) which corresponds with increased salary rates established by the Federal Employees Salary Increase Act of 1958; and, further, adjust accordingly the basic compensation of those Board employees paid under this Schedule.
2. Retroactive Provisions:
 - (a) Initial salary increases to be effective January 12, 1958, or, as of the date of employment by the Board, if later. All subsequent increases, if any, to correspond to the equivalent steps of the new Regular Salary Schedule.
 - (b) Only those employees on the Board's rolls as of the date of the approval of this recommendation will be entitled to retroactive pay. Employees who left the Board prior to this approval date to accept employment in a Federal agency will not be eligible for retroactive pay from the Board. Employees who came to the Board from a Federal agency during this retroactive period will be eligible for retroactive pay from the Board only for their period of employment with the Board. This is in accordance with the policy followed by the Board in connection with retroactive pay in 1955.

- (c) Employees who retired during this retroactive period will be given retroactive pay for the period from January 12, 1958, to the date of retirement. The same policy would apply in the case of a deceased employee.
- (d) In connection with the Board's legal authority for making retroactive salary payments, two precedents exist, i.e., the Federal pay increase of 1951 and the Federal pay increase of 1955. On both of these occasions, this legal question was reviewed by the Board's Legal Division, and in both instances the Board followed the Federal government in extending the full retroactive pay increase to its employees. In view of these two precedents, the Legal Division does not feel that this question requires further consideration.
3. Revise the terminology used with the Board's Regular Salary Schedule. Whereas alphabetical "groups" equivalent to Civil Service "grades" have been used in the past, it is recommended that the Board adopt a terminology which will be more easily compared to the General Schedule used by Civil Service. For example, the Board's "Group K" would become "Grade FR-4" which would be the equivalent of Civil Service "Grade GS-4". "Group U" would become "Grade FR-11", the equivalent of Civil Service "Grade GS-11", etc.
4. Eliminate CPC equivalent grades from the Board's Regular Salary Schedule. Where appropriate, Board employees paid under the equivalent of the former Civil Service "CPC" Schedule previously have been transferred to either the Board's Regular Salary Schedule or to the Metropolitan D. C. Prevailing Rate Wage Schedule. However, certain employees, such as Cafeteria Helpers, Charwomen, Laborers, etc. are still paid under the equivalent of the now obsolete CPC Schedule since transferring these employees to a Prevailing Rate pay system would have penalized them. In order to eliminate the use of the CPC Schedule, it is desirable to transfer these employees to the Board's Regular Schedule. It is therefore recommended that these employees be administratively allocated into appropriate grades and steps in the Board's Regular Salary Schedule in accordance with Attachment No. 2, and that these new salaries be used in determining the amount of retroactive pay. Where an employee has been paid at more than one CPC rate during the retroactive period, appropriate rates from the Board's Regular Salary Schedule will be used for retroactive pay purposes.

5. Per Diem Employees. Increase the salary of Elsie Mae Hart, Substitute Maid, from \$10.25 to \$11.44 per day, which is the daily rate for the minimum salary of grade FR-1, the grade in which the Maid is being placed. Increase the salary of Mary A. Weikel, Substitute Telephone Operator, from \$14.00 to \$15.60 per day, which is the daily rate for the middle salary step of grade FR-4, the grade in which the Telephone Operator is classified, and the approximate step at which her present salary has been established. Both of these increases represent increases of approximately 10 per cent.
6. Pending appointments. Salary to be adjusted to the corresponding step in the new salary schedule for any employee whose appointment has been approved by the Board but who has not yet reported for duty, unless otherwise specified in the appointment action.
7. Administration and procedures. The Office of the Controller and the Division of Personnel Administration will use Government rulings and interpretations with regard to the current Salary Increase Act as guides in deciding questions of administration and procedure.
8. Exceptions. Not included in this recommendation are Board employees paid under the Metropolitan D. C. Prevailing Rate Wage Schedule (Mechanics, Gardeners, Painters) and the Interdepartmental Lithographic Wage Board (printing) pay schedule. These employees have been receiving regular periodic increases as a result of area wage surveys. It is planned, effective at the beginning of the pay period following approval of this memorandum, to determine pay for these employees by using the hourly wage rates from which the current annual rate approved by the Board was derived. This is in order that the Board will not be paying a greater hourly wage to these employees than that recommended by their respective wage boards.

