

Minutes for December 30, 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

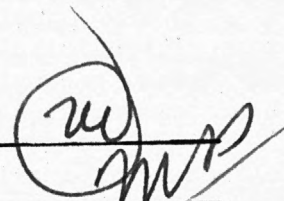
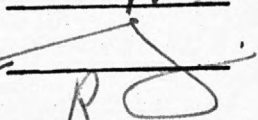
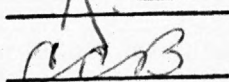
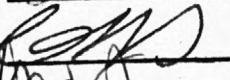
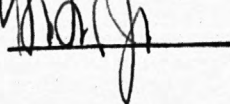
Gov. Mills

Gov. Robertson

Gov. Balderston

Gov. Shepardson

Gov. King

Minutes of the Board of Governors of the Federal Reserve System
on Wednesday, December 30, 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. Sherman, Secretary
Mr. Shay, Legislative Counsel
Mr. Molony, Assistant to the Board
Mr. Johnson, Director, Division of Personnel
Administration
Mr. Hackley, General Counsel
Mr. Connell, Controller
Mr. Farrell, Director, Division of Bank
Operations
Mr. Solomon, Director, Division of Examinations
Mr. Sprecher, Assistant Director, Division of
Personnel Administration
Mr. Hexter, Assistant General Counsel
Mr. O'Connell, Assistant General Counsel
Mr. Daniels, Assistant Director, Division of
Bank Operations
Mr. Hostrup, Assistant Director, Division of
Examinations
Mr. Nelson, Assistant Director, Division of
Examinations
Mr. Landry, Assistant to the Secretary

Discount rates. The establishment without change by the Federal Reserve Bank of Minneapolis on December 29, 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

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Board and copies of which are attached to these minutes under the respective item numbers indicated, were approved unanimously:

Item No.

- | | |
|--|---|
| Letter to The Chase Manhattan Bank, New York City, approving the relocation of a branch from 325 Spring Street to 345 Hudson Street. | 1 |
| Letter to The Northern New York Trust Company, Watertown, New York, approving the establishment of a branch in the Seaway Shopping Center, Town of Pamela. | 2 |
| Letter to Citizens Fidelity Bank and Trust Company, Louisville, Kentucky, approving the establishment of a branch at Market Street and Amy Avenue. | 3 |
| Letter to Greenfield State Bank, Bakersfield, California, approving extensions of time to establish branches in Oildale and East Bakersfield. | 4 |
| Letter to the Federal Reserve Bank of Atlanta interposing no objection to the preparation and submission of preliminary plans for the construction of two additional floors to the present parking garage. | 5 |
| Letter to the Federal Reserve Bank of Chicago approving an adjustment in the salary structure applicable to the employees at the Detroit Branch. | 6 |
| Letter to the Federal Reserve Bank of Philadelphia regarding salary structure changes at that Bank. | 7 |
| Letter to the Federal Deposit Insurance Corporation regarding the application of Denmark State Bank, Denmark, Wisconsin, for continuation of deposit insurance after withdrawal from membership in the Federal Reserve System. | 8 |
| Memorandum from Mr. Connell dated December 22, 1959, recommending approval of overexpenditures by certain Divisions of the Board during 1959. | 9 |

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Item No.

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Letter to the Federal Reserve Bank of Atlanta approving the payment of salary to two officers at the Jacksonville Branch, at rates fixed by the Board of Directors.

With respect to Item No. 6 relating to the request by the Federal Reserve Bank of Chicago for approval of an adjustment in the salary structure applicable to the employees at the Detroit Branch, Governor Balderston inquired when the most recent previous adjustment had been made and Mr. Sprecher replied that such an upward adjustment was made in January 1959. Governor Balderston commented that it seemed to be rather soon for a second upward revision and asked how much the January 1959 increase had amounted to. After indicating that there had been a 5 per cent increase at that time, Mr. Sprecher added that this increase had only brought the Chicago Reserve Bank's salary schedule up to the average level in the City at that time. Mr. Johnson observed that President Allen of the Chicago Reserve Bank had been under the impression that the Board disliked having proposals for salary increases made more often than once every three years but that he had informed him it would be preferable to submit such requests on a current basis.

