

Minutes for December 9, 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

(W)
MM

Gov. Szymczak

MS

Gov. Mills

MS

Gov. Robertson

R

Gov. Balderston

CCB

Gov. Shepardson

SS

Gov. King

TK

Minutes of the Board of Governors of the Federal Reserve System on
 Wednesday, December 9, 1959. The Board met in the Board Room at 10:00 a.m.

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

Mr. Sherman, Secretary
 Mr. Shay, Legislative Counsel
 Mr. Molony, Assistant to the Board
 Mr. Johnson, Director, Division of Personnel
 Administration
 Mr. Hackley, General Counsel
 Mr. Farrell, Director, Division of Bank Operations
 Mr. Solomon, Director, Division of Examinations
 Mr. Noyes, Adviser, Division of Research and
 Statistics
 Mr. Hexter, Assistant General Counsel
 Mr. Chase, Assistant General Counsel
 Mr. Kiley, Assistant Director, Division of
 Bank Operations
 Mr. Nelson, Assistant Director, Division of
 Examinations
 Mr. Goodman, Assistant Director, Division of
 Examinations
 Mr. Landry, Assistant to the Secretary
 Mr. Farrell, Legal Assistant
 Mr. Massey, Chief, Reserve Bank Operations Section,
 Division of Bank Operations

Discount rates. The establishment without change by the Federal Reserve Bank of St. Louis on December 8, 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 members of the

12/9/59

-2-

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 The First National City Bank of New York, New York City, approving the establishment of a branch in Hong Kong.	1
Letter to the State Bank of Plainfield, Plainfield, New Jersey, granting an extension of time to accomplish membership in the Federal Reserve System	2
Letter to the Fidelity-Philadelphia Trust Company, Philadelphia, Pennsylvania, approving the establishment of a branch in Ridley Township and an investment in bank premises.	3
Letter to the Security State Bank, Algona, Iowa, granting its request for permission to exercise fiduciary powers.	4
Letter to the Federal Deposit Insurance Corporation regarding the application of Citizens State Bank and Trust Company, Kilgore, Texas, for continuation of deposit insurance after withdrawal from membership in the Federal Reserve System.	5
Letter to the Federal Reserve Bank of Philadelphia regarding questions under Regulations D and Q in connection with "allocations" made under a "Deferred Compensation Agreement" entered into between the Provident Tradesmens Bank and Trust Company and certain of its officers.	6
Letter to the Federal Reserve Bank of Chicago regarding divestment by Brenton Companies, Des Moines, Iowa, of its ownership of certain insurance agencies and the performance of certain functions by Brenton Companies for banks of which it owns less than 25 per cent of the voting shares.	7
Letter to the House Banking and Currency Committee, prepared pursuant to the understanding at the meeting on December 8, 1959, regarding House Concurrent Resolution 196.	8

12/9/59

-3-

Item No.

Letter to Mr. Aksel Nielsen, Denver, Colorado, regarding the applicability of section 8 of the Clayton Act to his service as a director of a national bank and a director of a savings and loan association.

9

With respect to the foregoing Item No. 7, it was understood that a letter advising of this interpretation would be sent to the Presidents of all Federal Reserve Banks.

Request from Chicago City Bank and Trust Company. Governor Robertson referred to a letter dated November 23, 1959, from the Chicago City Bank and Trust Company, Chicago, Illinois, requesting that the Board waive the requirement of six months' notice of withdrawal from membership in the Federal Reserve System. He noted that the Federal Reserve had requested this bank to increase its capital and that the Federal Deposit Insurance Corporation, to which the bank had applied for deposit insurance as a nonmember bank, was urging the same corrective action. Noting that he had been in consultation with the Federal Deposit Insurance Corporation on this matter, Governor Robertson suggested that waiver of the six months' notice be deferred on the grounds that such delay might assist the Federal Deposit Insurance Corporation in accomplishing the corrective action indicated.

Governor Robertson's suggestion was approved unanimously.

Messrs. Shay, Hackley, Hexter, Chase, Nelson, Goodman, and Donald Farrell withdrew from the meeting at this point.

12/9/59

-4-

Reserve Bank budgets for 1960 (Item No. 10). There had been distributed copies of a memorandum from the Division of Bank Operations dated November 20, 1959, summarizing the significant features of the 1960 Reserve Bank budgets, along with a memorandum dated November 16, 1959, relating to major bank premises projects for Federal Reserve Banks, which was submitted this year for the first time with the budgets of the respective Banks and branches.

Submitted with the memorandum were analyses, prepared by the appropriate offices of the Board, concerning the budgets for those functions for which the scope of activities and the size of the budget are largely determined by policy decisions. In addition, digests of the budget proposals of each Bank and branch, supported by tabular data in considerable detail, had been prepared by the Division of Bank Operations and, while not distributed, were available on request.

The memorandum reported that the total budgets, at \$174.2 million, reflected an increase of \$8.8 million, or 5.4 per cent over 1959 estimated expenses. Budgeted net operating expenses showed an increase of \$7.9 million over estimated operating expenses for 1959.

At its meeting on July 8, 1959, the Board had named Governors Balderston, Mills, and King as a budget committee to hold preliminary discussions with the Presidents of the Reserve Banks regarding the 1960 budgets.

12/9/59

-5-

Acting in his capacity as Chairman of the Board's budget committee, Governor Balderston distributed a memorandum from the committee to the Board members. He stated that the committee recommended approval of the proposed 1960 budgets for the 12 Reserve Banks and that he thought it would also be desirable to discuss the bank premises projects at this meeting.

Mr. Farrell observed that the proposed operating budgets of the Reserve Banks for 1960 raised little question. Although there were increases in most items as compared with 1959, these were not as great as had been true frequently in the past, and there were no unusual items in the budgets.

Governor Mills commented that within the next year the Board might want to give thought to the policy followed by the Reserve Banks in adjusting their salary scales to the third quartile of community wage rates, which caused them to be a factor helping to push salaries upward in their localities. He suggested that such a policy seemed inconsistent with the position taken by the System on the inflationary effects of labor-management agreements. He added that the increase of more than 50 per cent in total operating expenses of the Reserve Banks since 1951 was probably due in large measure to "keeping up with the Joneses" as far as salaries were concerned.

A discussion followed with respect to how this subject might be taken up with the Reserve Bank Presidents, during which Chairman Martin

12/9/59

-6-

proposed that the Board might meet with the Presidents more frequently during 1960. He suggested that more frequent meetings could be arranged through a tie-in with meetings of the Federal Open Market Committee. He went on to suggest that an attempt should be made to transform meetings of the Conference of Presidents into merged meetings of the Board and the Presidents to discuss issues of mutual concern. There was some evidence that the Conference of Presidents looked upon itself as a group distinct and separate from the Board, and perhaps this same sort of attitude was evident on the part of the Board.

Governor King expressed the view that in order to accomplish anything worth while in this direction the Reserve Banks must gear themselves to thinking in terms of operating as economically as possible consistent with their responsibilities. He noted that the System was not encumbered by the restrictions of a limited income, tending to place a check on salary increases, and that a policy of liberal increases would not necessarily lead to high morale. In this connection, he referred to the Board's statutory responsibility in this area.

Governor Balderston commented that he also was concerned by the gradual upward trend of expenses in the System. To his way of thinking, however, there were only two feasible ways of running the System--either through extreme centralization of authority or extreme decentralization. On balance, he favored the latter approach. In his judgment, the Board had not done as much as it might have in expressing

12/9/59

-7-

appreciation of good performances by officers within the System, as contrasted with the enthusiasm shown by directors of the Reserve Banks. He indicated that the Board would do well to show its appreciation of efforts at the Reserve Banks to raise efficiency, and he then cited the desire of certain Reserve Banks to mechanize their operations more fully. He concluded by noting that greater efficiency might be induced in this way, whereas the Reserve Banks could never be driven to it by authoritarian measures.

