

Minutes for October 2, 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, please initial below. If you were present at the meeting, your initials will indicate approval of the minutes. If you were not present, your initials will indicate only that you have seen the minutes.

Chm. Martin

Gov. Szymczak

Gov. Mills

Gov. Robertson

Gov. Balderston

Gov. Shepardson

Gov. King

The image shows handwritten initials and signatures for each board member, written over horizontal lines. From top to bottom: 1. A circled 'M' above a signature. 2. A signature. 3. A signature. 4. A signature. 5. The initials 'CCB'. 6. A signature. 7. A signature.

Minutes of the Board of Governors of the Federal Reserve System
on Friday, October 2, 1959. The Board met in the Board Room at 10:00 a.m.

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

Mr. Sherman, Secretary
Mr. Hackley, General Counsel
Mr. Solomon, Director, Division of Examinations
Mr. Furth, Associate Adviser, Division of
International Finance
Mr. Hexter, Assistant General Counsel
Mr. Goodman, Assistant Director, Division of
Examinations
Mr. Landry, Assistant to the Secretary
Mr. Davis, Assistant Counsel

Discount rates. The establishment without change by the Federal Reserve Bank of San Francisco on September 30, 1959, and by the Federal Reserve Banks of New York, Philadelphia, and Chicago on October 1, 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 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:

	<u>Item No.</u>
Letter to Bank of America, New York, New York, authorizing the amendment of the Articles of Association to reflect the relocation of its Home Office.	1

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Item No.

Letter to Union Bond & Mortgage Company, Port Angeles, Washington, granting an extension of time within which it must comply with provisions of section 4(a)(2) of the Bank Holding Company Act.

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Order extending to November 23, 1959, time for filing exceptions and brief to the Hearing Examiner's Report and Recommended Decision in the matter of the application of First Bank Stock Corporation pursuant to section 3(a)(2) of the Bank Holding Company Act of 1956 and order granting request for Oral Argument.

3 and 3a

Letter to the Comptroller of the Currency regarding organization of a national bank at Burien, Washington (Item No. 4). Pursuant to a request of the Board at its meeting on September 29, 1959, Mr. Solomon had telephoned the Federal Reserve Bank of San Francisco and in a memorandum dated September 30 reported the results of his conversation with Mr. E. H. Galvin, Assistant Vice President of that Bank, regarding the application to organize a national bank at Burien, about which the San Francisco Reserve Bank had made an unfavorable recommendation. Mr. Solomon said that the Federal Reserve Bank of San Francisco had not been able to supply him with any further factual information regarding the instant application and continued to recommend disapproval for the reasons set forth earlier.

Governor Mills stated that he concurred in the renewed recommendation of the San Francisco Bank and of the Division of Examinations.

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Governor Robertson said that on the basis of the facts available he would still have to disagree with an adverse recommendation. There seemed to be sufficient business available in the Burien area to support either an additional branch of another bank or an independent bank. The only adverse factor in the record was the question raised as to competence of the proposed managing officer and Governor Robertson did not feel that the comments made in this respect were convincing. One question that would deserve further investigation had to do with the suspicion that this bank was being organized with a view to later sale to the National Bank of Washington to enable that bank to secure a branch in Burien, in which location it could not establish a branch under present laws of the State of Washington. Considering all these factors, Governor Robertson stated that he would vote to recommend that the Comptroller of the Currency approve the application provided management of the bank was satisfactory to the Comptroller's Office.

Governor Shepardson said that he had some of the feeling expressed by Governor Robertson. On the other hand, he did not have sufficient facts to cause him to go against the recommendation of the Federal Reserve Bank of San Francisco and, therefore, he would vote to approve the recommendation submitted by that Bank and the Division of Examinations.

Governor King stated that he had a general inclination against denying an application from persons who wished to go into the banking

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business unless there was clear reason for such rejection. On the other hand, he did not feel strongly regarding this application and did not have information that would enable him to go against the recommendation of the Federal Reserve Bank of the district. Therefore, he would concur in the letter recommending that the Comptroller of the Currency not approve the application.

