

Minutes for December 18, 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 proposed to place in the record of policy actions required to be kept under the provisions of Section 10 of the Federal Reserve Act an entry covering the item in this set of minutes commencing on the page and dealing with the subject referred to below:

Page 11 Inclusion of Alaska in Twelfth Federal Reserve District and amendments to Regulations G, H, J, and U.

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
Chairman Martin	x <u>mw</u>	_____
Governor Szymczak	x <u>AMS</u>	_____
Governor Mills	x <u>[Signature]</u>	_____
Governor Robertson	x <u>R</u>	_____
Governor Balderston	_____	x <u>CCB</u>
Governor Shepardson	_____	x <u>[Signature]</u>

Minutes of the Board of Governors of the Federal Reserve System on Thursday, December 18, 1958. The Board met in the Board Room at 10:00 a.m.

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

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Thomas, Economic Adviser to the Board
Mr. Johnson, Director, Division of Personnel Administration
Mr. Hackley, General Counsel
Mr. Masters, Director, Division of Examinations
Mr. Connell, Controller
Mr. Farrell, Associate Director, Division of Bank Operations
Mr. Conkling, Assistant Director, Division of Bank Operations
Mr. Noyes, Adviser, Division of Research and Statistics
Mr. Dembitz, Research Associate, Division of Research and Statistics
Mr. Hexter, Assistant General Counsel
Mr. Hostrup, Assistant Director, Division of Examinations
Mr. Nelson, Assistant Director, Division of Examinations
Mr. Bass, Assistant Controller

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:

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	<u>Item No.</u>
Letter to the Central Trust Company, Rochester, New York, approving the establishment of a branch in the Panorama Plaza Shopping Center. (For transmittal through the Federal Reserve Bank of New York)	1
Letter to The Morristown Trust Company, Morristown, New Jersey, approving the establishment of branches in Madison and Florham Park incident to a proposed merger with First Bank and Trust Company, Madison, New Jersey, under the title of Trust Company of Morris County. (For transmittal through the Federal Reserve Bank of New York)	2
Letter to the County Trust Company of Maryland, Glen Burnie, Maryland, approving the establishment of a branch in Lexington Park. (For transmittal through the Federal Reserve Bank of Richmond)	3
Letter to the Federal Reserve Bank of Dallas regarding the effect of section 32 of the Banking Act of 1933 and the Board's Regulation R on the service of Mr. Sidney A. Wooldridge as a director of a national bank and as an employee of Rauscher, Pierce & Co., Inc.	4
Letter to the Southern Arizona Bank and Trust Company, Tucson, Arizona, denying a further extension of time within which to establish a branch at Rook and Speedway Avenues. (For transmittal through the Federal Reserve Bank of Dallas)	5
Memorandum from Messrs. Thomas and Young recommending publication of the initial study of Federal funds transactions.	6
Letter to the Federal Reserve Bank of Chicago approving an adjustment in the salary structure applicable to employees of the Detroit Branch.	7

In discussion preceding action on the foregoing Item No. 7, Governor Mills noted that approval of the proposed salary structure for the Detroit Branch would place the Branch structure higher than that of the head office and raised the question whether it was wise

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policy, pending consideration of any recommendation emanating from the current community wage survey in Chicago, to have a considerable divergence between the two structures.

Mr. Johnson responded by discussing the theory involved in the use of a "prevailing rate" approach. He also commented that at times in the past the structures of certain branches had been on a higher scale than the structures of their respective head offices, that it was not feasible to make wage surveys in Chicago and Detroit simultaneously because the head office used a professional survey while the branch participated in a survey made at the time of year most convenient to the other participants, and that it was not yet entirely clear whether the Chicago Reserve Bank would recommend adjustment of the salary structure applicable to head office employees.

Governor Mills then inquired whether a higher branch structure might not constitute an obstacle in arranging personnel transfers from the branch to the head office. Mr. Johnson replied that such transfers generally involve personnel in the higher grades of the salary structure and that the Detroit Branch would not have a great many employees in the higher grades. Also, when an employee is moved from a branch to the head office, it is generally to a position of higher classification.

