

Minutes of the Board of Governors of the Federal Reserve System
on Wednesday, May 6, 1959. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Balderston, Vice Chairman
Mr. Szymczak
Mr. Mills
Mr. Robertson 1/
Mr. Shepardson
Mr. King

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Hackley, General Counsel
Mr. Farrell, Director, Division of
Bank Operations
Mr. Shay, Legislative Counsel
Mr. Solomon, Assistant General Counsel
Mr. Chase, Assistant General Counsel
Mr. O'Connell, Assistant General Counsel
Mr. Hostrup, Assistant Director, Division
of Examinations
Mr. Nelson, Assistant Director, Division
of Examinations
Mr. Daniels, Assistant Director, Division
of Bank Operations
Mr. Hill, Assistant to the Secretary

Discount rates. The establishment without change by the Federal Reserve Bank of Boston on May 4, 1959, of the rates on discounts and advances in its existing schedule was approved unanimously, with the understanding that appropriate advice would be sent to that Bank.

Items circulated or distributed to the Board. The following items, which had been circulated or distributed to the Board and copies of which are attached to these minutes under the respective item numbers indicated, were approved unanimously:

1/ Withdrew from meeting at point indicated in minutes.

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	<u>Item No.</u>
Letter to the Carteret Bank and Trust Company, Carteret, New Jersey, approving the establishment of a branch in the Carteret Shopping Center. (For transmittal through the Federal Reserve Bank of New York)	1
Letter to the Raritan State Bank, Raritan, New Jersey, approving an additional investment in bank premises. (For transmittal through the Federal Reserve Bank of New York)	2
Letter to the Fidelity-Philadelphia Trust Company, Philadelphia, Pennsylvania, approving an additional investment in bank premises. (For transmittal through the Federal Reserve Bank of Philadelphia)	3
Letter to The Provident Bank, Cincinnati, Ohio, granting an extension of time to establish a branch at Central Parkway and Vine Street. (For transmittal through the Federal Reserve Bank of Cleveland)	4
Letter to the American Commercial Bank, Charlotte, North Carolina, approving the establishment of a branch in the Charlottetown Shopping Center. (For transmittal through the Federal Reserve Bank of Richmond)	5
Letter to the Presidents of all Federal Reserve Banks advising of the discontinuance of certain reports.	6
Letter to the Presidents of all Federal Reserve Banks regarding a change in the procedure for editing condition and earnings reports of State member banks.	7
Letter to the Bureau of the Budget regarding the effects of Hawaii statehood on Board functions.	8

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Item No.

Letters to the following bank holding companies granting extensions of time within which to comply with the divestment provisions of the Bank Holding Company Act. (For transmittal through the appropriate Federal Reserve Banks)

Eastern Trust and Banking Company, Bangor, Maine.	9
Marine Midland Corporation, Buffalo, New York.	10-11
BancOhio Corporation, Columbus, Ohio.	12
Consolidated Naval Stores Company, Sebring, Florida.	13
St. Joseph Agency, Inc., and St. Joseph Bank and Trust Company, both of South Bend, Indiana.	14
Wisconsin Bankshares Corporation, Milwaukee, Wisconsin.	15-16
Bank Shares Incorporated, Minneapolis, Minnesota.	17
First Bank Stock Corporation, Minneapolis, Minnesota.	18
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The Kemper Investment Company, Kansas City, Missouri.	22
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Union Bond & Mortgage Company, Port Angeles, Washington.	25
Letters to the Chairman of the Senate Banking and Currency Committee regarding proposed amendments to the Securities Exchange Act of 1934, the Investment Company Act of 1940, and the Investment Advisers Act of 1940.	26-28
Letter to the Presidents of all Federal Reserve Banks regarding the submission of information on major bank premises projects.	29
Letter to the Federal Reserve Bank of Philadelphia regarding the classification of member banks in that District for the purpose of electing Class A and Class B directors.	30

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Item No.

Letter to the Federal Reserve Bank of Cleveland approving adjustments in the employees' salary structures at the head office and branches.

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Proposed amendment to pending bank merger bill. Mr. O'Connell related to the Board a conversation this morning with a representative of the Justice Department regarding a proposed amendment to the pending bank merger bill, S. 1062. The amendment would require the agency that received an application of this kind to notify the other supervisory agencies and the Attorney General. In the event any of those parties should favor disapproval of the application, the supervisory authority would be required to notify the applicant and arrange a hearing, of which a record would be made. Any interested person could attend, testify, and produce evidence. Provision would also be made for the Attorney General or any aggrieved party to appeal an order issued by a supervisory authority.

It was Mr. O'Connell's understanding that the Attorney General would call the Vice Chairman today regarding the proposed amendment.

After Mr. Hackley remarked that the proposed amendment would be inconsistent with the position taken by the Board on the need for hearings on applications submitted to it by banks, there was a discussion of the right of an interested party to appeal a decision of an administrative agency under the Administrative Procedure Act.

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Governor Robertson then suggested that the Board not concur in any recommendation for insertion in the pending bank merger legislation of a requirement to hold hearings, since they served only to create delay and carried beyond the needs of the situation. He likewise considered provision for judicial review unnecessary because the administrative agency was presumed competent to pass on the cases within its jurisdiction and in the event of an arbitrary or capricious decision the right of appeal was already available.

Other members of the Board expressed agreement with the view that the proposed amendment would involve an unnecessary burden of procedures and that it would be at variance with the underlying purposes of the bill reported by the Senate Banking and Currency Committee.

Accordingly, it was agreed that the Attorney General should be advised, if he called, that the Board would oppose the suggested amendment. It was understood that Mr. O'Connell would contact the Comptroller's Office and the Federal Deposit Insurance Corporation and inform them of the request for the Board's position.

Messrs. Chase, O'Connell, and Nelson then withdrew from the meeting and Mr. Noyes, Adviser, Division of Research and Statistics, entered the room.

Fallout shelter at Reserve Banks (Item No. 32). There had been circulated to the Board a draft of letter to the Presidents of all Federal Reserve Banks regarding the inclusion of fallout shelter

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provisions in developing Federal Reserve building projects. This would be in line with the national policy for Government agencies outlined in a recent communication from the Office of Civil and Defense Mobilization.

In commenting on the matter, Mr. Farrell noted that the System apparently would be pioneering in the area of fallout shelter provisions because it was understood that General Services Administration had not yet made a great deal of progress along these lines in connection with Government building projects. The Board's consulting architect was of the opinion that provisions such as outlined in the letter would be quite costly, and the matter would be of immediate concern in view of the Oklahoma City and Atlanta building programs. Mr. Farrell pointed out, however, that the letter merely required alternative cost studies and that the Board would have the right of final approval before shelter provisions were included in any project.