Governor King went on to say that he had been studying the cases of applications for new national bank charters and that he would like to have the Division of Examinations report to the Board, or in any event report to him, whenever the Comptroller of the Currency acted differently on an application for a national bank charter than the Federal Reserve recommended. He noted that the Comptroller had acted contrary to the Board's recommendation on 17 of the last 100 recommendations submitted by the Board, and he was planning to study these cases in an effort to find out the basis for the Comptroller's going against the Board's recommendation.

Governor Balderston stated that his views were similar to those expressed by Governor Shepardson but that his doubts as to the correctness of an adverse recommendation to the Comptroller in this case were not sufficiently strong to cause him to go against the Federal Reserve Bank's recommendation.

Thereupon the Board approved, Governor Robertson dissenting, a letter to the Comptroller of the Currency in the form attached to these

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minutes as Item No. 4, recommending disapproval of the application to organize a national bank at Burien, Washington.

At this point Messrs. Young and Noyes, Director and Adviser, respectively, Division of Research and Statistics, entered the room.

Request of Chase International Investment Corporation, New York, for permission for Arcturus Investment and Development, Ltd., Montreal, Canada, to purchase stock of Liberia Hotels Incorporated (Item No. 5).

There had been distributed to the Board a memorandum from the Division of Examinations dated September 22, 1959, recommending approval of the request of Chase International Investment Corporation for purchase by Arcturus of a minority interest in Liberia Hotels Incorporated at a cost of U. S. \$150,000 represented by 6,000 shares of Class B common stock.

Governor Mills stated that he concurred in the recommendation of the Division of Examinations. However, his reasoning led him to feel that this type of investment opened up the possibility for non-banking financial corporations operating under Edge Act authorization to engage in speculative transactions through the medium of investment trusts. This raised the issue as to the proper scope of activities of Edge corporations.

With respect to this comment, Mr. Hexter read from the 1921 Annual Report of the Board regarding Edge corporations, organized under the provisions of Section 25(a) of the Federal Reserve Act, indicating

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that the broad purpose of this portion of the Federal Reserve Act was to enable Edge corporations to compete with foreign institutions in general. He expressed the opinion that the proposed investment by Arcturus in Liberia Hotels Incorporated was entirely legal within the terms of the Edge Act but that it might, in the Board's judgment, be injurious to its conception of the functions of an Edge corporation.

In response to a question from Governor Balderston, Mr. Goodman stated that he had felt some concern about the propriety of this investment by Arcturus as a wholly owned subsidiary of an Edge corporation, but he had come to the conclusion that the Board need not object. There appeared to be a real need for a first class hotel in Liberia and its successful operation seemed assured. Insofar as the bonus shares were concerned, the Division of Examinations would be glad to seek more information along the lines indicated in the memorandum regarding this hotel if the Board desired it to do so.

Governor Robertson stated that he would vote to approve the request without reservations. It seemed to him clear that the operation was within the very broad outlines of the Board's regulation regarding Edge Act corporations and he could find no basis on which under that regulation the Board could reject the request.

Mr. Furth commented that the Division of International Finance had no hesitation as to the corporation getting into the hotel business, that a good hotel in Liberia clearly would be in the interest of United States foreign trade. The Division had no hesitation about Arcturus

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receiving some bonus shares as a hedge against inflation. The only question raised by that Division had to do with the financial structure, for the reason spelled out by Governor Mills. He had no question as to Chase or Arcturus, but some of the other parties having an interest in the hotel might wish to carry on activities inconsistent with the purposes of Edge Act corporations. The question as he saw it was whether the Board wished to take the responsibility of permitting a subsidiary of an Edge corporation to make a risk investment of this sort without going into the detailed financial structure of the operating company.

Governors Shepardson and King both indicated that they would vote to approve the application, and Governor Balderston stated that this was also his view.

The application by Chase International Investment Corporation was then unanimously approved, along with a letter to the applicant in the form attached as Item No. 5.

Messrs. Hexter, Goodman, and Davis then withdrew from the meeting.