A discussion ensued during which the Chairman indicated the desirability of increasing the salaries of qualified personnel and Governor King commented that he did not wish his earlier comments to be interpreted as a recommendation for greater centralization. He noted, however, that the basic responsibility for salary structures within the System rested with the Board.

Unanimous approval was then given to letters to the respective Federal Reserve Banks accepting the proposed 1960 budgets as submitted, with the understanding that Messrs. Farrell and Johnson would prepare background information on salary scale developments for the Board's consideration, looking toward the possibility of discussion at a joint meeting of the Board and the Reserve Bank Presidents.

A copy of the letter sent to the Federal Reserve Bank of Boston pursuant to this action is attached as Item No. 10. Letters sent to the other Federal Reserve Banks were in similar form.

12/9/59

-8-

Messrs. Molony and Noyes withdrew from the meeting at this point.

The Chairman then called for discussion of the capital budgets of the Reserve Banks, and Governor Balderston recalled that with the Board's letter of May 6, 1959, the annual Federal Reserve Bank budget procedure was expanded to include a request for the submission of a list of major bank premises projects contemplated or foreseeable during the next five-year period, with estimates of expenditures for each year. This list was to cover expenditures for land acquisition, building construction, and major alterations and improvements. He noted that the Reserve Banks had reported foreseeable expenditures for such projects totaling about \$32 million during the next five-year period, of which roughly \$19 million had already been approved by the Board, and that the remaining \$13 million included \$4.5 million for a new building in New Orleans, \$3.8 million for a new site and building in Denver, \$2.3 million for an addition to the Oklahoma City building, and \$1 million for parking, garage, and storage space on the Reliance Building site in Kansas City. He went on to say that the present Congressional authorization of \$30 million for branch "building proper" costs had been used or allocated except for about \$1.6 million, which was insufficient to permit construction of the new buildings under consideration at New Orleans and Denver. In the circumstances, he suggested that Congressional authorization for further branch construction should be

12/9/59

-9-

obtained before additional commitments were entered into. More specifically, he would suggest to the Board that it ask Congress to authorize funds to cover branch projects already planned in some detail. He had not had an opportunity to consult with Governors Mills and King regarding this specific proposal; in the committee there had been discussion only of the proposal that Congress be asked for an additional \$10 million authorization for branch "building proper" costs.

The Chairman then said that he would try to arrange for discussion with the Chairmen of the Senate and House Banking and Currency Committees to obtain their advice on how best to handle this question, and that he would report back to the Board.

Mr. Farrell suggested that it might be well to consider the nature of the "building proper" concept, as applied to branch building projects. It had been developed in the light of the statutory \$250,000 limitation on the cost of each branch building, which limitation was exclusive of the cost of vaults, permanent equipment, furnishings, and fixtures; and it had also been used in computing costs of branch buildings within the total statutory limitation, now \$30 million, although the \$250,000 authorization is not applicable while the over-all limitation is in effect. Removal by Congress of the \$250,000 limitation for each branch building, along with an increase in, or removal of, the over-all \$30 million limitation, would have the advantage of making it unnecessary to use the "building proper" concept further.

12/9/59

-10-

The Chairman then suggested that Mr. Farrell might prepare a memorandum on this matter.

At this point all the members of the staff except Mr. Johnson withdrew and the Board went into executive session.

Reserve Bank salaries. Following the meeting, Vice Chairman Balderston informed the Secretary that during the executive session the following actions were taken by the Board:

1. The Board approved the payment of salaries to the Presidents of the Federal Reserve Banks for the calendar year 1960 at the rates set opposite their names in the following list:

J. A. Erickson	Boston	\$35,000
Alfred Hayes	New York	60,000
Karl R. Bopp	Philadelphia	35,000
W. D. Fulton	Cleveland	35,000
Hugh Leach	Richmond	35,000
Malcolm Bryan	Atlanta	35,000
Carl E. Allen	Chicago	50,000
Delos C. Johns	St. Louis	35,000
Frederick L. Deming	Minneapolis	35,000
H. G. Leedy	Kansas City	35,000
Watrous H. Irons	Dallas	35,000

Secretary's Note: As indicated in the minutes for December 7, 1959, on that day the Board approved payment of salary during the calendar year 1960 to Mr. Mangels, President of the Federal Reserve Bank of San Francisco, at the rate of \$40,000 a year.

2. The Board approved the payment of salaries to the First Vice Presidents of the Federal Reserve Banks for the calendar year 1960 at the rates set opposite their names in the following list:

12/9/59

-11-

Earle O. Latham	Boston	\$25,000
William F. Treiber	New York	35,000
Robert N. Hilkert	Philadelphia	25,000
Donald S. Thompson	Cleveland	25,000
Edward A. Wayne	Richmond	27,000
Harold T. Patterson	Atlanta	23,000
C. J. Scanlon	Chicago	22,500
Darryl R. Francis	St. Louis	22,000
A. W. Mills	Minneapolis	25,000
Henry O. Koppang	Kansas City	25,000
Harry A. Shuford	Dallas	25,000 *
Eliot J. Swan	San Francisco	25,000

* If so fixed by the directors of the Federal Reserve Bank of Dallas.

3. The Board approved a proposal by the directors of the Federal Reserve Bank of Boston, as transmitted in Chairman Sprague's letter of October 23, 1959, that the directors be authorized to revise the arrangement between the Federal Reserve Bank of Boston and J. A. Erickson with respect to supplementing his retirement allowance so as to provide the same proportionate benefits under the same conditions as those that would be provided in an agreement with W. Braddock Hickman authorized by the Board at its meeting on November 18, 1959, in the event Mr. Hickman was employed as an officer of the Federal Reserve Bank of Cleveland.

4. The Board approved the payment of salaries to officers of the Federal Reserve Banks, other than Presidents or First Vice Presidents, during the calendar year 1960 or for fractions thereof, as set forth in letters to be sent to the respective Banks, copies of which are attached to these minutes as Items 11 through 22.

In connection with the action on salaries for officers of the Federal Reserve Bank of Minneapolis, the Secretary was informed that the Board had indicated that it would approve payment of salaries at the rate of \$10,500 per year for Messrs. J. P. Olin and W. A. O'Brien, as Assistant Counsel and Assistant Cashier, respectively, if they were appointed officers of the Federal Reserve Bank of Minneapolis.

12/9/59

-12-

Secretary's Note: Advice of the appointments of Messrs. Olin and O'Brien was received in a letter from the Minneapolis Bank dated December 11, 1959, and pursuant to the foregoing action the letter approving payment of salaries to officers of that Bank was mailed under date of December 15, 1959.

The meeting then adjourned.

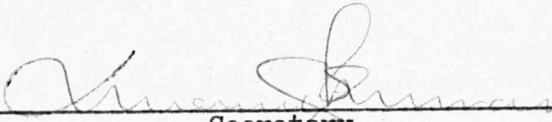
Secretary's Note: Pursuant to the recommendations contained in memoranda from appropriate individuals concerned, Governor Shepardson today approved on behalf of the Board the following actions affecting the Board's staff:

Salary increase

Eunice M. Boyd, Secretary, Office of the Controller, from \$4,940 to \$5,090 per annum, effective December 13, 1959.

Transfer

Ann S. Gormus, from the position of Clerk-Stenographer in the Division of Personnel Administration, to the position of Clerk-Stenographer in the Division of Research and Statistics, with no change in her basic annual salary at the rate of \$3,850 per annum, effective December 13, 1959.