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The discussion included a comment by Mr. Farrell that the Chicago Bank's letter on the proposed Detroit salary structure adjustment mentioned that the structure change would result in expenditures of about \$32,000 above the budget as submitted, and that the budget therefore should be changed. However, when this was brought to President Allen's attention, he indicated that the Bank's letter had been phrased inaccurately. Accordingly, the Board's letter accepting the Bank's budget for 1959 contained language to the effect that any salary adjustments following approval of the revised salary structure should be taken into account in the budget experience report and that the Detroit Branch should do its best to stay within the budget. This, Mr. Farrell said, was in line with advice that President Allen had already given to the Branch.

Assessment to cover expenses of the Board. There had been distributed to the members of the Board a memorandum from Mr. Connell dated December 16, 1958, stating that approximately \$3,345,350 would be needed for the estimated expenses of the Board for the first half of 1959, as shown in an attached tabulation. It was recommended that an assessment of .00272 of the total paid-in capital and surplus of the Federal Reserve Banks as of December 31, 1958, be levied upon the Banks. Based on an estimated Federal Reserve Bank capital and surplus of \$1,230,000,000, this rate would produce a total of \$3,345,600.

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In discussion of the matter, Governor Mills pointed out that the estimate of expenses did not take into account certain reductions in the Board's 1959 budget which were agreed upon yesterday pursuant to recommendation of Governor Shepardson.

It was likewise noted that the Board yesterday approved the setting up of a special project budget to take care of the preparation of preliminary sketches and estimates for a shelter across "C" Street, and that the cost of such preliminary work apparently would be around \$37,500.

Pursuant to Governor Mills' suggestion, it was agreed that a revised assessment should be computed on the basis of all adjustments in the 1959 budget agreed upon yesterday by the Board, with the understanding that appropriate advice of the assessment would then be sent to the Federal Reserve Banks.

Secretary's Note:

A revised tabulation, as presented with a memorandum from Mr. Bass dated December 22, 1958, indicated that approximately \$3,329,000 would be needed for the estimated expenses of the Board for the first half of 1959, and that an assessment of .00271 of the total paid-in capital and surplus of the Reserve Banks as of December 31, 1958, would produce a total of \$3,333,300. The advice of assessment was sent to the Federal Reserve Banks on such basis.

Messrs. Connell, Dembitz, and Bass then withdrew from the meeting.

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Items distributed to the Board. There had been distributed to the members of the Board memoranda from the Division of Bank Operations as follows:

Memorandum dated December 15, 1958, recommending that the Board give advance authority for the sending on January 2, 1959, of the usual telegrams to the Federal Reserve Banks specifying the interest rates on Federal Reserve notes for the last month of 1958 for the purpose of making payments to the Treasury. This plan, designed to speed up administrative procedures at the Reserve Banks and at the Board, was the same as followed in previous years. The memorandum noted that, in accordance with the procedure established in 1952 and consistent with the former franchise tax provision for transfer to surplus of all net earnings until surplus equals 100 per cent of a Reserve Bank's subscribed capital stock, appropriate deductions would be made from the net earnings of the Atlanta and Dallas Reserve Banks before computing their interest payments to the Treasury. It was estimated that the transfers to surplus would be about \$400,000 at Atlanta and \$200,000 at Dallas.

Memorandum dated December 16, 1958, recommending that the respective Federal Reserve Banks be advised that the Board had noted without objection their proposed 1958 year-end entries to profit and loss accounts. Reports from the Reserve Banks had indicated that they did not contemplate any special charge-offs, depreciation allowances, or other year-end adjustments requiring the approval of the Board.

Memorandum dated December 16, 1958, recommending procedures for the release of the Weekly Federal Reserve Statement, the Weekly Statement of Condition of Reporting Member Banks in Central Reserve Cities, and the Weekly Reporting Member Bank Statement during the 1958 holiday season. These procedures were suggested principally because of the holiday on Friday, December 26, and would be substantially similar to those used in the 1952 holiday season. It was proposed that if these procedures were approved, a telegram would be sent to all Reserve Bank Presidents and Assistant Federal Reserve Agents giving notification and instructions.

Following discussion, the recommendations contained in the three memoranda from the Division of Bank Operations were approved unanimously.