Retail trade statistics (Item No. 6). A memorandum from Mr. Young dated October 1, 1959, reported that, in accordance with the Board's action on September 16, 1959, he and Mr. Noyes had conferred with Mr. Peyton Stapp of the Bureau of the Budget and with Mr. Irons and other members of the Presidents' Conference Committee on Research and Statistics. Attached to the memorandum was a copy of the detailed Budget Bureau proposal dated September 18, 1959, for a Census Bureau Retail Sales Program,

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including collection of data on department store sales, inventories, credit, and outstanding orders.

In elaboration of his memorandum, Mr. Young stated that the details of the Budget Bureau's proposal appeared to be more advantageous for the System than had originally been surmised from Mr. Bowman's letter of September 2. The program proposed in the September 18 memorandum stated that the sum of \$400,000 would be added to the budget of the Bureau of the Census and, if this amount was appropriated, the retail trade program of Census would be expanded to produce (a) weekly data on U. S. totals of total retail sales and GAAFF sales, (b) monthly data for the U. S. from a sample of department stores on inventories, credit, and outstanding orders, and (c) assuming no insuperable difficulty, monthly U. S. totals on sales and stocks of a small number of departments (say 6). If the Federal Reserve concurred in the transfer of responsibility for department store data to Census and the necessary funds were appropriated, the above programs would be carried out. To the degree more detailed information was desired, particularly with respect to greater geographical detail such as data for standard metropolitan statistical areas, the Federal Reserve could contract with Census to expand the program and be reimbursed by the System, but the program was not contingent on any such arrangements. Mr. Young went on to say that, in the joint meeting with the Board on September 23, 1959, the Reserve Bank Presidents recommended acceptance of the Bureau's proposal

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by the Board. Therefore, he recommended that he be authorized to advise Mr. Bowman that the System was prepared to enter into discussions with representatives of the Bureau of the Budget and Census looking toward consummation of the retail sales program along the lines indicated.

Governor Balderston asked what the status of the proposed program would be in the event Congress should not provide the full \$400,000 addition to the budget of the Bureau of the Census to finance the proposed addition of 600 department stores and 2,500 "small" stores to its retail sales sample.

Mr. Young replied that, in that event, the Budget Bureau would either return to the Board to renegotiate the question or that the status quo would be re-established. In either case, he pointed out, the Board would be in a position to make a decision in this matter later on.

On a comment from Mr. Noyes that it would be desirable to close the record of the Presidents' Conference on this item, the Secretary stated that a letter should be sent to the Reserve Banks informing them of the Board's action on the recommendation submitted by the Conference of Presidents at their meeting with the Board on September 23, 1959.

Thereupon, unanimous approval was given to Mr. Young's recommendation that he be authorized to inform Mr. Bowman of the Bureau of

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the Budget that the Board was agreeable to his proceeding along the lines indicated in Mr. Stapp's memorandum of September 18, 1959. It was also understood that a letter in the form attached to these minutes as Item No. 6 would be sent to the Presidents of all Federal Reserve Banks.

Draft of letter to Congressman Porter. Congressman Charles O. Porter of Oregon had directed a letter to Chairman Martin under date of September 25, 1959, requesting comments as to certain proposals in a monetary reform bill that he contemplated introducing in the next session of Congress. His proposals would, among other things, provide for the complete demonetization of silver. Before this meeting there had been distributed a draft of interim reply which indicated that the staff would study Mr. Porter's proposals and that the Chairman would communicate with him later.

During a discussion of the form the Chairman's reply should take, Governor Mills noted the controversial nature of the subject so far as the silver bloc in Congress was concerned, and he pointed out reasons why a carefully worded reply would be desirable. There was also a discussion of the extent to which the Board was justified in a studying of such legislation. In this connection, Mr. Young observed that since the study would be analytical, it would not utilize a great deal of staff resources and that it was quite likely that such a study would be helpful in responding to other proposals that might be expected for

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changes in the monetary system including, among other things, consolidation of various types of currency.

At the conclusion of the discussion, it was agreed that the draft of reply should be revised and re-submitted for the Board's consideration.

Correspondence from Mr. Eugene B. Crowe of St. Louis (Item No. 7).

A memorandum from Mr. Hackley had been circulated to the Board under date of September 28, 1959, regarding further correspondence from Mr. Eugene B. Crowe of St. Louis, Missouri, in connection with a V-loan matter.