Secretary

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

Item No. 1
12/9/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 9, 1959



The First National City Bank of New York,
55 Wall Street,
New York 15, 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 Tsim Sha Tsui District of the Kowloon Section of the Colony of Hong Kong, and to operate and maintain such branch subject to the provisions of such Section. The location of the branch may not be changed, after establishment, without the prior approval of the Board of Governors.

Unless the branch is actually established and opened for business on or before December 1, 1960, all rights granted hereby shall be deemed to have been abandoned and the authority hereby granted will automatically terminate on that date.

Please advise the Board of Governors, in writing, through the Federal Reserve Bank of New York, when the branch is opened for business, furnishing information as to the exact location of the branch.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

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

Item No. 2
12/9/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 9, 1959



Organization Committee,
State Bank of Plainfield,
Plainfield, New Jersey.

Gentlemen:

In accordance with a request submitted through the Federal Reserve Bank of New York, the Board of Governors extends to June 28, 1960, the time within which State Bank of Plainfield, Plainfield, New Jersey, may accomplish admission to membership in the Federal Reserve System, as outlined in the Board's letter of June 26, 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. 3
12/9/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 9, 1959



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

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Philadelphia, the Board of Governors approves (1) the establishment of a branch near the southwest corner of Fairview Road and MacDade Boulevard, Ridley Township, Delaware County, Pennsylvania, and (2) an additional investment under the provisions of Section 24A of the Federal Reserve Act, of not to exceed \$70,000 for leasehold improvements in connection with the establishment of the branch at the above location by Fidelity-Philadelphia Trust Company, Philadelphia, Pennsylvania. This approval is given provided the branch is established within one year from the date of this letter and 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. 4
12/9/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 9, 1959.



Board of Directors,
Security State Bank,
Algona, Iowa.

Gentlemen:

This refers to your request for permission, under applicable provisions of your condition of membership numbered 1, to exercise fiduciary powers.

Following consideration of the information submitted, the Board of Governors of the Federal Reserve System grants permission to Security State Bank to exercise the fiduciary powers now or hereafter authorized by its articles of incorporation and the laws of the State of Iowa.

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
12/9/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 9, 1959



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

Dear Mr. Wolcott:

Reference is made to your letter of November 24, 1959, with respect to the application of Citizens State Bank and Trust Company, Kilgore, Texas, for continuance of deposit insurance after withdrawal from membership in the Federal Reserve System.

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

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
12/9/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 9, 1959



Mr. Joseph R. Campbell, Vice President,
Department of Bank Examination,
Federal Reserve Bank of Philadelphia,
Philadelphia 1, Pennsylvania.

Dear Mr. Campbell:

This is in reply to your letter of October 26, 1959, regarding the question whether "allocations" made under a "Deferred Compensation Agreement" entered into between the Provident Tradesmen Bank and Trust Company and certain of its officers would result in deposits against which reserves are required under Regulation D and upon which the payment of an additional amount of 4 per cent based upon these "allocations" would constitute interest in excess of the maximum permissible under Regulation Q.

It is understood that, under the terms of the Deferred Compensation Agreement the bank agrees to "allocate" 3 per cent, or such greater percentage as it may determine from time to time, of the average annual basic salary of each of the officers involved for future contingent payments to each such officer; that when the officer dies, is disabled, or reaches his retirement date as provided in the separate Pension Plan of the bank, the bank agrees to pay out the amounts so allocated to each such officer or his estate or designated beneficiary, in 120 equal monthly payments or by such other method of payment as is provided by the agreement; and that when this "allocated" fund is finally determined at death, disability, or indicated retirement date, the bank further agrees to add to this fund an additional amount computed at the compound rate of 4 per cent "for the period during which the sums were allocated," except that this additional amount is not paid if the officer leaves the employ of the bank for any reason other than death, disability, or actual retirement. All payments to an officer are contingent upon the officer refraining at all times from performing any services for any other bank or financial institution which the Board of Directors determines to be competitive with the member bank. Also, any attempt by an officer to assign any

Mr. Joseph R. Campbell

interest he may have in the agreement would be considered a material breach thereof and relieve the bank of any further obligations thereunder. In consideration of the above, the officers agree to remain in the employ of the bank for at least three years, unless death or disability occurs first.

On the basis of this understanding of the facts, it appears that the "allocations" made by the bank are not subject to control by the officers involved and give rise only to future contingent liabilities on the part of the bank that are insufficient to create a deposit relationship between the bank and its officers.

Accordingly, it is the view of the Board that the "allocations" described do not constitute deposit liabilities against which reserves are required under Regulation D; and that, consequently, the additional payment of 4 per cent based upon these "allocations" does not constitute a payment of interest on deposits under the provisions of Regulation Q.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 7
12/9/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 9, 1959



Mr. C. P. Van Zante,
Assistant Vice President,
Federal Reserve Bank of Chicago,
Chicago 90, Illinois.

Dear Mr. Van Zante:

This refers to your letter of August 10, 1959, enclosing a copy of a letter to Mr. Diercks, dated August 3, 1959, from Mr. W. Harold Brenton, President of Brenton Companies, Des Moines, Iowa, a registered bank holding company. Mr. Brenton's letter relates to (1) the divestment by Brenton Companies of its ownership of certain insurance agencies and (2) whether the performance of certain functions by Brenton Companies for four banks of which it owns less than 25 per cent of the voting shares is in violation of section 4(a) of the Bank Holding Company Act.

With respect to the insurance business, it was stated that steps were being taken to terminate ownership of the insurance agencies before the end of August 1959. It will be appreciated if you could ascertain the status of this matter.

According to Mr. Brenton's letter, Brenton Companies is engaged in "managing" four nonsubsidiary banks, for which services it receives "management fees". Specifically, Brenton Companies engages in the following activities for the four nonsubsidiary banks: (1) establishment and supervision of loaning policies; (2) direction of the purchase and sale of investment securities; (3) selection and training of officer personnel; (4) establishment and enforcement of operating policies; and (5) general supervision over all policies and practices.

The question raised is whether these activities are prohibited by section 4(a)(2) of the Bank Holding Company Act, which permits a bank holding company to engage in only three categories of business: (1) banking; (2) managing or controlling banks; and (3) furnishing services to or performing services for any bank of which the holding company owns or controls 25 per cent or more of the voting shares.

Mr. C. P. Van Zante

-2-

Clearly, the activities of Brenton Companies with respect to the four nonsubsidiary banks do not constitute "banking". With respect to the business of "managing or controlling" banks, it is the Board's view that such business, within the purview of section 4(a)(2), is essentially the exercise of a broad governing influence of the sort usually exercised by bank stockholders, as distinguished from direct or active participation in the establishment or carrying out of particular policies or operations. The latter kinds of activities fall within the third category of businesses in which a bank holding company is permitted to engage. In the Board's view, the activities enumerated above fall in substantial part within that third category.

Section 4(a)(2), like all other sections of the Holding Company Act, must be interpreted in the light of all of its provisions, as well as in the light of other sections of the Act. The expression "managing . . . banks", if it could be taken by itself, might appear to include activities of the sort enumerated in Mr. Brenton's letter. However, such an interpretation of those words would virtually nullify the last portion of section 4(a)(2), which permits a holding company to furnish services to or perform services for "any bank of which it owns or controls 25 per centum or more of the voting shares".

Since Congress explicitly authorized the performance of services for banks that are at least 25 per cent owned by a holding company, it obviously intended that the holding company should not perform services for banks in which it owns less than 25 per cent of the voting shares. However, if the second category - "managing or controlling banks" - were interpreted to permit the holding company to perform services for any bank, including a bank in which it held less than 25 per cent of the stock (or no stock whatsoever), the last clause of section 4(a)(2) would be meaningless.

