

Minutes for August 14, 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

M

Gov. Mills

[Signature]

Gov. Robertson

[Signature]

Gov. Balderston

CCRB

Gov. Shepardson

[Signature]

Gov. Mitchell

[Signature]

Gov. Daane

[Signature]

Minutes of the Board of Governors of the Federal Reserve System
on Friday, August 14, 1964. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Balderston, Vice Chairman
Mr. Mills
Mr. Shepardson
Mr. Mitchell 1/
Mr. Daane

Mr. Kenyon, Assistant Secretary
Mr. Noyes, Adviser to the Board
Mr. Molony, Assistant to the Board
Mr. Cardon, Legislative Counsel
Mr. Fauver, Assistant to the Board
Mr. Holland, Associate Director, Division of
Research and Statistics
Mr. Partee, Adviser, Division of Research and
Statistics
Mr. Furth, Adviser, Division of International
Finance
Mr. Sammons, Adviser, Division of International
Finance
Mr. Katz, Associate Adviser, Division of
International Finance
Mr. Spencer, General Assistant, Office of the
Secretary
Mr. Bernard, Economist, Division of Research
and Statistics
Miss Krummack, Economist, Division of Research
and Statistics
Mr. Baker, Economist, Division of International
Finance

Money market review. There were distributed tables on money market factors for the period January-August 12, 1964, the Federal cash budget (fiscal years 1964 and 1965), monetary developments in the four weeks ended August 12, 1964, and U. S. capital flows.

Mr. Partee presented a report on bank reserves, bank credit, and the money supply, after which Miss Krummack commented on developments in the Government securities market and discussed Federal budget results

1/ Withdrew from meeting at point indicated in minutes.

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and projections. Mr. Baker then discussed foreign exchange market developments.

During the foregoing presentation Governor Mitchell withdrew from the meeting. Following the reports, all members of the staff except Messrs. Kenyon, Molony, Cardon, Fauver, and Spencer withdrew and the following entered the room:

Mr. Hackley, General Counsel
 Mr. Farrell, Director, Division of Bank Operations
 Mr. Solomon, Director, Division of Examinations
 Mr. Hooff, Assistant General Counsel
 Mr. Daniels, Assistant Director, Division of Bank Operations
 Mr. Leavitt, Assistant Director, Division of Examinations
 Mr. McClintock, Supervisory Review Examiner, Division of Examinations

Discount rates. The establishment without change by the Federal Reserve Bank of Minneapolis on August 12, 1964, and by the Federal Reserve Banks of Cleveland, Richmond, Chicago, Kansas City, and Dallas on August 13, 1964, of the rates on discounts and advances in their existing schedules was approved unanimously, with the understanding that appropriate advice would be sent to those Banks.

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

Item No.

Letter to First Trust and Deposit Company, Syracuse, New York, approving the establishment of a branch at 219 East Adams Street.

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Item No.

- Letter to Chemical Bank New York Trust Company, New York, New York, approving the establishment of a branch at 130 William Street, branch operations now conducted at Fulton and Cliff Streets to be discontinued simultaneously with the establishment of this branch. 2
- Letter to Wyandotte Savings Bank, Wyandotte, Michigan, approving the establishment of a branch at 31062 Ecorse Road, Romulus Township. 3
- Letter to The Detroit Bank and Trust Company, Detroit, Michigan, approving the establishment of a branch at 2651 East Jefferson Avenue (to be opened in temporary quarters at 2700 East Jefferson Avenue). 4
- Letter to Commonwealth National Bank, Boston, Massachusetts, granting its request for permission to maintain reduced reserves. 5
- Letter to the Comptroller of the Currency submitting an adjusted printing order for Federal Reserve notes for fiscal year 1965. 6
- Letter to Cross Armored Carrier Corp., Bayside, New York, regarding the question whether free armored car service provided by member banks to their depositors constitutes a payment of interest on demand deposits. 7
- Letter to Houston Bank & Trust Company, Houston, Texas, interposing no objection to a past investment in bank premises and approving a proposed investment in bank premises. 8

All members of the staff except Mr. Kenyon then withdrew from the meeting.

