

Minutes for December 3, 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>(M)</u>	_____
Gov. Szymczak	x <u>JMS</u>	_____
Gov. Mills	x <u>MS</u>	_____
Gov. Robertson	x <u>R</u>	_____
Gov. Balderston	_____	x <u>CCB</u>
Gov. Shepardson	x <u>MS</u>	_____

Minutes of the Board of Governors of the Federal Reserve System on
Wednesday, December 3, 1958. The Board met in the Board Room at 10:00 a.m.

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

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Johnson, Director, Division of Personnel
Administration
Mr. Hackley, General Counsel
Mr. Masters, Director, Division of Examinations
Mr. Farrell, Associate Director, Division of Bank
Operations
Mr. Daniels, Assistant Director, Division of Bank
Operations
Mr. Hexter, Assistant General Counsel
Mr. Nelson, Assistant Director, Division of
Examinations
Mr. Hooff, Assistant Counsel

Discount rates. Unanimous approval was given to a telegram to the Federal Reserve Bank of Boston approving the establishment without change by that Bank on December 1, 1958, of the rates on discounts and advances in its existing schedule.

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:

Letter to the City Bank Farmers Trust Company, New York,
approving the application for fiduciary powers submitted
on behalf of First National City Trust Company. (For
transmittal through the Federal Reserve Bank of New York)

Item No.

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	<u>Item No.</u>
Letter to the State Bank and Trust Company, Ann Arbor, Michigan, approving an investment in bank premises. (For transmittal through the Federal Reserve Bank of Chicago)	2
Letter to the First-Peoples State Bank, Traverse City, Michigan, granting an extension of time within which to establish a branch at Munson Avenue and Cochlin Street. (For transmittal through the Federal Reserve Bank of Chicago)	3
Letter to The Champaign National Bank, Champaign, Illinois, approving its application for fiduciary powers. (For transmittal through the Federal Reserve Bank of Chicago)	4
Letter to The Rushville National Bank, Rushville, Indiana, approving its supplemental application for fiduciary powers. (For transmittal through the Federal Reserve Bank of Chicago)	5
Letter to the Detroit Branch of the Federal Reserve Bank of Chicago regarding the term "officer" as used in Section 4(d) of Regulation Q.	6
Letter to the California Bank, Los Angeles, California, granting an extension of time within which to establish a branch in East El Monte. (For transmittal through the Federal Reserve Bank of San Francisco)	7
Letter to the Comptroller of the Currency recommending unfavorably with regard to an application to organize a national bank at Lighthouse Point, Florida. (With a copy to the Federal Reserve Bank of Atlanta)	8
Letter to the Federal Deposit Insurance Corporation regarding deposit insurance for a nonmember State bank being organized to succeed the Exchange State Bank, Lanark, Illinois.	9
Memorandum from the Reports Review Committee recommending the discontinuance of certain reports and submitting a letter to the Presidents of all Federal Reserve Banks requesting their comments regarding the usefulness of certain other reports.	10

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	<u>Item No.</u>
Letter to the Marine Midland Trust Company of Central New York, Syracuse, New York, approving the establishment of branches in Camillus and Fairmount incident to a proposed merger with the Camillus Bank. (For transmittal through the Federal Reserve Bank of New York)	11
Notice of Tentative Decision and Tentative Statement relating to the application of First Virginia Corporation to acquire shares of Old Dominion Bank, Arlington, Virginia.	12, 13
Letter to the Presidents of all Federal Reserve Banks regarding the use by the Federal Housing Administration of Agreements to Insure as a temporary substitute for Commitments for Insurance.	14
Letter to the Federal Reserve Bank of Cleveland interposing no objection to an expenditure of approximately \$235,600 for a program to improve the alarm and protection systems at the head office building.	15
Telegram to the Federal Reserve Bank of St. Louis interposing no objection to the purchase of property adjoining the Little Rock Branch.	16
Letter to the Presidents of all Federal Reserve Banks, prepared pursuant to the understanding at the meeting on October 14, 1958, requesting comments on a proposed capital expenditures budget.	17
Letter to the Federal Reserve Bank of New York approving adjustment of the salary structures applicable to employees at that Bank and its Buffalo Branch.	18
Order granting the Request of Hearing Examiner Woodall for an extension until March 16, 1959, of the time for filing his Recommended Decision and Certification of the Record in the matter of The Continental Bank and Trust Company, Salt Lake City, Utah.	19

Discussion which preceded approval of some of the foregoing items is summarized in the following paragraphs.

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On Item No. 11, Governor Robertson commented that the application of the Marine Midland Trust Company of Central New York was not the clearest kind of case to come before the Board but that in effect the Board had made its decision some time ago when it approved the application of the Camillus Bank to establish a branch in Fairmount. It was known at that time that the obtaining of approval for the branch was an integral step in the merger of the Camillus Bank into the Marine Midland bank.

The tentative statement in the First Virginia Corporation case, attached under Item No. 13, was approved in a form incorporating a sentence inadvertently omitted from the draft that had been distributed to the Board. The sentence in question referred to the fact that both First Virginia Corporation and Old Dominion Bank appeared to be under good management.

At the suggestion of Governor Mills, the letter to the Federal Reserve Banks attached under Item No. 14 was approved in a form that included a reference to, instead of enclosing a copy of, a letter from the Comptroller of the Currency to the Federal Housing Administration dated November 4, 1958, advising that national bank examiners had been instructed to treat the Administration's Agreements to Insure for a temporary period as the equivalent of firm commitments to insure mortgage loans for the purposes of section 24 of the Federal Reserve Act.

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Discussion of Item No. 14 also included questions by Governor Robertson relating to whether the plan for issuance of Agreements to Insure appeared to be predicated upon anticipation by the Federal Housing Administration of securing additional insurance authorization at the next session of Congress. While this appeared to be largely the case, it was pointed out that there would be some ability to convert the agreements into firm commitments through recapture procedures; that is through amortization of insured mortgages, prepayment of such mortgages, and cancellation or expiration of outstanding commitments. Governor Mills commented that according to articles in the press applications for a tentative commitment would be placed in the order of their receipt. The worst that could happen, therefore, would be delay in converting from a tentative to a firm basis. The principal question appeared to be whether commercial banks would be receptive to the tentative commitments in view of the possibility of long delay before a firm commitment was available. Mr. Hexter stated that there might be some question about the Comptroller of the Currency's interpretation of the law relating to national banks but that the position taken in the proposed letter from the Board to the Reserve Banks would not seem to raise any question about exceeding any authority given by the Congress.