It is principally for this reason - that is, to give effective meaning to the final clause of section 4(a)(2) - that the Board interprets "managing or controlling banks" in that provision as referring to the exercise of a stockholder's management or control of banks, rather than direct and active participation in their operations. To repeat, such active participation in operations falls within the third category ("furnishing services to or performing services for any bank") and consequently may be engaged in only with respect to banks in which the holding company "owns or controls 25 per centum or more of the voting shares".

Accordingly, it is the Board's conclusion that, in performing the services enumerated in Mr. Brenton's letter, Brenton Companies is "furnishing services to or performing services for" the four banks

Mr. C. P. Van Zante

-3-

referred to. Under the Act such furnishing or performing of services is permissible only if the holding company owns or controls 25 per cent of the voting shares of each bank receiving such services, and, since Brenton Companies owns less than 25 per cent of the voting shares of these banks, it follows that these activities are prohibited by section 4(a)(2).

While this conclusion is required, in the Board's opinion, by the language of the statute, it may be noted further that any other conclusion would make it possible for a bank holding company or any other corporation, through arrangements for the "managing" of banks in the manner here involved, to acquire effective control of banks without acquiring bank stocks and thus to evade the underlying objectives of section 3 of the Act.

In view of all the circumstances, the Board, pursuant to section 4(a) of the Act, grants an extension to May 9, 1960 of the time within which Brenton Companies must bring its activities in this connection into conformity with section 4(a)(2).

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 8
12/9/59

OFFICE OF THE CHAIRMAN

December 9, 1959

The Honorable Brent Spence,
House of Representatives,
Washington 25, D. C.

Dear Mr. Spence:

This is in response to your letter of August 3, 1959 requesting a report from the Board on H. Con. Res. 196.

As you may recall, I testified concerning proposals similar to this Resolution in appearances before the Ways and Means Committee and the Joint Economic Committee earlier this year. On those occasions, my position was that favorable action on the proposals by the Congress would not be in the interests of the maximum effectiveness of monetary policy and would not be of material assistance in the management of the public debt.

The fourth introductory clause of H. Con. Res. 196 states: "Whereas the Federal Reserve System has consistently followed, and stated its intention to continue to follow, a policy of creating necessary increases in the money supply by lowering reserve requirements, rather than by purchases of Government securities, and necessary decreases through sales of Government securities rather than by raising reserve requirements;"

This is not, in our judgment, an accurate representation either of Federal Reserve actions in the past or of any intentions we have expressed with respect to the future. The Federal Reserve Board, although lowering reserve requirements in the recessions of 1953-54 and 1957-58 from their earlier abnormally high levels, has not used this instrument exclusively in providing reserves to member banks. In the past eight years, (since November 1951) while reductions in reserve requirements have released \$4.3 billion of reserves, System holdings of United States Government securities have increased \$3.4 billion. Furthermore, the System has never indicated that only reserve requirement reductions would be utilized in the future as a means of providing reserves to serve as a basis for money supply growth. System sales of Government securities to absorb reserves have been made principally to adjust to temporary variations in the supply of, or need for, reserves--a sensitive money-market operation for which reserve requirement increases are not well suited.

The Honorable Brent Spence

-2-

The fifth introductory clause of the Resolution states: "Whereas this method makes Government securities unattractive to investors by bringing about undue downward fluctuations in the prices of Government securities, adds to the interest burden on the taxpayer, and exposes the Treasury to almost constant refunding operations;"

This statement is inaccurate. In the first place, changes in reserve requirements since 1951, all of which have been decreases, have tended to support rather than reduce prices of Government securities. Secondly, whether reserves are supplied through reductions in reserve requirements or through Federal Reserve purchases of securities, makes little difference in the ultimate impact on the supply of funds available to the money and capital markets and therefore on levels of interest rates. This impact is determined by combined total of Federal Reserve holdings of securities and commercial bank loans and investments, not by commercial bank credit alone, and under either method the ultimate change in this total is the same. Finally, there is no reason to think that the frequency of refunding operations faced by the Treasury is either increased or decreased by the choice of monetary policy instruments.

It is our view that the Federal Reserve System does precisely what is stated by the language of the Resolution specifying "That the Federal Reserve System, while pursuing its primary mission of administering a sound monetary policy, should, to the maximum extent consistent therewith, utilize such means as will assist in the economical and efficient management of the public debt;". Inclusion of this language might give the impression that the Federal Reserve does not follow that practice and therefore would be misleading.

The provision of the Resolution "that purchases of Government securities rather than further lowering of reserve requirements should be utilized to the greatest extent possible for attaining needed monetary expansion" would purport to restrict the flexibility of the Federal Reserve in its choice of the most appropriate monetary policy instruments for meeting the future needs of the economy. Some might look upon the clause as superseding the basic statutory authority in the Federal Reserve Act to vary reserve requirements. If uncertainty as to the powers of the Federal Reserve in using its monetary instruments to deal with future contingencies stemmed from such a provision, the functioning of our financial system might be hampered.

The final clause of the Resolution "that the Federal Reserve System should promptly and fully explore methods whereby use

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

The Honorable Brent Spence -3-

of the power to set reserve requirements may become a more useful and effective anti-inflationary tool" is unnecessary in view of your Committee's Report of last May on the bill S. 1120, requesting a similar study. We are now making the study requested in that report and its completion and submission to you is expected by early next year.

It is the view of the Board that the proposed Resolution is neither necessary nor desirable.

Very truly yours,

Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 9
12/9/59

OFFICE OF THE CHAIRMAN

December 9, 1959.

Mr. Aksel Nielsen, President,
The Title Guaranty Company,
1711 California Street,
Denver 2, Colorado.

Dear Aksel:

On November 24 you inquired by telephone as to whether you might serve as a director of a national bank in Denver while serving as a director of Empire Savings and Loan Association in Denver, in view of the provisions of section 8 of the Clayton Act and the Board's Regulation L.

Information received by telephone from the Federal Reserve Bank of Kansas City indicates that the principal function of the Association is receiving savings and making loans secured by real estate, the savings accounts representing a share interest in the Association on which dividends are paid.

In the circumstances, it appears that the Association is essentially the same as a building and loan association of the ordinary type, not authorized to receive deposits, and that therefore it is not a bank within the meaning of section 8 of the Clayton Act. Consequently, that Act would not be applicable to your service as a director of the national bank and of Empire Savings and Loan Association.

Sincerely yours,

Wm. McC. Martin, Jr.



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

Item No. 10
12/9/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 9, 1959.

Mr. Joseph A. Erickson, President,
Federal Reserve Bank of Boston,
Boston 6, Massachusetts.

Dear Mr. Erickson:

The Board of Governors has reviewed and accepts the 1960 budget of the Federal Reserve Bank of Boston which was submitted with your letter of September 24, 1959.

Separate advice is being given with respect to the Board's action concerning the 1960 salaries proposed for the various officers of your Bank.

Very truly yours,
(Signed) Merritt Sherman

Merritt Sherman,
Secretary.



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

Item No. 11
12/9/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 9, 1959

CONFIDENTIAL (FR)

Mr. J. A. Erickson, President,
Federal Reserve Bank of Boston,
Boston 6, Massachusetts.