Mr. Hackley stated that, after the Board decided on July 29 to file without reply Mr. Crowe's letter of July 20, 1959, in which he stated that he did not agree with the Board's decision as set forth in its letter to him dated July 6, 1959, a further communication of September 12, 1959, had been received from him. The latest letter was largely repetitious of previous letters written by Mr. Crowe but also contained the statement that he was "reluctantly contemplating steps" to assure that knowledge of Chairman Martin's letter of June 24, 1958, and the circumstances surrounding it, "will be made available to all those in the Federal Reserve System who should be most interested and concerned."

Mr. Hackley expressed the belief that the Board's record in this matter was clear and that nothing could be accomplished by further correspondence with Mr. Crowe. While the latest letter could be

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acknowledged, he recommended that it be filed without reply and that President Johns of the St. Louis Reserve Bank be notified to this effect, in accordance with a suggestion made by Governor Szymczak to the Secretary before this meeting.

The views of Governor Szymczak, who was attending a meeting of the International Bank and International Monetary Fund this morning, were then discussed with particular reference to the point he had made, namely, that Mr. Johns should be given an opportunity to know of the Board's proposed handling of the September 12 letter from Mr. Crowe before it was filed.

The Secretary then presented a draft of letter to President Johns and, after the draft was discussed and changed, it was approved in the form attached to these minutes as Item No. 7.

Recaulking of exterior of the Board building. Governor Shepardson explained that the exterior of the Board building required recaulking, it having been 20 years since this work had last been performed. Investigation had revealed that there was only one firm in the country making the required caulking compound and that it had a closed contract with the only firm equipped to install this particular compound, making competitive bidding on the job impossible.

After brief discussion it was unanimously agreed that the Board's staff should be authorized to proceed to negotiate a contract for this work at an estimated cost of about \$80,000.

The meeting then adjourned.

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Secretary's Notes: On October 1, 1959, Governor Shepardson approved on behalf of the Board the following items:

Memorandum dated September 28, 1959, from the Division of Personnel Administration recommending a revision in the Printing Grade Basic Pay Schedule (attached Item No. 8) in accordance with the standards of the Inter-departmental Lithographic Wage Board, and increases in the basic annual salaries of Board employees affected by the new schedule (attached Item No. 9), effective October 4, 1959.

Memoranda from appropriate individuals concerned recommending increases in the basic annual salaries of the following persons on the Board's staff, effective October 4, 1959:

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
<u>Office of the Secretary</u>			
Edna L. Stoll, Records Clerk		\$ 4,040	\$ 4,135
<u>Legal</u>			
Verna P. Ryon, Secretary		4,940	5,090
<u>Research and Statistics</u>			
Milton Moss, Economist		11,595	11,835
<u>International Finance</u>			
Frederick R. Dahl, Economist		8,570	8,810
<u>Bank Operations</u>			
John C. Franzoni, Technical Assistant		9,290	9,530
John J. Hurley, Analyst		6,885	7,185
<u>Examinations</u>			
Patricia R. Baker, Stenographer		4,135	4,230
Norman C. Pursley, Assistant Federal Reserve Examiner		4,490	4,640
Margaret M. Tunstall, Recording Clerk		4,040	4,190

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Salary increases effective October 4, 1959 (continued)

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
<u>Administrative Services</u>			
Edward Cross, Operator, Offset Press (Multilith)		\$4,410	\$4,638
James R. Carnahan, Guard		3,540	3,635
Blanche C. King, Charwoman		3,055	3,150

Memorandum dated September 25, 1959, from the Division of Personnel Administration recommending that the Board absorb the cost of luncheons served in the private dining rooms to the guest of honor and invited retirees (including former Board members) or former staff members in connection with the retirement of any official of the Board, with the understanding that the charge for such luncheons would be made against the budget of the Division of Personnel Administration.

Governor Shepardson today approved on behalf of the Board the following items:

Memorandum dated September 30, 1959, from Mr. Noyes, Adviser, Division of Research and Statistics, recommending the appointment of David S. Staiger as Economist in that Division, with basic annual salary at the rate of \$7,990, effective the date he assumes his duties.