Revision of Board's Regular Salary Schedule (Item No. 9). It having been ascertained that the President had today signed into law the Government Employees Salary Reform Act of 1964, effective retroactively to the first day of the first pay period beginning on or after July 1, 1964,

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the Board approved unanimously a revision of its Regular Salary Schedule retroactive to July 5, 1964, in such manner as to correspond with the basic compensation rates established by the Salary Reform Act and authorized appropriate adjustment of the basic compensation of those Board employees paid under such schedule effective as of July 5, 1964. The Board also approved the related recommendations contained in a memorandum from the Division of Personnel Administration dated August 14, 1964, (copy attached as Item No. 9), which had been distributed.

Mr. Kenyon then withdrew from the meeting and the Board went into executive session.

Officer salaries. The Secretary's Office was advised later that inasmuch as the changes in salaries of officers of the Board that were made effective in January of this year had been predicated on anticipation of the passage of legislation along the lines of the Government Employees Salary Reform Act of 1964, it was decided during the executive session that no further changes in officer salaries would be made at this time.

The meeting then adjourned.

Secretary's Notes: Governor Shepardson
today approved on behalf of the Board the
following items:

Letter to the Federal Reserve Bank of New York (attached Item No. 10)
approving the appointment of James H. Oltman as examiner.

Letter to the Federal Reserve Bank of New York (attached Item No. 11)
approving the appointment of Arnold A. Egli as assistant examiner.

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Letter to the Federal Reserve Bank of Richmond advising that the instructions regarding authorized signers of checks drawn on the Board's General and Payroll Funds have been revised to permit either manual or machine signing of checks drawn on either fund, and enclosing a specimen impression of the autograph plate signature of the Controller, Mr. Kakalec.

Memorandum from the Division of Personnel Administration dated July 28, 1964, recommending that annual refunds of overpayments received in connection with the Board's voluntary accident insurance policy be turned over to the Reserve Board Club, with the understanding that no restrictions would be placed upon the Club as to the use of the money.

Memorandum from the Division of Personnel Administration dated August 14, 1964, recommending adjustments as indicated in the wage rates of the following part-time substitute employees, effective July 5, 1964, in conjunction with the General Pay Increase:

Annie W. Becton, Substitute Maid, Division of Personnel Administration, from \$1.64 to \$1.68 per hour.
 Ruth Page, Substitute Maid, Division of Personnel Administration, from \$1.64 to \$1.68 per hour.
 Frances L. Hornbeck, Substitute Charwoman, Division of Administrative Services, from \$1.80 to \$1.85 per hour.
 Marie Willard, Substitute Cafeteria Helper, Division of Administrative Services, from \$1.80 to \$1.85 per hour.

Memoranda recommending the following actions relating to the Board's staff:

Salary increases, effective August 16, 1964

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
<u>Examinations</u>			
John Albert Treimann, Federal Reserve Examiner		\$9,530	\$10,310
<u>Administrative Services</u>			
Karl J. Steger, Steamfitter-Operating Engineer		6,635	6,968
<u>Data Processing</u>			
Janet Cross, Draftsman (change in title from Draftsman-Trainee)		3,880	4,215
Jean C. Hartig, Draftsman (change in title from Draftsman-Trainee)		3,880	4,215

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Leave without pay

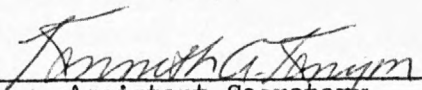
Harriet D. Berger, Secretary, Division of International Finance, for the period from August 30 through September 30, 1964.

Permission to engage in outside activity

Sandra Lee Herbough, Statistical Clerk, Division of Bank Operations, to work as keypunch operator for Expert Key-Punching Services, Alexandria, Virginia, on a part-time basis.

Establishment of new position

Additional programming position at Grade FR-9-11 in the Division of Data Processing, it being understood that this would be offset by the elimination of a position in the Business Conditions Section of the Division of Research and Statistics.


Assistant Secretary

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 1
8/14/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 14, 1964.



Board of Directors,
First Trust and Deposit Company,
Syracuse, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by First Trust and Deposit Company; Syracuse, New York, of an in-town branch at 219 East Adams Street, provided the branch is established within one year from the date of this letter.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.

(The letter to the Reserve Bank stated that the Board also had approved a six-month extension of the period allowed to establish the branch; and that if an extension should be requested, the procedure prescribed in the Board's letter of November 9, 1962 (S-1846), should be followed.)

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 2
8/14/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 14, 1964.



