

Minutes of the Board of Governors of the Federal Reserve System on Friday, June 27, 1969. The Board met in the Board Room at 10:00 a.m.

Present: Mr. Martin, Chairman
Mr. Richardson, Vice Chairman
Mr. Mitchell
Mr. Tolson

Mr. Belmont, Secretary
Mr. Ferguson, Deputy Secretary
Mr. Forrester, Assistant Secretary
Mr. Harker, Assistant to the Board
Mr. Kelley, Assistant to the Board

MINUTES

Board of Governors of the Federal Reserve System

June 27, 1969

Mr. Tolson, Director, Division of Supervision and Administration
Mr. Johnson, Director, Division of Personnel Administration
Mr. Holloman, Director, Division of Administrative Services
Mr. O'Connell, Deputy General Counsel
Mr. Bates, Associate Director, Division of Research and Statistics
Mr. Conroy, Assistant, Division of Research and Statistics
Mr. Eckert, Assistant, Division of Research and Statistics
Mr. Johnson, Assistant, Division of International Finance
Mr. Smith, Assistant Director, Division of Administrative Services

Other appropriate staff members also attended portions of the meeting.

Discontinuation of Branches: The establishment without change by the Federal Reserve Banks of Cleveland, Richmond, Atlanta, St. Louis, Kansas City, and Dallas on June 25, 1969, of the rates on discounts and advances to their existing schedules was approved unanimously, with the understanding that appropriate notices should be sent to these banks.

Minutes of the Board of Governors of the Federal Reserve System on Friday, June 27, 1969. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Robertson, Vice Chairman
Mr. Mitchell
Mr. Maisel

Mr. Holland, Secretary
Mr. Kenyon, Deputy Secretary
Mr. Forrestal, Assistant Secretary
Mr. Hackley, Assistant to the Board
Mr. Molony, Assistant to the Board
Mr. Cardon, Assistant to the Board
Mr. Coyne, Special Assistant to the Board
Mr. Hexter, General Counsel
Mr. Solomon, Director, Division of Supervision and Regulation
Mr. Johnson, Director, Division of Personnel Administration
Mr. Kelleher, Director, Division of Administrative Services
Mr. O'Connell, Deputy General Counsel
Mr. Partee, Associate Director, Division of Research and Statistics
Mr. Gramley, Adviser, Division of Research and Statistics
Mr. Eckert, Assistant Adviser, Division of Research and Statistics
Mr. Norwood, Adviser, Division of International Finance
Mr. Smith, Assistant Director, Division of Administrative Services

Other appropriate staff members also attended portions of the meeting.

Discount rates. The establishment without change by the Federal Reserve Banks of Cleveland, Richmond, Atlanta, St. Louis, Kansas City, and Dallas on June 26, 1969, 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.

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Foreign banking matters. Unanimous approval was given to a letter to Continental International Finance Corporation, Chicago, Illinois, granting consent to continue to hold shares of Continental Development Bank, Beirut, Lebanon, subsequent to the establishment by the latter of a branch in Dubai, Trucial State of Dubai. A copy is attached as Item No. 1.

Unanimous approval was given to a letter to First National City Overseas Investment Corporation, New York, New York, granting permission to acquire the shares of First National City Development Finance Corporation, Bangkok, Thailand, and shares of Bangkok Investment Company, Ltd., Bangkok, Thailand. A copy is attached as Item No. 2.

Unanimous approval was given to a letter to First National City Bank, New York, New York, granting permission to acquire stock of Banco de Comercio e Industria de Guatemala, S.A., Guatemala City, Guatemala. A copy is attached as Item No. 3.

Report on competitive factors. A report on the competitive factors involved in the proposed merger of First National Bank, Charleroi, Pennsylvania, and First National Bank & Trust Co., Washington, Pa., Washington, Pennsylvania, was approved unanimously for transmittal to the Comptroller of the Currency. The conclusion read as follows:

There is little or no existing competition between First National Bank, Charleroi, and First National Bank & Trust Co., Washington, Pa.; however, there is some potential for development of competition between them. Both banks are now in direct

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competition with branches of substantially larger banks, and upon consummation of this proposal, the resulting bank might be a more effective competitor. The overall competitive effect would be slightly adverse.