Also excepted are the Substitute Nurses, whose salaries are based on the prevailing rate for Registered Nurses in the District of Columbia. On June 11, 1956, the daily rate was increased from \$15.00 to \$16.00 in line with an increase approved for Registered Nurses.

NOTE: This memorandum does not include recommendations with regard to the application of the general pay increase and the retroactive pay provision to the Board's official staff. It is assumed that this determination will be made by the Board, as in the past.

Attachments 2

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

PROPOSED REGULAR SALARY SCHEDULE

Present Group	Proposed Grade	Step Increase	Progress Steps							Longevity Steps		
			Minimum						Maximum			
A	--	Eliminate	--	--	--	--	--	--	--	--	--	--
B	--	Eliminate	--	--	--	--	--	--	--	--	--	--
D	FR-1	95	2960	3055	3150	3245	3340	3435	3530	3625	3720	3815
E	--	Eliminate	--	--	--	--	--	--	--	--	--	--
G	FR-2	95	3255	3350	3445	3540	3635	3730	3825	3920	4015	4110
H	--	Eliminate	--	--	--	--	--	--	--	--	--	--
I	FR-3	95	3495	3590	3685	3780	3875	3970	4065	4160	4255	4350
J	--	Eliminate	--	--	--	--	--	--	--	--	--	--
K	FR-4	95	3755	3850	3945	4040	4135	4230	4325	4420	4515	4610
L	--	Eliminate	--	--	--	--	--	--	--	--	--	--
M	FR-5	150	4040	4190	4340	4490	4640	4790	4940	5090	5240	5390
N	--	Eliminate	--	--	--	--	--	--	--	--	--	--
O	--	Eliminate	--	--	--	--	--	--	--	--	--	--

<u>Present Group</u>	<u>Proposed Grade</u>	<u>Step Increase</u>	<u>Progress Steps</u>									
			<u>Minimum</u>							<u>Maximum</u>	<u>Longevity Steps</u>	
P	FR-6	150	4490	4640	4790	4940	5090	5240	5390	5540	5690	5840
P(M)	--	Eliminate	--	--	--	--	--	--	--	--	--	--
Q	FR-7	150	4980	5130	5280	5430	5580	5730	5880	6030	6180	6330
Q(M)	--	Eliminate	--	--	--	--	--	--	--	--	--	--
R	FR-8	150	5470	5620	5770	5920	6070	6220	6370	6520	6670	6820
S	FR-9	150	5985	6135	6285	6435	6585	6735	6885	7035	7185	7335
T	FR-10	150	6505	6655	6805	6955	7105	7255	7405	7555	7705	7855
U	FR-11	240	7030		7270	7510	7750	7990	8230	8470	8710	8950
V	FR-12	240	8330		8570	8810	9050	9290	9530	9770	10010	10250
W	FR-13	240	9890		10130	10370	10610	10850	11090	11330	11570	11810
X	FR-14	240	11355		11595	11835	12075	12315	12555	12795	13035	13275
Y	FR-15	300	12770		13070	13370	13670		13970	14210*	14450*	14690*

* Y longevity steps of \$240 as in FR-14.

CAFETERIAConversions to FR Grades of Positions
Currently in Groups Comparable to CPC Grades

Attachment No. 2

<u>Name</u>	<u>Title</u>	<u>Present Group</u>	<u>Present Salary</u>	<u>Proposed Grade</u>	<u>Proposed Salary</u>
Ellis, Ruth P.	Cafeteria Helper	B(CPC-2)	\$1,525*	FR-1	\$1,717*
Feild, Thethonia D.	Cafeteria Helper	B "	1,413*	FR-1	1,575*
Marcey, Nina	Cafeteria Helper	B "	2,675	FR-1	2,960
Price, Gertrude H.	Cafeteria Helper	B "	2,750	FR-1	3,055
Venable, Geraldine M.	Cafeteria Helper	B "	3,050	FR-1	3,435
Wilson, Lela M.	Cafeteria Helper	B "	3,050	FR-1	3,435
Yates, Eleanor W.	Cafeteria Helper	B "	2,675	FR-1	2,960
Adwell, Lydia	Salad Maker	E(CPC-3)	3,255	FR-1	3,625
Edmonds, Henry	Cafeteria Laborer	E "	2,915	FR-1	3,245
Evans, Blanche B.	Cafeteria Helper	E(CPC-3)	3,425	FR-1	3,815
Herrmann, Violet	Cafeteria Helper	E "	3,340	FR-1	3,720
Psonos, George	Cafeteria Laborer	E "	3,425	FR-1	3,815
Rose, Abraham	Cafeteria Laborer	E "	2,915	FR-1	3,245
Brown, Eva M.	Baker	H(CPC-4)	3,465	FR-2	3,825
Jones, Pearl	Cook	H "	3,465	FR-2	3,825
Norman, Florence	Relief Cook	H "	3,210	FR-2	3,540
Tull, Winnie L.	Jr. Supervisor	H "	3,465	FR-2	3,825
Crawford, Mary	Head Cook	J(CPC-5)	3,710	FR-4	4,135