Board of Directors,
Chemical Bank New York Trust Company,
New York, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment of a branch by Chemical Bank New York Trust Company, New York, New York, at 130 William Street, New York, New York, provided the branch is established within two years from the date of this letter, and provided further that branch operations now conducted at the northwest corner of Fulton and Cliff Streets, New York, New York, are discontinued simultaneously with the establishment of the above branch.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

(The letter to the Reserve Bank stated that the Board also had approved a six-month extension of the period allowed to establish the branch; and that if an extension should be requested, the procedure prescribed in the Board's letter of November 9, 1962 (S-1846), should be followed.)

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 3
8/14/64



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 14, 1964.

Board of Directors,
Wyandotte Savings Bank,
Wyandotte, Michigan.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Wyandotte Savings Bank, Wyandotte, Michigan, of a branch at 31062 Ecorse Road, Romulus Township, Michigan, provided the branch is established within one year from the date of this letter.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

(The letter to the Reserve Bank stated that the Board also had approved a six-month extension of the period allowed to establish the branch; and that if an extension should be requested, the procedure prescribed in the Board's letter of November 9, 1962 (S-1846), should be followed.)

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 4
8/14/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 14, 1964.

Board of Directors,
The Detroit Bank and Trust Company,
Detroit, Michigan.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by The Detroit Bank and Trust Company, Detroit, Michigan, of an in-town branch at 2651 East Jefferson Avenue, provided the branch is established within one year from the date of this letter. It is noted that your bank plans to open this branch in temporary quarters at 2700 East Jefferson Avenue.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.

(The letter to the Reserve Bank stated that the Board also had approved a six-month extension of the period allowed to establish the branch; and that if an extension should be requested, the procedure prescribed in the Board's letter of November 9, 1962 (S-1846), should be followed.)



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 5
8/14/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 14, 1964.

Board of Directors,
Commonwealth National Bank,
Boston, Massachusetts.

Gentlemen:

With reference to your request submitted through the Federal Reserve Bank of Boston, the Board of Governors, acting under the provisions of Section 19 of the Federal Reserve Act, grants permission to the Commonwealth 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) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 6
8/14/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 14, 1964.



The Honorable,
The Comptroller of the Currency,
Treasury Department,
Washington, D. C. 20226

Sir:

This refers to our letter of June 24, 1964, requesting that you place an order with the Bureau of Engraving and Printing for printing 1,938,000,000 Federal Reserve notes (single units) of the 1963 series or 1950 series during the fiscal year ending June 30, 1965.

The order was subject to adjustment in small amount for particular denominations in order to accommodate the serial numbering procedures for currency.

The Bureau of Engraving and Printing has now advised us of the adjustments. The revised printing order for Federal Reserve notes to be delivered in fiscal year 1965 is shown below:

	<u>Denomi- nation</u>	<u>Number of notes</u>	<u>Dollar amount</u>
Boston	\$1	53,760,000	\$53,760,000
	5	14,520,000	72,600,000
	10	15,880,000	158,800,000
	20	7,080,000	141,600,000
	50	512,000	25,600,000
	100	512,000	51,200,000
New York	\$1	153,920,000	153,920,000
	5	51,360,000	256,800,000
	10	88,200,000	882,000,000
	20	40,120,000	802,400,000
	50	3,072,000	153,600,000
	100	3,328,000	332,800,000
Philadelphia	\$1	73,120,000	73,120,000
	5	8,320,000	41,600,000
	10	15,800,000	158,000,000
	20	--	--
	50	1,280,000	64,000,000
	100	944,000	94,400,000

The Comptroller
of the Currency

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	<u>Denomi- nation</u>	<u>Number of notes</u>	<u>Dollar amount</u>
Cleveland	\$1	54,400,000	\$54,400,000
	5	19,600,000	98,000,000
	10	16,760,000	167,600,000
	20	14,520,000	290,400,000
	50	1,024,000	51,200,000
	100	544,000	54,400,000
Richmond	\$1	128,160,000	128,160,000
	5	39,840,000	199,200,000
	10	19,480,000	194,800,000
	20	20,600,000	412,000,000
	50	768,000	38,400,000
	100	512,000	51,200,000
Atlanta	\$1	132,800,000	132,800,000
	5	33,680,000	168,400,000
	10	23,320,000	233,200,000
	20	16,880,000	337,600,000
	50	--	--
	100	432,000	43,200,000
Chicago	\$1	186,400,000	186,400,000
	5	57,200,000	286,000,000
	10	68,200,000	682,000,000
	20	33,680,000	673,600,000
	50	2,048,000	102,400,000
	100	1,456,000	145,600,000
St. Louis	\$1	62,080,000	62,080,000
	5	15,880,000	79,400,000
	10	10,200,000	102,000,000
	20	5,360,000	107,200,000
	50	288,000	14,400,000
	100	656,000	65,600,000
Minneapolis	\$1	21,760,000	21,760,000
	5	5,040,000	25,200,000
	10	--	--
	20	--	--
	50	144,000	7,200,000
	100	144,000	14,400,000