Thereupon, unanimous approval was given to the proposed letter, a copy of which is attached hereto as Item No. 32.

Messrs. Robinson, Adviser, Division of Research and Statistics, and Benner, Assistant Director, Division of Examinations, entered the room at this point.

Acceptance of housing authority deposits as savings deposits.

Pursuant to the discussion at the meeting of April 23, 1959, Mr. Hackley reviewed with Mr. Riefler the question of classifying deposits of a

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municipal housing authority as "savings deposits" under section 1(e) of Regulation Q, Payment of Interest on Deposits, which provides that funds deposited to the credit of one or more individuals or a corporation, association, or other organization operated primarily for religious, philanthropic, charitable, educational, fraternal, or other similar purposes, and not operated for profit, may be accepted by member banks as "savings deposits."

In a memorandum dated May 1, 1959, which had been distributed to the Board, Mr. Hackley related that Mr. Riefler felt a municipal housing authority, although not operated for profit, should not be entitled to maintain savings deposits and questioned, in fact, whether deposits of any corporation should be classified as savings deposits. He agreed, however, that under the present definition of a savings deposit it was difficult to make a distinction in principle between deposits of a nonprofit housing authority operated for charitable or similar purposes and deposits of a "poor district", which the Board had held to be an organization operated for charitable purposes. It was noted that if the Board should now hold that deposits of a municipal housing authority were not eligible as savings deposits, a question would be raised as to the classification of public corporations such as school districts and poor districts, which had been permitted to maintain savings deposits under a Board interpretation issued in 1936.

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In view of the questions raised as to the soundness of the regulatory definition of savings deposits, Mr. Hackley recommended that the whole subject be reviewed by a staff group consisting of representatives from the Research, Examinations, Bank Operations, and Legal Divisions, with a view to determining whether the definition should be revised.

Mr. Hackley stated, with respect to the current inquiry, that the Board could: (1) take the position that the housing authority deposits were eligible as savings deposits; (2) take the position they were not eligible, which would raise a serious question regarding deposits of certain other corporations; or (3) defer a reply until completion of the proposed staff study. He added that he would recommend the first course of action, which contemplated sending a copy of the proposed reply to the Federal Deposit Insurance Corporation for comment and advising the Corporation of the prospective staff study.

The members of the Board expressed the opinion that it would be desirable to make a study of the question. However, there was some opinion to the effect that a sufficient distinction could be made between deposits of a municipal housing authority and certain charitable institutions to permit the Board to exclude deposits of the housing authority without being inconsistent with the 1936 interpretation. An alternative suggestion was to advise the New York Bank that the Board was going to make a study and would defer a final decision on the question of housing authority deposits until after the conclusion of the study.

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After further discussion of possible alternatives, it was agreed not to make any reply to the New York Bank pending discussion by the Board's staff with the Federal Deposit Insurance Corporation, after which the Board would give the matter further consideration.

Mr. Robinson then withdrew from the meeting and Mr. Brill, Chief, Capital Markets Section, Division of Research and Statistics, entered the room.

Conforming amendments to Regulation T. There had been distributed to the Board a memorandum from Mr. Solomon dated May 6, 1959, recommending three amendments to Regulation T, Extension and Maintenance of Credit by Brokers, Dealers, and Members of National Security Exchanges, that would flow from the substantive amendments approved by the Board at the meeting on May 1, 1959. Two of them would amend section 3(g). The first would make it clear that a transaction used to permit one offsetting transaction, for example, a deposit of securities used to permit a withdrawal of cash, would be to that extent unavailable to permit another offsetting transaction. The second would write into the Regulation a point covered by interpretation when the Regulation previously limited withdrawals. It would stipulate that a sale of a security held in a margin account must, for the purposes of the Regulation, be treated as a "long" sale rather than a "short" sale. The third would amend section 3(e) and would change the amount of liquidation required when a customer fails to supply the margin that

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the Regulation requires the broker to obtain within four days on additional purchases in margin accounts. While the first two proposed amendments were ministerial in nature, the third was considered desirable in order to make the withdrawal limitations more effective; failure to make the change would tend to encourage customers to purchase securities, wait four days, and then liquidate an equivalent amount of securities. Under the withdrawal limitations approved on May 1, equal market values of securities could be sold and purchased on the same day, but only 50 per cent of the proceeds of a sale of securities could be withdrawn from the account for later use in purchasing securities. To leave the liquidation provision unchanged would invite customers to evade this requirement by stretching substitutions over a four-day period during which there would, in effect, be no margin deposited on the new purchase.

Following a statement by Mr. Solomon on the need for, and effect of, the three amendments, and discussion which centered around the third, unanimous approval was given to the proposed amendments, with the understanding that they would be issued in conjunction with the substantive amendments to Regulations T and U approved on May 1, 1959.

Mr. Kenyon withdrew from the meeting during the foregoing discussion.

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Form of reprinted Board regulations. There had been distributed to the Board a memorandum from Mr. Solomon dated May 6, 1959, setting forth the arguments for and against the reprinting of Regulations T and U in the form in which they would appear in the Federal Register.

Following a brief discussion of the matter, the Board approved unanimously the adoption of the Federal Register form in reprinting the revised Regulations T and U, and all other Board regulations as the need might arise to reprint them.

Governor Robertson and Mr. Benner then withdrew from the meeting and Mr. Thomas entered the room. Before leaving, Governor Robertson stated that he would favor approval of the proposed letter to Congressman Patman and the proposed letter to the Federal Reserve Bank of New York which remained to be considered at this meeting.

Letter to Congressman Patman (Item No. 33). There had been distributed to the Board a draft of letter to Congressman Patman in reply to his request of April 29, 1959, for an explanation of the character and amounts of items covered in the caption "other capital accounts" in the Federal Reserve Bank condition statement. The draft contained optional paragraphs of additional detail which the Board might consider desirable.

After discussion, unanimous approval was given to a letter to Congressman Patman in the form attached hereto as Item No. 33.

All of the members of the staff except Mr. Sherman then withdrew.

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Officers' salaries at New York Bank (Item No. 34). Pursuant to the recommendation contained in a file on the matter which had been circulated to the Board, unanimous approval was given to a letter to the Federal Reserve Bank of New York approving the payment of salary to four officers of the Bank at annual rates fixed by the Board of Directors. A copy of the letter is attached as Item No. 34.

Luncheons for central bank delegates. On the basis of information contained in a memorandum from Mr. Fauver, Assistant Secretary, dated May 4, 1959, the Board approved luncheons at the Federal Reserve Building on September 30 and October 1, 1959, for central bank delegates attending annual meetings of the International Monetary Fund and the International Bank for Reconstruction and Development, with the understanding that the Board would absorb the luncheon cost for those members of its staff invited to attend.