Communications system. Unanimous approval was given to a letter to the Federal Reserve Bank of Richmond stating that the Board agreed to comply with applicable provisions of an agreement entered into between the Bank and Western Union Telegraph Company for the provision of terminal equipment, circuit terminal equipment, and support services incident to the new Federal Reserve communications system, and to prepare the sites at the Board for installation of terminal equipment and circuit terminal equipment. A copy of the letter is attached as Item No. 4.

Truth in lending. After discussion, unanimous approval was given to a letter to the Acting Bank Commissioner of the State of Maine explaining that the Board was not in a position to grant to the State an interim exemption from the requirements of the Federal truth in lending law, but that the Board expected to promulgate shortly a supplement to its Regulation Z, Truth in Lending, under which it would consider requests from States for exemptions, and that the request of the State of Maine for such an exemption would then be processed under the terms of that supplement. A copy of the letter is attached as Item No. 5.

Bank loans on life insurance policies. The Board considered a proposed reply to a request from Congressman Patman for information

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about bank loans "collateralized by questionable insurance policies." Several questions were raised with regard to the sufficiency of the information proposed to be supplied, and in the circumstances the matter was held over with a request that the staff endeavor to obtain additional information.

Israel Discount Bank. The Board considered a memorandum from the Legal Division dated June 26, 1969, with regard to a request from the Israel Discount Bank for a ruling under the Bank Holding Company Act and, after discussion of several questions raised in that connection, approved unanimously a letter in the form attached as Item No. 6.

The meeting continued from this point with limited staff attendance.

Reserve Bank officer salaries. Unanimous approval was given to letters to the Federal Reserve Banks of Boston, St. Louis, and San Francisco approving the payment of salaries to specified officers, including certain new appointees, at annual rates fixed by the directors of the respective Banks. Copies of the letters are attached as Items 7-9, inclusive.

Investment Bankers Association. It was agreed to extend an invitation to members of the Government Borrowing Committee of the Investment Bankers Association to meet with available members of the Board and appropriate staff on Tuesday, July 29, 1969.

Labor Relations Panel. Mr. O'Connell reported to the Board concerning communications received from a union official citing alleged

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unfair labor practices on the part of the Federal Reserve Bank of San Francisco, the telegram of acknowledgment sent over Governor Sherrill's name, and subsequent conversations with officials of the Reserve Bank.

Mr. O'Connell said it was Governor Sherrill's recommendation that action be taken to name the members of the System Labor Relations Panel provided for in the Board's recent policy statement on labor relations.

After some discussion, Governors Mitchell and Sherrill were named as the members of the Board to serve on the Panel, and it was agreed that efforts to develop a list of persons who might be considered for the post of public member of the Panel would be undertaken upon the return of Governor Sherrill.

Proposed survey of capital spending. Mr. Holland referred to a telephone call received from President Hickman of the Federal Reserve Bank of Cleveland with regard to a question raised by a source within the Administration as to whether the Reserve Banks would undertake a survey of selected corporations within their respective districts with respect to capital spending intentions. President Hickman, while favorably inclined, inquired regarding any views that might be held as to procedures that should appropriately be followed in dealing with this request.

In discussion, it was noted that surveys of this kind had typically been conducted by the Securities and Exchange Commission

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and the Department of Commerce. It was also mentioned that a survey such as proposed might have to be cleared with the Bureau of the Budget.

It was the consensus that President Hickman should be advised to proceed as he saw fit within the Fourth District, but that any request to the other Reserve Banks to participate in such a survey should be issued through the Board's offices. It was understood that the Board's staff would pursue the matter with the office where the request had originated and that the staff could tender the information recently obtained on the same subject in response to a Board letter to the Chairmen of the Reserve Banks in order to determine whether such information would be helpful and perhaps be considered sufficient to obviate the need for the requested survey.

Personnel matters. Following up on yesterday's general approval of proposed officer assignments within the Division of Research and Statistics, the Board approved the promotion of Peter M. Keir, presently Assistant Adviser, to the rank of Associate Adviser, effective June 30, 1969, with annual salary at the rate of \$28,500, and approved the appointment of Joseph C. Zeisel, presently Chief of the National Income, Labor Force, and Trade Section, as Assistant Adviser, also effective June 30, 1969, with annual salary at the rate of \$28,000.