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Final tax certification for Transamerica Corporation (Item No. 8). Pursuant to the recommendations contained in memoranda from the Division of Examinations dated November 21, 1958, and from Mr. Hexter dated December 16, 1958, both of which had been distributed to the Board, unanimous approval was given to the issuance of a final certification that Transamerica Corporation, San Francisco, California, formerly a bank holding company as defined in section 2(a) of the Bank Holding Company Act of 1956, had ceased to be a bank holding company before the expiration of the period specified in sub-paragraph (B) of Section 1101(e)(2) of the Internal Revenue Code of 1954, with the understanding that duplicate originals of the certificate would be sent to Transamerica Corporation and to the Commissioner of Internal Revenue. A copy of the certificate issued pursuant to this action is attached as Item No. 8.

Possible legislative proposals. Pursuant to the request at a recent meeting, there had been sent to the members of the Board copies of a memorandum from Mr. Hackley dated December 16, 1958, discussing three principal items of legislation that might be proposed for consideration by the next Congress; namely, revision of reserve requirements, the "Financial Institutions Act" considered by the last Congress, and amendments to the Bank Holding Company Act recommended in the Board's report to Congress of May 7, 1958. With respect to the proposed Financial Institutions Act, the memorandum

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outlined possible alternatives, such as the separate introduction of certain important provisions and the inclusion of technical amendments in an omnibus bill.

Following a review by Mr. Hackley of the items of proposed legislation and the alternatives available for their consideration, Chairman Martin inquired as to the thoughts of the other members of the Board regarding the approach that should be taken in responding to the request of Chairman Spence of the House Banking and Currency Committee for the Board's views.

With respect to the proposal on reserve requirements, Governor Robertson noted that he continued in his personal objection to the section which would provide the same maximum and minimum range for central reserve as for reserve city banks. However, he recognized that the reserve requirement proposal as a whole was in line with the thinking of the majority of the Board earlier this year. As to the Financial Institutions Act, he suggested that one approach would be to seek enactment of the bill as it passed the Senate in 1957, but with omission of certain controversial provisions which might hold up the whole bill, while another possible approach would be to recommend for enactment as separate bills several provisions originally proposed by the Board which might be deemed sufficiently important. One of the separate measures might be an omnibus bill including various technical amendments.

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Governor Mills said it would appear to him that the Board should limit its requests for legislation to measures in which it had a direct interest. He deemed the most essential to be legislation on reserve requirements and amendments to the Bank Holding Company Act in that order. Possibly, there might also be a measure that would eliminate technical inconsistencies now found in the Federal Reserve Act. The Financial Institutions Act, he noted, was originally promulgated by Senator Robertson with the assistance of various agencies of the Government. Therefore, if provisions of that Act were revived within the Congress, it might be supposed that the Board would have an opportunity to express its opinion on them. On the other hand, to burden the Congress with a measure having numerous items that were confusing would stand to jeopardize the chances of obtaining legislation on matters of more direct and serious import to the Federal Reserve System.

Governor Szymczak indicated that his views were along the lines of those stated by Governor Mills.

Chairman Martin then inquired whether it would be appropriate to express to Chairman Spence the view that legislation on reserve requirements should have first priority, with amendments to the Bank Holding Company Act second and whatever might come out of the Financial Institutions Act in third place.

There were no dissenting comments, and Chairman Martin stated that he thought the discussion at this meeting had given him a

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sufficient feel of the Board's thinking to enable him to talk with Mr. Spence.

Mr. Fauver, Assistant Secretary, entered the room at this point.

Forthcoming meetings. Following comments by Mr. Fauver, it was indicated that there would be no objection to going forward with arrangements similar to those followed in past years with respect to Board participation in forthcoming visits to Washington by various state bankers associations. Mr. Fauver noted that the Board's staff, in cooperation with the American Bankers Association, was endeavoring to combine the visits of the respective associations to the Board's offices whenever possible.

Mr. Fauver then raised the question of the dates to be fixed for the annual program for newly elected or appointed Federal Reserve Bank and branch directors. After some discussion, it was agreed that the program should be held on Friday, February 20, with the dinner for the directors on the preceding evening.

Mr. Fauver next raised the question of a spring meeting of the Conference of Chairmen of the Federal Reserve Banks, to which the chairmen of the respective branch boards of directors presumably would be invited.