Memoranda from the appropriate individuals concerned recommending increases in the basic annual salaries of the following persons on the Board's staff, effective October 4, 1959:

Wilellyn Morelle, Economist, Division of Research and Statistics, from \$6,885 to \$7,270 per annum.

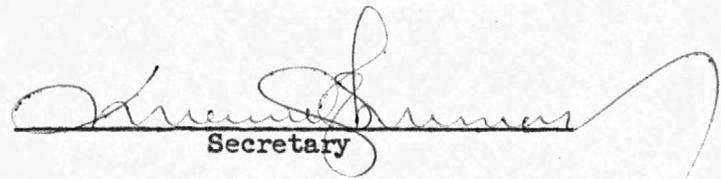
Jean S. Barber, from \$3,755 to \$4,040 per annum, with change in title from Disbursing Clerk to Payroll Clerk, Office of the Controller.

Letter to the Federal Reserve Bank of Richmond (attached Item No. 10) approving the designation of Irvin J. Crowl and Salvatore J. Spinnicchio as special assistant examiners.

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Letter to the Federal Reserve Bank of Chicago (attached Item No. 11),
approving the appointment of Jacques Hendrickson as assistant examiner.


Secretary



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

Item No. 1
10/2/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 2, 1959

Mr. Tom B. Coughran,
Executive Vice President,
Bank of America,
40 Wall Street,
New York 15, New York.

Dear Mr. Coughran:

This will acknowledge your letter of September 10, 1959, transmitted through the Federal Reserve Bank of New York, requesting approval for your Corporation to amend its Articles of Association to reflect the relocation of its Home Office from its present location at 40 Wall Street, New York, New York, to the building it has contracted to purchase at 37-41 Broad Street, New York, New York.

In accordance with your request, and pursuant to Section 3(d) of Regulation K, as revised effective January 15, 1957, the Board of Governors authorizes the amendment of the Articles of Association to reflect such change.

Please furnish the Board of Governors a certified copy of the resolution amending the Articles of Association when adopted by the shareholders of your Corporation. Also advise the Board of Governors in writing, through the Federal Reserve Bank of New York, when the change in location is effected.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 2
10/2/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 2, 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 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.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

Item No. 3
10/2/59

UNITED STATES OF AMERICA

BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

WASHINGTON, D. C.

In the Matter of the Application of
 FIRST BANK STOCK CORPORATION
 Pursuant to section 3(a)(2) of the
 Bank Holding Company Act of 1956

DOCKET NO.
BHC-47ORDER EXTENDING TIME FOR FILING EXCEPTIONS AND BRIEF
TO THE HEARING OFFICER'S REPORT AND RECOMMENDED DECISION

Additional time having been requested by First Bank Stock Corporation within which to file with the Secretary of the Board its exceptions and brief to the Hearing Officer's Report and Recommended Decision and it appearing to the Board that such request should be granted, it is hereby ORDERED that the time within which First Bank Stock Corporation may file such exceptions and brief be, and the same hereby is, extended to and including November 23, 1959.

Dated at Washington, D. C., this 2nd day of October, 1959.

By order of the Board of Governors.

(Signed) Merritt Sherman

 Merritt Sherman,
 Secretary.

(SEAL)

Item No. 3a
10/2/59

UNITED STATES OF AMERICA
BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D. C.

| In the Matter of the Application of |
| FIRST BANK STOCK CORPORATION |
| Pursuant to section 3(a)(2) of the |
Bank Holding Company Act of 1956

DOCKET NO.
BHC-47

ORDER GRANTING REQUEST FOR ORAL ARGUMENT

This matter coming on this day for consideration on the request of Applicant for Oral Argument in this matter, it is ORDERED that:

1. The request of Applicant for Oral Argument is granted, said Oral Argument to be set down for such time and such place as shall hereafter be fixed by the Board.

Dated at Washington, D. C., this 2nd day of October, 1959.

By order of the Board of Governors.

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

(SEAL)

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

Item No. 4
10/2/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 13, 1959



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

Attention Mr. L. A. Jennings,
Deputy Comptroller of the Currency.