The Comptroller
of the Currency

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	<u>Denomi- nation</u>	<u>Number of Notes</u>	<u>Dollar amount</u>
Kansas City	\$1	49,280,000	\$49,280,000
	5	9,800,000	49,000,000
	10	8,440,000	84,400,000
	20	7,360,000	147,200,000
	50	256,000	12,800,000
	100	256,000	25,600,000
Dallas	\$1	56,960,000	56,960,000
	5	10,080,000	50,400,000
	10	9,800,000	98,000,000
	20	4,720,000	94,400,000
	50	512,000	25,600,000
	100	656,000	65,600,000
San Francisco	\$1	128,160,000	128,160,000
	5	53,920,000	269,600,000
	10	30,040,000	300,400,000
	20	38,760,000	775,200,000
	50	1,280,000	64,000,000
	100	1,680,000	168,000,000
Totals	\$1	1,100,800,000	1,100,800,000
	5	319,240,000	1,596,200,000
	10	306,120,000	3,061,200,000
	20	189,080,000	3,781,600,000
	50	11,184,000	559,200,000
	100	<u>11,120,000</u>	<u>1,112,000,000</u>
		<u>1,937,544,000</u>	<u>11,211,000,000</u>

Respectfully,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

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

Item No. 7
8/14/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 14, 1964.



Mr. J. K. Murphy, General Counsel,
Cross Armored Carrier Corp.,
222-17 Northern Boulevard,
Bayside, New York. 11361

Dear Mr. Murphy:

This refers to your letter of July 29, 1964, with respect to the question whether free armored car service provided by member banks to their depositors constitutes a payment of interest on demand deposits in violation of the Board's Regulation Q.

Section 19 of the Federal Reserve Act prohibits member banks from paying interest on demand deposits but authorizes the Board of Governors to determine what shall be deemed to be a payment of interest. In Regulation Q, the Board has stated that any payment to or for an account of the depositor "as compensation for the use of funds constituting a deposit" shall be considered interest.

In an effort to give reasonable application to the law, the Board has taken the position that, where a member bank renders services to its customers for which it may or may not make a charge, the omission of a charge for such services does not involve any "payment" to the depositor. Thus, for example, the Board does not consider the common practice of analyzing individual checking accounts, and offsetting the expense of handling such accounts by their estimated earning value to the member bank, as a payment to the depositor.

In offering free armored car service, no money is paid to the depositor or credited to his account, although it is recognized that the customer does benefit from such free service. There is no Federal statute that would require member banks to provide the same free services to all customers. Pick-up and delivery service appears to have a direct relationship to the receipt or payment of deposits, and is similar to other services rendered by banks such as providing,

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Mr. J. K. Murphy

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without charge, specially printed checks, postage paid envelopes, parking facilities, etc. All of these are benefits for which the customer would have to pay if the bank did not absorb the cost.

Accordingly, the Board does not consider the offering of free armored car service to depositors as a payment of interest on demand deposits in violation of Regulation Q.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 8

8/14/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 14, 1964.

Board of Directors,
Houston Bank & Trust Company,
Houston, Texas.

Gentlemen:

The Board of Governors of the Federal Reserve System has received the requests of your bank for approval pursuant to Section 24A of the Federal Reserve Act of a \$55,000 recent expenditure for improvement of a parking lot and a proposed expenditure, direct and indirect, of \$4,144,949 for bank premises. Since the \$55,000 expenditure in this case has already been made, the prior approval contemplated by the statute cannot be given. However, if a timely request had been made for the required approval, it appears, on the basis of information before the Board, that such approval would have been granted. Accordingly, the Board offers no objection to the expenditure of \$55,000.

After consideration of all pertinent information, the Board approves an investment, direct and indirect, of \$4,144,949 by Houston Bank & Trust Company for the purpose of adding a ten-story tower to the present banking house. It is understood that \$4,000,000 of this proposed investment will be represented by funds borrowed by the bank's wholly-owned affiliate from a source other than the subject bank.