After consideration of the prospective schedule of the Board and related matters, it was the consensus that the effort that would be required on the part of the Board and its staff to prepare for and

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participate in such a meeting would be a substantial burden in what probably would be a very busy spring, and for that reason it seemed doubtful that the benefits to be gotten from a meeting of the type discussed would warrant holding it in 1959. In this connection, however, it was noted that a firm decision would not have to be made until around the first of February.

The members of the staff then withdrew and the Board went into executive session. Following the executive session, the meeting recessed and reconvened at 5:25 p.m. with Chairman Martin and Governors Szymczak, Mills, and Robertson present along with Messrs. Sherman and Hackley.

Alaskan Statehood (Item No. 9). Section 19 of the Alaska Statehood Act amended Section 2 of the Federal Reserve Act to provide that "when the State of Alaska is hereafter admitted to the Union the Federal Reserve districts shall be readjusted by the Board of Governors of the Federal Reserve System in such manner as to include such State." The Board having indicated in a letter to the House Banking and Currency Committee and otherwise that it intended to include Alaska in the Twelfth Federal Reserve District when Statehood became effective, it was suggested in a memorandum from Mr. Chase dated December 15, 1958, which had been distributed before this meeting, that the Board might wish to authorize its Secretary to send a telegram to the Presidents of the Federal Reserve Banks regarding this matter upon receiving advice that the President of

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the United States had signed a proclamation making the Statehood of Alaska effective. A draft of telegram, with appropriate dates to be filled in, was submitted with the memorandum.

Aside from indicating that the Federal Reserve districts had been readjusted so as to include Alaska in the Twelfth Federal Reserve District, the telegram would advise that the State had been placed in the Seattle Branch territory. Furthermore, since the admission of Alaska to Statehood would render inappropriate certain language in Regulations G, H, J, and U, Mr. Chase's memorandum recommended that those regulations be amended in the necessary respects and that the aforementioned telegram to the Federal Reserve Banks advise of such amendments. It was noted that the placing of Alaska in the Twelfth Federal Reserve District could be accomplished without prejudice to any final decision with respect to the need for a new Federal Reserve district or to any subsequent readjustment of districts.

Pursuant to these recommendations, it was agreed unanimously to include the State of Alaska in the Twelfth Federal Reserve District and in the territory of the Seattle Branch of the Federal Reserve Bank of San Francisco, effective when the Statehood of Alaska became effective. It was also agreed to amend Regulations G, H, J, and U in the necessary respects, effective the same date. The Secretary was authorized to send a telegram to the Federal Reserve Banks advising

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of these actions upon learning that the President had signed a proclamation making the Statehood of Alaska effective, and it was understood that appropriate notices would be published in the Federal Register at such time.

Secretary's Note:

On Saturday, January 3, 1959, the President of the United States issued a proclamation admitting Alaska to Statehood. Accordingly, on Monday, January 5, 1959, the Secretary of the Board sent to the Presidents of all Federal Reserve Banks the telegram of which a copy is attached as Item No. 9.

Designation of Guam (Item No. 10). In July 1958, President Mangels of the Federal Reserve Bank of San Francisco advised that a member bank had suggested the designation of Guam as being in or of the Twelfth Federal Reserve District for the purposes of Regulation G, Collection of Noncash Items, and Regulation J, Check Clearing and Collection. Action by the Board on this request was deferred in order to permit the matter to be explored by the Subcommittee on Collections of the Presidents' Conference. Since the Subcommittee had now concurred in the recommendation, it was suggested in a memorandum from Mr. Chase dated December 12, 1958, which had been distributed to the Board, that this would appear to be an appropriate time for the Board to make the designation. A draft of letter to the Federal Reserve Banks was submitted with the memorandum.

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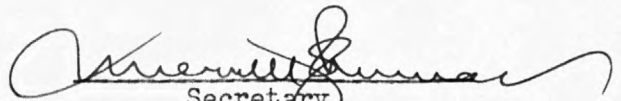
Pursuant to the recommendation, it was agreed unanimously to designate Guam as being in or of the Twelfth Federal Reserve District for purposes of Regulations G and J, effective January 1, 1959, with the understanding that the Federal Reserve Banks would be advised of this action by letter and that an appropriate notice would be published in the Federal Register. A copy of the letter sent to the Presidents of all Federal Reserve Banks on January 5, 1959, pursuant to this action is attached as Item No. 10.