Dear Mr. Comptroller:

Reference is made to a letter from your office dated June 23, 1959, enclosing copies of an application to organize a national bank at Burien, Washington, 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 San Francisco indicates that the proposed capital structure and future earnings prospects of the bank would be satisfactory. However, the need for the bank has not been clearly established and the arrangements for proposed management are not entirely satisfactory. In the circumstances, the Board of Governors does not feel justified in recommending approval of this application.

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

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 5
10/2/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 2, 1959



Mr. V. E. Rockhill, Executive Vice President,
Chase International Investment Corporation,
18 Pine Street,
New York 5, New York.

Dear Mr. Rockhill:

In accordance with the request contained in your letter of July 24, 1959, transmitted through the Federal Reserve Bank of New York, your letter of September 21, 1959, and telegram of September 22, 1959, and on the basis of the information furnished, the Board of Governors grants its consent for Arcturus Investment & Development, Ltd., Montreal, Canada, a wholly owned subsidiary of Chase International Investment Corporation, to purchase, at a cost of US\$150,000, and hold 6,000 shares of Class B Common Stock, par value US\$100 each, of the capital stock of Liberia Hotels Incorporated, a corporation organized under the laws of Liberia, provided such stock is acquired within one year from the date of this letter.

The Board's consent is granted upon condition that Arcturus shall dispose of its holdings of stock in the Liberian corporation, as promptly as practicable, in the event that the Liberian corporation should at any time (1) engage in the general business of buying or selling goods, wares, merchandise, or commodities in the United States or transact any business in the United States except such as is incidental to its international or foreign business or (2) conduct its operations in a manner inconsistent with Section 25(a) of the Federal Reserve Act or regulations thereunder.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 6
10/2/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 20, 1959



Dear Sir:

Reference is made to the discussion at the joint meeting of the Board and the Conference of Presidents on September 23, 1959, of the proposal made by the Bureau of the Budget that, appropriations permitting, the Bureau of the Census incorporate the collection of department store data in its retail trade statistics program on July 1, 1960, and to the recommendation of the Presidents' Conference that the Board concur in this proposal.

The Board has considered this matter further in the light of the discussion at the meeting on September 23 and has authorized its staff to proceed with discussions with representatives of the Bureau of the Budget and the Bureau of the Census looking toward the transfer of the collection of department store trade statistics along the lines of the memorandum from the Bureau of the Budget dated September 18, 1959, copies of which it is understood were distributed to all Reserve Bank Presidents at the Conference. Your Bank will be informed of subsequent developments regarding the proposed transfer.

Very truly yours,

A handwritten signature in cursive script, appearing to read "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
10/2/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 2, 1959.

Mr. Delos C. Johns, President,
Federal Reserve Bank of St. Louis,
St. Louis 66, Missouri.

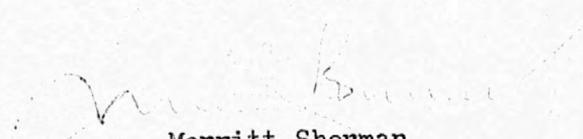
Dear Mr. Johns:

This refers to Mr. E. B. Crowe's letter of September 12, 1959, a copy of which was sent to you by Mr. Crowe.

As you know the Board has reviewed the Crowe matter at some length and, following the investigation of Mr. Crowe's charges by Board representatives, the Board informed Mr. Crowe on July 6, 1959, that it had found no indication that the Federal Reserve Bank of St. Louis or any of its officers in any way acted improperly in carrying out the Reserve Bank's functions as agent for the Department of the Air Force which guaranteed the loan involved.

Although Mr. Crowe's latest letter indicates that he may write to persons interested in the Federal Reserve System, including other Federal Reserve Banks, regarding the matter of his previous correspondence and particularly Chairman Martin's letter of June 24, 1958, the Board has been unable to find a ground for continuing the correspondence.

Very truly yours,


Merritt Sherman,
Secretary.

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BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Item No. 8
10/2/59PRINTING GRADE BASIC PAY SCHEDULE*

Note: This schedule applies to those positions in the Duplicating and Mail Section that perform the following kinds of lithographic work: Offset Printing, Offset Photography, Offset Composition, Photostat Operation, Mimeograph Operation, Bindery Operation, and to the immediate supervisor of those positions.