The Board also approved the naming of J. Charles Partee and Kenneth B. Williams as members of the Editorial Committee of the Federal Reserve Bulletin.

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In addition, the Board approved the payment of salary to Donald E. Anderson, Project Representative in the Annex Building Construction function, at the annual rate of \$21,000 effective July 13, 1969.

Regular salary schedule. As indicated by Governor Sherrill at yesterday's meeting, the Division of Personnel Administration had furnished a memorandum under that date proposing a general adjustment of the Board's regular salary schedule effective July 13, 1969, and making certain related recommendations with regard to implementation of the proposal.

The recommendations in the memorandum, a copy of which is attached as Item No. 10, were approved unanimously. The Board's action included approval of any resulting overexpenditures in the pertinent accounts of the 1969 Board budget.

Money market review. Members of the research divisions entered at this point and presented the usual weekly money market review, including a report on gold and foreign exchange markets, with special reference to developments in the wake of the announcement yesterday of the Board's proposal to impose a marginal reserve requirement against Euro-dollar borrowings by U.S. banks, and reports on the Government securities market and bank credit developments. Copies of the statistical materials prepared for today's review

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Area No. 1
5/27/69

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WASHINGTON, D. C. 20541

and of the foreign briefing have been placed in the Board's files.

June 27, 1969.

The meeting then adjourned.


Secretary

Continental International
Finance Corporation
231 South LaSalle Street,
Chicago, Illinois 60600

Gentlemen:

We will acknowledge your letter of June 4, 1969, requesting permission for Continental Development Bank, Beirut, Lebanon, to establish a branch in Dubai, United Arab Emirates.

The Board of Governors grants consent for Continental International Finance Corporation to continue to hold shares of Continental Development Bank subsequent to the establishment of the branch in Dubai.

Please advise the Board of Governors, through the Federal Reserve Bank of Chicago, when the branch is established and opened for business, furnishing information as to the exact location of the branch. The Board should be informed of any change in location of the branch in Dubai.

Very truly yours,

(Signed) Robert P. Forrestal

Robert P. Forrestal,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 1
6/27/73

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 27, 1969.



Continental International
Finance Corporation,
231 South LaSalle Street,
Chicago, Illinois. 60690

Gentlemen:

This will acknowledge your letter of June 4, 1969, requesting permission for Continental Development Bank, Beirut, Lebanon, to establish a branch in Dubai, Trucial State of Dubai.

The Board of Governors grants consent for Continental International Finance Corporation to continue to hold shares of Continental Development Bank subsequent to the establishment of the branch in Dubai.

Please advise the Board of Governors, through the Federal Reserve Bank of Chicago, when the branch is established and opened for business, furnishing information as to the exact location of the branch. The Board should be informed of any change in location of the branch in Dubai.

Very truly yours,

(Signed) Robert P. Forrestal

Robert P. Forrestal,
Assistant Secretary.

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

Item No. 2
6/27/69



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 27, 1969

First National City Overseas
Investment Corporation,
399 Park Avenue,
New York, New York. 10022

Gentlemen:

In accordance with the request contained in your letters of April 21, 1969, the Board of Governors grants consent for your Corporation ("FNCOIC") to purchase and hold all of the shares of First National City Development Finance Corporation ("FNCDFC") and 50 per cent of the shares of Bangkok Investment Company, Ltd. ("BICL"), both to be established in Bangkok, Thailand, at a cost of approximately \$1,000,000 and \$2,500,000, respectively, provided the shares are acquired and 25 per cent paid for within one year from the date of this letter. In this connection, approval is also granted for the purchase and holding of shares of FNCDFC and BICL in excess of 10 per cent of your Corporation's capital and surplus.

The Board's consent to the proposed purchase and holding of shares of BICL by FNCOIC is granted subject to the following conditions:

- (1) That FNCOIC shall not hold, directly or indirectly, any shares of stock in BICL if BICL at any time fails to restrict its activities to those permissible to a corporation in which a corporation organized under Section 25(a) of the Federal Reserve Act could, with the consent of the Board of Governors, purchase and hold stock, or if BICL establishes any branch or agency or takes any action or undertakes any operation in Thailand or elsewhere, in any manner, which at the time would not be permissible to FNCOIC;
- (2) That, when required by the Board of Governors, FNCOIC will furnish the Board with such reports regarding the activities of BICL as it may require from time to time; and
- (3) That any share acquisitions or dispositions by BICL be reported under Section 211.8(d) of Regulation K in the same manner as if BICL were a corporation organized under Section 25(a) of the Federal Reserve Act.