On Item No. 16, Governor Robertson inquired whether it seemed clear that the fact of a reluctant seller and a necessitous buyer justified paying a price of \$285,000 for the property proposed to be acquired for the use of the Little Rock Branch when the fair market value of the

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property had been appraised at \$244,500. Comments made on this point included reference to the reported indications of probable difficulty in assembling other suitable property as a branch site, the traffic problem encountered by the Little Rock Branch, the advantageous location of the branch, and the reported high cost of assembling properties in downtown Little Rock in a recent transaction. The intended use of the additional space, at least for the present, was described and certain questions pointed up in the memorandum from the Division of Bank Operations to the Board were reported by Mr. Farrell to have been resolved in conversation with President Johns. The branch directors were said by Mr. Johns to be on record as unanimously favoring the proposal, and this was to be verified by letter. As to termination of present leases in the quarters proposed to be acquired, Mr. Johns advised that all leases except one were on a monthly basis and that the remaining lease would expire next June without option of renewal.

In connection with Item No. 18, Governor Shepardson commented concerning the frequent salary structure adjustments requested by the Federal Reserve Banks in an effort to keep somewhat ahead of the community wage market and asked whether the total movement of the Reserve Bank structures must not be regarded as participation by the System in the upward push of wage, and salary levels. It was a problem, he said, to which he did not know the answer. After Mr. Johnson remarked that many of the Banks appeared to have some leeway under the present structures, that only a couple of requests for structure adjustments

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were in prospect for the immediate future, but that the 1959 Bank budgets indicated the possibility of some further requests in the fall of that year, Governor Shepardson said that he had noticed from the distributed material on the 1959 budgets what appeared to be an upward movement within the salary structures themselves. While he could understand that such a movement would tend to occur in the case of a new organization, he was puzzled about its occurrence in a mature organization where personnel turnover might be expected to exert an offsetting effect. He indicated that he expected to raise questions concerning this development and its implications in connection with discussion of the 1959 Reserve Bank budgets.

In the course of consideration of the foregoing items, Messrs. Nelson and Hooff withdrew from the meeting and Mr. Young, Assistant Counsel, entered the room.

Official System membership emblem. In view of a question raised by an advertising firm through the Federal Reserve Bank of Minneapolis as to whether the Federal Reserve System would have any objection to a member bank using a membership emblem other than one in the traditional "diamond-on-rectangle" shape, the Board asked the Presidents' Conference in May 1958 for its views on the advisability of adopting an official emblem of membership. The Presidents thereafter expressed to the Board the unanimous opinion that it would be desirable to adopt an official emblem and that the "diamond-on-rectangle" design would be most appropriate. The Board indicated that the matter would be given further study.

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Under date of November 25, 1958, there had been distributed to the Board a memorandum from the Legal Division which pointed out that no provision of the Federal Reserve Act expressly authorizes the Board to adopt an official emblem of System membership. It was not believed that the Board could make the use of a uniform emblem mandatory or limit its use to member banks. While the Board might be in a stronger position if a copyright to the emblem were obtained, the opinion was expressed that little would be gained by official adoption of an emblem and that the better course would be to advise the Presidents accordingly. It might be stated, however, that if member banks used any emblem or symbol of membership they should be urged to use the "diamond-on-rectangle" design. A draft of letter to the Presidents was submitted with the memorandum.

During discussion of the matter, question was raised whether it would seem advisable to seek legislative authority to require use of a membership symbol.

Governor Robertson commented that he could see some justification, from the point of view of protection of depositors, in requiring a bank to disclose through use of an emblem whether its deposits were insured. He could see no reason, however, from the standpoint of the public interest for insisting that a bank disclose publicly its membership in the Federal Reserve System. Therefore, while he would like to see a uniform emblem in use, he would not be inclined to seek legislative authority to institute a requirement.

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Chairman Martin expressed the opinion that there were more important subjects of legislation for the Board to pursue.

Mr. Hackley then presented two points raised by Mr. Leonard, Director, Division of Bank Operations, which, if they should be regarded with favor, would suggest modifications in the phraseology of the draft of letter to the Presidents that had been distributed to the Board. It was decided that the letter should be revised in these respects but that the letter would not actually be mailed until the subject of the membership emblem had been discussed with the Presidents at the joint meeting on December 16. It was felt that this procedure would be appropriate in view of the history of the matter, including the response of the Presidents to the question raised with them by the Board.

Messrs. Hexter and Young then withdrew.

Rebate of unearned interest on prepaid borrowings. Last February, the Presidents' Conference raised with the Board the question of the appropriate rate of rebate on prepaid member bank borrowings in the event of a discount rate change. It appeared that, pursuant to a policy adopted and reaffirmed by the Governors' Conference in 1923 and 1930, respectively, eleven of the Reserve Banks were rebating at the lower of the original or prevailing discount rate, but that the Minneapolis Bank was rebating at the original rate and the Kansas City Bank would like to follow the same practice. The Board indicated at the time that it would consider the matter and advise the Presidents of its views.

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A memorandum from the Division of Bank Operations dated November 20, 1958, which had been distributed to the Board, provided historical background and suggested possible alternative courses of action. A draft of letter to the Chairman of the Presidents' Conference, submitted with the memorandum, would indicate that the Board had no objection to lack of uniformity in operating practice in this regard. It would state, however, that the Board would also be prepared to reaffirm as System policy the position taken by the Governors' Conference or to adopt as a new and uniform policy the position that the benefits of a reduction in discount rate should accrue to all member banks borrowing from a Reserve Bank as of the date of such reduction. The views of the Presidents on the various alternatives would be requested.

Governor Mills made the following statement:

Viewed as a strictly commercial transaction, the rebate allowed on the prepayment of a member bank's discounted note at a Federal Reserve Bank should be at the original interest rate at which the paper was discounted and not at a lower rate conforming to whatever reduction in the discount rate at the Federal Reserve Bank had been made during the pendency of the member bank's discount. On a strictly commercial basis, rebates of interest on a discounted note would not be allowed in that the borrower should be presumed to have calculated his financial needs and thereby to have set the maturity of his borrowing to coincide with the time at which he would be in funds to repay the obligation. The fact that the borrower might come into funds in advance of the maturity of his bank borrowing and would wish to repay the obligation with a rebate of the interest discount does not alter the fact that the original note and the terms on which it was discounted represented a contractual obligation whose provisions called for a literal adherence to its terms.