Dear Mr. Erickson:

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Boston for the period January 1, 1960 through December 31, 1960, at the rates indicated, which are the rates fixed by your Board of Directors as reported in your letter of October 23, 1959:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
D. Harry Angney	Vice President	\$19,000
Ansgar R. Berge	Vice President	17,000
George H. Ellis	Vice President and Director of Research	18,500
Benjamin F. Groot	Vice President	16,000
John E. Lowe	Cashier	16,000
Dana D. Sawyer	Vice President	16,500
Oscar A. Schlaikjer	Vice President and General Counsel	21,000
Charles E. Turner	Vice President	15,000
David L. Strong	General Auditor	15,000
Parker B. Willis	Economic Adviser	14,000
Wallace Dickson	Assistant Vice President	15,500
William R. King	Assistant Vice President	13,000
Loring C. Nye	Assistant Vice President	14,000
Richard A. Walker	Assistant Cashier	10,000
G. Gordon Watts	Assistant Vice President	13,500
Louis A. Zehner	Assistant Vice President	14,500
Weston L. Bonney	Assistant Cashier	9,000
Charles H. Brady	Assistant Cashier	10,000
Donald R. Gilmore	Regional Economist	12,000
Ripley M. Keating	Assistant Cashier	11,500
Richard H. Radford	Assistant Cashier	10,500
Laurence H. Stone	Secretary and Assistant Counsel	11,500
Jarvis M. Thayer, Jr.	Assistant Cashier	12,500

Mr. J. A. Erickson

- 2 -

It is noted that Mr. David L. Strong will reach retirement age during 1960 and, accordingly, payment of salary to him is approved only to the date of his retirement.

Your Chairman will be advised in a separate letter with respect to the salaries of the President and First Vice President.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 12
12/9/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 10, 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 and its Buffalo Branch for the period January 1, 1960 through December 31, 1960, at the rates indicated, which, with the exception of Vice President Rouse, are the rates fixed by your Board of Directors as reported in your letter of November 13, 1959. It will be noted that the salary of Mr. Rouse has been approved at the current rate of \$32,500 per annum, if so fixed by your Board.

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Harold A. Bilby	Vice President	\$30,000
Charles A. Coombs,	Vice President	24,000
Marcus A. Harris	Vice President	26,000
Herbert H. Kimball	Vice President	32,500
Robert V. Roosa	Vice President	29,000
Robert G. Rouse	Vice President	32,500
Walter H. Rozell, Jr.	Vice President	23,000
Horace L. Sanford	Vice President	23,000
Todd C. Tiebout	Vice President and General Counsel	31,500
Reginald B. Wiltse	Vice President	25,000
John J. Clarke	Assistant General Counsel	24,000
Howard D. Crosse	Assistant Vice President	23,000
Felix T. Davis	Assistant Vice President	22,250
Norman P. Davis	Assistant Vice President	20,000
George Garvy	Adviser	17,250
Edward G. Guy	Assistant General Counsel	20,000
Peter P. Lang	Adviser	19,000
John J. Larkin	Assistant Vice President	20,500
Angus A. MacInnes, Jr.	Assistant Vice President	20,500

Mr. Alfred Hayes

- 2 -

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Spencer S. Marsh, Jr.	Assistant Vice President	\$18,750
Lawrence E. Quackenbush	Assistant Vice President	18,500
Frederick L. Smedley	Assistant Vice President	17,250
Thomas O. Waage	Assistant Vice President	19,250
Donald J. Cameron	General Auditor	20,000
William H. Braun, Jr.	Assistant Counsel and Secretary	16,000
Harding Cowan	Assistant Counsel	18,000
Tilford C. Gaines	Manager	17,000
Clifton R. Gordon	Assistant Counsel	18,000
William A. Heinl	Manager	14,750
Alan R. Holmes	Manager	14,500
John P. Jensen	Assistant General Auditor	16,500
Robert G. Link	Manager	14,500
Carl H. Madden	Manager and Assistant Secretary	14,250
William E. Marple	Manager	16,750
Herbert A. Muether	Manager	16,500
Donald C. Niles	Manager	17,000
Arthur H. Noa	Manager	14,500
William F. Palmer	Manager	14,250
Franklin E. Peterson	Manager	15,750
Fred W. Piderit, Jr.	Manager	17,500
John F. Pierce	Chief Examiner	14,500
Everett B. Post	Manager	14,000
Charles R. Pricher	Manager	14,500
John P. Ringen	Manager	14,500
Thomas J. Roche	Manager	16,000
Walter S. Rushmore	Manager	14,500
Frank W. Schiff	Manager	15,000
Thomas C. Sloane	Assistant Counsel	14,000
Kenneth E. Small	Manager	15,000
George C. Smith	Manager	17,000
Robert W. Stone	Manager	14,500
<u>Buffalo Branch</u>		
Insley B. Smith	Vice President	24,500
Harold M. Wessel	Assistant Vice President	17,000
George J. Doll	Cashier	15,000
Gerald H. Greene	Assistant Cashier	13,000
M. Monroe Myers	Assistant Cashier	12,750

Mr. Alfred Hayes

- 3 -

It is noted that Messrs. Wiltse, Cowan, Heinl, and Gordon will reach retirement age during 1960 and, accordingly, payment of salary to them is approved only to the respective dates of their retirement.

Chairman Bierwirth has been advised in a separate letter with respect to the salaries of the President and First Vice President.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 13
12/9/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 9, 1959



CONFIDENTIAL (FR)

Mr. Karl R. Bopp, President,
Federal Reserve Bank of Philadelphia,
Philadelphia 1, Pennsylvania.

Dear Mr. Bopp:

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Philadelphia for the period January 1, 1960 through December 31, 1960, at the rates indicated, which are the rates fixed by your Board of Directors as reported in your letter of October 1, 1959:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Joseph R. Campbell	Vice President	\$16,000
Wallace M. Catanach	Vice President	16,000
David P. Eastburn	Vice President	17,000
Philip M. Poorman	Vice President	18,000
James V. Vergari	Vice President and Cashier	21,000
Richard G. Wilgus	Vice President and Secretary	16,000
Evan B. Alderfer	Economic Adviser	14,000
Clay J. Anderson	Economic Adviser	14,000
Hugh Barrie	Assistant Vice President	15,000
John R. Bunting	Business Economist	13,000
Norman G. Dash	Assistant Vice President	14,000
Murdoch K. Goodwin	Vice President, General Counsel, and Assistant Secretary	15,000
Herman B. Haffner	General Auditor	13,500
George J. Lavin	Assistant Vice President and Assistant Secretary	14,000
Harry W. Rooder	Assistant Vice President	15,000
Edward A. Aff	Assistant Vice President	13,000
Joseph M. Case	Chief Examiner	13,000
Zell G. Fenner	Assistant Vice President	13,000
Roy Hetherington	Assistant Cashier	12,000
Fred A. Murray	Director of Plant	13,000

Mr. Karl R. Bopp

- 2 -

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Ralph E. Haas	Assistant Cashier	\$12,000
William A. James, Jr.	Personnel Officer	11,000
Warren R. Moll	Assistant Cashier	10,000
Henry J. Nelson	Assistant Cashier	12,000
Russell P. Sudders	Assistant Cashier	11,000

Your Chairman will be advised in a separate letter with respect to the salaries of the President and the First Vice President.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 14
12/9/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 9, 1959



CONFIDENTIAL (FR)

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

Dear Mr. Fulton:

