

Minutes for May 15, 1959

To: Members of the Board

From: Office of the Secretary

Attached is a copy of the minutes of the Board of Governors of the Federal Reserve System on the above date.

It is not proposed to include a statement with respect to any of the entries in this set of minutes in the record of policy actions required to be maintained pursuant to section 10 of the Federal Reserve Act.

Should you have any question with regard to the minutes, it will be appreciated if you will advise the Secretary's Office. Otherwise, if you were present at the meeting, please initial in column A below to indicate that you approve the minutes. If you were not present, please initial in column B below to indicate that you have seen the minutes.

	A	B
Chm. Martin	<u> </u>	x <u> </u>
Gov. Szymczak	x <u> </u>	<u> </u>
Gov. Mills	x <u> </u>	<u> </u>
Gov. Robertson	x <u> </u>	<u> </u>
Gov. Balderston	x <u> </u>	<u> </u>
Gov. Shepardson	<u> </u>	x <u> </u>
Gov. King	<u> </u>	x <u> </u>

Minutes of the Board of Governors of the Federal Reserve System
on Friday, May 15, 1959. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Balderston, Vice Chairman
Mr. Szymczak
Mr. Mills
Mr. Robertson

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Johnson, Director, Division of
Personnel Administration
Mr. Hackley, General Counsel
Mr. Boothe, Administrator, Office of
Defense Loans
Mr. Farrell, Director, Division of Bank
Operations
Mr. Sprecher, Assistant Director, Division of
Personnel Administration
Mr. Nelson, Assistant Director, Division of
Examinations
Mr. Benner, Assistant Director, Division of
Examinations
Mr. Hill, Assistant to the Secretary
Mr. Poundstone, Federal Reserve Examiner,
Division of Examinations

Discount rates. The establishment without change by the
Federal Reserve Bank of San Francisco on May 13, and by the Federal
Reserve Banks of New York, Cleveland, Richmond, Chicago, St. Louis,
Minneapolis, and Dallas on May 14, 1959, of the rates on discounts
and advances in their existing schedules was approved unanimously,
with the understanding that appropriate advice would be sent to those
Banks.

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

5/15/59

-2-

Item No.

- Letter to the Security Trust Company, Lynn, Massachusetts, approving the establishment of a branch at 500-502 Eastern Avenue. (For transmittal through the Federal Reserve Bank of Boston) 1
- Letter to The First National City Bank of New York, New York City, approving the establishment of a branch in Cordoba, Argentina. (For transmittal through the Federal Reserve Bank of New York) 2
- Letter to The First National City Bank of New York, New York City, approving a change in the location of its branch in Jeddah, Saudi Arabia. (For transmittal through the Federal Reserve Bank of New York) 3
- Letter to the Somerset Trust Company, Somerset, Pennsylvania, approving the establishment of a branch at 420 North Center Avenue. (For transmittal through the Federal Reserve Bank of Cleveland) 4
- Letter to The Algonac Savings Bank, Algonac, Michigan, approving the establishment of a branch at 8900 Dixie Highway in Fair Haven, Michigan. (For transmittal through the Federal Reserve Bank of Chicago) 5
- Letter to The American National Bank of Sapulpa, Sapulpa, Oklahoma, approving its application for fiduciary powers. (For transmittal through the Federal Reserve Bank of Kansas City) 6
- Letter to The First Bank of Brighton, Brighton, Colorado, granting an extension of time to accomplish termination of its membership in the Federal Reserve System. (For transmittal through the Federal Reserve Bank of Kansas City) 7
- Letter to the Comptroller of the Currency recommending favorably with regard to the application of The First Savings Bank and Trust Company, Ravenna, Ohio, to convert into a national bank. (With a copy to the Federal Reserve Bank of Cleveland) 8
- Letter to the Comptroller of the Currency recommending favorably with respect to an application submitted by W. N. Blanton and associates to organize a national bank at Houston, Texas. (With a copy to the Federal Reserve Bank of Dallas) 9