The meeting then adjourned.

Secretary's Note: Governor Shepardson today approved on behalf of the Board the following letters:

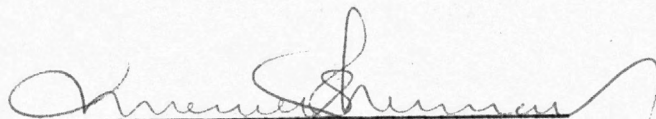
Letter to the Federal Reserve Bank of New York (attached Item No. 35) approving the appointment of nine persons as examiners.

Letter to the Federal Reserve Bank of Cleveland (attached Item No. 36) approving the designation of specified persons at the head office and Cincinnati and Pittsburgh branches as special assistant examiners.

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Letter to the Federal Reserve Bank of Chicago (attached
Item No. 37) approving the appointment of John E. Schmitt as assistant
examiner.



Secretary

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

Item No. 1
5/6/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 6, 1959.

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

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors approves the establishment of a branch in the Carteret Shopping Center, 767-817 Roosevelt Avenue, Carteret, New Jersey, by Carteret Bank and Trust Company, Carteret, New Jersey. This approval is given provided the branch is established within six months from the date of this letter and that formal approval of State authorities is effective at the time 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. 2
5/6/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



May 6, 1959.

Board of Directors,
Raritan State Bank,
Raritan, 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, under the provisions of Section 24A of the Federal Reserve Act, an additional investment in bank premises, including the cost of land and building, of not to exceed \$212,200 by Raritan State Bank, Raritan, New Jersey, for the purpose of constructing new banking quarters.

It is understood that net proceeds from the sale of the present quarters will be used to reduce the carrying value of the proposed building, and that charge-offs of \$5,000 per annum in addition to normal depreciation as permitted for income tax purposes will be made for the next ten years.

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
5/6/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 6, 1959.

Board of Directors,
Fidelity-Philadelphia Trust Company,
Philadelphia 9, Pennsylvania.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Philadelphia, the Board of Governors of the Federal Reserve System approves, under the provisions of Section 24A of the Federal Reserve Act, an additional investment of \$2,112,000 in bank premises by Fidelity-Philadelphia Trust Company, Philadelphia, Pennsylvania. This amount includes \$212,000 to be expended for leasehold improvements and alterations of the main office and various branches, \$1,150,000 for the installation of new automatic elevators, and \$750,000 to cover the second and third phases of electrical rehabilitation of the main office building. The latter two amounts are to be advanced to the affiliated Fidelity Building Corporation over a three-year period and are expected to be reduced through anticipated earnings and depreciation charges of the affiliate.

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
5/6/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 6, 1959.

Board of Directors,
The Provident Bank,
Cincinnati, Ohio.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Cleveland, the Board of Governors extends to December 1, 1959, the time within which The Provident Bank, under the authority granted in the Board's letter of May 12, 1958, may establish a branch at the southeast corner of Central Parkway and Vine Street, Cincinnati, Ohio.

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. 5
5/6/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 6, 1959.

Board of Directors,
American Commercial Bank,
Charlotte, North Carolina.

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 by American Commercial Bank in the Charlottetown Shopping Center on Independence Boulevard at Kings Drive, Charlotte, North Carolina, provided the branch is established within one year from the date of this letter, and approval of the State authorities is effective as of the date the branch is established.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.



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

Item No. 6
5/6/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 6, 1959.



Dear Sir:

The Board has considered the Federal Reserve Banks' replies to its letter of December 3, 1958, which requested comments on the essentiality of statements and releases issued by various Divisions of the Board.

On the basis of the responses, the Board has authorized the discontinuance of the following statements:

<u>Symbol Number and Title</u>	<u>Frequency</u>
K.3 - Changes in State bank membership	Weekly
C.2 - Foreign Branches of American Banks (This listing will be furnished only to the Reserve Banks that requested it.)	Annually
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

On the same basis, and in some instances on requests of users here, the following will be continued:

<u>Symbol Number and Title</u>	<u>Frequency</u>
E.4 - Principal Assets and Liabilities-- All Banks in U. S. (All 4 pages)	Semiannually
L.4.1 - Earnings and Expenses of Federal Reserve Banks	Monthly

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<u>Symbol Number and Title</u>	<u>Frequency</u>
G.15 - Interdistrict Settlement Fund	Monthly
J.1 - Deposits, Reserves, and Borrowings of Member Banks (Second and third pages -- a and b)	Semimonthly
L.4.5 - Changes in status of banks and branches	Monthly
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 affili- ations, System committees, etc.)	As changes occur

Changes have been or will be made in the following state-
ments:

<u>Symbol Number and Title</u>	<u>Frequency</u>
G.4 - Annual list and monthly supplement of State member banks and nonmember banks that maintain clearing accounts (The annual list will be continued, but the monthly supplement has been simplified by listing only changes during the month.)	
-- List of Professional Research Personnel in the Federal Reserve System (This will be issued semiannually instead of quarterly.)	Quarterly

Very truly yours,

(Signed) Merritt Sherman

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. 7

5/6/59

S-1696

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 6, 1959.

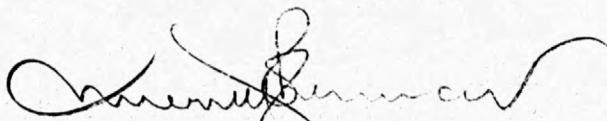
Dear Sir:

The Board's letters covered by F.R.L.S. #3645 and #3648 set forth certain procedures for editing of reports of condition and earnings of State member banks. It has been the Board's practice to edit these reports after they are reviewed by the Reserve Banks and prior to their tabulation. This procedure has resulted in considerable duplication of the editing work.

After considering the editing procedures currently practiced at the Reserve Banks, the Board has decided to rely entirely upon the individual Reserve Banks for the editing of these reports and to discontinue the editing of these reports prior to their tabulation which has been done by the Board's staff. This change in procedure will be effective with the forthcoming midyear reports.

This decentralization of editing is the first step in a program, now under consideration, to expedite the publication of data concerning reports of condition and earnings. The next step under consideration is the possibility of decentralizing to the Reserve Banks the key punching of condition and earnings data of national as well as State member banks. It is hoped that this program will lead ultimately to the processing of nonmember as well as member bank statistics of this nature on the Board's computer. This topic was one of the items on the agenda of the Meeting of Planning and Punched-card Personnel of the Federal Reserve Banks held in Kansas City, May 4-6.

Very truly yours,



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. 8
5/6/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 6, 1959.