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The fact that the lending commercial bank or Federal Reserve Bank would consider that it had a discretionary right to accept prepayment and rebate the interest discount does not alter the original terms of the contract. Inasmuch, however, as a lending commercial bank or Federal Reserve Bank enjoys a discretionary privilege of rebating discount on the prepayment of a borrowing, it would seem that the rebate should not be made to comprehend any lower rate of interest prevailing at the time of prepayment, but should be at the original discount rate. Theoretically both a bank's borrower and the bank itself program their operations so as to measure the availability of funds for use in their various undertakings. Such being the case, where a bank accepts prepayment of a borrower's note and rebates the interest discount, it is in effect subjected to a change in its original operating program, and as a result compelled to find employment for funds which it had originally not expected to be at its disposal for the contract period of the borrower's loan. Accordingly, a lender's rebate of interest discount is a concession to the borrower who, upon coming into funds in advance of the maturity of his bank obligation, might reasonably be expected to find an income-bearing use for such funds until needed to repay the bank obligation instead of shifting the problem to the bank by compelling it to find a useful reemployment of the funds represented by the prepaid obligation.

In further comments, Governor Mills said it would seem that the real question was whether the Reserve Banks should offer a concession by way of interest rebate on a commercial transaction freely entered into by a member bank. He would not be inclined to favor a policy under which all banks borrowing at the date of a discount rate reduction would automatically be granted a rebate based on the difference between the rates because he regarded that as a greater concession than warranted. However, if a decision should be reached in favor of accepting prepayment, he felt that rebates of unearned interest should be made at the original contract rate.

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Governor Robertson also indicated that he would go along with a policy, uniform among the Reserve Banks, whereby rebates would be given at the original rate if prepayment were accepted.

Governor Shepardson likewise expressed the view that it would be desirable to have uniformity of practice among the Reserve Banks. He saw some merit in rebating at the lower rate following a discount rate reduction because that would put some penalty on the prepayment, would prevent borrowing banks from taking advantage of a rate decrease to gain a benefit, and would appear equitable from the standpoint that a bank would not be inclined to prepay if the discount rate were increased. If the suggestion were followed of establishing a policy of rebating at the original contract rate, he felt that it would be desirable to include a provision to the effect that renewal of the prepaid borrowing within a specified period would be at the contract rate of the original borrowing. Should such a provision be added, he would not object to rebating at the original rate to those desiring to prepay for reasons other than to gain the benefit of renewal at the lower rate.

After Governor Szymczak commented on the possibility of administrative difficulties under any such arrangement, agreement was expressed with Chairman Martin's suggestion that a new draft of letter to the Chairman of the Presidents' Conference be prepared for the Board's consideration in the light of this discussion.

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Messrs. Johnson, Farrell, and Daniels then withdrew from the meeting.

Request of Counsel for Wachovia. Mr. Hackley reported a request from local Counsel for Wachovia Bank and Trust Company, Winston-Salem, North Carolina, for a copy of a transcript he understood had been prepared of the meeting of representatives of Wachovia and The Wilmington Savings & Trust Company with members of the Board on November 19, 1958. While no complete record of the meeting had in fact been made, a resume was included in the Board's minutes, and the Secretary suggested that the applicable part of the minutes could be reproduced in the form of a summary of the meeting if the Board desired to comply with Wachovia's request. Mr. Hackley expressed the opinion that it would be desirable to comply with the request for practical and also for legal reasons. The document would tend to substantiate that the Board's decision was not arbitrary, that it had been reached only after careful consideration of all facets of the case, and that it had been made after giving Wachovia an opportunity to appear before the Board.

The members of the Board, to whom the minutes in question had been circulated in the customary manner, indicated that they saw no reason why there should not be sent to Wachovia and its Counsel a summary drawn therefrom covering the portion of the Board meeting at which the representatives of Wachovia and Wilmington Savings & Trust actually were present. Accordingly, it was understood that the request would be complied with in that manner.

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Program for Chairmen's Conference. At the Chairman's request, Mr. Sherman reviewed for the Board the agenda for the meeting of the Conference of Chairmen of the Federal Reserve Banks to be held at the Federal Reserve Building this Thursday and Friday, December 4 and 5.

It was noted that there might be brought up at the Conference the question of the commissioning of portraits of former Reserve Bank officers and directors. Earlier this year the Directors of the Chicago Bank authorized a portrait of former President Young, but a question was raised with the Board by Chairman Prall from the standpoint of policy and, after consideration of the matter at the Board meeting on January 20, 1958, Chairman Martin talked with Mr. Prall and the project was deferred. However, at least one other Reserve Bank (New York) had authorized portraits of former officers without taking the matter up with the Board.

The Chairman and the Secretary reviewed positions taken in the past when the question of portraits had been raised with the Board. The former referred to certain occasions when he had spoken informally to the Reserve Bank Chairman concerned and had indicated that the Board would be happier if the project were not undertaken. The latter referred to the Board's letter of January 16, 1945, on the subject of discretionary expenditures and suggested that the Board might want to consider having a review made of the provisions of that letter.

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The desirability of a uniform System policy was mentioned. On the other hand, there were references to the difficulty involved in setting down a blanket rule, particularly since the issuance of such a rule would tend to highlight expenditures in the past.

After further discussion, it was understood that if the question of expenditures for portraits should be raised at the meeting of the Chairmen's Conference, that matter would be handled in such manner as seemed most appropriate at the time.

Ratification of actions taken on December 1, 1958 (Item No. 20). Actions taken by the available members of the Board in the absence of a quorum at the meeting on December 1, 1958, were ratified by unanimous vote. A memorandum of the meeting is attached as Item No. 20.

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

The Secretary was informed later that during the executive session the Board took the following actions.

Staff appointments. Pursuant to recommendations contained in a memorandum from Governor Shepardson dated December 3, 1958, the Board:

- (1) Appointed Robert F. Leonard, currently Director of the Division of Bank Operations, as Special Adviser to the Board with no change in salary, effective January 1, 1959, with the understanding that his appointment would continue for the duration of a special assignment to make an appraisal of the banking situation in the Ryukyu Islands for the Department of the Army, but not to exceed a period of four months from January 1, 1959, at which time Mr. Leonard would exercise his privilege of retirement under the Retirement System of the Federal Reserve Banks.