5/15/59

-3-

	<u>Item No.</u>
Letter to the Comptroller of the Currency recommending unfavorably with regard to an application to organize a national bank in the Robindell Shopping Center, Houston, Texas. (With a copy to the Federal Reserve Bank of Dallas)	10
Letter to the Department of State acknowledging a request for review of certain provisions of Regulation K.	11
Letter to the Federal Reserve Bank of St. Louis approving adjustments in the employees' salary structures for the head office and Louisville Branch.	12
Letter to the Federal Reserve Bank of Chicago approving the reemployment of an examiner for one year from October 1, 1959, the date of his retirement.	13

Application to organize a national bank at Killeen, Texas (Item No. 14). The Comptroller of the Currency had requested the Board's recommendation with respect to an application to establish a national bank at Killeen, Texas. On the basis of a field investigation, the Federal Reserve Bank of Dallas suggested an unfavorable recommendation, and the Division of Examinations concurred. Accordingly, there had been circulated to the Board a draft of letter to the Comptroller which would state that the Board did not feel justified in recommending approval of the application. This would be supported by the statement that it did not appear that the proposed bank could obtain a sufficient volume of business to assure profitable operations without seriously hurting the existing bank in Killeen, which was reported to be furnishing reasonably satisfactory services to the community.

5/15/59

-4-

Governor Robertson expressed the opinion that a favorable recommendation would be warranted in order to provide banking competition in a community of 22,000 located near a large military establishment. While recognizing that the economy of the area was not such as to generate the amount of banking business that might be expected in other communities of similar size, he noted that some banking business allegedly was going out of the community, the organizers of the proposed bank seemed representative, and the existing bank had a relatively high scale of service charges. These and related factors led him to feel that a second bank might be able to develop a substantial amount of new business.

The other members of the Board agreed that this was a close case. However, it was felt that the relatively modest financial position of the organizers and the questionable earnings prospects of the proposed bank created doubt as to whether the risks involved in attempting to establish the institution could be justified.

Accordingly, the proposed letter to the Comptroller of the Currency, a copy of which is attached as Item No. 14, was approved, Governor Robertson voting "no", with the understanding that a copy would be sent to the Federal Reserve Bank of Dallas.

Messrs. Benner and Poundstone then withdrew from the meeting.

Joint meeting of Board and Presidents. Governor Balderston stated that Mr. Erickson, Chairman of the Presidents' Conference, had

5/15/59

requested a joint meeting of the Board and the Presidents on May 26, 1959, for the purpose of discussing a proposed major medical insurance program at the Reserve Banks.

During a brief discussion, Mr. Johnson reviewed the status of consideration of the plan and referred to differences of opinion within the Presidents' Conference concerning certain aspects of the proposal.

It was requested that prior to the joint meeting the Personnel Division submit for the Board's information material concerning the plan recommended by the Conference Subcommittee on Personnel and the points on which a difference of opinion was understood to exist. It was further requested that the Personnel Division submit comparative information on the Board's major medical insurance program, the Reserve Bank proposal, a plan for Federal employees recently submitted for Congressional consideration, and plans currently favored by industry.

The Secretary then was requested to complete arrangements for a joint meeting with the Presidents at 2:00 p.m. on May 26, 1959.

Messrs. Johnson and Sprecher then withdrew from the meeting.

V-loan matter. Attention was drawn to a letter addressed to Chairman Martin under date of May 4, 1959, by Mr. Eugene B. Crowe of St. Louis, Missouri, who made certain complaints of a nonspecific nature regarding the handling of a V-loan by the Federal Reserve Bank of St. Louis, and charged that a letter he received over the signature of Chairman Martin dated June 24, 1958, misrepresented the scope of the

5/15/59

-6-

Board's authority with respect to the V-loan program. It was explained that in the period since the initial exchange of correspondence with Chairman Martin, Mr. Crowe had written a series of letters and that replies were made by Mr. Boothe, who endeavored to make clear the role of the Board and the Federal Reserve Banks under the V-loan program.

From discussion, it developed that Mr. Crowe, a former employee of the Federal Reserve Bank of St. Louis, had made certain charges regarding the mishandling of V-loan activities at the Bank, that the management of the Bank had rejected these complaints as unfounded, and that the purpose of Mr. Crowe's correspondence with the Board appeared to be to obtain an opportunity to discuss his complaints with the Board.

Following comments by Mr. Boothe on the history of the particular V-loan to which Mr. Crowe appeared to have reference, consideration was given to a draft of proposed reply to Mr. Crowe, which, among other things, would invite him to submit any specific charges in writing for the Board's consideration.

Governor Robertson then suggested that other alternatives would be either (1) to ignore Mr. Crowe's most recent letter and terminate the correspondence, or (2) to make certain the Board's record was complete by offering Mr. Crowe an opportunity to present any information he might

5/15/59

-7-

desire to a Board representative who would be sent to St. Louis for the purpose. Following the meeting, the representative would report back to the Board. Governor Robertson indicated that, in order to assure a clear and complete record, he would be inclined toward the last-mentioned alternative.

After further discussion of the various possibilities, it was agreed that a letter along the lines suggested by Governor Robertson would be sent to Mr. Crowe, with a copy to the Federal Reserve Bank of St. Louis.

The meeting then adjourned.

Secretary's Notes: A letter to the Federal Reserve Bank of Richmond advising of certain procedural changes affecting the disbursing functions of the Office of the Controller was sent today pursuant to Governor Shepardson's approval of the procedural changes on April 13, 1959. A copy of the letter is attached as Item No. 15.

On April 30, 1959, the Board approved arrangements under which Earl C. Hald, Economist in the Division of Research and Statistics, would be permitted to accept a position as Economic Adviser under the United Nations Technical Assistance Program to Libya for one year beginning on or about June 1, 1959, with the understanding that the Division of Personnel Administration would work out the details with the Office of Personnel of the United Nations on either a leave of absence or a reimbursement basis. These details having been worked out and approved by Governor Shepardson, the letter of which a copy is attached as Item No. 16 was sent to the United Nations today.

5/15/59

-8-

Pursuant to recommendations contained in memoranda from appropriate individuals concerned, Governor Robertson, acting in the absence of Governor Shepardson, approved on behalf of the Board on May 14, 1959, the following items affecting the Board's staff:

Appointments

Norman J. Charrity as Research Assistant, Division of Research and Statistics, with basic annual salary at the rate of \$4,980, effective the date he assumes his duties.

Laura Jane Smith Wilson as Clerk, Division of International Finance, with basic annual salary at the rate of \$3,755, effective the date she assumes her duties.

Transfer and salary increase

Sylvia D. Louderback, from the position of Clerk-Stenographer in the Division of Research and Statistics to the position of Special Assistant Federal Reserve Examiner in the Division of Examinations, with an increase in her basic annual salary from \$3,945 to \$4,190, effective July 26, 1959, for a period of approximately one year.

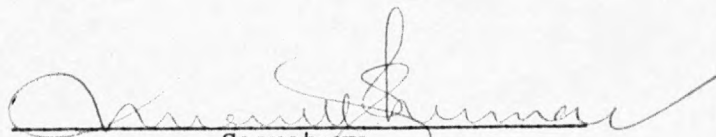
Acceptance of resignation

Delores H. Sargent, Clerk-Stenographer, Division of Personnel Administration, effective May 22, 1959.

Acting in the absence of Governor Shepardson, Governor Robertson today approved on behalf of the Board the following items:

Memorandum dated April 27, 1959, from Mr. Farrell, Director, Division of Bank Operations, recommending the appointment of Harold H. Holland as Analyst in the Division of Bank Operations, with basic annual salary at the rate of \$5,430, effective the date he assumes his duties.

Letter to the Federal Reserve Bank of Kansas City (attached Item No. 17) approving the designation of Robert Cahill, Douglas Nichols, and Gertrude N. Pippin as special assistant examiners.


Secretary

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

Item No. 1
5/15/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 15, 1959

Board of Directors,
Security Trust Company,
Lynn, Massachusetts.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Boston, the Board of Governors of the Federal Reserve System approves the establishment of a branch at 500-502 Eastern Avenue, Lynn, Massachusetts, by Security Trust Company, provided the branch is established within six months from the date of this letter and approval of the State authorities is in effect as of the date of the establishment of the branch.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON 25, D. C.

Item No. 2
5/15/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 15, 1959

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

Gentlemen:

The Board of Governors of the Federal Reserve System authorizes The First National City Bank of New York, New York, New York, pursuant to the provisions of Section 25 of the Federal Reserve Act, to establish a branch in the City of Cordoba, Argentina, and to operate and maintain such branch subject to the provisions of such Section; upon condition that, unless the branch is actually established and opened for business on or before June 1, 1960, all rights granted hereby shall be deemed to have been abandoned and the authority hereby granted shall automatically terminate on such date.

Please advise the Board of Governors in writing, through the Federal Reserve Bank of New York, when the branch is established and opened for business, furnishing information as to the exact location of the branch. It is understood that no change will be made in the location of the branch after establishment without the prior approval of the Board of Governors.

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
5/15/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 15, 1959

The First National City Bank of New York,
55 Wall Street,
New York 15, New York.

Gentlemen:

In accordance with the request contained in your letter of April 22, 1959, transmitted through the Federal Reserve Bank of New York, and on the basis of the information furnished, the Board of Governors approves a change in location of your Jeddah, Saudi Arabia, Branch from its present location on King Abdul Aziz Street to a new building to be constructed for your sole occupancy approximately 100 yards from the present location, just off King Abdul Aziz Street, Jeddah. It is noted the building will be ready for occupancy some time during the latter part of 1960.

Please advise the Board of Governors in writing, through the Federal Reserve Bank of New York, when the branch is removed to the new location and opened for business, furnishing information as to the name of the street, if possible. It is understood that the new location approved will not be changed without the prior approval of the Board of Governors.

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
5/15/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 15, 1959



Board of Directors,
Somerset Trust Company,
Somerset, Pennsylvania.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Cleveland, the Board of Governors approves the establishment of a branch by Somerset Trust Company at 420 North Center Avenue, Somerset, Pennsylvania, provided the branch is established within nine 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. 5
5/15/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 15, 1959



Board of Directors,
The Algonac Savings Bank,
Algonac, Michigan.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Chicago, the Board of Governors of the Federal Reserve System approves the establishment of a branch at 8900 Dixie Highway, Fair Haven, St. Clair County, Michigan, by The Algonac Savings Bank, Algonac, Michigan, provided the branch is established within six months from the date of this letter and approval of 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. 6
5/15/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 15, 1959



Board of Directors,
The American National Bank of Sapulpa,
Sapulpa, Oklahoma.

Gentlemen:

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

It is noted that you also desire to make application with the Comptroller of the Currency for authority to change the title of your bank from The American National Bank of Sapulpa to The American National Bank and Trust Company. Upon receipt of advice from the Comptroller of the Currency that your bank has been authorized to change its title, another certificate will be forwarded to you, dated as of the date of the title change.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

Enclosure

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

Item No. 7
5/15/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 15, 1959



Board of Directors,
The First Bank of Brighton,
Brighton, Colorado.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Kansas City, the Board of Governors of the Federal Reserve System extends until July 17, 1959, the time within which The First Bank of Brighton may accomplish termination of its membership in the Federal Reserve System, under the original authorization contained in the Board's letter dated October 16, 1958.

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. 8
5/15/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



May 15, 1959

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

Attention Mr. Hollis S. Haggard,
Chief National Bank Examiner.

Dear Mr. Comptroller:

Reference is made to a letter from your office dated April 29, 1959, enclosing copies of an application of The First Savings Bank and Trust Company, Ravenna, Ohio, to convert into a national banking association and requesting a recommendation as to whether or not the application should be approved.

This bank has been a member of the Federal Reserve System since October 21, 1940 and, in view of the Reserve Bank's knowledge of the institution and the latest report of examination as of February 3, 1958, a field investigation of the application was not regarded as necessary. Information in the records of the Board of Governors and that supplied by the Federal Reserve Bank of Cleveland is favorable with respect to the financial history of the bank, adequacy of capital structure, future earnings prospects, general character of management, and services to the community. Accordingly, the Board of Governors recommends approval of the application of The First Savings Bank and Trust Company to convert into a national banking association.

The Board's Division of Examinations will be glad to discuss any aspects of this case with representatives of your office if you so desire.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

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

Item No. 9
5/15/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 15, 1959

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

Attention Mr. G. W. Garwood,
Deputy Comptroller of the Currency.

Dear Mr. Comptroller:

Reference is made to a letter from your office dated February 25, 1959, enclosing copies of an application to organize a national bank in Houston, Texas, signed by Mr. W. N. Blanton and associates, and requesting a recommendation as to whether or not the application should be approved.

Information contained in a report of investigation of the application made by an examiner for the Federal Reserve Bank of Dallas indicates satisfactory findings with respect to the proposed capital structure of the bank, its earnings prospects, and management. Although the need for the proposed bank is not too well established, it is reported that the area is growing rapidly and there appears to be sufficient business available to permit profitable operations without seriously affecting the existing banks. Accordingly, the Board of Governors recommends favorable consideration of the application.

The Board's Division of Examinations will be glad to discuss any aspects of this case with representatives of your office if you so desire.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.



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

Item No. 10
 5/15/59

ADDRESS OFFICIAL CORRESPONDENCE
 TO THE BOARD

May 15, 1959

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

Attention Mr. G. W. Garwood,
 Deputy Comptroller of the Currency.

Dear Mr. Comptroller:

Reference is made to a letter from your office dated August 26, 1958, enclosing copies of an application to organize a national bank in the Robindell Shopping Center, Houston, Texas, and requesting a recommendation as to whether or not the application should be approved.

A report of investigation of the application made by an examiner for the Federal Reserve Bank of Dallas indicates that the proposed capital structure and management of the bank would be satisfactory. However, it appears that the prospects for profitable operations are not very favorable and there does not appear to be a sufficient need for additional banking facilities in the area at the present time. It is reported that a charter has been granted for a new State bank in the Meyerland Shopping Center which should satisfy the need for facilities in the area for the present. In the circumstances, the Board of Governors does not feel justified in recommending approval of the application.

The Board's Division of Examinations will be glad to discuss any aspects of this case with representatives of your office if you so desire.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
 Assistant Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 11
5/15/59

OFFICE OF THE VICE CHAIRMAN

May 15, 1959

The Honorable Douglas Dillon,
Acting Secretary of State,
Department of State,
Washington 25, D. C.

Dear Mr. Dillon:

In the absence of Chairman Martin, this will acknowledge your letter of May 1, 1959, with reference to one of the recommendations in the report on "Expanding Private Investment for Free World Economic Growth", which was requested by the Department of State pursuant to Section 413(c) of the Mutual Security Act.

This recommendation suggests "that the Federal Reserve Board be requested to review, in the light of needs and conditions in the developing countries, the adequacy and effectiveness of the regulations regarding Edge Act Corporations, with particular reference to the requirement that the Board's consent be obtained in advance of purchases by such Corporations of stock in other corporations".

This proposal relates to a matter which received careful consideration by the Board in connection with the adoption of comprehensive revisions in Regulation K effective January 15, 1957. However, the Board will again review the particular provisions to which the report refers for the purpose of determining what changes, if any, in law or regulation appear warranted in the light of needs and conditions in the developing countries. Following the review, the Board will be pleased to inform the Department of State, in line with your request, as to its conclusions in the matter, including its views as to whether any additional legislation in this field is desirable or necessary.

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. 12
5/15/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 15, 1959



CONFIDENTIAL (FR)

Mr. Guy S. Freutel, First Vice President,
Federal Reserve Bank of St. Louis,
St. Louis 66, Missouri.

Dear Mr. Freutel:

In accordance with the request outlined in your letter of April 10, 1959, the Board of Governors approves the following minimum and maximum salaries for the respective grades of the salary structure applicable to the Head Office and Louisville Branch of the Federal Reserve Bank of St. Louis, effective July 1, 1959:

<u>Grade</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>
1	\$ 2,160	\$ 2,880
2	2,460	3,300
3	2,580	3,540
4	2,760	3,700
5	3,060	4,100
6	3,300	4,500
7	3,600	4,900
8	4,000	5,400
9	4,400	6,000
10	4,900	6,600
11	5,400	7,300
12	6,000	8,100
13	6,700	9,100
14	7,600	10,300
15	8,500	11,500
16	9,500	12,800

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 assumed

BOARD OF GOVERNORS

Mr. Guy S. Freutel

- 2 -

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 range as soon as practicable and not later than October 1, 1959.

The Board understands that no explicit provision has been made in the 1959 budget to cover increased expenses arising from this change in salary structure, but that any over-expenditure arising therefrom will be nominal.

It is understood that the present employees' salary structure at the Little Rock and Memphis Branches will continue to be applicable to those offices.

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
5/15/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 15, 1959

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

Dear Mr. Diercks:

Reference is made to your letter of April 13, 1959, concerning the proposed reemployment of Herschel R. Johnson, who will retire from your Bank on September 30, 1959, on full-time basis as trust examiner for the purpose of examining trust departments of State member banks in your District and assisting in the training of trust examiners.

In view of the circumstances set forth in your letter, the Board approves the reappointment of Mr. Johnson as an examiner for the Federal Reserve Bank of Chicago, effective October 1, 1959, with the understanding that the period of his reemployment will be limited to one year from October 1, 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. 14
5/15/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 15, 1959.



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

Attention Mr. G. W. Garwood,
Deputy Comptroller of the Currency.

Dear Mr. Comptroller:

Reference is made to a letter from your office dated February 17, 1959, enclosing copies of an application to organize a national bank at Killeen, Texas, and requesting a recommendation as to whether or not the application should be approved.

A report of investigation of the application made by an examiner for the Federal Reserve Bank of Dallas indicates favorable findings with respect to the proposed capital structure and management of the bank. However, it does not appear that the proposed bank could obtain a sufficient volume of business to assure profitable operations without seriously hurting the existing bank. The existing commercial bank is reported to be furnishing reasonably satisfactory services, and there does not appear to be sufficient need to justify the chartering of another bank at this time. Accordingly, the Board of Governors does not feel justified in recommending approval of the application.

The Board's Division of Examinations will be glad to discuss any aspects of this case with representatives of your office if you so desire.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

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

Item No. 15
5/15/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 15, 1959.



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

Dear Mr. Leach:

The following procedural changes affecting the disbursing functions of the Office of the Controller have been approved by the Board:

- (1) Discontinuance of countersigning checks issued in payment of Board's obligations. Accordingly, all Payroll Fund and General Fund checks will bear one signature. The words "Authorized Signature" will appear on the checks in lieu of title designations. Members of the staff of the Controller's Office authorized to sign and whose specimen signatures are on file with your Bank, are:

- J. J. Connell
- S. H. Bass
- John Kakalec
- L. Waite Waller, Jr.

- (2) Amounts will be shown in figures only. Accordingly, the practice of imprinting amounts on our checks by means of a protectograph machine will be discontinued as of May 31, 1959.

We have a small supply of General Fund dual signature checks on hand, and it is our plan to use these before changing to the single signature type. Payroll Fund checks will bear one signature beginning with checks issued as of June 3, 1959.

Very truly yours,

Kenneth A. Kenyon,
Assistant Secretary.

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

Item No. 16
5/15/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 15, 1959.



Mr. Donald B. Kennedy, Chief,
Technical Assistance Recruitment Services,
Office of Personnel,
United Nations,
New York, New York.

Dear Mr. Kennedy:

In accordance with your request of April 15, 1959, the Board of Governors has approved a leave of absence for Mr. Earl C. Hald in order that he may serve as an Economic Adviser under the United Nations Technical Assistance Program to the Government of Libya for a period of one year.

In accordance with your letter of April 15 and a subsequent conversation with Mr. Sprecher of our Division of Personnel Administration, it is understood that Mr. Hald will be placed on a leave without pay basis at the Board for a period of one year beginning approximately June 1, 1959, and that the United Nations will pay his salary and expenses during this period.

It is further understood that during the period of Mr. Hald's leave, the Board will continue to make contributions in his behalf to the Retirement System of the Federal Reserve Banks in order that he may retain his coverage and all rights and benefits under that retirement system.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 17
5/15/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



May 15, 1959.

Mr. D. W. Woolley, Vice President,
Federal Reserve Bank of Kansas City,
Kansas City 6, Missouri.

Dear Mr. Woolley:

In accordance with the request contained in your letter of May 11, 1959, the Board approves the designation of the following named individuals as Special Assistant Examiners for the Federal Reserve Bank of Kansas City to assist in examinations of Commerce Trust Company, Kansas City, Missouri:

Robert Cahill
Douglas Nichols
Gertrude N. Pippin

Appropriate notations have been made in our records of the names to be deleted from the list of Special Assistant Examiners.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.