The Honorable
Maurice H. Stans, Director,
Bureau of the Budget,
Washington 25, D. C.

Attention Mr. Harold Seidman

Dear Mr. Stans:

To the limited extent that the Board's functions would be affected by the admission of Hawaii to statehood, the Board has instituted a review of the kind described in paragraph 2 of your Bulletin No. 59-7 of April 8, 1959, regarding "Effects of Hawaii Statehood". The Board's General Counsel, Mr. Howard H. Hackley, is supervising this review.

Section 17 of the Hawaii Statehood Act provides for membership in the Federal Reserve System of national banks in Hawaii, and thus covers the aspect of the matter which would be of principal interest to this Board. The Board has instituted a study of its regulations to determine what amendments, if any, to those regulations would be desirable in view of Hawaii statehood. It is believed that the functions of the Board in connection with such statehood would not require any executive orders, proclamations, or additional legislation, other than some technical amendments to existing statutes and such amendments could be incorporated in an omnibus bill as was done in the case of Alaska.

Upon its admission to statehood, Alaska was included in an existing Federal Reserve district, the Twelfth, as was authorized under the Alaska Statehood Act. It would now seem that the Board probably will also include Hawaii in an existing Federal

Maurice H. Stans

Reserve district, as authorized by the Hawaii Statehood Act, without prejudice to any ultimate conclusion as to whether any readjustment of districts is in order, pending a more detailed study of the problem.

The Board does not expect to have any further information of the kinds contemplated for inclusion in the May 15, 1959 and July 1, 1959 reports mentioned in your Bulletin.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 9
5/6/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 6, 1959.

Mr. Frederic S. Newman,
Assistant to the President,
Eastern Trust and Banking Company,
2 State Street,
Bangor, Maine.

Dear Mr. Newman:

This refers to Eastern Trust and Banking Company's application, pursuant to section 4(a) of the Bank Holding Company Act of 1956, for an extension, for one year from May 9, 1959, of the period within which it may retain ownership of 100 shares of the Castine Water Company.

In accordance with the provisions of section 4(a) of the Act, the Board has granted the requested extension.

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. 10
5/6/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 6, 1959.



Mr. Edward C. Gruen, Vice President,
Marine Midland Corporation,
Marine Trust Building,
Buffalo 5, New York.

Dear Mr. Gruen:

This refers to Marine Midland Corporation's application, pursuant to section 4(a) of the Bank Holding Company Act of 1956, for an extension, for one year from May 9, 1959, of the period within which it may retain its indirect control, through The Northern New York Trust Company and Marine Midland Trust Company of Central New York, the owners thereof, of 2,500 shares of Knowlton Brothers, Inc.

In accordance with the provisions of section 4(a) of the Act, the Board has granted the requested extension.

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. 11
5/6/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 6, 1959.

Mr. Edward C. Gruen, Vice President,
Marine Midland Corporation,
Marine Trust Building,
Buffalo 5, New York.

Dear Mr. Gruen:

This refers to Marine Midland Corporation's application, pursuant to section 4(a) of the Bank Holding Company Act of 1956, for an extension of the period, for one year from May 9, 1959, within which it may retain its indirect control, through The Marine Trust Company of Western New York, the owner thereof, of 5,027 shares of the Liberty Building Corporation.

In accordance with the provisions of section 4(a) of the Act, the Board has granted the requested extension.

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. 12
5/6/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 6, 1959.

Mr. Derrol R. Johnson, President,
BancOhio Corporation,
51 North High Street,
Columbus 15, Ohio.

Dear Mr. Johnson:

This refers to BancOhio Corporation's application, pursuant to section 4(a) of the Bank Holding Company Act of 1956, for an extension, for one year from May 9, 1959, of the period within which it may retain its indirect control, through Real Estate Service, Inc., the owner thereof, of 250 shares of the Prairie Land Company.

In accordance with the provisions of section 4(a) of the Act, the Board has granted the requested extension.

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. 13
5/6/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 6, 1959.

Mr. F. Elgin Bayless, President,
Consolidated Naval Stores Company,
Post Office Box 153,
Sebring, Florida.

Dear Mr. Bayless:

This refers to Consolidated Naval Stores Company's application dated March 10, 1959, for an extension, for one year from May 9, 1959, of the period within which it must comply with the provisions of section 4(a)(2) of the Bank Holding Company Act of 1956.

In accordance with the provisions of section 4(a) of the Act, the Board has granted an extension, to November 9, 1959, of the period within which the Company must comply with the provisions of section 4(a)(2) of the Act. Such extension is also effective with respect to the period of time specified in section 1101(e)(2)(B) of the Internal Revenue Code of 1954 as amended by section 10(a) of the Bank Holding Company Act.

The Board issued a prior tax certification to your Company on March 5, 1959, and it is felt that the extension to November 9 should provide sufficient time to complete the proposed distribution of shares of Barnett National Bank and Barnett National Securities Corporation. The question of a possible further extension, if that proves to be necessary, can be considered at the request of your Company prior to November 9, 1959, in the light of the then existing circumstances.

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. 14
5/6/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 6, 1959.

Mr. Charles M. Boynton,
Doran and Manion,
St. Joseph Bank Building,
South Bend 1, Indiana.

Dear Mr. Boynton:

This refers to the applications of St. Joseph Agency, Inc. and St. Joseph Bank and Trust Company, relating to the operation of a general casualty insurance business, and to your letter dated April 24, 1959, requesting a further extension of time within which St. Joseph Agency, Inc. may retain its general casualty insurance business.

Pursuant to the provisions of section 4(a) of the Bank Holding Company Act of 1956, the Board hereby grants an additional extension of time to November 9, 1959, for the retention by St. Joseph Agency, Inc. of its general casualty insurance business.

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. 15
5/6/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 6, 1959.

Mr. Orth I. Dains,
Vice President and Secretary-Treasurer,
Wisconsin Bankshares Corporation,
Milwaukee 2, Wisconsin.

Dear Mr. Dains:

This refers to the request of Wisconsin Bankshares Corporation, pursuant to section 4(a) of the Bank Holding Company Act of 1956, for an extension of time with respect to shares of First Wisconsin Company, Milwaukee, Wisconsin.

In accordance with the provisions of section 4(a) of the Act an extension of time from May 9, 1959, to November 9, 1959, is granted to Wisconsin Bankshares Corporation within which it may retain shares of First Wisconsin Company.

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. 16
5/6/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 6, 1959.

Mr. Orth I. Dains, Vice President and
Secretary-Treasurer,
Wisconsin Bankshares Corporation,
735 N. Water Street,
Milwaukee 2, Wisconsin.