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Cleveland and its Branches for the period January 1, 1960 through December 31, 1960, at the rates indicated, which are the rates fixed by your Board of Directors as reported in your letters of November 12, 1959:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
D. L. Allen	Vice President	\$19,000
R. R. Clouse	Vice President and Secretary	19,500
G. H. Emde	Cashier	17,000
E. A. Fink	Vice President	16,000
Clyde Harrell	Vice President	17,000
L. M. Hostetler	Vice President	20,000
Martin Morrison	Vice President	19,500
P. C. Stetzelberger	Vice President	20,000
C. F. Ehninger	General Auditor	18,500
A. T. Cutler	Special Economist	13,000
P. B. Didham	Assistant Vice President	13,000
F. O. Kiel	Senior Economist - Office Manager	12,500
J. M. Miller	Assistant Vice President	16,000
John E. Orin	Assistant Vice President	12,000
George T. Quast	Chief Examiner	13,000
Paul Breidenbach	Counsel	12,500
C. J. Bolthouse	Assistant Cashier	12,500
C. E. Crawford	Assistant Cashier	11,000
Anne J. Erste	Assistant Cashier	9,500
E. F. Fricek	Assistant Cashier	11,500
Robert G. Hoover	Assistant Cashier	10,000
John J. Hoy	Assistant Cashier	11,500
H. B. Flinkers	Assistant Secretary	10,000
H. H. Renz	Assistant Chief Examiner	11,500

Mr. W. D. Fulton

- 2 -

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
<u>Cincinnati Branch</u>		
R. G. Johnson	Vice President	\$19,500
P. J. Geers	Cashier	15,000
John Biermann, Jr.	Assistant Cashier	12,000
G. W. Hurst	Assistant Cashier	11,000
W. H. MacDonald	Assistant Cashier	11,000
<u>Pittsburgh Branch</u>		
J. W. Kossin	Vice President	22,000
A. G. Foster	Cashier	14,500
Paul H. Dorn	Assistant Cashier	11,000
Charles E. Houpt	Assistant Cashier	12,000
J. A. Schmidt	Assistant Cashier	12,500
R. J. Steinbrink	Assistant Cashier	12,500

It is noted that Messrs. Renz, Foster, and Ehninger will reach retirement age during 1960 and, accordingly, payment of salary to them is approved only to the respective dates of their retirements.

Your Chairman will be advised in a separate letter with respect to the salaries of the President and First Vice President.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 15
12/9/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 9, 1959

CONFIDENTIAL (FR)

Mr. Alonzo G. Decker, Jr.,
Chairman of the Board,
Federal Reserve Bank of Richmond,
Richmond 13, Virginia.

Dear Mr. Decker:

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Richmond and its Branches for the period January 1, 1960 through December 31, 1960, at the rates indicated, which are the rates fixed by your Board of Directors as reported in your letter of November 12, 1959:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
N. L. Armistead	Vice President	\$21,000
J. D. Daane	Vice President	19,000
A. N. Heflin	Vice President and General Counsel	22,000
U. S. Martin	Vice President	18,500
J. M. Nowlan	Vice President and Cashier	18,500
J. M. Slay	Vice President	18,500
G. H. Snead	General Auditor	14,500
E. F. Mac Donald	Assistant Vice President	16,000
J. L. Nosker	Assistant Vice President	15,500
C. W. Williams	Economic Adviser	14,000
J. G. Deitrick	Assistant Vice President	12,500
J. G. Dickerson, Jr.	Assistant Vice President	13,000
W. S. Farmer	Secretary and Assistant Counsel	11,000
H. E. Ford	Assistant Vice President	12,000
J. C. Horigan	Chief Examiner	12,500
R. P. Lumpkin	Senior Economist	11,500
G. W. McKinney, Jr.	Assistant Vice President	13,500
V. E. Pregeant, III	Assistant General Counsel	12,000
R. E. Sanders, Jr.	Assistant Vice President	11,000
C. B. Beavers	Assistant Cashier	10,500
W. B. Harrison, III	Assistant Cashier	10,000

Mr. Alonzo G. Decker, Jr.

- 2 -

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
E. B. Coleman	Assistant Cashier	\$10,500
S. P. Fishburne	Assistant Cashier	10,000
J. E. Friend	Assistant Cashier	10,500
J. F. Viverette	Assistant Cashier	10,000
W. B. Wakeham	Assistant Cashier	10,500
<u>Baltimore Branch</u>		
D. F. Hagner	Vice President	19,000
A. A. Stewart, Jr.	Cashier	15,000
B. F. Armstrong	Assistant Cashier	10,000
E. R. Jones, Jr.	Assistant Cashier	10,000
A. C. Wienert	Assistant Cashier	11,000
<u>Charlotte Branch</u>		
T. I. Storrs	Vice President	20,000
S. A. Ligon	Cashier	14,500
R. R. Fentress	Assistant Cashier	10,500
F. C. Krueger, Jr.	Assistant Cashier	9,000
E. C. Mondy	Assistant Cashier	10,500

It is noted that Mr. E. B. Coleman will reach retirement age during 1960 and, accordingly, payment of salary to him is approved only to the date of his retirement.

You will be advised in a separate letter with respect to the salaries of the President and First Vice President.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 16
12/9/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 9, 1959



CONFIDENTIAL (FR)

Mr. Malcolm Bryan, President,
Federal Reserve Bank of Atlanta,
Atlanta 3, Georgia.

Dear Mr. Bryan:

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Atlanta and its Branches for the period January 1, 1960 through December 31, 1960, at the rates indicated, which are the rates fixed by your Board of Directors as reported in your letter of September 14, 1959:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
John L. Liles, Jr.	Vice President and Cashier	\$17,500
J. E. Denmark	Vice President	17,000
Earle L. Rauber	Vice President and Director of Research	16,000
J. E. McCorvey	Vice President	16,000
L. B. Raisty	Vice President	16,000
S. P. Schuessler	Vice President	16,000
DeWitt Adams	General Auditor	13,500
Brown R. Rawlings	Assistant Vice President	13,500
Charles T. Taylor	Assistant Vice President	13,500
George W. Sheffer	Chief Examiner	13,000
Dowdell Brown, Jr.	Assistant Vice President	12,000
Edgar M. Vallette	Director of Personnel	11,000
Theodore Walter	Assistant Vice President	11,000
C. Mason Ford	Assistant Vice President	12,000
Fred I. Breck	Assistant Cashier	10,600
F. H. Martin	Assistant Vice President	11,000
James B. Forbes	Assistant General Auditor	10,000
I. H. Martin	Assistant Vice President	10,500
J. T. Harris	Assistant Cashier and Manager	10,000

Mr. Malcolm Bryan

- 2 -

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
<u>Birmingham Branch</u>		
H. C. Frazer	Vice President	\$16,000
E. C. Rainey	Assistant Vice President	13,500
William A. Waller, Jr.	Cashier	10,500
Melvin McIlwain	Assistant Cashier	9,000
<u>Jacksonville Branch</u>		
T. A. Lanford	Vice President	17,000
T. C. Clark	Assistant Vice President	12,500
J. W. Snyder	Cashier	11,500
Vestus Crow	Assistant Cashier	10,500
<u>Nashville Branch</u>		
R. E. Moody, Jr.	Vice President	17,000
W. H. Sewell	Assistant Vice President	12,500
L. W. Starr	Cashier	11,500
Stuart H. Magee	Assistant Cashier	9,500
<u>New Orleans Branch</u>		
Morgan L. Shaw	Vice President	18,000
R. M. Stephenson	Assistant Vice President	13,500
L. Y. Chapman	Cashier	11,500
R. M. Junca	Assistant Cashier	9,500

It is noted that Mr. S. P. Schuessler will reach retirement age during 1960 and, accordingly, payment of salary to him is approved only to the date of his retirement.

Your Chairman will be advised in a separate letter with respect to the salaries of the President and First Vice President.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 17
12/9/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 9, 1959



CONFIDENTIAL (FR)

Mr. Carl E. Allen, President,
Federal Reserve Bank of Chicago,
Chicago 90, Illinois.