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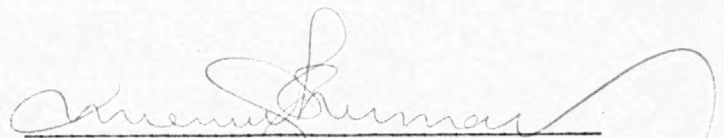
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- (2) Appointed John R. Farrell, Associate Director, Division of Bank Operations, as Director of that Division, effective January 1, 1959, with annual salary at the rate of \$17,000.
- (3) Appointed John N. Kiley, Jr., Chief of the Reserve Bank Operations Section in the Division of Bank Operations, as Assistant Director of that Division, effective January 1, 1959, with annual salary at the rate of \$11,500.

Appointment of director at Boston. It was agreed to request the Chairman of the Federal Reserve Bank of Boston to ascertain and advise whether Mr. Erwin Dain Canham, Editor of the Christian Science Monitor, Boston, Massachusetts, would accept appointment, if tendered, as a Class C director of the Federal Reserve Bank of Boston for the three-year term beginning January 1, 1959, with the understanding that if he would accept, the appointment would be made.

The meeting then adjourned.

Secretary's Note: Pursuant to the recommendation contained in a memorandum dated December 1, 1958, from Mr. Hackley, General Counsel, Governor Shepardson today authorized on behalf of the Board attendance by Messrs. Solomon and O'Connell, Assistant General Counsel, at the sessions on December 12, 1958, of the Institute on Practical Problems before Federal Administrative Agencies sponsored by the Administrative Law Section of the American Bankers Association and to be held at the Mayflower Hotel. It was understood that the cost of the registration fee (\$15 per person) would be charged to the "All Other" account in the Legal Division's 1958 budget.


Secretary

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

Item No. 1
12/3/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



December 3, 1958

Board of Directors,
City Bank Farmers Trust Company,
New York, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System has given consideration to the application for permission to exercise fiduciary powers made by you on behalf of First National City Trust Company, New York, New York, the national bank into which the City Bank Farmers Trust Company, New York, New York, is to be converted, and grants such national bank authority, effective if and when it is authorized by the Comptroller of the Currency to commence business, to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies, or other corporations which come into competition with national banks are permitted to act under the laws of the State of New York. The exercise of such rights shall be subject to the provisions of Section 11(k) of the Federal Reserve Act and Regulation F of the Board of Governors of the Federal Reserve System.

Upon receipt of advice from the Comptroller of the Currency that the First National City Trust Company has been authorized to commence business, a formal certificate indicating the trust powers which the bank is authorized to exercise will be issued.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 2
12/3/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 3, 1958

Board of Directors,
State Bank and Trust Company,
Ann Arbor, Michigan.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Chicago, the Board of Governors of the Federal Reserve System approves under the provisions of Section 24A of the Federal Reserve Act, an additional investment by State Bank and Trust Company of not to exceed \$850,000 in bank premises, for the purpose of rebuilding and expansion of its main office building, and construction of a building for its branch at Jackson Avenue and Maple Road.

It is understood that financing of the program is to be accomplished through the organization of a wholly-owned affiliate which will take title to the main office building. This will be accomplished through the bank's subscription to the entire stock of the affiliate in the amount of \$500,000, and the affiliate will borrow \$500,000 from outside sources. The two presently owned branches and the new branch building will be retained on the books of the bank at a total figure of approximately \$250,000.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 3
12/3/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 3, 1958



Board of Directors,
First-Peoples State Bank,
Traverse City, Michigan.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Chicago, the Board of Governors of the Federal Reserve System extends until July 1, 1959, the time within which First-Peoples State Bank, Traverse City, Michigan, may establish a branch at the intersection of Munson Avenue and Cochlin Street, Traverse City, Michigan, under the authorization contained in the Board's letter dated June 24, 1958.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 4
12/3/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 3, 1958



Board of Directors,
The Champaign National Bank,
Champaign, Illinois.

Gentlemen:

The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers and grants you authority to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies, or other corporations which come into competition with national banks are permitted to act under the laws of the State of Illinois, the exercise of all such rights to be subject to the provisions of Section 11(k) of the Federal Reserve Act and Regulation F of the Board of Governors of the Federal Reserve System.

A formal certificate indicating the fiduciary powers which The Champaign National Bank is now authorized to exercise will be forwarded to you in due course.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 5
12/3/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 3, 1958



Board of Directors,
The Rushville National Bank,
Rushville, Indiana.

Gentlemen:

The Board of Governors of the Federal Reserve System has given consideration to your supplemental application for fiduciary powers, and, in addition to the authority heretofore granted to act as trustee, executor, administrator, and registrar of stocks and bonds, grants you authority to act, when not in contravention of State or local law, as guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies, or other corporations which come into competition with national banks are permitted to act under the laws of the State of Indiana. The exercise of all such powers shall be subject to the provisions of Section 11(k) of the Federal Reserve Act and Regulation F of the Board of Governors of the Federal Reserve System.

A formal certificate indicating the fiduciary powers which The Rushville National Bank is now authorized to exercise will be forwarded to you in due course.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 6
12/3/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



December 3, 1958

Mr. Gordon W. Lamphere,
Assistant General Counsel, Detroit Branch,
Federal Reserve Bank of Chicago,
Detroit 31, Michigan.

Dear Mr. Lamphere:

This refers to your letter of November 7, 1958, addressed to Mr. Hackley, enclosing a letter from Mr. Harry S. Rudy, Vice President of The Detroit Bank & Trust Company, requesting an interpretation of section 4(d) of the Board's Regulation Q which permits the payment of a time deposit before maturity in an emergency where it is necessary to prevent great hardship, provided the depositor signs an application fully describing the circumstances, and the application is approved by an "officer" of the bank who certifies that to the best of his knowledge and belief the statements in the application are true. The question specifically is who is an "officer" of a member bank within the meaning of that section.

Mr. Rudy states that at some of the 54 branches of the trust company neither the manager nor assistant manager is elected by the board of directors. The trust company does not consider that there is an officer in these branches and, therefore, approval for prepayment of a time deposit is made by an officer at the main office. It is stated that these branch managers and assistant branch managers have the same duties, responsibilities and authorities as an elected officer managing a branch. Therefore, the trust company would like permission to authorize such appointed personnel to perform this act of approval and certification.

The term officer as used in section 4(d) of Regulation Q includes all member bank personnel who participate or have authority to participate in the operating management of the bank or any branch thereof. In other words, the authorities, duties and responsibilities of an individual are the determining factors rather than his title or the manner in which he is designated. This is consistent with the definition of an "executive officer" as contained in the Board's Regulation O.