Dear Mr. Dains:

This refers to Wisconsin Bankshares Corporation's application, pursuant to section 4(a) of the Bank Holding Company Act of 1956, for an extension for one year from May 9, 1959, of the period within which it may retain ownership of voting shares of Title Guaranty Company of Wisconsin.

The Board has granted the requested extension.

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. 17
5/6/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 6, 1959.

Mr. Carl R. Pohlad, President,
Bank Shares Incorporated,
Minneapolis 2, Minnesota.

Dear Mr. Pohlad:

This refers to the application of Bank Shares Incorporated, pursuant to section 4(a) of the Bank Holding Company Act of 1956, for an extension from May 9, 1959, to November 9, 1959, of the period within which it may retain ownership of voting shares of the following nonbanking organizations:

- Chicago-Lake Agency, Incorporated
- Columbia Heights Agency, Incorporated
- Marquette Insurance Agency, Incorporated
- University National Agency, Incorporated

In accordance with the provisions of section 4(a) of the Act, the Board has granted the requested extension.

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. 18
5/6/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 6, 1959.

Mr. J. H. Colman, President,
First Bank Stock Corporation,
First National-Soo Line Building,
Minneapolis, Minnesota.

Dear Mr. Colman:

This refers to First Bank Stock Corporation's application for an extension, for one year from May 9, 1959, of the period within which it must comply with the provisions of section 4(a)(2) of the Bank Holding Company Act of 1956.

In accordance with the provisions of section 4(a) of the Act, the Board has granted the requested extension.

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. 19
5/6/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 6, 1959.

Mr. Goodrich Lowry, President,
Northwest Bancorporation,
Northwestern Bank Building,
Minneapolis, Minnesota.

Dear Mr. Lowry:

This refers to Northwest Bancorporation's applications, pursuant to section 4(a) of the Bank Holding Company Act of 1956, for an extension, for one year from May 9, 1959, of the period within which it may retain direct or indirect ownership or control of the voting shares of the following listed nonbanking organizations:

Northwestern Mortgage Company, Minneapolis,
Minnesota
South Side Insurance Agency Incorporated,
Minneapolis, Minnesota
Union Investment Company, Minneapolis, Minnesota
The Shawmut Company, Duluth, Minnesota
DeWitt Seitz Company, Duluth, Minnesota

In accordance with the provisions of section 4(a) of the Act, the Board has granted the requested extension.

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. 20
5/6/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



May 6, 1959.

Mr. Milton H. Altman,
Lipschultz, Altman, Geraghty & Mulally,
530 Minnesota Building,
St. Paul 1, Minnesota.

Dear Mr. Altman:

This refers to your letter of April 22, 1959, in which it was requested that an extension of time be granted to Otto Bremer Company to retain ownership of voting shares of the following nonbanking organizations for a period until six months after the date the Board renders its decision with respect to the requests for determination, pursuant to section 4(c)(6) of the Bank Holding Company Act of 1956, with respect to such organizations:

- Citizens Agency, Inc., Brainerd, Minnesota,
- Western State Agency, Inc., Marshall, Minnesota,
- New England Insurance Agency, New England, North Dakota,
- Drovers Exchange Agency & Realty, Inc., South St. Paul, Minnesota,
- Willmar Investment Company, Willmar, Minnesota.

In accordance with the provisions of section 4(a) of the Act, the Board has granted the requested extension. In view of the provisions of section 4(a) of the Act, in no event is such extension to be for a period longer than one year from May 8, 1959.

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. 21
5/6/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 6, 1959.

Mr. A. E. Holcomb, Vice President,
Montana Shares, Incorporated,
Havre, Montana.

Dear Mr. Holcomb:

Reference is made to your letter dated April 13, 1959, with which there was enclosed an application for an extension for 12 months from May 9, 1959, of the period within which Montana Shares, Incorporated, Havre, Montana, must comply with the provisions of section 4(a)(2) of the Bank Holding Company Act of 1956.

In accordance with the provisions of section 4(a) of the Act, the Board has granted an extension for one year from May 9, 1959.

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. 22
5/6/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 6, 1959.

Miss Elizabeth Daniel, Assistant Secretary,
The Kemper Investment Company,
1510 Commerce Building,
Kansas City 6, Missouri.

Dear Miss Daniel:

This refers to The Kemper Investment Company's application for an extension, from May 9, 1959, to November 9, 1959, of the period within which it must comply with the provisions of section 4(a)(2) of the Bank Holding Company Act of 1956.

In accordance with the provisions of section 4(a) of the Act, the Board has granted the requested extension. Such extension is also effective with respect to the period of time specified in section 1101(e)(2)(B) of the Internal Revenue Code of 1954, as amended by section 10(a) of the Bank Holding Company Act.

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. 23
5/6/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



May 6, 1959.

Mr. Hugh M. Hiller, Secretary,
Keystone Corporation,
Commerce Building,
Kansas City, Missouri.

Dear Mr. Hiller:

This refers to Keystone Corporation's applica-
tion for a further extension of the period within which
it must comply with the provisions of section 4(a)(2)
of the Bank Holding Company Act of 1956.

In accordance with the provisions of section
4(a) of the Act, the Board has granted a six-months'
extension to November 9, 1959. Such extension is also
effective with respect to the period of time specified
in section 1101(e)(2)(B) of the Internal Revenue Code
of 1954, as amended by section 10(a) of the Bank Holding
Company Act.

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. 24
5/6/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



May 6, 1959.

Mr. J. M. Crews, President,
The Farmers & Mechanics Trust Company,
Childress, Texas.

Dear Mr. Crews:

This refers to The Farmers & Mechanics Trust Company's application for an extension, for one year from May 9, 1959, of the period within which it must comply with the provisions of section 4(a)(2) of the Bank Holding Company Act of 1956.

In accordance with the provisions of section 4(a) of the Act, the Board has granted the requested extension.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.



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

1635

Item No. 25
5/6/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 6, 1959.

Mr. Benj. N. Phillips, President,
Union Bond & Mortgage Company,
First National Bank Building,
Port Angeles, Washington.

Dear Mr. Phillips:

This refers to Union Bond & Mortgage Company's application for an extension, for one year from May 9, 1959, of the period within which it must comply with the provisions of section 4(a)(2) of the Bank Holding Company Act of 1956.

In view of the fact that disposition of your company's nonbanking interests pursuant to Part VIII of the Internal Revenue Code of 1954 is under active consideration, and it would appear probable that all necessary actions precedent to such disposition, and the actual disposition thereof, could be effected within a six-month period from May 9, 1959, the Board, in accordance with the provisions of section 4(a) of the Act, has granted an extension to November 9, 1959.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

1636

Item No. 26
5/6/59

OFFICE OF THE VICE CHAIRMAN

May 6, 1959.