Dear Mr. Allen:

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Chicago and its Detroit Branch for the period January 1, 1960 through December 31, 1960, at the rates indicated, which are the rates fixed by your Board of Directors as reported in your letter of October 29, 1959:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
E. T. Baughman	Vice President	\$18,000
C. E. Bierbauer	Assistant Vice President	11,500
J. J. Capouch	Assistant Cashier	9,500
L. A. Davis	Assistant Cashier	11,500
L. W. Dawson	Assistant Cashier	11,250
W. R. Diercks	Vice President	13,025.72
F. A. Dons	Assistant General Auditor	14,000
F. C. Edler	Assistant Cashier	9,000
J. J. Endres	General Auditor	20,000
E. O. Fults	Assistant Chief Examiner	13,000
W. C. Gallagher	Assistant Counsel	11,200
L. A. Gohr	Assistant Cashier	11,500
F. H. Grimm	Assistant Cashier	11,000
A. M. Gustavson	Vice President	16,000
V. A. Hansen	Assistant Cashier	10,000
E. A. Heath	Assistant Vice President and Assistant Secretary	14,000
H. J. Helmer	Vice President	18,500
P. C. Hodge	Vice President, General Counsel, and Secretary	20,000
R. C. Holland	Vice President	17,000

Mr. Carl E. Allen

- 2 -

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
W. O. Hume	Assistant Cashier	\$11,000
L. H. Jones	Vice President and Cashier	19,500
C. T. Laibly	Vice President	17,500
G. W. Mitchell	Vice President	22,500
R. A. Moffatt	Assistant Vice President	11,000
Dick Netzer	Assistant Vice President	13,000
H. J. Newman	Vice President	17,000
L. M. Ross	Chief Examiner	14,000
H. S. Schultz	Vice President	14,000
B. L. Smyth	Assistant Vice President	16,000
R. E. Sorg	Assistant Cashier	11,500
J. J. Srp	Assistant Vice President	13,000
G. T. Tucker	Assistant Cashier	13,000
C. P. Van Zante	Assistant Vice President	14,500
C. G. Wright	Assistant Vice President	11,500

Detroit Branch

R. W. Bloomfield	Assistant Vice President	15,250
P. C. Carey	Assistant Cashier	10,000
G. W. Lamphere	Assistant General Counsel	13,750
W. G. Rickel	Assistant Cashier	10,000
R. A. Swaney	Vice President	20,000
A. J. Wiegandt	Assistant Cashier	13,000

It is noted that Mr. Van Zante will reach retirement age during 1960 and, accordingly, payment of salary to him is approved only to the date of his retirement. The Board also notes that Mr. Diercks, who effected retirement October 1, 1959, but had been reemployed for one year, will leave your Bank's employ October 1, 1960, and, therefore, payment of salary to him is approved only to that date.

Your Chairman will be advised in a separate letter with respect to the salaries of the President and First Vice President.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 18
12/9/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 9, 1959.

CONFIDENTIAL (FR)

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

Dear Mr. Johns:

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of St. Louis and its Branches for the period January 1, 1960 through December 31, 1960, at the rates indicated in your letter of November 13, 1959, if so fixed by your Board of Directors:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Howard H. Weigel	Vice President and Secretary	\$19,500
Joseph C. Wotawa	Vice President	19,500
Dale M. Lewis	Vice President	19,500
George E. Kroner	Vice President	19,500
Homer Jones	Vice President	20,000
Marvin L. Bennett	Vice President	15,500
George W. Hirshman	General Auditor	16,500
William J. Abbott	Adviser	17,500
Earl R. Billen	Assistant Vice President	14,500
Willis L. Johns	Assistant Vice President	14,000
Stephen Koptis	Assistant Vice President	15,000
Orville O. Wyrick	Chief Examiner	16,500
Carl T. Arlt	Assistant Vice President	15,000
Woodrow W. Gilmore	Assistant Vice President	12,700
John J. Hofer	Assistant Vice President	11,500
Paul Salzman	Assistant Vice President	13,000
Gerald T. Dunne	Counsel and Assistant Secretary	12,500
Janes M. Geiger	Assistant Vice President	12,000
Wilbur H. Isbell	Assistant Chief Examiner	14,000
Richard O. Kaley	Assistant Vice President	11,000
George W. Dennison	Assistant Vice President	10,000
W. E. Walker	Assistant Vice President	10,000

Mr. Delos C. Johns

- 2 -

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
<u>Little Rock Branch</u>		
Fred Burton	Vice President and Manager	\$18,500
Sherley C. Davis	Cashier	12,000
Clifford Wood	Assistant Cashier	8,500
William J. Bryan	Assistant Cashier	9,000
<u>Louisville Branch</u>		
Donald L. Henry	Vice President and Manager	19,500
John W. Menges	Cashier	12,500
Clarence J. Woertz	Assistant Cashier	10,000
Louis A. Nelson	Assistant Cashier	9,500
<u>Memphis Branch</u>		
E. Francis DeVos	Vice President and Manager	15,000
Benjamin B. Monaghan	Cashier	10,000
H. C. Anderson	Assistant Cashier	9,000
John Francis Breen, Jr.	Assistant Cashier	8,500

Your Chairman will be advised in a separate letter with respect to the salaries of the President and First Vice President.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 19
12/9/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 15, 1959



CONFIDENTIAL (FR)

Mr. Frederick L. Deming, President,
Federal Reserve Bank of Minneapolis,
Minneapolis 2, Minnesota.

Dear Mr. Deming:

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Minneapolis and its Helena Branch for the period January 1, 1960 through December 31, 1960, at the rates indicated, which are the rates fixed by your Board of Directors as reported in your letters of October 14 and December 11, 1959:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
H. G. McConnell	Vice President and Secretary	\$21,500
M. H. Strothman, Jr.	Vice President and General Counsel	18,500
C. W. Groth	Vice President and Cashier	18,000
F. L. Parsons	Director of Research	16,500
R. K. Grobel	Chief Examiner	14,250
A. J. McNulty	General Auditor	14,750
A. W. Johnson	Vice President	15,250
M. B. Holmgren	Vice President	14,500
C. A. Van Nice	Assistant Vice President	13,000
M. E. Lysen	Operating Research Officer	13,500
O. F. Litterer	Business Economist	12,500
C. Ries	Assistant Vice President	12,000
F. J. Cramer	Assistant Vice President	11,000
O. W. Ohnstad	Assistant Vice President	12,250
J. P. Olin	Assistant Counsel	10,500
C. E. Bergquist	Assistant Cashier	10,500
J. J. Gillette	Assistant Cashier	11,250
W. C. Bronner	Assistant Cashier	10,500
M. O. Sather	Assistant Cashier	10,000
W. A. O'Brien	Assistant Cashier	10,500

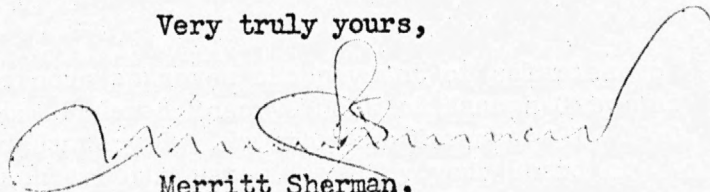
Mr. Frederick L. Deming

- 2 -

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
	<u>Helena Branch</u>	
K. K. Fossum	Vice President	\$16,000
J. L. Heath	Assistant Cashier	9,500
R. W. Worcester	Assistant Cashier	10,000

Your Chairman has been advised in a separate letter with respect to the salaries of the President and First Vice President.

Very truly yours,



Merritt Sherman,
Secretary.

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

Item No. 20
12/9/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 9, 1959



CONFIDENTIAL (FR)

Mr. Raymond W. Hall,
Chairman of the Board,
Federal Reserve Bank of Kansas City,
Kansas City 6, Missouri.