<u>Printing Grade</u>	<u>Step 1</u>	<u>Step 2</u>	<u>Step 3</u>
1	\$2,579	\$2,704	\$2,850
2	2,787	2,933	3,078
3	2,995	3,162	3,328
4	3,245	3,411	3,578
5	3,453	3,640	3,827
6	3,682	3,869	4,056
7	3,890	4,098	4,306
8	4,118	4,326	4,534
9	4,326	4,555	4,784
10	4,555	4,784	5,034
11	4,784	5,034	5,283
12	4,992	5,262	5,533
13	5,221	5,491	5,762
14	5,429	5,720	6,011
15	5,658	5,949	6,240
16	5,866	6,178	6,490
17	6,094	6,406	6,718
18	6,302	6,635	6,968
19	6,531	6,885	7,238
20	6,760	7,114	7,467
21	6,968	7,342	7,717

(This schedule supersedes the pay scale effective September 21, 1958.)

* Incumbents of positions subject to this pay schedule are eligible for progress step increases within particular salary grades on the following basis.

For advancement to Step 2, after 26 weeks (6 months) satisfactory service in Step 1.

For advancement to Step 3, after 78 weeks (18 months) satisfactory service in Step 2.

Item No. 9
10/2/59

-B-

Budget Position Number	Employee	Position	Printing Grade	Annual Salary Rates		Amount of Increase
				Present	Proposed	
1	Taylor, Franklin	Supervisor, Dup., Mail, Mess., & Supply	21	\$7405	\$7717	\$312
2	Kopfman, Thomas V.	Asst. Supervisor, Dup., Mail, Mess., & Supply	19	6947	7238	291
3	Constable, Frank W.	Photographer (Offset)	16	6240	6490	250
4	Moffett, Bruce L.	Operator (Offset Press)	16	6240	6490	250
5	Surguy, J. Robert	Clerk (Composition)	16	6240	6490	250
6	Wright, Joseph W.	Photographer (Offset)	16	6240	6490	250
7	Johnson, Claiborne	Operator (Offset Press)	16	6240	6490	250
9	Dyson, Nelson S.	Bindery Worker	14	5782	6011	229
8	Sherrod, Ralph A.	Photographer (Offset)	16	5949	6178	229
11	Cross, Edward	Operator Multilith Offset Press	9	4638 ^{1/2}	4784	146
12	Barnes, Bricen	Bindery Helper and Operator (Mimeo.)	8	4410	4534	124
13	Berry, Benjamin D.	Foreman Operator (Mimeo)	8	4410	4534	124
15	Bundy, Herbert W.	Operator (Duplicating Devices)	7	4181	4306	125
17	Hart, Bishop	Operator (Duplicating Devices)	7	4065 ^{2/3}	4098	33
19	Thompson, Abner	Xerox Operator	7	3973	4098	125
20	Hargett, Edward L.	Operator (Mimeograph)	6	3931	4056	125
21	Lane, Daniel F.	Operator (Mimeograph)	6	3931	4056	125
					Total Annual Cost	\$3238

Present salary includes progress increase effective October 4, 1959.
This salary represents a "saved rate" and is now \$92 above Step 2 of the grade.
increase of \$33 brings this salary into a proper alignment.

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

Item No. 10
10/2/59



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 2, 1959

Mr. N. L. Armistead, Vice President,
Federal Reserve Bank of Richmond,
Richmond 13, Virginia.

Dear Mr. Armistead:

In accordance with the request contained in your letter of September 28, 1959, the Board approves the designation of the following named individuals as special assistant examiners for the Federal Reserve Bank of Richmond for the purpose of participating in examinations of all banks, except the institution indicated immediately above their names:

St. James Savings Bank of Baltimore City
Baltimore, Maryland

Irvin J. Crawl
Salvatore J. Spinnicchio

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

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 11
10/2/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 2, 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 September 29, 1959, the Board
approves the reappointment of Jacques Hendrickson
as an assistant examiner for the Federal Reserve
Bank of Chicago, effective November 2, 1959.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