The Honorable A. Willis Robertson,
Chairman, Banking and Currency Committee,
United States Senate,
Washington 25, D. C.

Dear Mr. Chairman:

Receipt is acknowledged of your letter of April 16, 1959, enclosing a copy of S. 1179 and requesting a report thereon. The bill would amend certain provisions of the Securities Exchange Act of 1934, which is designed to protect the public and investors against malpractice in the securities and financial markets.

The amendments embodied in the bill are recommended by the Securities and Exchange Commission. They are technical in nature, and are designed to make the Commission's enforcement activities more effective by providing additional remedies and remedying various defects which have come to light.

The Board would favor those portions of the bill which would amend the provisions of the Securities Exchange Act, principally sections 7 and 8, under which the Board has responsibilities; and the Board has no comments to offer with respect to the other portions of the bill.

Sincerely yours,

(Signed) C. Canby Balderston

C. Canby Balderston,
Vice Chairman.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 27
5/6/59

OFFICE OF THE VICE CHAIRMAN

May 6, 1959.



The Honorable A. Willis Robertson,
Chairman, Committee on Banking and Currency,
United States Senate,
Washington 25, D. C.

Dear Mr. Chairman:

Receipt is acknowledged of your letter of April 16, 1959,
enclosing a copy of S. 1181 and requesting a report thereon.

The bill would amend certain provisions of the Investment Company Act of 1940. The general objective of that Act is to protect the public and investors against malpractices in the control, management and operation of publicly-owned investment companies. The amendments embodied in the bill are recommended by the Securities and Exchange Commission on the basis of its experience in the administering of the Act, and are designed to further the objectives of the Act by remedying certain defects which the experience of the Commission has brought to light. The proposed amendments would make no change in the basic objectives of the statute.

It appears from an examination of the bill and the documents enclosed with your letter that the bill does not relate to any matter which has a direct or material bearing upon the responsibilities of the Board of Governors of the Federal Reserve System, and the Board has no comment to offer with respect to the bill.

Sincerely yours,

(Signed) C. Canby Balderston

C. Canby Balderston,
Vice Chairman.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 28
5/6/59

OFFICE OF THE VICE CHAIRMAN

May 6, 1959.



The Honorable A. Willis Robertson,
Chairman, Committee on Banking and Currency,
United States Senate,
Washington 25, D. C.

Dear Mr. Chairman:

Receipt is acknowledged of your letter of April 16, 1959,
enclosing a copy of S. 1182 and asking for a report thereon.

The bill contains several amendments to the Investment Advisers Act of 1940. The general objective of the Act is to protect the public and investors against malpractice on the part of persons engaged in the business of advising others with respect to securities. The amendments embodied in the bill are recommended by the Securities and Exchange Commission, and are designed to assist it in enforcing the statute by remedying a number of technical defects which have been brought to light by the experience of the Commission in administering the statute.

From an examination of the bill and the enclosures in your letter, it appears that the bill does not affect any matter which is particularly the concern of the Board of Governors of the Federal Reserve System, and the Board has no comment to make with respect to the desirability of enacting the bill.

Sincerely yours,

(Signed) C. Canby Balderston

C. Canby Balderston,
Vice Chairman.

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

Item No. 29
5/6/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 6, 1959.



Dear Sir:

This letter concerns the suggestion made in the Board's letter of December 3, 1958 that there be submitted to the Board each year a list of major bank premises projects contemplated or foreseeable during each of the next five years. Comments concerning this proposal indicated that all the Reserve Banks felt that such a procedure would be helpful, and the Board would like to put the plan into effect this year.

It would appear that the best time to submit such a list would be in conjunction with the annual budgets for current expenses. Such a procedure would enable the future bank premises projects to be covered in the preliminary budget discussions mentioned in the Board's letter of August 6, 1958.

Enclosed are pages 204, 204a, and 204b of the Accounting Manual revised to include as item (3) provision for submission with the budgets of a list of major bank premises projects contemplated during the next five years. A supply of these pages in the usual quantities will be sent under separate cover.

Very truly yours,

Merritt Sherman,
Secretary.

Enclosures

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS

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

Item No. 30
5/6/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



May 6, 1959.

Mr. Robert N. Hilker, First Vice President,
Federal Reserve Bank of Philadelphia,
Philadelphia 1, Pennsylvania.

Dear Mr. Hilker:

As recommended in your letter of April 16, 1959,
the Board has changed the classification of member banks
in the Third Federal Reserve District, for the purpose of
electing Class A and Class B directors, to the following:

<u>Group</u>	<u>Banks with Capital and Surplus of:</u>
1	\$2,000,000 and over
2	\$600,000 and over, but less than \$2,000,000
3	Less than \$600,000

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 31
5/6/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 6, 1959.



CONFIDENTIAL (FR)

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

Dear Mr. Fulton:

Reference is made to your letter of April 9, 1959, in which your Bank requests the approval of upward adjustments in the salary structures covering each of your offices.

The Board approves the following minimum and maximum salaries for the respective grades at the various offices in your District effective May 3, 1959:

Grade	Cleveland		Cincinnati Branch		Pittsburgh Branch	
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
1						
2	\$ 2,626	\$ 3,406	\$ 2,288	\$ 3,068	\$ 2,522	\$ 3,116
3	2,860	3,640	2,470	3,250	2,652	3,432
4	3,016	3,952	2,600	3,536	2,834	3,614
5	3,276	4,212	2,860	3,796	2,990	3,926
6	3,484	4,576	3,068	4,160	3,302	4,238
7	3,770	4,862	3,406	4,498	3,588	4,680
8	4,056	5,304	3,692	4,940	3,926	5,174
9	4,342	5,746	4,082	5,330	4,312	5,746
10	4,706	6,110	4,416	5,850	4,706	6,110
11	5,018	6,578	4,862	6,422	5,096	6,656
12	5,434	7,150	5,330	7,046	5,538	7,254
13	5,876	7,748	5,876	7,748	5,876	7,748
14	6,448	8,476	6,448	8,476	6,448	8,476
15	7,150	9,334	7,150	9,334	7,150	9,334
16	8,060	10,556	8,060	10,556	8,060	10,556
	9,074	12,038	9,074	12,038	9,074	12,038

Mr. Fulton

- 2 -

The Board also approves the following minimum and maximum salaries for employees of the Bank assigned to the Record Center at Athens, Ohio.

<u>Grade</u>	<u>Minimum</u>	<u>Maximum</u>
4	\$ 2,522	\$ 3,302
5	2,704	3,640
6	2,990	3,926

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 as soon as practicable and not later than August 1, 1959.