Dear Mr. Hall:

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Kansas City and its Branches for the period January 1, 1960 through December 31, 1960, at the rates indicated, which are the rates fixed by your Board of Directors as reported in your letter of November 16, 1959:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
George H. Clay	Vice President, General Counsel, and Secretary	\$22,500
Clarence W. Tow	Vice President	21,000
John T. Boysen	Vice President and Cashier	18,000
J. S. Handford	Vice President	15,000
E. U. Sherman	Vice President	12,500
C. A. Cravens	Assistant Vice President	12,600
Joseph R. Euans	Assistant Vice President	12,600
F. H. Larson	Assistant Vice President	12,800
J. T. White	Assistant Vice President	11,000
W. F. Fairley	General Auditor	11,500
L. F. Mills	Chief Examiner	15,100
Willard Edwards	Director of Personnel	11,000
J. C. Craig	Assistant Cashier	10,200
George C. Rankin	Assistant Cashier	11,600
John W. Snider	Assistant Cashier	10,600
R. E. Thomas	Assistant Cashier	10,000
Wilbur T. Billington	Industrial Economist	13,200
D. R. Cawthorne	Financial Economist	15,200
Raymond J. Doll	Agricultural Economist	15,000

Mr. Raymond W. Hall

- 2 -

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
<u>Denver Branch</u>		
Cecil Puckett	Vice President	\$18,000
H. L. Stempel	Cashier	13,200
J. R. Zahourek	Assistant Cashier	10,100
H. F. Krebs	Assistant Cashier	9,500
<u>Oklahoma City Branch</u>		
R. L. Mathes	Vice President	18,000
F. W. Alexander	Cashier	12,600
E. P. Farley	Assistant Cashier	10,600
W. J. Milburn, Jr.	Assistant Cashier	9,500
<u>Omaha Branch</u>		
P. A. Debus	Vice President	19,000
H. W. Pritz	Cashier	12,500
W. P. Doran	Assistant Cashier	11,000
W. L. Fleiss	Assistant Cashier	10,000

It is noted that Mr. R. L. Mathes will reach retirement age during 1960 and, accordingly, payment of salary to him is approved only to the date of his retirement.

You will be advised in a separate letter with respect to the salaries of the President and First Vice President.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 21
12/9/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 9, 1959



CONFIDENTIAL (FR)

Mr. Watrous H. Irons, President,
Federal Reserve Bank of Dallas,
Dallas 2, Texas.

Dear Mr. Irons:

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Dallas and its Branches for the period January 1, 1960 through December 31, 1960, at the rates indicated, which are the rates fixed by your Board of Directors as reported in your letter of October 8, 1959:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
L. G. Pondrom	Vice President	\$22,500
G. R. Murff	Vice President	17,250
Morgan H. Rice	Vice President and Secretary of the Board	17,000
Arthur H. Lang	General Auditor	15,750
Thomas W. Plant	Vice President and Cashier	15,000
Thomas A. Hardin	Vice President	14,000
James L. Cauthen	Vice President	12,100
James A. Parker	Vice President	13,000
George F. Rudy	General Counsel and Assistant Secretary of the Board	12,100
Philip E. Coldwell	Director of Research	14,500
W. McC. Pritchett	Assistant Vice President	12,100
Thomas R. Sullivan	Assistant Vice President	11,500
Herman W. Kilman	Assistant Cashier	11,700
E. H. Berg	Assistant Cashier	11,200
Roy E. Bohne	Assistant Cashier	9,800
Emmett A. Thaxton, Jr.	Assistant Cashier	9,800
James O. Russell	Chief Examiner	10,700
Robert H. Boykin	Assistant Counsel	8,000

Mr. Watrous H. Irons

- 2 -

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
<u>El Paso Branch</u>		
Howard Carrithers	Vice President	\$14,000
Fredric W. Reed	Cashier	10,500
T. C. Arnold	Assistant Cashier	9,000
<u>Houston Branch</u>		
J. Lee Cook	Vice President	18,500
B. J. Troy	Cashier	11,000
W. C. Hartung	Assistant Cashier	9,500
Rasco R. Story	Assistant Cashier	8,800
<u>San Antonio Branch</u>		
Carl H. Moore	Vice President	14,000
A. E. Mundt	Cashier	11,100
Alvin E. Russell	Assistant Cashier	10,300
Frederick J. Schmid	Assistant Cashier	9,000

It is noted that Mr. Rice will reach retirement age during 1960 and, accordingly, payment of salary to him is approved only to the date of his retirement.

Your Chairman will be advised in a separate letter with respect to the salaries of the President and First Vice President.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 22
12/9/59



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 9, 1959.

CONFIDENTIAL (FR)

Mr. A. H. Brawner,
Chairman of the Board,
Federal Reserve Bank of San Francisco,
San Francisco 20, California.

Dear Mr. Brawner:

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of San Francisco and its Branches for the period January 1, 1960 through December 31, 1960, at the rates indicated, which are the rates fixed by your Board of Directors as reported in your letter of October 26, 1959:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
J. L. Barbonchielli	Vice President and Cashier	\$13,000
R. S. Einzig	Vice President	15,000
H. E. Hemmings	Vice President	15,000
A. B. Merritt	Vice President	15,000
E. R. Millard	Vice President	19,000
R. H. Morrill	Vice President	15,000
J. A. O'Kane	Vice President and General Counsel	18,000
E. H. Galvin	Assistant Vice President	13,500
G. W. Lynn	Assistant Vice President	13,000
H. S. Schwartz	Assistant Vice President	13,000
T. W. Barrett	Assistant Cashier	10,500
P. W. Cavan	Assistant Cashier	11,000
E. J. Martens	Assistant Cashier	10,500
R. Maurer, Jr.	Assistant Cashier	10,000
R. C. Milliken	Assistant Cashier	11,000
A. H. Price	Assistant Cashier	9,000
G. D. Hartlin	General Auditor	13,000
C. H. Whitworth	Administrative Assistant	10,000

Mr. A. H. Brawner

- 2 -

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
<u>Los Angeles Branch</u>		
W. F. Volberg	Vice President and Manager	\$21,000
C. H. Watkins	Assistant Manager	16,500
W. E. Carter	Assistant Manager	9,500
M. J. Davies	Assistant Manager	9,000
G. D. Parker	Assistant Manager	11,000
J. R. Robinson	Assistant Manager	11,000
V. E. Vigus	Assistant Manager	9,500
<u>Portland Branch</u>		
J. A. Randall	Vice President and Manager	17,000
D. M. Davenport	Assistant Manager	12,000
W. M. Brown	Assistant Manager	10,500
F. K. Grimm	Assistant Manager	10,000
<u>Salt Lake City Branch</u>		
E. R. Bargebaugh	Vice President and Manager	15,000
A. L. Price	Assistant Manager	13,000
A. G. Holman	Assistant Manager	10,000
T. M. Simmons	Assistant Manager	11,000
<u>Seattle Branch</u>		
J. M. Leisner	Vice President and Manager	18,500
R. E. Everson	Assistant Manager	13,000
R. P. Glascock	Assistant Manager	11,000
F. J. Reff	Assistant Manager	9,500
W. R. Sandstrom	Assistant Manager	12,000
D. E. Simms	Assistant Manager	10,000

It is noted that Messrs. A. H. Price, Milliken, Leisner, Simms, and Millard will reach retirement age during 1960 and that Mr. Everson will be granted a special service retirement in advance of reaching age 65. Accordingly, payment of salary to them is approved only to the respective dates of their retirements.

You will be advised in a separate letter with respect to the salaries of the President and First Vice President.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.