In the discussion that followed Governor Shepardson commented that the Reserve Banks appeared to be moving in the right direction in adjusting their salary schedules upward only to the average prevailing in their localities rather than attempting to act as pacemakers by adjusting to the upper quartile.

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With respect to Item No. 7, relating to salary structure changes at the Philadelphia Reserve Bank, Mr. Sprecher observed that average salaries had increased 6.3 per cent in Philadelphia in the two-year period ending September 1959, when the Philadelphia Bank had made its most recent survey. In comparison, the Bank's proposal was for a 6 per cent increase in salaries.

Governor Balderston commented that this proposal involved an increase of \$250,000 in the 1960 expenditures of the Philadelphia Reserve Bank which had not been budgeted, and Governor Shepardson asked why this item had not been included since President Bopp had mentioned the matter when he met with the Board's budget committee.

It was brought out in the ensuing discussion that some of the Reserve Banks were reluctant to include in their budgets items whose likelihood was unknown although the Division of Bank Operations took the position that every item of this nature should be included in the respective budgets. In the case of the Philadelphia Reserve Bank, President Bopp felt there was not sufficient information on the salary question to justify requesting a salary increase in the budget submitted to the Board. He added that President Bopp had believed that failure to replace personnel who would leave the Bank's employment in the first half of 1960 would provide sufficient leeway within the budget submitted to the Board to permit granting salary increases during the second half of the year, but that results of the salary survey referred to had upset this belief quite late in the year.

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Noting that there was some difference of opinion among the Reserve Bank Presidents on the question of including doubtful items in the budget, Governor Mills said it had been the sentiment of the Board's Budget Committee this last summer that it would be preferable not to include in the budget any items that might materialize but that could not be accurately forecast.

Officer in charge of examinations at a Reserve Bank. Governor Robertson remarked that President Leedy of the Kansas City Reserve Bank had telephoned yesterday to say that he would like to propose to his Board of Directors that Mr. L. F. Mills, presently Chief Examiner, be made Vice President in charge of Examinations to replace Mr. Woolley, and that Mr. Charles Royer be made Chief Examiner; and he wished to know the Board's views on this proposal.

Following a comment from Governor Robertson that this would be a logical move, there was agreement with his suggestion that Mr. Solomon inform Mr. Leedy by telephone that the Board had no objection to his proposal.

Messrs. Johnson, Connell, and Sprecher then withdrew from the meeting.

General voting permit for First Security Corporation (Item No. 11).

There had been distributed to the Board a memorandum prepared in the Division of Examinations under date of December 28, 1959, recommending favorably on a request by First Security Corporation, Salt Lake City,

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Utah, for a general voting permit under authority of section 5144 of the Revised Statutes, to vote the stock it owns or controls of First Security Bank of Utah, N. A., Ogden, Utah, and First Security Bank of Idaho, N. A., Boise, Idaho. The memorandum noted that the applicant, First Security, Corporation, was organized as a result of reorganization by the old First Security Corporation, Salt Lake City, a bank holding company and holding company affiliate, which had held a general voting permit since February 1937, and it went on to state that on September 15, 1959, the original First Security Corporation had divested itself of the assets which caused it to be a bank holding company and other property by the transfer thereof in exchange for its stock to the new corporation bearing the same name. It also pointed out that the new First Security Corporation owns substantially all of the voting shares of four banks and that it controls directly 100 per cent of the outstanding shares of one non-banking organization, First Security Company, Salt Lake City, which is engaged in the management of the operations of the new First Security Corporation's affiliates, thereby qualifying for its retention by the new First Security Corporation under the provisions of section 4(c)(1) of the Bank Holding Company Act of 1956.

After noting that the granting of a general voting permit to the new First Security Corporation was in order, Governor Mills commented regarding relationships between First Security Corporation and other financial organizations, suggesting that it would be helpful if the Board could have a report on such activities.

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Mr. Solomon said that the Division of Examinations would be glad to prepare such a memorandum.

Unanimous approval was then given to a telegram to the Federal Reserve Agent at San Francisco authorizing the issuance of a general voting permit to First Security Corporation. A copy is attached to these minutes as Item No. 11.

Mr. Thomas, Economic Adviser to the Board, entered the room at this point.

Further consideration of press release on 1959 income and expenses of the Federal Reserve Banks. There had been distributed under date of December 29, 1959 a re-draft of statement for the press relating to year-end income and expenses at the Federal Reserve Banks, prepared in the light of the discussion at the meeting yesterday. Suggestions were made as to certain emendations and deletions from the draft statement during a discussion which centered on the desirability of (1) excluding any reference to approval by or consultation with the Reserve Banks, and (2) excluding a historical review of the question.

During this discussion Governors Mills and Shepardson expressed a preference for a fuller statement and Governor Robertson said he did not wish to have any blame for the action placed on the Reserve Banks.

At the conclusion of the discussion, upon a suggestion from Governor Mills that the question be disposed of, the draft statement

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was approved in a form excluding any reference to consultation with the Reserve Banks or to historical treatment of Reserve Bank earnings or payments to the Treasury.

Messrs. Thomas, Shay, and Molony withdrew from the meeting at this point.

Wisconsin Bankshares Corporation (Items 12 and 13). Since the publication on November 30, 1959, of the Board's tentative decision regarding acquisition of Mayfair National Bank of Wauwatosa, Wauwatosa, Wisconsin, by Wisconsin Bankshares Corporation, two other groups had indicated interest in establishing a bank there.

Governor Mills commented that it was desirable to request the Chicago Reserve Bank to up-date its views as to the application under the changed circumstances that had developed, and he asked if the staff's idea was that there should be a complete re-investigation of the matter by the Reserve Bank.

Mr. Hexter replied that this was not the staff's proposal but, rather that the greater proximity of the Reserve Bank to the banks involved suggested the desirability of having the Reserve Bank supplement its previous factual investigation.

After further discussion, it was agreed that a letter should be sent to the Chicago Bank asking it to submit additional information regarding this application and enclosing a letter to be transmitted to Wisconsin Bankshares, informing it that the Board was giving continued

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consideration to its application. These letters are attached as Items 12 and 13.

All members of the staff then withdrew and the Board went into executive session.

Governor Shepardson subsequently informed the Secretary that the Board had appointed Ralph A. Young to serve as Chairman of the Editorial Committee and had appointed Guy E. Noyes a member of the Editorial Committee, effective January 1, 1960.

The meeting then adjourned.

Secretary's Notes: Pursuant to the recommendations contained in memoranda from appropriate individuals concerned, Governor Shepardson approved on behalf of the Board on December 29, 1959, the following actions affecting the Board's staff:

Appointment

Ralph C. Maurer as Review Examiner in the Division of Examinations, with basic annual salary at the rate of \$9,890, effective the date he assumes his duties; with the understanding that, in accordance with policy established by the Board's action on February 5, 1958, Mr. Maurer would be reimbursed for the expenses of moving his family to Washington, D. C.

Salary increases, effective January 10, 1960,

G. Halvor Bockman and Linwood N. Tyndall, Assistant Federal Reserve Examiners in the Division of Examinations, from \$6,885 to \$7,270 per annum and from \$5,430 to \$5,985 per annum, respectively.

Additional leave without pay

Dorothy L. Duvall, Statistical Clerk, Division of Bank Operations, from January 1, 1960, through March 31, 1960.

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Acceptance of resignation

Alice E. Barnard, Library Assistant, Division of Research and Statistics, effective December 23, 1959.

Governor Shepardson also approved on behalf of the Board on December 29, 1959, a letter to the Federal Reserve Bank of Richmond (attached Item No. 14) approving the designation of Richard A. Marple, Charles T. Ellis, and Jack E. Kreuger as special assistant examiners.

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

Memoranda from appropriate individuals concerned recommending the following actions affecting the Board's staff:

Appointment

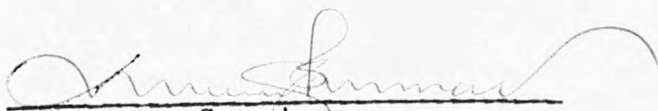
Ruth H. Clarke, as Editorial Clerk in the Division of Research and Statistics, with basic annual salary at the rate of \$3,945, effective the date she assumes her duties.

Transfer

Ruth Elizabeth Morris, from the position of Secretary in the Division of Examinations to the position of Secretary in the Board Members' Offices, with no change in her basic annual salary at the rate of \$5,390, effective January 24, 1960.

Letter to the Federal Reserve Bank of Dallas (attached Item No. 15) approving the appointment of Marvin C. McCoy as assistant examiner.

Letter to the Interstate Commerce Commission, Washington, D. C. (attached Item No. 16) regarding the extension of Mr. Edward H. McMahan's detail to the Board as a Hearing Examiner for an additional period of 30 days beginning December 24, 1959, on the same basis as the original detail, as set forth in the Board's letter of September 24, 1959; and similar letter to the Civil Service Commission.


Secretary

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

Item No. 1
12/30/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 30, 1959.

Board of Directors,
The Chase Manhattan Bank,
New York, New York.

Gentlemen:

Pursuant to your request submitted to the Federal Reserve Bank of New York, the Board of Governors approves the relocation of your branch now located at 325 Spring Street to a new location at 345 Hudson Street, Borough of Manhattan, New York. This approval is given provided the change in location is effected within six months from the date of this letter and formal approval of the State authorities is obtained.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

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

Item No. 2
12/30/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 30, 1959.

Board of Directors,
The Northern New York Trust Company,
Watertown, New York.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors approves the establishment of a branch at Store No. 14, Seaway Shopping Center, on the easterly side of the junction of Le Ray and Mill Streets (Routes Nos. 37 and 11), Unincorporated Area, Town of Pamela, Jefferson County, New York, by The Northern New York Trust Company. This approval is given provided the branch is established within six months 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. 3
12/30/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 30, 1959.

Board of Directors,
Citizens Fidelity Bank and
Trust Company,
Louisville, Kentucky.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of St. Louis, the Board of Governors approves the establishment of a branch at the southwest corner of Market Street and Amy Avenue, Louisville, Kentucky, by Citizens Fidelity Bank and Trust Company. This approval is given provided the branch is established within nine months 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
12/30/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 30, 1959.

Board of Directors,
Greenfield State Bank,
Bakersfield, California.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of San Francisco, the Board of Governors extends to March 30, 1960, the time within which Greenfield State Bank may establish a branch in Oildale, California, and to June 30, 1960, within which to establish a branch in East Bakersfield, California, under the authorization contained in the Board's letter of June 30, 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. 5
12/30/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 30, 1959.

Mr. Walter M. Mitchell, Chairman,
Federal Reserve Bank of Atlanta,
Atlanta 3, Georgia.

Dear Mr. Mitchell:

This refers to your letter of December 14, 1959,
concerning a proposal by the Directors of the Federal Reserve
Bank of Atlanta for the construction of two additional floors
to the present parking garage, adjoining the Atlanta building.

The Board will interpose no objection to the
preparation and submission of preliminary plans and cost
estimates for its consideration.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 6
12/30/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 30, 1959.

CONFIDENTIAL (FR)

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

Dear Mr. Allen:

Reference is made to your letter of December 11, 1959, requesting the Board's approval of an upward adjustment in the employees' salary structure applicable to the Detroit Branch.

The Board approves the following minimum and maximum salaries for the respective grades for the Detroit Branch of the Federal Reserve Bank of Chicago, to be effective January 1960.

<u>Grade</u>	<u>Minimum salary</u>	<u>Maximum salary</u>
1	\$ 2650	\$ 3550
2	2850	3850
3	3150	4250
4	3600	4300
5	4000	5400
6	4400	6000
7	4850	6550
8	5300	7100
9	5750	7750
10	6200	8400
11	6650	9050
12	7150	9650
13	7800	10500
14	8400	11300
15	9200	12400
16	10000	13500

The Board approves the payment of salaries to the employees, other than officers, within the limits specified for the grades in which the positions of the respective employees are

Mr. Carl E. Allen

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classified. It is assumed that all employees whose salaries are below the minimum of their grades as a result of the structure increase will be brought within the appropriate ranges as soon as practicable and not later than April 1, 1960.

It has been noted that the cost of contemplated salary adjustments resulting from this increase in salary structure was provided for in the 1960 Detroit budget.

It will be appreciated if you will advise the Board's Division of Personnel Administration the exact date the revised structure becomes effective.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 7
12/30/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 30, 1959.



CONFIDENTIAL (FR)

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

Dear Mr. Bopp:

In accordance with your letter of December 17, 1959, the Board of Governors approves the following minimum and maximum salaries for the respective grades of the employees' salary structure, effective January 18, 1960:

<u>Grade</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>
1	\$ -	\$ -
2	2,330	2,800
3	2,440	3,235
4	2,780	3,790
5	3,220	4,350
6	3,670	4,930
7	4,120	5,570
8	4,560	6,230
9	5,120	6,905
10	5,560	7,570
11	6,130	8,345
12	6,780	9,225
13	7,460	10,125
14	8,250	11,060
15	9,030	12,150
16	9,920	13,300

The Board approves the payment of salaries to the employees, other than officers, within the limits specified for the grades in which the positions of the respective employees are classified. It is assumed

Mr. Karl R. Bopp

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that all employees whose salaries are below the minimum of their grades as a result of the structure increase will be brought within the appropriate range as soon as practicable and not later than May 1, 1960.

The Board also approves total annual payments, as indicated, to the following part-time employees:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
William S. Magee	Medical Director	\$6,167
Catharine D. Bellas	Officers' Waitress	2,008
Pauline F. Higgins	Officers' Waitress	2,008
Lillian F. Lohmuller	Officers' Waitress	2,008

It is noted that your Board of Directors has authorized an across-the-board salary adjustment of 6 per cent for all employees subject to the approval of the structural adjustment by the Board of Governors. The Board notes that total annual salaries are expected to be increased by \$250,000 and that provision for the proposed general increase was not included in your 1960 budget.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 8
12/30/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 30, 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 December 18, 1959, concerning the desire of Denmark State Bank, Denmark, Wisconsin, to continue as an insured bank following its 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

Office Correspondence

Date December 22, 1959.

To Board of Governors

Subject: 1959 Overexpenditures.

From J. J. Connell

In accordance with Board requirements, the attached requests from Divisions asking for approval of expected 1959 overexpenditures are submitted for consideration.

Recommendation

This Office has reviewed the requests, as summarized below, and finds the overexpenditures to be satisfactorily explained. They are, therefore, submitted with the recommendation they be approved.

Offices of Members of the Board

All Other	\$ 5,180
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Office of the Controller

Salaries	\$ 4,465
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Division of Personnel Administration

Salaries	\$ 2,267
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Division of Administrative Services

Postage and Expressage	\$ 3,485
Telephone and Telegraph	9,447
Printing and Binding	3,728
Heat, Light, and Power	3,007

Division of Research and Statistics -

Special Project - Government Securities Market Study (No budget)

Traveling Expenses	\$ 1,354
Postage and Expressage	1
Telephone and Telegraph	122
Printing and Binding	17,005
Rentals	604
All Other - Hearing Transcript	4,115

Employee Retirement and Insurance Benefits

Employee Insurance	\$ 2,775
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Offices of Members of the Board

The major portion of this \$5,180 overexpenditure represents the estimated cost (\$4,875) of consultant services for which no provision was made. Also, an increase of over \$15 per month for Dow Jones News Ticker service became effective in March 1959.

Office of the Controller

The overexpenditure of \$4,465 for salaries is principally because of an addition to the staff in April which was not provided in the budget. Our reasons for requesting establishment of the position were the unavailability of two key employees as a result of illness and personal difficulties and the increased responsibilities of the broadening budget and planning program. The new position was approved by the Board April 6, 1959.

Division of Personnel Administration

The salary overexpenditure of \$2,267 is the result of less than normal turnover in stenographic positions, and consequently the retention of stenographic recruits on the Division's payroll for longer periods than anticipated.

Division of Administrative Services

Postage and Expressage will exceed the budget by about \$3,485 primarily because of shipping substantial quantities of Revised Regulations D, T and U, and the Questions and Answers pertaining to Regulation U. A one-third increase in the leased wire teletypewriter service rate and an increase of \$900 for local telephone service caused the overexpenditure of \$9,447 for Telephone and Telegraph. The overexpenditure of \$3,728 for Printing and Binding is primarily the result of five items not contemplated in the 1959 budget, such as the increased size of the August Bulletin and printing of Regulations T and U, which were partly offset by budgeted jobs such as revision of the System Booklet that failed to materialize. Other contributing factors are enumerated in the attached memorandum from the Division. An increase of 7 per cent in electric rates effective April 22, 1959, accounts for the overexpenditure of \$3,007 for Heat, Light, and Power.

Division of Research and Statistics - Special Project - (Government Securities Market Study)

The cost in 1959 for this Special Project, which was approved by the Board early in 1959, is estimated to amount to \$23,201. Since no budgetary provision was made for this study, all accounts concerned are overexpended. The largest expenditure in this study

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will be \$17,000 in the Printing and Binding account, including \$15,500 for outside costs of publishing the study. Another large expenditure, \$4,100, was for the purpose of obtaining transcripts of joint conferences between Board and Treasury personnel, and Securities Market participants and observers.

Employee Retirement and Insurance Benefits

The estimated overexpenditure of \$2,775 for Employee Insurance is principally the result of increases in the Board's contribution from one-third to one-half for both Hospitalization and Major Medical. A rise in the Connecticut General premium rate and the coverage of retirees under the Board's Blue Cross-Blue Shield policy in May 1959 also contributed to the overexpenditure.

* * * * *

The overexpenditures reported above totaling \$57,555 will not necessarily result in overexpenditures of total Division budgets because underexpenditures in other account classifications may offset the overage.

This report is submitted in accordance with the Board's statement of budgetary principles and procedure concerning expenditures exceeding budget estimates as summarized below:

With the consent of the Controller, a division may make additional expenditures in any account classification in nonpersonal services in an amount not exceeding \$2,500, provided the division's total budget for nonpersonal services is not exceeded.

Should it appear that (1) any expenditures will result in exceeding the above limitation, (2) the total budget for personal or nonpersonal services will be exceeded, or (3) any expenditure of major character or of unusual nature is contemplated that was not provided for in the budget, the division should request approval of the Board for such expenditures through the Controller, who shall submit such request to the Board accompanied by his recommendations with respect thereto.

Six requests for approvals of overexpenditures totaling \$987 have been approved by this Office.

Our annual review of budgetary performance will set forth exact amounts of all overexpenditures after all expenses for the year have been recorded.

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

Item No. 10
12/30/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 30, 1959.



CONFIDENTIAL (FR)

Mr. Lewis M. Clark,
First Vice President,
Federal Reserve Bank of Atlanta,
Atlanta 3, Georgia.

Dear Mr. Clark:

The Board of Governors approves the payment of salary to the following officers of the Federal Reserve Bank of Atlanta, Jacksonville Branch, for the period January 1 through December 31, 1960, at the rates indicated, which are the rates fixed by your Board of Directors, as reported in your letter of December 21, 1959:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Vestus L. Crow	Cashier	\$10,500
Billy H. Hargett	Assistant Cashier	8,000

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

T E L E G R A M
LEASED WIRE SERVICE

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 11
12/30/59

December 30, 1959.

BRAWNER - SAN FRANCISCO

KEBJE

- A. First Security Corporation, Salt Lake City, Utah.
- B. First Security Bank of Utah, National Association, Ogden, Utah.
First Security Bank of Idaho, National Association, Boise, Idaho.
- C. Prior to the issuance of permit authorized herein, applicant shall execute and deliver to you in duplicate an agreement in form accompanying Board's letter S-964 (F.R.L.S. #7190) STOP.

When issuing this general voting permit, please advise applicant that, inasmuch as it is the successor to the former First Security Corporation as a holding company affiliate of the two national banks named in the permit, it is required to continue to maintain the reserve of readily marketable assets which applicant's predecessor was required to establish and maintain pursuant to Section 5144, Revised Statutes.

(Signed) Merritt Sherman

SHERMAN

Definition of KEBJE

The Board authorizes the issuance of a general voting permit, under the provisions of section 5144 of the Revised Statutes of the United States, to the holding company affiliate named below after the letter "A", entitling such organization to vote the stock which it owns or controls of the bank(s) named below after the letter "B" at all meetings of shareholders of such bank(s), subject to the condition(s) stated below after the letter "C". The period within which a permit may be issued pursuant to this authorization is limited to thirty days from the date of this telegram unless an extension of time is granted by the Board. Please proceed in accordance with the instructions contained in the Board's letter of March 10, 1947 (S. 064).

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

Item No. 12
12/30/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 31, 1959



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

Dear Mr. Diercks:

This is with reference to the application of Wisconsin Bankshares Corporation of Milwaukee to acquire shares of the proposed Mayfair National Bank of Wauwatosa, Wisconsin.

Since publication of the Notice of Tentative Decision in this matter, Marine Corporation of Milwaukee has applied to the Comptroller of the Currency for authority to establish a national bank in or near the Mayfair Shopping Center. In addition, Mr. James L. Callan, a businessman with interests in the Wauwatosa area, has informed the Board that a group of individuals in that area has been considering, for some time, the establishment of a bank across the street from the Mayfair Shopping Center. Copies of letters to the Board from Marine Corporation and Mr. Callan are enclosed, together with copies of the Board's replies.

As pointed out in the Tentative Statement accompanying the Board's Notice of Tentative Decision, the decisive factor in this situation appeared to be the convenience, needs, and welfare of the area, and since no other groups or individuals had evinced interest in establishing banking facilities in the neighborhood, the "needs" factor outweighed the unfavorable fact of Bankshares' dominant position in Milwaukee and vicinity. The appearance of at least two additional groups that are interested in providing banking facilities to the Mayfair area may have a material bearing on whether Bankshares' application may properly be approved on the ground that the area's need for additional banking facilities will not otherwise be satisfied in the near future.

The Board requests your Bank to investigate, to the extent you deem appropriate, the persons interested in the proposals referred to in the enclosed letters and their plans in this connection, and on the basis of such investigation to give the Board the benefit of your

Mr. W. R. Diercks

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recommendation as to whether the pending application by Bankshares should be approved, or denied, or held in abeyance pending further developments. The Board would be particularly interested in any information bearing on the questions why these groups have delayed until this time in taking any steps to supply banking service to the area, and whether the group represented by Mr. Callan has applied for a bank charter or plans to do so promptly. Finally, the Board would appreciate receiving your views as to the advisability of a public hearing at which interested persons could present information that might assist the Board in its disposition of the application.

Enclosed is a letter of today's date from the Board to Wisconsin Bankshares Corporation, which you are requested to transmit to that Corporation. A copy of this letter is also enclosed for your records.

Very truly yours,

Merritt Sherman,
Secretary.

Enclosures

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

Item No. 13
12/30/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 31, 1959.



Wisconsin Bankshares Corporation,
735 North Water Street,
Milwaukee 2, Wisconsin.

Gentlemen:

In the light of comments received pursuant to the recent Notice of Tentative Decision, the Board of Governors is giving continued consideration to the application of your Corporation under the Bank Holding Company Act of 1956 to acquire stock of the proposed Mayfair National Bank of Wauwatosa, Wisconsin. You will, of course, be promptly advised of any action that is taken by the Board in this matter.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 14
12/30/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 29, 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 December 21, 1959, the Board approves the designation of Richard A. Marple as a special assistant examiner for the Federal Reserve Bank of Richmond, for the purpose of participating in examinations of all banks.

The Board also approves the designation of the following named employees of your Bank as special assistant examiners for the Federal Reserve Bank of Richmond, for the purpose of participating in the examination of all banks, except the institution indicated immediately above their names:

The Bank of Henrico
Sandston, Virginia

Charles T. Ellis

The Bank of Virginia
Richmond, Virginia

Jack E. Kreuger

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

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

Item No. 15
12/30/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 30, 1959.



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

Dear Mr. Pondrom:

In accordance with the request contained in
your letter of December 28, 1959, the Board approves
the appointment of Marvin C. McCoy as an assistant
examiner for the Federal Reserve Bank of Dallas,
effective today.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

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

Item No. 16
12/30/59

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



December 30, 1959.

Mr. Steven A. Aplin, Director,
Bureau of Rates and Practices,
Interstate Commerce Commission,
Washington 25, D. C.

Dear Mr. Aplin:

Reference is made to the detail to the Board of Governors of Mr. Edward H. McMahan, Hearing Examiner (Rates - Rail - Motor), G.S. 14, previously agreed to by you under letter dated September 30, 1959. Under the terms of Mr. McMahan's detail, he was made available to this Board for a three-month period beginning September 24, 1959, to preside at a hearing of the Board of Governors, pursuant to the Bank Holding Company Act of 1956. It was agreed that the Interstate Commerce Commission would be reimbursed for Mr. McMahan's salary on the basis described in the Board's letter of September 24, 1959, and for any travel expenses involved in his detail to the Board.

It now appears that Mr. McMahan's services will be required for an additional time in order that he may complete his work on the hearing over which he is now presiding. It is difficult at this time to predict the exact additional time which will be required to complete this work. However, it is believed that an additional period of 30 days would reasonably cover any remaining services which will be required.

This letter confirms a conversation of December 23, 1959, between Mr. J. E. Hogan of the Board's staff and Mr. James J. Williams, Assistant Director, Bureau of Rates and Practices, wherein the Board of Governors requested that the Interstate Commerce Commission extend Mr. McMahan's detail for an additional period of 30 days beginning December 24, 1959, on the same basis as the original detail as set forth in the Board's letter dated September 24, 1959. Such approval was verbally granted.

Mr. Steven A. Aplin

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It will be appreciated if you will confirm this verbal approval of the extension of the reimbursable detail mentioned above in order that the necessary arrangements can be made with the Civil Service Commission in connection with the confirmation of extension of Mr. McMahan's services.

Very truly yours,

(Signed) Merritt Sherman
Merritt Sherman,
Secretary.