

Minutes for June 30, 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"/> <i>m</i>	_____
Gov. Szymczak	<input checked="" type="checkbox"/> <i>MS</i>	_____
Gov. Vardaman	<input checked="" type="checkbox"/> <i>CV</i>	_____
Gov. Mills	_____	<input checked="" type="checkbox"/> <i>J</i>
Gov. Robertson	<input checked="" type="checkbox"/> <i>R</i>	_____
Gov. Balderston	<input checked="" type="checkbox"/> <i>CCB</i>	_____
Gov. Shepardson	<input checked="" type="checkbox"/> <i>SS</i>	_____

Minutes of the Board of Governors of the Federal Reserve System  
on Monday, June 30, 1958. The Board met in the Board Room at 10:00 a.m.

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

Mr. Kenyon, Assistant Secretary  
Mr. Thomas, Economic Adviser to the Board  
Mr. Young, Director, Division of Research and  
Statistics  
Mr. Johnson, Director, Division of Personnel  
Administration  
Mr. Masters, Director, Division of Examinations

Items circulated or distributed to the Board. The following items,  
which had been circulated or distributed 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 Comptroller of the Currency recommending approval of the application of The Morton State Bank, Morton, Illinois, to convert into a national banking association. (With a copy to the Federal Reserve Bank of Chicago)	1
Letter to the Comptroller of the Currency recommending approval of an application to organize a national bank at Fort Stockton, Texas. (With a copy to the Federal Reserve Bank of Dallas)	2
Letter to the Federal Reserve Bank of Cleveland interposing no objection to an expenditure to convert the four main passenger elevators at the head office from manual to automatic operation.	3
Letter to the Federal Reserve Bank of Atlanta approving the payment of salary to Vestus L. Crow as Assistant Cashier (Jacksonville Branch) at the rate fixed by the Board of Directors.	4

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Item No.

Letter to the Federal Reserve Bank of New York  
interposing no objection to a proposed leave of  
absence for Haskell P. Wald.

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The leave of absence for Mr. Wald (Item No. 5) was proposed in order to meet a request of the United Nations that he be made available to the Government of Greece for a period of one year commencing on or about July 9, 1958, in order that he might go to Athens to serve as an adviser to the Bank of Greece on monetary policy, to work out an economic research program, and to help train the staff of the research department of that bank. Under the leave of absence without pay which he had been granted by the Federal Reserve Bank of New York, the United Nations would pay Mr. Wald's salary (terms prearranged) plus family and housing allowances as well as transportation for Mr. Wald and his family.

Question was raised by Governor Vardaman regarding Mr. Wald's status under the Retirement System of the Federal Reserve Banks during the period when he would be on leave of absence without pay, and this led to a discussion of the arrangements pursuant to which System personnel are made available from time to time in order to undertake special assignments at the request of foreign central banks or other parties.

During the discussion Chairman Martin suggested that the policy question was whether any objection should be interposed by the Board to the proposed leave of absence in a case of this kind, and that it would seem appropriate to leave to the Federal Reserve Bank concerned an area

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of discretion with respect to detailed arrangements unless it should be felt that uniform procedures ought to be established.

Governor Vardaman agreed that this might well be the best approach. However, in further discussion it was suggested that the Division of Personnel Administration prepare for the Board as a matter of information a statement concerning the arrangements customarily followed in connection with special assignments of System personnel in response to requests for technical assistance. The letter to the New York Reserve Bank interposing no objection to the arrangements with respect to Mr. Wald therefore was approved with the understanding that material such as had been suggested would be compiled by the Division of Personnel Administration.

Study of the Federal funds market. At the joint meeting of the Board and the Reserve Bank Presidents on June 17, 1958, certain suggestions were made by the Presidents regarding the form of publication of the recently completed staff study of the Federal funds market and the procedures which might be followed with respect to the clearance of future studies in that area. In view of the statement made at that meeting that the Board would review the suggestions of the Presidents' Conference and advise the Presidents of its conclusions, there had been distributed to the members of the Board a draft of suggested letter to the Chairman of the Presidents' Conference which would state that no action appeared to be necessary at this time but that the members of the Board's staff who would be dealing with this subject, or who would participate in the work of the System Research Advisory Committee concerning it, would keep in mind the suggestions that the Presidents had made.