* Part time

<u>Name</u>	<u>Title</u>	<u>Present Group</u>	<u>Present Salary</u>	<u>Proposed Grade</u>	<u>Proposed Salary</u>
Brown, Ruth A.	Charwoman	B(CPC-2)	\$2,900	FR-1	\$3,245
Faina, Valeria	Charwoman	B "	3,050	FR-1	3,435
Ferguson, Angelina M.	Charwoman	B "	3,050	FR-1	3,435
Flowers, Ruth M.	Charwoman	B "	2,975	FR-1	3,340
Fowler, Mary J.	Charwoman	B "	3,200	FR-1	3,530
Gallagher, Catherine	Charwoman	B "	3,050	FR-1	3,435
Green, Lettie	Charwoman	B "	3,050	FR-1	3,435
Hartzell, Edith C.	Charwoman	B "	2,975	FR-1	3,340
King, Blanche C.	Charwoman	B "	2,600	FR-1	2,960
Lorenzo, Frances	Charwoman	B "	2,600	FR-1	2,960
Mosher, Dorothy	Charwoman	B "	3,125	FR-1	3,530
Richardson, Constance H.	Charwoman	B "	3,125	FR-1	3,530
Jackson, James	Laborer	E(CPC-3)	2,745	FR-1	3,055
Jones, Everett	Laborer	E "	3,425	FR-1	3,815
Love, James	Laborer	E "	3,255	FR-1	3,625
Michel, R. M.	Laborer	E "	2,830	FR-1	3,150
Reed, Samie	Laborer	E "	3,425	FR-1	3,815
Simmons, John C.	Laborer	E "	2,745	FR-1	3,055

LABOR FORCE (Continued)

<u>Name</u>	<u>Title</u>	<u>Present Group</u>	<u>Present Salary</u>	<u>Proposed Grade</u>	<u>Proposed Salary</u>
Smith, William R.	Laborer	E(CPC-3)	\$3,255	FR-1	\$3,625
Ward, Charlie H.	Laborer	E "	2,830	FR-1	3,150
Fassino, Andrew	Assistant Foreman	L(CPC-6)	3,610	FR-4	4,040
<u>CHAUFFEURS</u>					
Crowell, Charles E.	Chauffeur	H(CPC-4)	3,635	FR-2	4,015
Rozee, Reuben R.	Chauffeur	H "	3,465	FR-2	3,825
Stull, Howard W.	Chauffeur	H "	3,720	FR-2	4,110
White, Lloyd F.	Chauffeur	H "	3,125	FR-2	3,445
Windsor, Rebie A.	Chauffeur	H "	3,210	FR-2	3,540
<u>PERSONNEL</u>					
Jarvis, Ruth	Maid	E(CPC-3)	3,425	FR-1	3,815

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

REGULAR SALARY SCHEDULE

Basic Annual Pay Rates by Grades – January 12, 1958

(Former group designations and rates in effect March 13, 1955, to January 12, 1958, are shown on the second line in each grade.)¹

Grade	Step Increase	Progress Steps							Longevity Steps		
		Minimum							Maximum		
FR-1 (D)	95	2960	3055	3150	3245	3340	3435	3530	3625	3720	3815
	85	2690	2775	2860	2945	3030	3115	3200	3285	3370	3455
FR-2 (G)	95	3255	3350	3445	3540	3635	3730	3825	3920	4015	4110
	85	2980	3045	3130	3215	3300	3385	3470	3555	3640	3725
FR-3 (I)	95	3495	3590	3685	3780	3875	3970	4065	4160	4255	4350
	85	3175	3260	3345	3430	3515	3600	3685	3770	3855	3940
FR-4 (K)	95	3755	3850	3945	4040	4135	4230	4325	4420	4515	4610
	85	3415	3500	3585	3670	3755	3840	3925	4010	4095	4180
FR-5 (M)	150	4040	4190	4340	4490	4640	4790	4940	5090	5240	5390
	135	3670	3805	3940	4075	4210	4345	4480	4615	4750	4885
FR-6 (P)	150	4490	4640	4790	4940	5090	5240	5390	5540	5690	5840
	135	4080	4215	4350	4485	4620	4755	4890	5025	5160	5295
FR-7 (Q)	150	4980	5130	5280	5430	5580	5730	5880	6030	6180	6330
	135	4525	4660	4795	4930	5065	5200	5335	5470	5605	5740
FR-8 (R)	150	5470	5620	5770	5920	6070	6220	6370	6520	6670	6820
	135	4970	5105	5240	5375	5510	5645	5780	5915	6050	6185
FR-9 (S)	150	5985	6135	6285	6435	6585	6735	6885	7035	7185	7335
	135	5440	5575	5710	5845	5980	6115	6250	6385	6520	6655
FR-10 (T)	150	6505	6655	6805	6955	7105	7255	7405	7555	7705	7855
	135	5915	6050	6185	6320	6455	6590	6725	6860	6995	7130
FR-11 (U)	240	7030		7270	7510	7750	7990	8230	8470	8710	8950
	215	6390		6605	6820	7035	7250	7465	7680	7895	8110
FR-12 (V)	240	8330		8570	8810	9050	9290	9530	9770	10010	10250
	215	7570		7785	8000	8215	8430	8645	8860	9075	9290
FR-13 (W)	240	9890		10130	10370	10610	10850	11090	11330	11570	11810
	215	8990		9205	9420	9635	9850	10065	10280	10495	10710
FR-14 (X)	240	11355		11595	11835	12075	12315	12555	12795	13035	13275
	215	10320		10535	10750	10965	11180	11395	11610	11825	12040
FR-15 (Y)	300	12770		13070	13370	13670		13970	14210	14450	14690
	270	11810		11880	12150	12420		12690	12905	13120	13335

¹ Groups A, B, E, H, J, L, N, O, P(M), and Q(M), which were shown on Regular Salary Schedule dated March 13, 1955, have been eliminated and are not listed as there are no equivalent salary rates on the new salary schedule.

² FR-15 longevity steps equivalent to step increase for FR-14.

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

Item No. 16
6/19/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 19, 1958



CONFIDENTIAL (FR)

Mr. R. B. Wiltse, Vice President,
Federal Reserve Bank of New York,
New York 45, New York.

Dear Mr. Wiltse:

In accordance with the request contained in your letter of June 13, 1958, the Board approves the appointment of Donald F. Walls and John B. Harrison as assistant examiners for the Federal Reserve Bank of New York.

It is noted that Mr. Harrison is indebted to The Chase Manhattan Bank, New York, New York, a State member bank, in the amount of \$330. Accordingly, the Board's approval is given with the understanding that Mr. Harrison will not participate in any examination of The Chase Manhattan Bank until his indebtedness has been liquidated.

Please advise as to the dates on which the appointments are made effective.

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. 17
6/19/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 19, 1958

CONFIDENTIAL (FR)

Mr. Geo. E. Kroner, Vice President,
Federal Reserve Bank of St. Louis,
St. Louis 2, Missouri.

Dear Mr. Kroner:

In accordance with the request contained in your letter of June 12, 1958, the Board approves the appointment of Harry Lee Rea and Joseph Clarence Welman, Jr., as assistant examiners for the Federal Reserve Bank of St. Louis.

It is understood that Mr. Welman owns 41-2/3 shares of common stock of Bank of Kennett, Kennett, Missouri, a non-member insured bank, of which his father is president. Accordingly, the Board's approval of Mr. Welman's appointment is given with the understanding that he will not participate in any examination of Bank of Kennett while a stockholder in that bank or so long as his father is an officer of the institution.

Please advise the Board if the appointments are not made effective July 1, 1958, as planned.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.