It is understood that sufficient allowance has been made in the 1959 budget to cover increased salary costs resulting from these adjustments in salary structures.

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. 32
5/6/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



May 6, 1959.

Dear Sir:

Enclosed is a copy of a letter dated February 4, 1959, concerning fallout shelters in future Federal buildings, which Chairman Martin received from Mr. Hoegh, Director, Office of Civil and Defense Mobilization. This letter states that the National Shelter Policy, as directed by the President, includes provision for incorporating fallout shelters in appropriate new Federal buildings hereafter designed for civilian use. A memorandum entitled "General Requirements for Incorporation of Fallout Shelters in Future Federal Buildings" is attached to Mr. Hoegh's letter.

The Board concurs in the objectives of the National Shelter Policy and believes that it should be taken into account in connection with future Federal Reserve building projects.

With respect to new Federal Reserve buildings or additions in the planning or design stage, the Board hopes that there can be at least minimum compliance with the requirements for fallout shelters. Such minimum compliance would consist of a basement or subbasement area with walls and slab constructed to the thickness specified as basic requirements for shelter, so that the area could be readily converted into a fallout shelter for the building population. In these cases the Board believes it is also desirable to give careful consideration to the practicability of providing for a more complete shelter by including the facilities listed in the memorandum under the headings ARCHITECTURAL and MECHANICAL AND ELECTRICAL.

The Board believes that plans for buildings which have not reached the design stage should include provision for a complete fallout shelter for the building population.

In order that the cost of this program may be considered separately, the Board feels that it would be desirable to include the fallout shelter provisions as alternates in plans and specifications.

One alternate should provide for the structural requirements (e.g., thicker walls and slab); and another alternate, if appropriate, for the additional provisions pursuant to the ARCHITECTURAL and MECHANICAL AND ELECTRICAL sections of the memorandum.

With respect to structures now occupied, the Board would like to be informed as soon as reasonably convenient whether there exists an area that could be converted without exorbitant expenditure to meet the standards specified as basic requirements for fallout shelter.

Any comments your Bank may care to make with regard to this entire program will, of course, be appreciated.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

Enclosure.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 33
5/6/59

OFFICE OF THE VICE CHAIRMAN

May 6, 1959.

The Honorable Wright Patman,
House of Representatives,
Washington 25, D. C.

Dear Mr. Patman:

This refers to your letter of April 29, 1959, requesting a detailed explanation of the character and amount of items covered in the caption "Other capital accounts" in the Statement of Condition of the Federal Reserve Banks.

On December 31, 1958, "Other capital accounts" totaled \$109,124,000. This total was made up of the following items (in rounded thousands):

Reserves for contingencies:

Reserves for registered mail losses	\$11,124,000
All other	<u>98,000,000</u>

Total other capital accounts	<u><u>\$109,124,000</u></u>
------------------------------	-----------------------------

During the year the item "Other capital accounts" in the statement of condition of the Federal Reserve Banks includes the net of earnings, expenses, profits, etc., which are closed out on December 31.

The breakdown of "other capital accounts" is shown in the Board's Annual Report in the detailed statement of condition of the Federal Reserve Banks at the end of the year (Table No. 1). The item "Reserves for registered mail losses" represents the amount set aside to cover losses on shipments of currency, coin, and securities made at the risk of the Reserve Banks. The item of "All other," under Reserves for contingencies, is a general provision to cover losses not otherwise provided for.

As explained in the Board's Annual Report for 1944, on page 30, the agreement between the Federal Reserve Banks to share

The Honorable Wright Patman

- 2 -

certain losses not covered by insurance was expanded in that year. The reserve for registered mail losses was set up the following year in accordance with the expanded agreement upon discontinuance by the Reserve Banks effective January 1, 1945, of the purchase of insurance on currency, coin, and securities shipments made at their expense. Annual additions to this reserve are made under the terms of the loss-sharing agreement between the Reserve Banks.

After the reserve for registered mail losses was set up in 1945, other reserves for contingencies then carried by the Reserve Banks were added to their surplus accounts except \$18 million, which was retained as a general provision to cover losses not elsewhere provided for. These actions reduced reserves for contingencies from \$68,478,000 at the end of 1944 to \$23,947,000 at the end of 1945.

In 1948 and 1949, \$40 million each year was added to the "All other" reserves for contingencies item, as reported in the Board's Annual Reports for those years (1948, page 48, and 1949, page 61). These additions brought the item of "All other" under Reserves for contingencies to \$98 million, where it has since remained.

In addition to the many millions of dollars of currency and securities shipped daily by the Reserve Banks on which losses might occur, open market operations, which are carried on without reference to profit and loss considerations, could lead to substantial losses in view of the size of their holdings of securities.

Sincerely yours,

(Signed) C. Canby Balderston

C. Canby Balderston,
Vice Chairman.

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

Item No. 34
5/6/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



May 6, 1959

CONFIDENTIAL (FR)

Mr. Alfred Hayes, President,
Federal Reserve Bank of New York,
New York 45, New York.

Dear Mr. Hayes:

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of New York, for the period May 1 through December 31, 1959, at the rates indicated, which are the rates fixed by your Board of Directors as reported in your letter of April 17, 1959:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Charles A. Coombs	Vice President	\$24,000
Horace L. Sanford	Vice President	23,000
Peter P. Lang	Adviser	19,000
Thomas J. Roche	Manager	15,250

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 35
5/6/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 6, 1959

CONFIDENTIAL (F.R.)

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

Dear Mr. Wiltse:

In accordance with the request contained in your letter of April 21, 1959, the Board approves the appointment of Joseph P. Abromitis, Robert P. Accardi, Carl H. Allen, George Apelian, Matthew R. Ciancimino, John J. Hoch, Abram V. Honan, Stephen T. Lederleitner, and William W. Wahl, as examiners for the Federal Reserve Bank of New York. Please advise as to the dates on which the appointments are made effective.

It is noted that Mr. Allen is indebted to Suburban Trust Company, Westfield, New Jersey, a non-member bank, in the amount of \$30 for home improvements and \$4,638.48 for a mortgage on his home; that Mr. Abromitis is indebted to Atlantic Bank of New York, New York, New York, a nonmember bank, in the amount of \$1,881 for the purchase of an automobile; and that Mr. Accardi is indebted to Atlantic Bank of New York, New York, New York, in the amount of \$460 for improvements on his home. Accordingly, the Board's approval of the appointments of Messrs. Allen, Abromitis, and Accardi, is given with the understanding that they will not participate in any examinations of the banks to which they are indebted.

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. 36
5/6/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



May 6, 1959

Mr. Paul C. Stetzelberger, Vice President,
Federal Reserve Bank of Cleveland,
Cleveland 1, Ohio.

Dear Mr. Stetzelberger:

In accordance with the request contained in your letter of April 30, 1959, the Board approves the designation of the following employees as special assistant examiners for the Federal Reserve Bank of Cleveland:

Main Office

- | | | |
|--------------------|------------------------|-------------------------|
| J. K. Armstrong | C. Goudreau | J. A. Ostendorf |
| R. S. Basta | Victoria M. Gruden | E. F. Peck |
| V. Beier | Josephine A. Hansinger | Mrs. Stephanie Petrovic |
| Joe Bevin | L. G. Hasek | George Polak |
| James Bloede | Emily A. Hlavin | Nellie C. Polenz |
| W. J. Broz | Clara E. Hoelke | Ellis Powell |
| J. H. Campbell | C. D. Hostetler | Mrs. Elsie B. Quade |
| Fannie L. Caniglia | J. J. Hoy | J. Reebel |
| Michael Caplice | Gordon R. Kamerer | J. G. Reiss |
| Paul H. Cassell | Mrs. Marguerite Kantor | Ella L. Richter |
| Angela P. Cavill | Alice E. Keszei | Mrs. E. Y. Roberts |
| J. Cebuly | Grant Kirchhoff | A. J. Rohn |
| P. V. Cost | Joe Krejci | C. J. Skala |
| J. L. Craig, Jr. | Robert H. Kunz | Mary M. Skorvanik |
| J. E. Crawford | Henry Kwiatkowski | Robert S. Smith |
| Donald Cruse | Janet Leppelmeier | Virgil Stephan |
| F. W. Daeuble | Anna Levensky | R. W. Strickland |
| Helen C. Davis | Robert Long | Coletta M. Stroh |
| Frances F. DiBlasi | Henry Louis | Rudy Struhar |
| W. M. Elliott | Francis M. McLaughlin | J. E. Tokar |
| Marie Emrhein | George Maurer | George F. Tomsik |
| Lydia P. Erbacher | Martha Mencin | Hilda M. Trimbur |
| Anne J. Erste | Calvin Meyer | J. J. Ukrin |
| George Exoo | V. L. Meyer | D. Walters |
| Dolores F. Fajfar | Elfer B. Miller | John M. Weber |
| Edward Fink | A. R. Mills | L. Weideman |
| H. B. Flinkers | P. Monhollend | Nellie Wenzel |
| Elmer Friczek | Andrew Muro | Joseph Werek |
| Edward S. Frindt | L. E. Nevel | Lulu E. Whitely |
| V. Galyas | Albert Nuske | Eleanor Zahour |

Mr. Paul C. Stetzelberger - 2 -

Cincinnati Branch

Donald Ashcraft	Herbert Herbers	John H. Puthoff
Charles Beck	James Kelly	Charles N. Richter
William L. Bobinger	Arthur Kessnick	James L. Robertson
Louis R. Chalfant	Robert C. Knecht	Thomas J. Roderick
John C. Daugherty	Thomas J. Kyde	Robert P. Schafer
Frankie L. Davis	R. O. Lindenstruth	Gene A. Smith
Lester Dieringer	Ollie McEntyre	Earl C. Snyder
Thomas Dorgan	Edward W. Mohr	Edward C. Steigleder
Oscar Flaig	Arnold L. Motz	Harold Thoma
Francis J. Gerdes	Cletus T. Palmer	Ralph R. Voss
Donald G. Gilbert	Ralph E. Perry	David Weisbrod
Charles C. Glass	Thomas Petroze	A. F. Wiegand, Jr.
Douglas Haney	Herbert Plogman	Jack Winters
	Albert H. Puthoff	

Pittsburgh Branch

P. Eugene Anderson	Rosemarie Grover	Ira Dale Perry
Herman M. Blobner	James Henderson	Charles A. Powell
Andrew W. Caughey	O. N. Heuer	W. C. Raubenstraw
W. J. Cosgrove	J. L. Jauquet	H. E. Rickert
George H. Claus	W. C. Martin	Joseph P. Rupert
Ernest P. Descamps	Stephen C. Morovich, Jr.	John Simpson, Jr.
E. J. Dieter	George R. Moser	Munroe T. Smith
Joseph P. Donnelly	Gustav Paulat	Helen Wasco
Claire P. Easton	David L. Peck	Carl G. Weaver
Warren H. Frey		Albert J. Wolff

The Board also approves the designation of the following employees as special assistant examiners for the Federal Reserve Bank of Cleveland for the purpose of participating in examinations of member banks except the bank listed immediately above their names.

Mr. Paul C. Stetzelberger - 3 -

The National City Bank of Cleveland
Cleveland, Ohio

Alan Crouch	Mary D. Jankowski	Joseph Stoner
Robert DeWard	Anna Krazel	W. A. Thorn
Robert Green	A. R. Schwede	Richard Tomchak
Howard Hendricksen	B. H. Shutack	Walter F. Voelzow
William Hoek		Clifford Woike

Society National Bank of Cleveland
Cleveland, Ohio

Raymond Beeke	George Forrest	R. Neubacher
Donald Benjamin	George Hancox	Les Selby
Frank Carrell	O. O. Hanser	F. J. Stull
T. DeMorbus		Wm. Weikamp

The Elyria Savings & Trust Company
Elyria, Ohio

R. H. Pollock

Mellon National Bank and Trust Company
Pittsburgh, Pennsylvania

Henry A. Bolster
J. M. Grace
Karl C. Quinn, Jr.

Peoples First National Bank & Trust Co.
Pittsburgh, Pennsylvania

John M. Fleming
Samuel L. McNeilly
Sylvester B. Schoemer

Commerce National Bank
Lake Worth, Florida

Mrs. Mildred L. Dickman

Mr. Paul C. Stetzelberger

- 4 -

The Newport National Bank
Newport, Kentucky

Lawrence Gibson

The American National Bank of Newport
Newport, Kentucky

Fred C. Brewer

The Hillsboro Bank and Savings Company
Hillsboro, Ohio

Erroll L. Parks

The Provident Bank
Cincinnati, Ohio

Albert L. Walters

The Fifth Third Union Trust Company
Cincinnati, Ohio

George W. Copas

The authorizations heretofore given your Bank to designate certain employees as special assistant examiners are hereby canceled.

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. 37
5/6/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 6, 1959



Mr. W. R. Diercks, Vice President,
Federal Reserve Bank of Chicago,
Chicago 90, Illinois.

Dear Mr. Diercks:

In accordance with the request contained in your letter of April 28, 1959, the Board approves the appointment of John E. Schmitt as an assistant examiner for the Federal Reserve Bank of Chicago. Please advise as to the date on which the appointment is made effective.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.