Discussion of proposed legislation. With reference to the discussion at this morning's session of the Board concerning views that might be expressed to Chairman Spence of the House Banking and Currency Committee with respect to the relative importance of certain items of proposed legislation which might be considered by the next Congress, Chairman Martin reported that he had talked with Mr. Spence earlier this afternoon and that the views presented appeared to have had a favorable reception.

The meeting then adjourned.

Secretary's Note:

Before leaving his office prior to the Board meeting, Governor Shepardson approved on behalf of the Board contemplated arrangements, as set forth in a memorandum from the Division of Examinations dated December 15, 1958, for a System conference of trust examiners to be held at the Federal Reserve Bank of New York on February 12 and 13, 1959, immediately following the Mid-Winter Trust Conference of the American Bankers Association.


Secretary

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

Item No. 1
12/18/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 18, 1958.

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

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 an out-of-town branch at 1451 Penfield Road, Panorama Plaza Shopping Center (unincorporated area), Town of Penfield, Monroe County, New York, by Central Trust Company, Rochester, New York, provided the branch is established within six months from the date of this letter and the approval of the State authorities is in effect as of the date of the establishment of the branch.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.



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

Item No. 2
12/18/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 18, 1958.



Board of Directors,
The Morristown Trust Company,
Morristown, 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 the following branches by Trust Company of Morris County, Morristown, New Jersey, the continuing bank:

2 Waverly Place, Madison, New Jersey
228 Main Street, Madison, New Jersey
186 Ridgedale Avenue, Florham Park, New Jersey

incident to the merger of The Morristown Trust Company, Morristown, New Jersey, with First Bank and Trust Company, Madison, N. J., Madison, New Jersey.

This consent is given provided:

1. The merger is effected substantially in accordance with the agreement of merger dated October 23, 1958;
2. Shares of stock acquired from dissenting shareholders are disposed of within six months from date of acquisition;
3. The branches are established within six months from the date of this letter;
4. Formal approval of State authorities is obtained.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

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

Item No. 3
12/18/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 18, 1958.

Board of Directors,
County Trust Company of Maryland,
Glen Burnie, Maryland.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Richmond, the Board of Governors of the Federal Reserve System approves the establishment of a branch on the southeastern side of Shangrila Drive, near its intersection with Great Mills Road, in the unincorporated community of Lexington Park, St. Marys County, Maryland, by County Trust Company of Maryland, provided the branch is established within twelve months 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) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

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

Item No. 4
12/18/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 18, 1958.



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

Dear Mr. Pondrom:

Receipt is acknowledged of your letter of December 9, 1958, regarding the effect of section 32 of the Banking Act of 1933 and the Board's Regulation R on the service of Mr. Sidney A. Wooldridge as a director of The First National Bank of Claude, Claude, Texas, and as an employee of Rauscher, Pierce & Co., Inc., Dallas, Texas.

There seems to be no question but that Rauscher, Pierce & Co., Inc. is "primarily engaged" in the business described in section 32, and the only question appears to be whether the Board of Governors could and should make an exception in the case of Mr. Wooldridge. In this connection, you point out that the Bank has been a family-owned institution throughout its existence and is capably and conservatively managed by President B. C. Wooldridge, the father of Mr. Sidney A. Wooldridge. President Wooldridge states that he needs his son to fill out his Board and is quite certain that the interlocking relationship would not be harmful.

The statute contains a general prohibition directed at a type of relationship which had been found to be potentially dangerous, and it allows the Board to make exception only "by general regulations". In other words, as you know, the Board is not authorized to give a special dispensation or issue an individual permit. Therefore, since Mr. Sidney A. Wooldridge's relationship appears to fall squarely within the description contained in the statute, and since there would appear to be no way of amending the Board's regulation which would not amount in effect to a repeal of the statute, there would appear to be no way of relieving Mr. Sidney A. Wooldridge of the necessity of severing his connection either with the bank or with the firm.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 5
12/18/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 18, 1958.

Board of Directors,
Southern Arizona Bank and Trust Company,
Southern Arizona Bank and Trust Building,
Tucson, Arizona.

Gentlemen:

Reference is made to the request contained in a letter dated October 10, 1958, and to supplementary information contained in a letter dated November 25, 1958, to the Federal Reserve Bank of Dallas for an extension of time in which the Southern Arizona Bank and Trust Company may establish a branch at the intersection of Rook and Speedway Avenues one mile east of the corporate limits of Tucson, Arizona.