In approving this substantial investment in bank premises, which will place a heavy burden on the bank's capital structure, the Board has carefully considered the proposed additions to capital funds through the sale of new capital stock. It is understood that capital funds will be increased by \$990,000 through the sale of new stock not later than January 31, 1965, and an additional sale of stock, increasing capital funds by \$440,000 will be consummated upon completion of the proposed building program. The Board urges that the bank's capital position be frequently reviewed by the board of directors, that earnings be conserved to strengthen capital structure, and that further sales of new stock be undertaken when warranted by future deposit growth of the bank.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Item No. 9
8/14/64

2851

Office Correspondence

Date August 14, 1964

To Board of Governors
From Division of Personnel Administration

Subject: General Adjustment to the
Board's Regular Salary Schedule

Background

Today the President signed into law the "Government Employees Salary Reform Act of 1964", to become effective retroactive the first day of the first pay period which begins on or after July 1, 1964. The effective date for the Board, if approved, would therefore be July 5, 1964.

In addition to retroactively adjusting the annual rate of compensation within the general salary schedule, as it would be used to affect Board employees, the Act (1) increases the number of within grade steps to ten for Grades FR-11 through FR-15, thus substantially increasing the range of compensation in those grades, (2) adjusts the salary rates of employees within the first three grades who receive compensation in excess of the tenth step under the 1962 Salary Act, to the tenth step of the new general salary schedule, (3) provides that all rates shall be computed to the nearest cent, counting one-half cent and over a whole cent (this revises the former method of rounding up of all fractional amounts) and (4) also provides that notwithstanding any provision of the Act, the basic, gross, or total annual compensation received by an employee immediately prior to the effective date of the Act shall not be reduced by reason of enactment of the Act.

RECOMMENDATIONS

In keeping with the Board's policy of maintaining a salary structure for its employees comparable to that of other agencies of the Federal Government, it is recommended that the Board approve the following:

(1) Revision of the Board's Regular Salary Schedule Retroactive to July 5, 1964 in accordance with the attached table (Attachment 1.) which corresponds to the basic compensation rates established by the "Government Employees Salary Reform Act of 1964"; and, further, adjust accordingly the basic compensation of those employees paid under this schedule effective as of July 5, 1964.

(2) Application and Implementation of Revised Salary Structure. With the approval of the Board Member in charge of internal administrative affairs, the Division of Personnel Administration shall be responsible for making adjustments in (1) the per diem and hourly wage rates of the WAE (when actually employed) employees, (2) pending employee appointments, etc.

(3) Administration and Procedure. The Office of the Controller and the Division of Personnel Administration will use Government regulations and interpretations as guides in deciding questions of administration and procedure.

(4) Computations Under the New Salary Formula. The 1964 Pay Act sets up a new pay computation formula - also retroactive. The 1958 Pay Act rounded up all fractions of a cent on the hourly rates, which in turn were used to fix the biweekly basic pay. This resulted in many instances of payments up to approximately \$21 more than the employee's annual salary rate. The new formula rounds down the hourly rate where a fraction or less than a half cent is involved; if half or more it continues to be rounded up. To avoid any employee not included in this general pay increase (wage board and official staff) receiving, however minor, a salary "cut", it is recommended that the new pay computation formula be deferred until such time as he does receive an increase in basic salary.

Exceptions

Not included in these recommendations are Board employees paid under the Metropolitan D.C. Prevailing Rate Wage Schedule (mechanics, gardeners, painters) and the Interdepartmental Lithographic Wage Board (printing) Pay Schedule. These employees receive periodic salary adjustments as a result of annual area wage surveys.

No recommendation is made in this memorandum with regard to the annual salaries of the Board's official staff. It is assumed that any determination on this matter will be made by the Board, as in the past.

Comments

Title I, Part II of the basic Act (Postal Service and Federal Employees Salary Act of 1962) provides for an annual review of salary rates paid to Federal employees by the President and Congress, a requirement much desired by Government personnel people. The enactment of the present Act is a result of this obligation.

The purposes of this legislation are principally (1) to adjust civilian career salaries in the Federal Government in accordance with the principle of comparability with other than Government salaries; (2) to establish a new, consistent, and rational structure for positions at the highest level; (3) to provide a logical and appropriate relationship between career salaries and (4) to adopt a salary structure designed to meet the present day needs of the Federal Government, the most important of which is obtaining and retaining personnel of the highest caliber at every level.

Attachment.

**BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
REGULAR SALARY SCHEDULE**

Basic Annual Pay Rates by Grades -- July 5, 1964

(Rates in effect January 5, 1964 to July 4, 1964 are shown
on the second line of each grade.)

Progress Steps

Grade	Step Increase	One Year Periods			Two Year Periods			Three Year Periods			10
		1	2	3	4	5	6	7	8	9	
FR-1	115	3385	3500	3615	3730	3845	3960	4075	4190	4305	4420
	105	3305	3410	3515	3620	3725	3830	3935	4040	4145	4250
FR-2	125	3680	3805	3930	4055	4180	4305	4430	4555	4680	4805
	105	3620	3725	3830	3935	4040	4145	4250	4355	4460	4565
FR-3	135	4005	4140	4275	4410	4545	4680	4815	4950	5085	5220
	105	3880	3985	4090	4195	4300	4405	4525	4650	4775	4900
FR-4	150	4480	4630	4780	4930	5080	5230	5380	5530	5680	5830
	140	4215	4355	4495	4635	4775	4915	5055	5195	5335	5475
FR-5	165	5000	5165	5330	5495	5660	5825	5990	6155	6320	6485
	160	4690	4850	5010	5170	5330	5490	5650	5810	5970	6130
FR-6	185	5505	5690	5875	6060	6245	6430	6615	6800	6985	7170
	175	5235	5410	5585	5760	5935	6110	6285	6460	6635	6810
FR-7	200	6050	6250	6450	6650	6850	7050	7250	7450	7650	7850
	195	5795	5990	6185	6380	6575	6770	6965	7160	7355	7550
FR-8	220	6630	6850	7070	7290	7510	7730	7950	8170	8390	8610
	210	6390	6600	6810	7020	7230	7440	7650	7860	8070	8280
FR-9	245	7220	7465	7710	7955	8200	8445	8690	8935	9180	9425
	230	7030	7260	7490	7720	7950	8180	8410	8640	8870	9100
FR-10	270	7900	8170	8440	8710	8980	9250	9520	9790	10060	10330
	255	7690	7945	8200	8455	8710	8965	9220	9475	9730	9985
FR-11	295	8650	8945	9240	9535	9830	10125	10420	10715	11010	11305
	280	8410	8690	8970	9250	9530	9810	10090	10370	10650	
FR-12	355	10250	10605	10960	11315	11670	12025	12380	12735	13090	13445
	330	9980	10310	10640	10970	11300	11630	11960	12290	12620	
FR-13	420	12075	12495	12915	13335	13755	14175	14595	15015	15435	15855
	385	11725	12110	12495	12880	13265	13650	14035	14420	14805	
FR-14	490	14170	14660	15150	15640	16130	16620	17110	17600	18090	18580
	450	13615	14065	14515	14965	15415	15865	16315	16765	17215	
FR-15	570	16460	17030	17600	18170	18740	19310	19880	20450	21020	21590
	515	15665	16180	16695	17210	17725	18240	18755	19270		



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

2854

Item No. 10
8/14/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 17, 1964.

CONFIDENTIAL (FR)

Mr. Howard D. Crosse, Vice President,
Federal Reserve Bank of New York,
New York, New York. 10045

Dear Mr. Crosse:

In accordance with the request contained in Mr. Treiber's letter of August 11, 1964, the Board approves the appointment of James H. Oltman as an examiner for the Federal Reserve Bank of New York, effective today.

It is noted that Mr. Oltman is indebted to First National City Bank, New York, New York. Accordingly, the Board's approval of the appointment of Mr. Oltman is given with the understanding that he will not participate in any examination of that bank until his indebtedness has been liquidated.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
Assistant Secretary.

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

Item No. 11
8/14/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

August 17, 1964.

CONFIDENTIAL (FR)

Mr. Howard D. Crosse, Vice President,
Federal Reserve Bank of New York,
New York, New York. 10045

Dear Mr. Crosse:

In accordance with the request contained in Mr. Quackenbush's letter of August 12, 1964, the Board approves the appointment of Arnold A. Egli as an assistant examiner for the Federal Reserve Bank of New York. Please advise the effective date of the appointment.

It is noted that Mr. Egli is indebted to First National Bank of Passaic County, Paterson, New Jersey. Accordingly, the Board's approval of the appointment of Mr. Egli is given with the understanding that he will not participate in any examination of that bank so long as his indebtedness remains unliquidated.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