Mr. Gordon W. Lamphere

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It is the Board's opinion that any branch manager or assistant branch manager duly authorized to approve an application for prepayment of a time deposit is an "officer" within the meaning of section 4(d) of Regulation Q.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 7
12/3/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 3, 1958



Board of Directors,
California Bank,
Los Angeles 54, California.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of San Francisco, the Board of Governors extends until June 30, 1959, the time within which California Bank may establish a branch in the vicinity of Peck Road and Exline Avenue, East El Monte, California, under authority contained in the Board's letter of August 6, 1957.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 8
12/3/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 3, 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 July 2, 1957, enclosing copies of an application to organize a national bank at Lighthouse Point, Florida, 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 Atlanta indicates that the proposed capital structure of the bank would be adequate. The future earnings prospects of the bank are not especially good, and it does not appear that the management can be regarded favorably inasmuch as an executive officer has not been selected and the board of directors is lacking in banking experience. One of the proposed directors, who is serving a bank in Pompano Beach, would be ineligible to serve as director of the proposed bank. While it is indicated that a bank at the proposed location might serve as a convenience to some individuals and businesses, there does not appear to be a sufficient need for the proposed bank at this time. In view of these unfavorable factors, the Board of Governors 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) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 9
12/3/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 3, 1958



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

Dear Mr. Wolcott:

Reference is made to your letter of November 20, 1958, concerning the organization of a nonmember State bank to succeed the Exchange State Bank, Lanark, Illinois.

No corrective programs have been urged upon the Exchange State Bank, or agreed to by it, which, in the opinion of the Board of Governors, it would be considered desirable to incorporate as conditions of the insuring of the deposits of the proposed new nonmember State bank.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 10
12/3/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 3, 1958



Dear Sir:

The Board recently appointed a Reports Review Committee, consisting of members of its staff, for the purpose of reviewing the essentiality, scope in present form, and frequency of statistical reports, statements and releases issued by various Divisions of the Board.

As a result of this study, it has been tentatively decided to discontinue the following statements, effective December 31, 1958:

- K.3 - Changes in State bank membership (weekly)
- G.4 - Annual list and monthly supplement of State member banks and nonmember banks that maintain clearing accounts
- E.4 - Principal assets and liabilities--All Banks in U. S. and Possessions (semiannually): first 3 pages (a, b, and c), showing all banks, all commercial banks, and mutual savings banks by States

The following two statements have been discontinued as of the dates indicated:

- G.12.4 - Employment in Nonagricultural establishments (monthly)

As a result of a suggestion of the Reports Review Committee, arrangements were made by our Research Division with the Bureau of Labor Statistics to assume publication of these figures simultaneously with the regular monthly release of the unadjusted employment figures, thus eliminating the necessity of our publishing the G.12.4

release which was discontinued September 9, 1958.

- K.10 - Chairmen, Federal Reserve Agents, and Officers of the Federal Reserve Banks and Branches (as changes occurred - average monthly)

Since this statement duplicated certain information as to official personnel of the Federal Reserve Banks and Branches which was published in another statement, the Division of Personnel Administration consolidated the two reports, thus resulting in the elimination of the K.10 statement, effective July 18, 1958.

The Committee has also questioned the utility of various data contained in the following reports and statements:

- L.4.1 - Earnings and Expenses of Federal Reserve Banks (monthly)
- G.15 - Interdistrict Settlement Fund (monthly)
- J.1 - Deposits, Reserves, and Borrowings of member banks (semimonthly): second and third pages (a and b)
- L.4.5 - Changes in status of banks and branches (monthly)
- E.4 - Page 4 (d) of Principal assets and liabilities-- All Banks in U. S. and Possessions (semiannually), showing all banks, all commercial banks, and mutual savings banks by Federal Reserve districts
- C.2 - Foreign Branches of American Banks (annually)
- L.4.8 - Construction Contracts Awarded, by Federal Reserve Districts (monthly)
- PA-13 - List of Officers, Federal Reserve Agents, Agents' Representatives of Federal Reserve Banks (also section showing directors, business affiliations, System committees, etc.) (As changes occur)
- R&S
100-6936 - Sales and Redemptions of United States Savings Bonds (monthly)
- - Estimated Value per Acre of Farm Real Estate by Federal Reserve Districts (January, May, September)

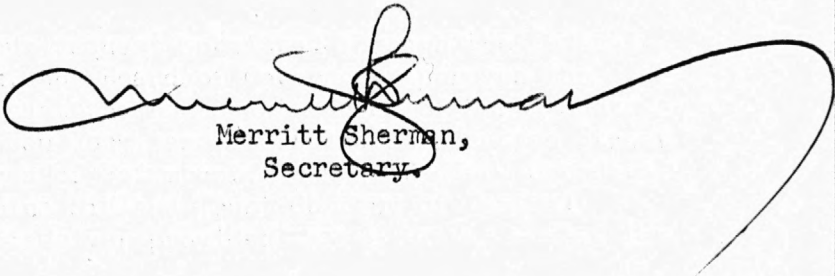
-3-

- - List of Professional Research Personnel in the
Federal Reserve System (quarterly)

It will be appreciated if you will let the Board have your comments as to which of the foregoing you consider essential and which could be discontinued. As to any you feel are essential, your suggestions as to how they might be revised to improve their presentation would be helpful.

The Board would also like to have your comments on any other Board releases or periodic statements about which you may have some question as to their usefulness.

Very truly yours,

A large, flowing handwritten signature in dark ink, which appears to read "Merritt Sherman". The signature is written over the typed name and title.

Merritt Sherman,
Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS

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

Item No. 11
12/3/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 3, 1958

Board of Directors,
Marine Midland Trust Company
of Central New York,
Syracuse, New York.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors approves the establishment of branches at the northeast corner of North and Main Streets, Camillus, New York, and at 2401 West Genessee Street in the unincorporated area of Fairmount, Town of Geddes, Onondaga County, New York, by Marine Midland Trust Company of Central New York. This consent is given provided

- a. the merger with Camillus Bank is effected substantially in accordance with the terms of the Plan of Merger dated July 18, 1958;
- b. shares of stock acquired from dissenting shareholders are disposed of within six months after date of acquisition;
- c. the branches are established within six months from the date of this letter; and
- d. that formal approval of the State authorities is effective at the time the branches are established.

The Board of Governors also approves the subsequent removal of the branch from temporary quarters at 2401 West Genessee Street to the southeast corner of the intersection of New York Route 5 and Onondaga Road in the unincorporated area of Fairmount, Town of Camillus, New York, provided such relocation is effected within six months from the date of this letter.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Item No. 12
12/3/58

NOTICE OF TENTATIVE DECISION ON APPLICATION FOR PRIOR
APPROVAL OF ACQUISITION BY A BANK HOLDING COMPANY
OF VOTING SHARES OF A BANK

Notice is hereby given that, pursuant to section 3(a) of the Bank Holding Company Act of 1956 ("the Act"), First Virginia Corporation, Arlington, Virginia ("Applicant"), has applied for the Board's prior approval of action whereby Applicant would acquire from 51 to 92 per cent of the 40,500 outstanding voting shares of Old Dominion Bank, Arlington, Virginia. Information contained in the application and other information relied upon by the Board in making its tentative decision are summarized in the Board's Tentative Statement of this date, which is attached hereto and made a part hereof, and is on file with the Federal Register Division and available for inspection at the office of the Board's Secretary and at the Federal Reserve Banks.

The record in this proceeding to date consists of the application, the views and recommendations of the Commissioner of Banking for the State of Virginia, this Notice of Tentative Decision, and the facts set forth in the Board's Tentative Statement.

-2-

For the reasons set forth in the Tentative Statement, the Board proposes to grant the application.

Notice is further given that any interested person may, not later than fifteen (15) days after the publication of this notice in the Federal Register, file with the Board in writing any comments on or objections to the Board's proposed action, stating the nature of his interest, the reasons for such comments or objections, and the issues of fact or law, if any, presented by said application which he desires to controvert. Such statement should be addressed: Secretary, Board of Governors of the Federal Reserve System, Washington 25, D. C.

Following expiration of the said 15-day period, the Board's tentative decision will be made final by order to that effect, unless for good cause shown other action is deemed appropriate by the Board and is so ordered.

Dated at Washington, D. C., this 3rd day of December, 1958.

By the Board of Governors.

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

(SEAL)

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Item No. 13
12/3/58

APPLICATION BY THE FIRST VIRGINIA CORPORATION, ARLINGTON, VIRGINIA,
FOR PRIOR APPROVAL OF ACQUISITION OF VOTING SHARES OF
OLD DOMINION BANK, ARLINGTON, VIRGINIA

TENTATIVE STATEMENT

First Virginia Corporation, Arlington, Virginia, a bank holding company, has applied, pursuant to section 3(a)(2) of the Bank Holding Company Act of 1956 ("the Act"), for this Board's prior approval of the acquisition of from 51 to 92 per cent of the 40,500 outstanding voting shares of Old Dominion Bank, Arlington, Virginia, a bank organized under the laws of Virginia.

As required by section 3(b) of the Act, the Commissioner of Banking for the State of Virginia was asked for his views and recommendations with respect to the application. The Commissioner interposed no objection to the application.

Statutory factors. - Section 3(c) of the Act requires the Board to take into consideration the following five factors: (1) the financial history and condition of the holding company and bank concerned; (2) their prospects; (3) the character of their management; (4) the convenience, needs, and welfare of the communities and the area concerned; and (5) whether or not the effect of the acquisition would be to expand the size or extent of the bank holding company system involved beyond limits consistent with adequate and sound

banking, the public interest, and the preservation of competition in the field of banking.

Discussion. - The applicant, First Virginia Corporation, is a part of a holding company system that includes three banks in northeastern Virginia, near the District of Columbia: Old Dominion Bank, Arlington, Virginia, with deposits of \$37 million on June 23, 1958; Bank of Annandale, Annandale, Virginia, with deposits of \$4 million; and The National Bank of Manassas, Manassas, Virginia, with deposits of \$5 million.

At the present time, Old Dominion Bank is a bank holding company by virtue of its ownership of all of the stock of First Virginia Corporation, which owns a majority of the stock of the Annandale and Manassas banks. The voting shares of Old Dominion Bank are publicly owned (with the exception of 5 per cent of Old Dominion stock presently owned by First Virginia).

First Virginia proposes to acquire up to 92 per cent of Old Dominion's outstanding voting shares by offering to exchange 30 shares of a new issue of First Virginia stock for each outstanding share of Old Dominion stock. If the proposal were fully consummated the stock of First Virginia would become publicly owned, and First Virginia would become the owner of 97 per cent of the voting stock of Old Dominion and would continue to hold a majority of the stock of the Annandale and Manassas banks. Old Dominion Bank would cease to be a bank holding company, since it would no longer own or control 25 per cent of the voting shares of First Virginia.

The rapid growth of Old Dominion Bank and Bank of Annandale calls for substantial increases in their capital structures, and continued growth of all three banks in the group may, in the future, call for further increases in their capital structures through sale of additional stock. Since First Virginia owns a majority of the stock of the Annandale and Manassas banks, that holding company would be the natural purchaser of the greater part of any such additional issues of stock. Under the existing intercorporate arrangement of the system, however, with a commercial bank (Old Dominion Bank) as the top holding company and an intermediate holding company (First Virginia) that holds only the stock of two relatively small banks, First Virginia might find it somewhat awkward and costly to raise funds with which to purchase additional shares of its subsidiary banks. Financing of capital increases for all three banks probably would be facilitated if, as now proposed, First Virginia became the only holding company in the group and the relatively large Old Dominion Bank was included among its subsidiaries.

The financial history and condition of First Virginia are satisfactory, and the proposed transaction would enhance that corporation's financial strength. The financial history and condition of Old Dominion also are satisfactory. As stated above, its rapid growth calls for a substantial increase in its capital structure, and such an increase is contemplated by the general plan of which the pending application is a part. Both First Virginia and Old Dominion appear to be under good management.

Inasmuch as the proposed acquisition involves, essentially, a rearrangement of the corporate units in the holding company system and involves no change in the number or character of banking facilities, the convenience, needs, and welfare of the communities and the area concerned will not be materially affected. Likewise, the proposed acquisition will not modify the existing competitive situation among the banks of the area or otherwise significantly affect competition in the field of banking. The contemplated strengthening of the capital structures of two of the banks in the group would contribute to the soundness of banking in the area and thereby to the public interest.

Conclusion. - It is the judgment of the Board, in the light of the factors enumerated in section 3(c) of the Act and the general purposes of the Act, that the application should be approved.

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

Item No. 14
12/3/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 3, 1958.



Dear Sir:

A copy of a letter is enclosed dated November 19, 1958, from Mr. Norman P. Mason, Commissioner, Federal Housing Administration, in respect to new commitment procedures covering mortgage insurance.

The principal facts in the letter and other information submitted by FHA are that new commitment procedures would be necessary to conserve the authorization to insure mortgages which has been substantially depleted by an unprecedented demand for FHA insured loans. It is the intention of the FHA to limit future mortgage insurance commitments to owner-occupant mortgagor applications and certain other limited uses such as extension of outstanding commitments where construction has started, or funds have been disbursed by a mortgagee, or a contract of sale has been executed. In the case of builders applying for conditional or firm commitments, however, an "Agreement to Insure" will be issued which can be converted into a "Commitment for Insurance" when insurance authorization becomes available through recapture of expired outstanding commitments, as the insurance fund revolves, or when the 86th Congress enacts legislation to increase the insurance authorization.

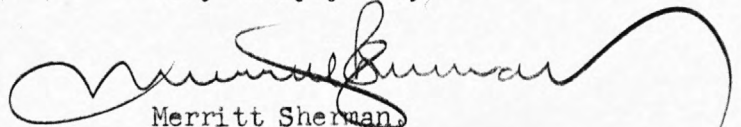
The Agreement to Insure states that upon request and subject to the availability of insurance authorization and the provisions of the "Administrative Rules and Regulations" of the FHA in effect at such time, a Commitment for Insurance will be issued. Mr. Mason in his letter states "there is no doubt that FHA will be able to honor Agreements to Insure, the only question is one of time which, of course, would be based upon the recapture rate".

The FHA has sought the assistance of the Board of Governors in facilitating the acceptance of Agreements to Insure by member State banks through issuance of a ruling that Federal Reserve examiners are not required to take exception to such conditional commitments. FHA recognizes that member State banks are subject to State law and regulation and may not be authorized to employ Agreements to Insure in all

cases. With reference to national banks, we have been advised that the Comptroller of the Currency has instructed national bank examiners to treat Agreements to Insure already made, and to be made during the next 120 days, as the equivalent of firm commitments to insure mortgage loans for the purposes of Section 24 of the Federal Reserve Act.

It would be the view of the Board that Agreements to Insure are a temporary acceptable substitute for FHA Commitments for Insurance. Such Agreements may be converted into a firm commitment when insurance authorization is available either through recapture procedures or increased insurance authorization by Congress, and Federal Reserve examiners should be requested not to criticize in reports of examination properly issued FHA Agreements to Insure in respect to real estate loans in member State banks.

Very truly yours,



Merritt Sherman
Secretary.

Enclosure

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS

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

Item No. 15
12/3/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



December 3, 1958

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

Dear Mr. Fulton:

This refers to your letter of November 13, 1958 concerning the proposed improvements to the alarm and protection systems at the Cleveland Head Office building, as approved by your Bank's Board of Directors.

The Board of Governors will interpose no objection to an expenditure of approximately \$235,600 for the program, as described in your letter.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

TELEGRAM
LEASED WIRE SERVICEItem No. 16
12/3/58**BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM**
WASHINGTON

December 3, 1958

Johns - St. Louis

Reurlet of November 26, 1958, Board will interpose no objection to purchase of property adjoining Little Rock Branch as described in your letter at a price not to exceed \$285,000.

(Signed) Merritt Sherman

SHERMAN

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

Item No. 17
12/3/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 3, 1958



Dear Sir:

The continuing number of bank premises projects being submitted for consideration has become a matter of concern to the Board, particularly because of the lack of information with regard to long-range plans at the various Banks.

The present budget procedure covers current expenses for repairs and alterations and for depreciation, but does not include capital expenditures except as they may be reflected in amounts budgeted for depreciation. Under the present arrangement, each new proposed capital expenditure for bank premises purposes submitted for approval must be considered by the Board as an isolated matter without having the advantage of information concerning other plans that may be under consideration by the Bank submitting the proposal or by other Banks.

It is believed that this situation might be improved by revising the budget procedure so that the annual budgets covering current expenses would be accompanied by a separate capital expenditures budget showing, as far as possible, estimates of expenditures that are contemplated or foreseeable during each of the next five years. This budget would cover contemplated expenditures for land acquisitions, new buildings, additions, and major alterations and improvements, including portions chargeable to current expenses as repairs and alterations. Each year the estimates would be revised in the light of current developments and extended for another year.

While the Board would not formally act upon the capital expenditures budgets, as it does in the case of the annual current expense budgets, it is felt that the information contained in the proposed capital expenditures budgets would be helpful in considering subsequent requests for approval of individual projects.

Your comments concerning this proposal would be appreciated.

Very truly yours,

Merritt Sherman,
Secretary.

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

Item No. 18
12/3/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 3, 1958

CONFIDENTIAL (FR)

Mr. William F. Treiber,
First Vice President,
Federal Reserve Bank of New York,
New York 45, New York.

Dear Mr. Treiber:

Reference is made to your letter of October 22, 1958, in which your Bank requests the approval of upward adjustments in the salary structures applicable to the employees of your Bank and the Buffalo Branch.

The Board approves the following minimum and maximum salaries for the respective grades for the various structures effective immediately.

Grade	<u>CLERICAL</u>			
	<u>Head Office</u>		<u>Buffalo Branch</u>	
	<u>Minimum Salary</u>	<u>Maximum Salary</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>
1	\$ 2,389	\$ 3,225	\$ 2,250	\$ 3,038
2	2,652	3,580	2,477	3,344
3	2,946	3,977	2,729	3,684
4	3,276	4,423	3,013	4,068
5	3,753	5,067	3,325	4,489
6	4,134	5,581	3,667	4,950
7	4,551	6,144	4,039	5,453
8	5,003	6,754	4,442	5,997
9	5,507	7,434	4,888	6,599
10	6,032	8,143	5,394	7,282
11	6,620	8,937	5,960	8,046
12	7,284	9,833	6,600	8,910
13	8,042	10,857	7,329	9,894
14	8,892	12,004	8,148	11,000
15	9,865	13,318	9,086	12,266
16	10,993	14,840	10,173	13,734

Mr. William F. Treiber

-2-

NON-CLERICAL
Head Office and Buffalo

<u>Grade</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>
1	\$2,392	\$3,229
2	2,540	3,429
3	2,703	3,649
4	2,891	3,903
5	3,115	4,205
6	3,386	4,571
7	3,706	5,003
8	4,089	5,520
9	4,548	6,140
10	5,079	6,857
11	5,649	7,626

SPECIAL SALARY RANGES FOR PHYSICIANS

<u>Grade</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>
Physicians	\$5,500	\$8,750
Medical Director	10,700	13,650

The Board approves the payment of salaries to the employees, other than officers, within the limits specified for the grades in which the positions of the respective employees are classified. It is understood that all employees whose salaries are below the minimum of their grades as a result of the structure increase will be brought within the appropriate ranges by March 1, 1959.