Establishment of this branch was originally approved by the Board of Governors on November 30, 1956, provided the branch was established within one year from date of that letter. On October 23, 1957, the Board of Governors extended to November 30, 1958, the time within which applicant bank might establish the branch.

It does not appear at this time that definite arrangements have progressed sufficiently to enable a reasonable approximation of the time that the branch might actually commence operations. In view of the continuing indeterminable status of the time element, the Board does not feel justified in further extending the time within which this branch may be established. When the bank can approximate with some degree of accuracy a probable starting date for operation of the branch, the Board will be willing to consider an application for a branch in the light of the circumstances at that time.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.



Date December 10, 1958

Office Correspondence

Board of Governors

Subject: Publication of Federal

Woodlief Thomas and Ralph Young

Funds Study

We sent a memorandum to the Board on November 17 on two matters relating to the study of Federal funds. On one of these matters, the proposed collection of certain statistics, the Board decided to defer its decision until after the proposal is discussed further by the Presidents' Conference. Hence, no action was taken.

We wish to recommend that the Board now approve the other of these matters, which related to the publishing of the initial study of Federal funds transactions.

At the initiation of the Presidents' Conference a study of the Federal funds market was undertaken some time ago by a group of technicians from the Federal Reserve Banks and the Board's staff. After the report had been considered by the Presidents' Conference it was referred to the Board with the recommendation that it be revised for publication and general distribution. In a letter to the Chairman of the Presidents' Conference dated May 29, 1958, the Board agreed that an appropriately edited version should be published and suggested that the established channel of the System Research Advisory Committee should be employed to obtain professional review. Accordingly, the document has since been reviewed by a committee composed of Mr. Roelse of the New York Bank, Chairman, Mr. Donald Thompson of the Cleveland Bank, and Mr. Albert Koch of the Board's staff, and has been revised by the authors to conform with suggestions of the review committee.

The report is now in form for publication and provision for its publication has been made in the 1959 budget of the Division of Administrative Services.

It is recommended:

(1) That the Division of Research and Statistics and the Division of Administrative Services be authorized by the Board to proceed with the necessary arrangements for publishing 3,000 copies of the study as a System book at an estimated printing cost of \$2,500.

(2) That the same policy of complimentary distribution followed for other technical studies be adopted. This would provide for furnishing the book on a complimentary basis to Federal Reserve Banks; Government departments, agencies and establishments

To: Board of Governors

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(foreign and domestic) including central banks; librarians and teachers at educational institutions; public libraries; the press; persons who cooperated by supplying information for use in the study; and a limited number of addressees specified by the Division of Research and Statistics.

(3) That the book be sold for \$1.00 per copy and 85 cents each for 10 or more copies sent in one shipment.

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

Item No. 7
12/18/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 18, 1958.

Confidential (FR)

Mr. H. J. Newman,
Vice President,
Federal Reserve Bank of Chicago,
Chicago 90, Illinois.

Dear Mr. Newman:

Reference is made to your letter of December 1, 1958, requesting the Board's approval of an upward adjustment in the employees' salary structure applicable to the Detroit Branch.

The Board approves the following minimum and maximum salaries for the respective grades for the Detroit Branch of the Federal Reserve Bank of Chicago, to be effective January 5, 1959.

<u>Grade</u>	<u>Minimum salary</u>	<u>Maximum salary</u>
1	\$ 2550	\$ 3450
2	2765	3740
3	3060	4140
4	3445	4660
5	3825	5175
6	4250	5750
7	4675	6325
8	5100	6900
9	5500	7500
10	6000	8000
11	6400	8700
12	6900	9300
13	7500	10100
14	8100	10900
15	8800	12000
16	9600	13100

The Board approves the payment of salaries to the employees, other than officers, within the limits specified for

Mr. H. J. Newman

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the grades in which the positions of the respective employees are classified. It is assumed 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 as soon as practicable and not later than April 1, 1959.