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Following comments by Mr. Thomas and Mr. Young which indicated that the System Research Advisory Committee had discussed various aspects of the studies concerning the Federal funds market and that the suggestions of the Presidents' Conference would be kept in mind when procedural decisions were to be made, question was raised whether any letter from the Board to the Presidents' Conference was required at this time. When the view was expressed that a communication to the Conference did not appear to be urgent and might well be deferred pending the completion of additional staff work, it was agreed unanimously not to send the proposed letter and to await further developments.

Building and alteration programs. At the instance of Governor Vardaman, there was a discussion of the scope of the building and alteration programs currently being conducted at the Federal Reserve Banks and branches. It was suggested by Governor Vardaman that in authorizing a series of individual expenditures the Board might not have fully in mind the total of such expenditures on a System-wide basis, either current or anticipated, and that it might be advisable for the Board to have such information available in the event of questions regarding the magnitude of aggregate expenditures.

After reference had been made to the work performed by the Division of Bank Operations in cooperation with the Federal Reserve Banks and the information supplied to the Board by that Division, Chairman Martin suggested that a careful review of the available

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material would show that the Division of Bank Operations had done a good job in keeping the Board informed, recognizing that in the area of prospective expenditures there necessarily must be some rough approximations. While he agreed with Governor Vardaman's comment that the Board should keep in reasonably close touch with developments in the area of Federal Reserve Bank capital expenditures, he also expressed the view that the Board, with its many other duties, could not hope to go much further in reviewing individual programs than it does under present procedures.

Discount rates. Unanimous approval was given to a telegram to the Federal Reserve Bank of Kansas City approving the establishment without change by that Bank on June 27, 1958, of the rates on discounts and advances in its existing schedule.

The members of the staff then withdrew and the Board went into executive session.

Salary increases. The Secretary later was advised that during the executive session the Board agreed to increase the salaries of the members of its official staff approximately 10 per cent (but not more than \$1,500 for each individual) retroactive to January 12, 1958, and that the Board referred to Governor Shepardson, with power to act, the matter of specific adjustments to be made pursuant to this action.

Secretary's Note: In accordance with this action, Governor Shepardson approved increases for members of the official staff as set forth below:

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Effective June 30, 1958, retroactive to January 12, 1958

<u>Name</u>	<u>Annual salary</u>	
	<u>From</u>	<u>To</u>
Winfield W. Riefler	\$18,000	\$19,500
Woodlief Thomas	18,000	19,500
Elliott Thurston	18,000	19,500
Ralph A. Young	18,000	19,500
Robert F. Leonard	18,000	19,500
S. R. Carpenter	17,000	18,500
Arthur W. Marget	17,000	18,500
Howard H. Hackley	16,500	18,000
Robert C. Masters	16,000	17,500
Frank R. Garfield	16,000	17,500
Guy E. Noyes	16,000	17,500
Roland I. Robinson	16,000	17,500
Albert R. Koch	15,500	17,000
Edwin J. Johnson	15,500	17,000
Charles Molony	15,000	16,500
Frederic Solomon	15,000	16,500
Kenneth B. Williams	15,000	16,500
Susan S. Burr	15,000	16,500
Merritt Sherman	14,500	15,950
David B. Hexter	14,500	15,950
John R. Farrell	13,500	14,850
Henry Benner	14,000	15,400
Gardner L. Boothe, II	13,975	15,400
Lewis N. Dembitz	13,750	15,150
Glenn M. Goodman	13,500	14,850
C. C. Hostrup	13,500	14,850
Joseph E. Kelleher	13,500	14,850
Gerald M. Conkling	13,500	14,850
G. Howland Chase	13,440	14,800
Fred A. Nelson	13,440	14,800
Arthur B. Hersey	13,250	14,600
J. Herbert Furth	13,250	14,600
Jerome W. Shay	13,000	14,300
Robert L. Sammons	12,750	14,050
M. B. Daniels	12,750	14,050
J. J. Connell	12,750	14,050
Thomas J. O'Connell	12,500	13,750
H. Franklin Sprecher	12,500	13,750
Clarke L. Fauver	12,250	13,500
Kenneth A. Kenyon	11,750	12,950
Sampson H. Bass	10,500	11,550

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Adjustments of previous Board actions,  
retroactive payments not applicable

<u>Name</u>	<u>Salary previously approved</u>	<u>Adjusted salary</u>	<u>Effective date</u>
Merritt Sherman	\$16,000	\$17,500	Beginning of first pay period following return to duty at Board
John R. Farrell	14,500	15,950	July 1, 1958
James C. Smith	12,500	13,750	July 1, 1958
Lloyd M. Schaeffer	11,000	12,100	July 1, 1958

Adjustment of retired official staff member  
for retroactive payment

<u>Name</u>	<u>Salary at retirement</u>	<u>Salary for retroactive payment</u>
J. E. Horbett	\$15,000	\$16,500

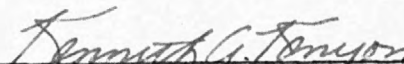
Adjustment of salary of resigned member of official staff --  
resignation effective close of business June 30, 1958

<u>Name</u>	<u>Salary</u>	<u>Adjusted salary</u>
Arthur H. Lang	\$14,000	\$15,400*

\* For retroactive pay and for regular payroll on June 30, 1958

The meeting then adjourned.

Secretary's Note: Pursuant to the recommendation contained in a memorandum dated June 25, 1958, from Mr. Carpenter, Secretary of the Board, Governor Shepardson today approved on behalf of the Board the appointment of Barbara Hogan as Minutes Clerk in that Division, with basic annual salary at the rate of \$3,585 (subject to appropriate adjustment resulting from the general pay increase approved by the Board), effective the date she assumes her duties.

  
Assistant Secretary



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

Item No. 1  
6/30/58

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

June 30, 1958

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

Attention Mr. W. M. Taylor,  
Deputy Comptroller of the Currency.

Dear Mr. Comptroller:

Reference is made to a letter from your office dated May 13, 1958, enclosing copies of an application of The Morton State Bank, Morton, Illinois, to convert into a national banking association and requesting a recommendation as to whether or not the application should be approved.

An investigation of this application was made by an examiner for the Federal Reserve Bank of Chicago, who participated in an examination of the bank made by a national bank examiner. Information contained in the report of investigation discloses favorable findings with respect to the financial history of the bank, adequacy of its capital structure, its future earnings prospects, character of its management, and services to the community. Accordingly, the Board of Governors recommends approval of the application of The Morton State Bank to convert into a national banking association.

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. 2  
6/30/58

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

June 30, 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 April 15, 1958, enclosing copies of an application to organize a national bank at Fort Stockton, Texas, and requesting a recommendation as to whether or not the application should be approved.

A report of investigation of the application made by an examiner for the Federal Reserve Bank of Dallas indicates that a capital structure of \$250,000 would be provided for the bank, instead of \$200,000 shown in the application. This report discloses satisfactory findings with respect to the factors usually considered in connection with such proposals. Accordingly, the Board of Governors recommends approval of the application to organize a national bank at Fort Stockton, Texas.

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. 3  
6/30/58

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

June 30, 1958

Mr. W. D. Fulton, President,  
Federal Reserve Bank of Cleveland,  
Cleveland 1, Ohio.

Dear Mr. Fulton:

This refers to your letter of June 12, 1958 concerning the proposed conversion from manual to automatic operation of the four main passenger elevators at the head office, as approved by your Board of Directors.

The Board of Governors will interpose no objection to proceeding with the project at an approximate cost of \$113,800 and the acceptance of the bid of Westinghouse Electric Corporation.

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  
6/30/58

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

June 30, 1958



CONFIDENTIAL (FR)

Mr. Walter M. Mitchell, Chairman,  
Federal Reserve Bank of Atlanta,  
Atlanta 3, Georgia.

Dear Mr. Mitchell:

The Board of Governors approves the payment of salary to the following newly appointed officer of the Federal Reserve Bank of Atlanta, Jacksonville Branch, for the period July 1 through December 31, 1958, at the rate indicated, which is the rate fixed by your Board of Directors, as reported in Mr. Patterson's letter of June 16, 1958:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Vestus L. Crow	Assistant Cashier	\$10,000

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  
6/30/58

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

June 30, 1958

Mr. William H. Braun, Jr.,  
Secretary,  
Federal Reserve Bank of New York,  
New York 45, New York.

Dear Mr. Braun:

This letter is in reply to your letter of June 25, 1958,  
regarding the proposed leave of absence without pay for a period of  
one year, beginning on or about July 9, 1958, for Mr. Haskell P. Wald,  
in order to enable him to serve as an adviser to the Bank of Greece.

The Board interposes no objection to the leave of absence  
or to Mr. Wald's service as an adviser to the Bank of Greece.

Sincerely yours,

(Signed) S. R. Carpenter

S. R. Carpenter,  
Secretary.