The Board understands that the expense arising from these structure changes has been provided for in the 1959 budget.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

UNITED STATES OF AMERICA

BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Item No. 19
12/3/58

In the Matter of)
)
THE CONTINENTAL BANK)
 AND TRUST COMPANY)
)
Salt Lake City, Utah)

ORDER EXTENDING TIME FOR FILING OF
RECOMMENDED DECISION AND CERTIFICATION OF RECORD

Additional time having been requested by the Hearing Examiner within which to file with the Secretary of the Board his Recommended Decision and Certification of Record in the above-entitled proceeding, and it appearing to the Board that such request should be granted, it is hereby ORDERED that the time within which the Hearing Examiner may file such Recommended Decision and Certification of Record be, and the same hereby is, extended to and including March 16, 1959.

This 3rd day of December, 1958.

By order of the Board of Governors.

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

(SEAL)

Washington, D. C.

Minutes of a meeting of the available members of the Board of Governors of the Federal Reserve System on Monday, December 1, 1958.

The meeting was held in the Board Room at 10:15 a.m.

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

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Fauver, Assistant Secretary
Mr. Thomas, Economic Adviser to the Board
Mr. Molony, Special Assistant to the Board

Messrs. Young, Noyes, and Robinson, Miss Burr,
Messrs. Williams, Dembitz, Gehman, Keir,
Weiner, Hald, Loewy, Manookian, Wernick,
and Wood, and Miss Dingle of the Division
of Research and Statistics

Messrs. Furth, Hersey, Irvine, Katz, Maroni,
Reynolds, and Summers of the Division of
International Finance

Mr. E. B. Richardson, Deputy Governor of the Commonwealth Bank of Australia, also was present at this meeting.

Economic review. The review of international developments by the Division of International Finance indicated that the gold outflow from the United States was reduced in November to the lowest point since last January but that it was as yet too early to know whether this marked a real turning point. United States imports in October appeared to have picked up somewhat, while an analysis of exports showed relative stability in the February-September period for raw materials and fuel as well as in total exports to other industrial countries. During this period, however, there had been a gradual falling-off of machinery and equipment exports as well as in total exports to nonindustrial countries. Members of the

12/1/58

-2-

Division also commented on significant financial developments in selected foreign areas.

The review of domestic developments by the Division of Research and Statistics indicated, among other things, the beginning of a widening-out of price rises, a probable two or three point increase in the index of industrial production in November, estimated gross national product at an annual rate of \$450 billion or higher for the fourth quarter, a continued rise in housing starts in October to a three-year peak, and some further improvement in the demand for labor.

All of the members of the staff except Messrs. Sherman, Kenyon, and Fauver then withdrew from the meeting. Mr. Hackley, General Counsel, entered the meeting at this point.

Discount rates. Unanimous approval was given to telegrams to the Federal Reserve Banks of Minneapolis, Kansas City, and Dallas approving the establishment without change by those Banks on November 28, 1958, of the rates on discounts and advances in their existing schedules.

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:

Item No.

Letter to The Community Bank and Trust Company,
New Haven, Connecticut, approving the establishment
of an in-town branch. (For transmittal through the
Federal Reserve Bank of Boston)

M-1

12/1/58

-3-

Item No.

Letter to the New Jersey Bank and Trust Company, Clifton, New Jersey, granting an extension of time within which to establish a branch in North Haledon, New Jersey. (For transmittal through the Federal Reserve Bank of New York)

M-2

Letter to the Lorenzo State Bank, Lorenzo, Texas, waiving the requirement of six months' notice of withdrawal from membership in the Federal Reserve System. (For transmittal through the Federal Reserve Bank of Dallas)

M-3

Letter to the Federal Deposit Insurance Corporation regarding the application of Lorenzo State Bank, Lorenzo, Texas, for continuance of deposit insurance after withdrawal from membership in the Federal Reserve System.

M-4

Following informal comments by Mr. Richardson on economic and banking developments in Australia, the meeting adjourned.


Secretary

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

Item No. M-1
12/1/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 1, 1958



Board of Directors,
The Community Bank and Trust Company,
New Haven, Connecticut.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Boston, the Board of Governors of the Federal Reserve System approves the establishment of a branch at the junction of College Street Extension and Congress Avenue, New Haven, Connecticut, by The Community Bank and Trust Company, provided the branch is established within six months from the date of this letter and approval of the State authorities is in effect as of the date of the establishment of the branch.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. M-2
12/1/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 1, 1958



Board of Directors,
New Jersey Bank and Trust Company,
Clifton, New Jersey.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors extends until June 18, 1959, the time within which New Jersey Bank and Trust Company may establish a branch at High Mountain Road and Manchester Avenue, North Haledon, New Jersey, under authority contained in the Board's letter of June 18, 1958.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. M-3
12/1/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 1, 1958



Board of Directors,
Lorenzo State Bank,
Lorenzo, Texas.

Gentlemen:

The Federal Reserve Bank of Dallas has forwarded to the Board of Governors your letter of October 30, 1958, and the accompanying resolution signifying your intention to withdraw from membership in the Federal Reserve System and requesting waiver of the six months' notice of such withdrawal.

In accordance with your request, the Board of Governors waives the requirement of six months' notice. Upon surrender to the Federal Reserve Bank of Dallas of the Federal Reserve Bank stock issued to your institution, such stock will be cancelled and appropriate refund will be made thereon. Under the provisions of Section 10(c) of the Board's Regulation H, as amended effective September 1, 1952, your institution may accomplish termination of its membership any time within eight months from the date the notice of intention to withdraw from membership was given.

It is requested that the certificate of membership be sent to the Federal Reserve Bank of Dallas for disposition.

It is noted that formal application has been filed, as required, with the Federal Deposit Insurance Corporation for continuance of deposit insurance after withdrawal from membership in the Federal Reserve System.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. M-4
12/1/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 1, 1958



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

Dear Mr. Wolcott:

Reference is made to your letter of November 13, 1958, concerning the application of Lorenzo State Bank, Lorenzo, Texas, for continuance of deposit insurance after withdrawal from membership in the Federal Reserve System.

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

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.