It has been noted that the cost of contemplated salary increases resulting from this increase in salary structure was not provided for in the 1959 Detroit budget.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 8
12/18/58

F I N A L C E R T I F I C A T I O N

Pursuant to section 1101(e)(2) of the Internal Revenue Code of 1954, the Board of Governors of the Federal Reserve System hereby certifies, to the best of its knowledge and belief, that Transamerica Corporation, San Francisco, California, which formerly was a bank holding company as defined in section 2(a) of the Bank Holding Company Act of 1956, has ceased to be a bank holding company before the expiration of the period specified in subparagraph (B) of section 1101(e)(2) of the Internal Revenue Code of 1954.

Executed in Washington, D. C., pursuant to direction of the Board of Governors of the Federal Reserve System.

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

Date: December 18, 1958

(SEAL)

T E L E G R A M
LEASED WIRE SERVICEBOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTONItem No. 9
12/18/58

January 5, 1959

PRESIDENTS, ALL FEDERAL RESERVE BANKS

BOARD HAS TAKEN THE FOLLOWING ACTION:

"IN VIEW OF THE ADMISSION OF ALASKA TO STATEHOOD AS A RESULT OF ISSUANCE OF THE PRESIDENT'S PROCLAMATION OF JANUARY 3, 1959 IN ACCORDANCE WITH THE PROVISIONS OF THE ACT OF JULY 7, 1958 (72 STAT. 339), AND, ACTING PURSUANT TO SECTION 19 OF THAT ACT, THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM HAS READJUSTED THE FEDERAL RESERVE DISTRICTS SO AS TO INCLUDE THE STATE OF ALASKA IN THE TWELFTH FEDERAL RESERVE DISTRICT, EFFECTIVE JANUARY 3, 1959. WITHIN THAT DISTRICT THE STATE OF ALASKA WILL BE INCLUDED IN THE BRANCH TERRITORY OF THE SEATTLE BRANCH OF THE FEDERAL RESERVE BANK OF SAN FRANCISCO."

SINCE THE ADMISSION OF ALASKA TO STATEHOOD HAS RENDERED INAPPROPRIATE CERTAIN LANGUAGE IN THE BOARD'S REGULATIONS G, H, J, AND U, THE BOARD HAS ALSO ACTED TO AMEND THOSE REGULATIONS IN THE FOLLOWING RESPECTS, EFFECTIVE ON THE ABOVE DATE:

REGULATION G IS AMENDED BY ELIMINATING FROM FOOTNOTE 1 THEREOF THE WORD "ALASKA,".

REGULATION H IS AMENDED BY ELIMINATING FROM FOOTNOTE 1 THEREOF THE WORDS "IN ALASKA OR".

T E L E G R A M
LEASED WIRE SERVICEBOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTONPRESIDENTS, ALL
FEDERAL RESERVE BANKS

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REGULATION J IS AMENDED BY ELIMINATING FROM FOOTNOTE 1 THEREOF
THE WORD "ALASKA".

REGULATION U IS AMENDED BY CHANGING "48" TO "49" IN SUBSECTION
(i) OF SECTION 2 THEREOF.

(Signed) Merritt Sherman
SHERMAN

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

Item No. 10
12/18/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 5, 1959.



Dear Sir:

The Board has taken the following actions, effective January 1, 1959:

DESIGNATION OF GUAM AS BEING IN OR OF THE
TWELFTH FEDERAL RESERVE DISTRICT FOR PURPOSES OF
REGULATION G

Pursuant to Footnote 1 of Regulation G, the Board of Governors has taken the following action:

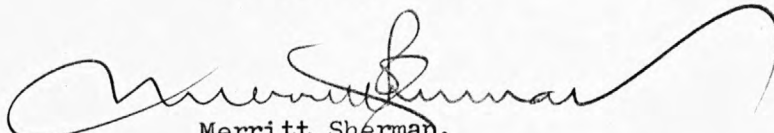
For purposes of Regulation G, Guam shall be deemed to be in or of the Twelfth Federal Reserve District, effective on and after January 1, 1959.

DESIGNATION OF GUAM AS BEING IN OR OF THE
TWELFTH FEDERAL RESERVE DISTRICT FOR PURPOSES OF
REGULATION J

Pursuant to Footnote 1 of Regulation J, the Board of Governors has taken the following action:

For purposes of Regulation J, Guam shall be deemed to be in or of the Twelfth Federal Reserve District, effective on and after January 1, 1959.

Very truly yours,


Merritt Sherman,
Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS