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Minutes for January 16, 1964

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	<u>(M)</u>
Gov. Mills	<u>[Signature]</u>
Gov. Robertson	<u>R</u>
Gov. Balderston	<u>CCB</u>
Gov. Shepardson	<u>[Signature]</u>
Gov. Mitchell	<u>[Signature]</u>
Gov. Daane	<u>[Signature]</u>

Minutes of the Board of Governors of the Federal Reserve System  
on Thursday, January 16, 1964. The Board met in the Board Room at  
10:00 a.m.

PRESENT: Mr. Martin, Chairman  
Mr. Balderston, Vice Chairman  
Mr. Mills  
Mr. Robertson  
Mr. Shepardson  
Mr. Mitchell  
Mr. Daane

Mr. Sherman, Secretary  
Mr. Kenyon, Assistant Secretary  
Mr. Young, Adviser to the Board and Director,  
Division of International Finance  
Mr. Noyes, Adviser to the Board  
Mr. Molony, Assistant to the Board  
Mr. Cardon, Legislative Counsel  
Mr. Hackley, General Counsel  
Mr. Brill, Director, Division of Research  
and Statistics  
Mr. Farrell, Director, Division of Bank  
Operations  
Mr. Solomon, Director, Division of Examinations  
Mr. Johnson, Director, Division of Personnel  
Administration  
Mr. Sammons, Adviser, Division of International  
Finance  
Mr. Conkling, Assistant Director, Division of  
Bank Operations  
Mr. Kiley, Assistant Director, Division of  
Bank Operations  
Mr. Leavitt, Assistant Director, Division of  
Examinations  
Mr. Sprecher, Assistant Director, Division of  
Personnel Administration  
Mr. Spencer, General Assistant, Office of the  
Secretary  
Mr. Bakke, Senior Attorney, Legal Division  
Mr. McClelland, Assistant to the Director,  
Division of Examinations

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Circulated or distributed items. The following items, copies of which are attached to these minutes under the respective item numbers indicated, were approved unanimously:

	<u>Item No.</u>
Letter to Westmont National Bank, Houston, Texas, granting its request for permission to maintain reduced reserves.	1
Letter to Merchants Trust & Savings Bank, Kenner, Louisiana, granting an extension of time to accomplish withdrawal from membership in the Federal Reserve System.	2
Letter to the Federal Reserve Bank of San Francisco interposing no objection to arrangements for David L. Grove, Vice President, to advise the Bank of Israel on certain monetary problems and visit several other countries on his return trip.	3
Letter to the Bureau of the Budget recommending approval of enrolled bill H. R. 7406, "To provide for increased participation by the United States in the Inter-American Development Bank, and for other purposes."	4

Mr. Sammons then withdrew from the meeting.

Study of tax-exempt foundations and charitable trusts (Items 5 and 6). At the meeting of the Board on January 15, 1964, there was discussion of a proposed reply to a letter dated November 12, 1963, from Chairman Patman of the Subcommittee Foundation Study of the House Select Committee on Small Business. Chairman Patman had requested the Board to review certain financial transactions between the Baird Foundations of New York City and Serge Semenenko, an officer and director of the First

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National Bank of Boston, Boston, Massachusetts, for the purpose of ascertaining whether there appeared to have been "any violations of section 22 of the Federal Reserve Act, the Bank Holding Company Act, or of any other banking laws affecting the jurisdiction of the Federal Reserve System." The request of Chairman Patman was in connection with part two of a study published by the Subcommittee on tax-exempt foundations and charitable trusts, dealing primarily with the question of exploitation by certain foundations of their tax-exempt status for personal gain and for the benefit of others through various types of financial transactions.

In the discussion on January 15, it was brought out that the draft reply was not intended to take the position that there had necessarily been a violation of Regulation U, Loans by Banks for the Purpose of Purchasing or Carrying Registered Stocks. It would say that there were facts from which it could be concluded that there may have been a violation and, since enforcement of the Securities Exchange Act and regulations issued under it was a responsibility of the Securities and Exchange Commission, it was for that agency to reach the ultimate conclusion. As to the question of violation of section 22(g) of the Federal Reserve Act or Regulation O, Loans to Executive Officers of Member Banks, the letter would indicate that it had been resolved in favor of concluding there was no violation. In this connection, it was suggested that the proposed letter might be revised to omit any specific discussion of the possible

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applicability of section 22(g) and simply state, after discussing the Regulation U question, that upon careful consideration the Board had found no other respect in which it appeared that the disclosures in the Subcommittee report regarding the dealings between the Baird Foundations and Mr. Semenenko involved violations of Federal Reserve law or regulations.

At the conclusion of the January 15 discussion, it had been understood that the staff would prepare for consideration by the Board a revised draft of letter, based on the suggestions made at that time. Pursuant to this understanding, there had been distributed under date of January 15, 1964, a revised draft of letter.

In discussion of the revised draft, Governor Mills expressed concern that the impression not be given that the Baird Foundations had been found by the Board to be in violation of a Federal Reserve regulation. It was possible that the regulation might have been interpreted in good faith, although contrary to its intent, or that there might have been other mitigating circumstances.

Mr. Bakke noted that it was intended that the letter to Chairman Patman, as now drafted, present only the conclusion that might be drawn on the basis of the available facts. The ultimate decision as to whether there was a violation would be left to an evaluation by the Securities and Exchange Commission, since section 32(a) of the Securities Exchange Act places responsibility for dealing with violations of the Act and regulations promulgated thereunder with that agency. However, the draft letter might be reworded to put this point across more clearly.

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In further discussion, several suggestions for changes of an editorial nature in the foregoing and other respects were agreed upon. The letter to Chairman Patman was then approved unanimously, subject to changes reflecting these suggestions. A copy of the letter, in the form approved, is attached as Item No. 5. A copy of the letter approved for transmittal to the Securities and Exchange Commission in connection with this matter is attached as Item No. 6.

Mr. Bakke then withdrew from the meeting.

Conflicting interpretations of supervisory agencies. At the Board meeting on January 15, 1964, there was preliminary discussion of a draft of reply that possibly might be sent by the Board in response to a letter of December 30, 1963, from E. M. Todd, Executive Vice President and Cashier of The National Bank of Alamance, Graham, North Carolina, which was addressed jointly to the Federal Reserve Bank of Richmond, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation, deploring the confusion created by conflicting interpretations of the Federal bank supervisory agencies. President Wayne of the Richmond Reserve Bank had drawn Mr. Todd's letter to the attention of the Board's staff. At the conclusion of discussion on January 15, agreement was expressed with a suggestion that this matter be held over for further study and for consideration at another meeting of the Board.

In discussion at today's meeting, Governor Mills questioned whether it was necessary for the Board to reply to Mr. Todd's letter.

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If it were felt that a reply should be made, it might be preferable to wait and see what type of response was made by the Comptroller and the Federal Deposit Insurance Corporation. However, he did not see that any good purpose would be served by making a reply and, since Mr. Todd's letter had been addressed to the Federal Reserve Bank of Richmond, his preference would be to refer the matter back to President Wayne to make some type of general response.

In further discussion of the question, consideration was given to the possibility of making a brief and less detailed reply to Mr. Todd's letter. At the conclusion of the discussion, however, the consensus favored Governor Mills' reasoning, and it was agreed that President Wayne would be requested to make such reply as he deemed appropriate.

Secretary's Note: Subsequent to this meeting, the Secretary telephoned President Wayne and informed him that the Board had decided against replying to Mr. Todd's letter.

In the thought that questions of the kind referred to by Mr. Todd would probably be raised with the Board again in the future, it was understood that Mr. Hackley would take into account certain suggestions made at this meeting and revise the draft letter in the form of a statement that might be considered for use in replying to such inquiries or for other purposes.

Letter to Chairman Rains. There had been distributed under date of January 14, 1964, a draft of a proposed reply to a letter of December 5, 1963, from Chairman Rains of the Subcommittee on Housing of the House

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Banking and Currency Committee. Chairman Rains had forwarded to the Board for comment a letter from Barrett C. Shelton, Publisher of The Decatur Daily, Decatur, Alabama, transmitting a copy of a letter from Lester H. Smith, Executive Vice President of the First National Bank of Decatur, in which certain questions were raised by Mr. Smith with regard to the banking structure of the United States. Attached to the draft reply was a staff memorandum discussing in further detail the points raised by Mr. Smith's letter; a copy of the memorandum was to be included with the letter to Chairman Rains.

In discussion, it was the view that the proposed letter should be shortened and that certain portions of it could be appropriately included as part of the staff memorandum. Several editorial changes in the staff memorandum were also suggested.

Following further discussion, it was understood that the draft of letter and staff memorandum would be revised in light of the suggestions that had been made and that they would be brought back to the Board for consideration.

Messrs. Solomon, Conkling, Leavitt, and McClelland then withdrew from the meeting.

Policy record entries: Federal Open Market Committee. With memoranda dated October 28, 1963, and January 13, 1964, which had been distributed, Mr. Young, as Secretary of the Federal Open Market Committee, submitted a revised draft of the record of policy actions of the Committee

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covering the meetings held on April 16, May 7 and 28, June 18, July 9 and 30, August 20, September 10, October 1 and 22, and November 12 and 26, 1963. This record had been prepared for inclusion in the Annual Report of the Board of Governors pursuant to the requirement of section 10 of the Federal Reserve Act. The memoranda noted that in preparing the revised draft, consideration had been given to comments received from the members of the Federal Open Market Committee and from members of the Committee's staff following distribution of preliminary drafts of the policy record entries. The resulting changes, which were indicated in the revised draft, were primarily of an editorial nature. However, a statement in support of two dissenting votes had been added to the entry for July 9, 1963.

In discussion of the draft entries, several suggestions for further changes of an editorial nature were agreed upon.

Governor Daane also suggested, for future consideration, that the reasons for any dissenting votes be spelled out at the end of the entry in each instance. He noted that this had been the general practice, but that there had been one or two exceptions in cases where the reasons for dissenting views were suggested by comments in the body of the entry.

After discussion of this point, during which members of the Board expressed general agreement with Governor Daane's suggestion so far as it related to the drafting of policy record entries from this point forward, Mr. Young indicated that the drafters of the policy record

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entries would henceforth also have in mind comments that had been made to him by Governor Mills in the form of a memorandum, namely, that the portions of the entries devoted to reviews of economic and financial background tended to be too detailed and out of proportion to the summarization of views expressed by the Committee as to monetary policy. It was the staff thinking that it would be well to continue the current pattern until completion of the record for 1963, but that consideration would be given to possibilities for implementing the comments of Governor Mills in preparing the policy record entries for 1964.

As to the policy record entry for the meeting on October 22, 1963, it was noted by Mr. Young that the revised draft contained a paragraph that stated that the balance of payments deficit had shown a marked decline in the third quarter, on the basis of preliminary estimates; that the improvement primarily reflected sharp reductions in capital outflows stemming in part from the effect of the proposed interest equalization tax and increases in domestic interest rates, especially short-term rates, "that were associated with the July rise in Federal Reserve Bank discount rates." Question had been raised, he said, about the inclusion of the last part of the comment.

Chairman Martin indicated that although a matter of judgment was involved, he would be inclined to accept the revised draft as submitted, and other members of the Board expressed agreement.

The entries for the record of policy actions of the Open Market Committee covering the meetings from April 16 through November 26, 1963,

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were then approved for inclusion in the Annual Report of the Board of Governors in a form reflecting the minor changes agreed upon at this meeting.

Messrs. Molony and Brill then withdrew from the meeting.

Revision of salary structures at San Francisco Bank (Item No. 7).

There had been circulated to the Board a file relating to a request by the Federal Reserve Bank of San Francisco for approval of proposed upward adjustments in the salary structures applicable to employees at the head office and branches, effective January 1, 1964.

The recommendation of the Division of Personnel Administration was favorable, and there was included in the file a proposed reply to the San Francisco Bank that would advise of approval of the proposed adjustments. Approval was also indicated for a special Grade 16 maximum of \$17,500 for head office employees only. The letter would express the understanding that all employees whose salaries were below the minimums of their grades as a result of the structure increase would be brought within their appropriate ranges by April 1, 1964.

At the Board's request, Mr. Johnson commented in supplementation of the information contained in the file that had been circulated. In reply to a question, he and Mr. Farrell expressed their understanding that the San Francisco Bank had anticipated the effect of approval of the new salary structures in relation to the Bank's current budget.

Governor Mitchell, who had raised the question and considered the answer satisfactory, indicated that he disliked the thought of approving

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salary structure revisions without knowing the budgetary impact. He felt that the contemplated budget impact should be part of the record. He would not want to be unduly harsh, when the need for a structure change was evident, by asking a Bank to defer the implementation because of the budgetary impact, but if it was practical he thought it would be desirable practice if approval of the budgets and of salary structure revisions could be woven together.

After Messrs. Johnson and Farrell had explained some of the problems involved, it was understood that the point raised by Governor Mitchell would continue to be kept under consideration.

The proposed revised salary structures applicable to employees of the respective offices of the Federal Reserve Bank of San Francisco were then approved unanimously. A copy of the letter sent to the San Francisco Bank in accordance with this action is attached as Item No. 7.

Messrs. Johnson and Sprecher then withdrew from the meeting.

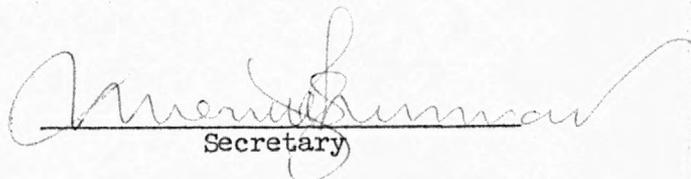
Hearings before House Banking and Currency Subcommittee. Mr. Cardon reported his understanding from the staff of the House Banking and Currency Committee of the dates being considered when the Members of the Board and the Presidents of the Federal Reserve Banks would be invited to appear before the Subcommittee on Domestic Finance in connection with forthcoming hearings regarding the Federal Reserve System.

The meeting then adjourned.

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Secretary's Note: Governor Shepardson today approved on behalf of the Board a letter to the Federal Reserve Bank of Chicago (attached Item No. 8) approving the designation of Roby L. Sloan as special assistant examiner.

  
Secretary

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

Item No. 1  
1/16/64

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

January 16, 1964.



Board of Directors,  
Westmont National Bank,  
Houston, Texas.

Gentlemen:

With reference to your request submitted through the Federal Reserve Bank of Dallas, the Board of Governors, acting under the provisions of Section 19 of the Federal Reserve Act, grants permission to the Westmont National Bank to maintain the same reserves against deposits as are required to be maintained by nonreserve city banks, effective as of the date it opens for business.

Your attention is called to the fact that such permission is subject to revocation by the Board of Governors.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.

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

Item No. 2  
1/16/64

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

January 16, 1964.

Board of Directors,  
Merchants Trust & Savings Bank,  
Kenner, Louisiana.

Gentlemen:

The Board of Governors of the Federal Reserve System extends to March 8, 1964, the time within which Merchants Trust & Savings Bank, Kenner, Louisiana, may withdraw from membership in the Federal Reserve System.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.



Item No. 3  
1/16/64

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON, D. C. 20551



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

January 16, 1964.

Mr. Eliot J. Swan, President,  
Federal Reserve Bank of San Francisco,  
San Francisco, California 94120.

Dear Mr. Swan:

The Board of Governors has no objection to the plans outlined in your letter of January 10, 1964, for Mr. David L. Grove, Vice President of the Federal Reserve Bank of San Francisco, to visit Israel for the purpose of advising the Bank of Israel on some of its monetary problems and to visit several other countries on his return trip.

It is noted that Mr. Grove's itinerary will be furnished as soon as it has been prepared.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.



BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

Item No. 4  
1/16/64

OFFICE OF THE CHAIRMAN

January 16, 1964.

Mr. Phillip S. Hughes,  
Assistant Director for  
Legislative Reference,  
Bureau of the Budget,  
Washington, D. C. 20503.

Attention Mrs. Garziglia

Dear Mr. Hughes:

Your communication of January 15, 1964, requested the Board's views and recommendation regarding enrolled bill H. R. 7406, "To provide for increased participation by the United States in the Inter-American Development Bank, and for other purposes."

In its letter of May 9, 1963, the Board advised that it interposed no objection to this legislation. Accordingly, the Board now recommends its approval by the President.

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.



BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

Item No. 5  
1/16/64

OFFICE OF THE CHAIRMAN

January 17, 1964.

The Honorable Wright Patman, Chairman,  
Subcommittee Foundation Study,  
Select Committee on Small Business,  
United States House of Representatives,  
Washington, D. C. 20515

Dear Mr. Chairman:

This is in response to your inquiry of November 12, 1963, concerning possible violation of the Federal banking laws administered by the Board or regulations issued thereunder, arising out of certain financial transactions between Mr. Serge Semenenko, an officer and director of the First National Bank of Boston, and the New York-based Baird Foundations. These transactions are described in part 2 of a study of tax-exempt foundations and charitable trusts, published by your Subcommittee under date of October 16, 1963.

On the basis of the facts set forth in the said study, it would appear that the failure of the Baird Foundations to report to the Board, through the Federal Reserve Bank of New York, transactions during fiscal year 1959 involving extensions of credit to Mr. Semenenko and others for the purpose of purchasing or carrying securities registered on a national securities exchange may have been a violation of the Board's Regulation U.

Sections 7(a) and 17(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78) authorize the Board to promulgate regulations for the purpose of preventing excessive use of credit for the purchase or carrying of securities and to require reports from persons subject to such regulations. This statutory authority has been implemented in the Board's Regulation U (12 CFR 221), and pursuant to published rule (12 CFR 221.51) the Board, in 1960, required unregulated lenders (i.e., those other than banks and securities brokers or dealers) who on December 15, 1959, were in the business of extending credit and who in the ordinary course of business extended credit for the purpose of purchasing or carrying securities registered on a national exchange to file, no later than May 15, 1960, a report of such transactions (on Form F.R. 728) during the preceding fiscal year.

The Honorable Wright Patman

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From the data contained in your Subcommittee report, it would appear that during the period studied a significant part of the Baird Foundations' activities involved extensions of credit, many of such transactions being for the purchase or carry of listed securities.

Of course, what constitutes "being in the business" of extending credit is a factual determination, to be made in light of all relevant circumstances. Since section 32(a) of the Securities Exchange Act of 1934 places responsibility for dealing with violations of the Act and regulations promulgated thereunder with the Securities and Exchange Commission, determination of whether the Baird Foundations were, in fact, engaged in the business of extending credit would ultimately be a matter for that agency to decide. It appears, however, that such a conclusion would be warranted, and the failure of the Baird Foundations to file reports pursuant to 12 CFR 221.51 would, therefore, seem to constitute a violation of the Board's Regulation U.

The foregoing matter is being referred to the Securities and Exchange Commission for evaluation and appropriate disposition.

From the facts presented in your Subcommittee's report, the Board has concluded that, apart from the foregoing, the transactions in question do not appear to conflict with any statutory or regulatory provisions administered by the Board.

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 6  
1/16/64

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

January 17, 1964.

Philip A. Loomis, Esq.,  
General Counsel,  
Securities and Exchange Commission,  
425 Second St., N. W.,  
Washington, D. C. 20549

Dear Mr. Loomis:

As you know, Subcommittee No. 1 of the House Select Committee on Small Business, under the chairmanship of Congressman Wright Patman, has been studying the impact of tax-exempt foundations and charitable trusts on our economy.

Mr. Patman recently requested the Board to review certain financial transactions between Mr. Serge Semenenko and three interrelated foundations in New York City characterized, collectively, as the Baird Foundations (specifically, the Winfield Baird Foundation, the David, Josephine, and Winfield Baird Foundation, and the Lansing Foundation), to determine whether any of these dealings were in violation of the banking laws or regulations administered by the Federal Reserve System.

In the course of reviewing the various activities of the Foundations set forth in the report, insofar as concerns their relationship with Mr. Semenenko, it was noted that a significant volume of extensions of credit were made to numerous individuals, including Mr. Semenenko, for the purpose of purchasing or carrying listed securities.

This observation led, in turn, to an inquiry into whether the volume of the Foundations' general lendings, for whatever purpose, was such as to suggest that the Foundations could be regarded as being "engaged in the business" of extending credit, and thereby subjecting them to the reporting requirement of section 221.3(j) of Regulation U, as implemented by the rule appearing at 12 CFR 221.51; viz.:



Philip A. Loomis, Esq.

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"Pursuant to authority conferred on the Board of Governors of the Federal Reserve System by the Securities Exchange Act of 1934 (15 U.S.C. Chapter 2B; 48 Stat. 881) and in accordance with § 221.3(j), the Board has, effective December 15, 1959, adopted Form FR 728, to be used by persons (other than banks, as defined in § 221.3(k), and creditors, as defined in § 220.2(b) of this chapter (Reg. T)) who are engaged in the business of extending credit and who, in the ordinary course of business, extend credit for the purpose of purchasing or carrying securities registered on a national exchange. Persons whose activities as of December 15, 1959, bring them within the scope of the above definition must return the filled-in form to the Federal Reserve Bank in their district on or before May 15, 1960. Persons who were not extending credit on or before December 15, 1959, for the said purpose, but whose activities at any time or from time to time thereafter bring them within the scope of the above definition, must file filled-in forms within 90 days after the first extension of credit for such purpose."

Reference to the volume of receivables during the period 1951 - 1961 in relation to the assets of the Winfield Baird Foundation and the David, Josephine, and Winfield Baird Foundation, tabulated in Exhibit A appended hereto, suggests that these Foundations could indeed be regarded as engaging in the business of extending credit; and from a similar analysis of the financing transactions involving the purchase or carry of stock for the account of numerous individuals, it could likewise be concluded that these particular extensions of credit were made in the ordinary course of business.

Thus, it would appear that the facts bearing on this aspect of the Foundations' activities are such that they should have filed the reports called for in 12 CFR 221.51. Accordingly, the matter is herewith referred to your agency for analysis and appropriate disposition in light of its responsibilities under section 32(a) of the Securities Exchange Act of 1934.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.

Enclosure

OPEN ACCOUNTS, NOTES, AND MORTGAGES  
RECEIVABLE, BAIRD FOUNDATIONS,  
1951 - 1961 <sup>1/</sup>

Year-End	David, Josephine, & Winfield Baird Foundation			Winfield Baird Foundation		
	(Assets: \$10.2 million) <sup>2/</sup>			(Assets: \$17.4 million) <sup>2/</sup>		
	Open Acct. (000)	Notes (000)	Mortgages (000)	Open Acct. (000)	Notes (000)	Mortgages (000)
1951	-	1,045	177	4	1,776	11
1952	26	1,003	167	274	3,924	3
1953	-	1,287	147	94	2,633	3
1954	-	1,592	42	19	2,936	1,899
1955	100	1,627	24	4	4,724	2,176
1956	-	2,143	-	-	2,216	392
1957	-	674	1,492	-	1,662	111
1958	-	782	1,540	119	1,720	58
1959	-	331	783	390	1,973	57
1960	-	586	860	498	1,847	213
1961	-	1,190	803	442	2,561	253

<sup>1/</sup> Excludes receivables identified as contributions to the Foundations and investments in debt securities.

<sup>2/</sup> As of December 31, 1960.

EXHIBIT A

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON, D. C. 20551

Item No. 7  
1/16/64



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

January 16, 1964.

CONFIDENTIAL (FR)

Mr. Eliot J. Swan, President,  
Federal Reserve Bank of San Francisco,  
San Francisco, California 94120.

Dear Mr. Swan:

As requested in your letter of December 23, 1963, the Board of Governors has approved the following minimums and maximums for the respective grades of the employees' salary structures at the Federal Reserve Bank of San Francisco, effective January 1, 1964.

Grade	San Francisco		Portland		Salt Lake City	
	Los Angeles-Seattle					
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
1	\$ 3,000	\$ 4,080	\$ 2,820	\$ 3,780	\$ 2,700	\$ 3,660
2	3,180	4,380	2,940	4,020	2,820	3,780
3	3,420	4,620	3,180	4,320	3,000	4,080
4	3,660	4,980	3,480	4,680	3,240	4,380
5	3,960	5,400	3,840	5,160	3,540	4,800
6	4,320	5,880	4,200	5,640	3,900	5,280
7	4,740	6,420	4,620	6,300	4,320	5,880
8	5,220	7,020	5,100	6,900	4,800	6,480
9	5,760	7,800	5,640	7,680	5,340	7,260
10	6,300	8,580	6,180	8,460	5,940	7,980
11	6,960	9,480	6,840	9,360	6,600	8,880
12	7,740	10,500	7,620	10,260	7,320	9,840
13	8,580	11,580	8,340	11,220	8,040	10,920
14	9,480	12,840	9,120	12,360	8,880	12,000
15	10,500	14,220	9,960	13,560	9,780	13,260
16	11,520	15,720	10,920	14,760	10,680	14,520

The Board has also approved a special Grade 16 maximum of \$17,500 for Head Office employees only.

Mr. Swan - 2

BOARD OF GOVERNORS  
FEDERAL RESERVE SYSTEM

Salaries should be paid to each employee within the limits specified for the grade in which his position is classified. All employees whose salaries are below the minimum of their grades as a result of structure increases should be brought within appropriate ranges by April 1, 1964.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.

Mr. Edward Ross, Vice President,  
Federal Reserve Bank of Chicago,  
Chicago, Illinois 60601

Dear Mr. Ross:

I am forwarding you a copy of a memorandum in your letter of January 13, 1964, which was prepared by the Director of Salary Structure for the Federal Reserve Bank of Chicago, Illinois, in response to your letter of January 13, 1964, regarding the proposed salary structure for the Federal Reserve Bank of Chicago, Illinois.

Very truly yours,  
  
Merritt Sherman,  
Secretary.

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON, D. C. 20551

Item No. 8  
1/16/64



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

January 17, 1964.

Mr. Leland Ross, Vice President,  
Federal Reserve Bank of Chicago,  
Chicago, Illinois 60690.

Dear Mr. Ross:

In accordance with the request contained in your letter of January 13, 1964, the Board approves the designation of Roby L. Sloan as a special assistant examiner for the Federal Reserve Bank of Chicago for the purpose of participating in examinations of State member banks.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,  
Assistant Secretary.