First National City Overseas
Investment Corporation

The Board's consent to the proposed purchase and holding of shares of FNCDFC by FNCOIC is granted subject to the same conditions prescribed in the immediately preceding paragraph with respect to the shares of BICL, except for the substitution of "FNCDFC" for "BICL" where BICL appears.

Subject to continuing observation and review, the Board suspends, until further notice, the provisions of subparagraph (1) of the second paragraph of this letter so far as they relate to restrictions on loans granted by BICL or FNCDFC in Thailand in the currency of that country.

Upon completion of the proposed acquisitions, it is requested that the Board of Governors be furnished, through the Federal Reserve Bank of New York, with copies of Articles of Association, Memorandum of Association, and By-Laws of BICL and FNCDFC.

The foregoing consent is given with the understanding that the investments now being approved will be made within the guidelines established under the foreign credit restraint effort now in effect as they apply to the foreign lending and investment activities of your Corporation, First National City Bank, International Banking Corporation, and First National City Bank (International), and that due consideration is being given to the priorities contained therein.

Very truly yours,

(Signed) Robert P. Forrestal

Robert P. Forrestal,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 3
6/27/69



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 27, 1969

First National City Bank,
399 Park Avenue,
New York, New York. 10022

Gentlemen:

As requested in your letter of April 22, 1969, the Board of Governors grants permission, pursuant to Section 25 of the Federal Reserve Act and Regulation M, for First National City Bank ("FNCB"), New York, New York, to purchase and hold up to 100 per cent of the outstanding capital stock of Banco de Comercio e Industria de Guatemala, S.A. ("Banco"), Guatemala City, Guatemala, at a cost of approximately \$2,380,000, provided that approximately 95 per cent of such shares are acquired within one year from the date of this letter.

The Board's consent to the proposed holding of shares of Banco by FNCB is granted subject to the following conditions:

- (1) That such shares be disposed of as promptly as practicable if Banco shall in any manner engage in any activity or take any action whatsoever that would not be permissible if Banco were a corporation organized under Section 25(a) of the Federal Reserve Act not "engaged in banking";
- (2) That, when required by the Board of Governors FNCB will furnish the Board with such reports regarding the activities of Banco as it may require from time to time;
- (3) That any share acquisitions or dispositions by Banco be reported under Section 211.8(d) of Regulation K in the same manner as if Banco were a corporation organized under Section 25(a) of the Federal Reserve Act; and
- (4) That FNCB shall not carry on its books the shares of Banco at a net amount in excess of its proportionate share of the book capital accounts of Banco, after giving effect to the elimination of all known losses.

First National City Bank

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Subject to continuing observation and review, the Board suspends, until further notice, the provisions of subparagraph (1) of the immediately preceding paragraph of this letter so far as they relate to restrictions set forth in Section 211.0(a), (b), and (c) of Regulation K.

Upon completion of the proposed acquisition, it is requested that the Board of Governors be furnished, through the Federal Reserve Bank of New York, with copies of Articles of Association, Memorandum of Association, and By-Laws of Banco.

The foregoing consent is given with the understanding that the investment now being approved will be made within the guidelines established under the foreign credit restraint effort now in effect as they apply to the foreign lending and investment activities of FNCB, International Banking Corporation, First National City Overseas Investment Corporation, and First National City Bank (International), and that due consideration is being given to the priorities contained therein.

Very truly yours,

(Signed) Robert P. Forrestal

Robert P. Forrestal,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 4
6/27/69

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 27, 1969



Mr. Aubrey N. Heflin, President,
Federal Reserve Bank of Richmond,
Richmond, Virginia. 23213

Dear Mr. Heflin:

This acknowledges your letter of June 3, 1969, summarizing the current status of the new Federal Reserve Communications System and enclosing a copy of Agreement entered into on May 16, 1969, between the Federal Reserve Bank of Richmond and the Western Union Telegraph Company for the provision of Terminal Equipment, Circuit Terminal Equipment, and support services. Relative to the afore-said Agreement, and pursuant to the provisions thereof, you have requested that the Board transmit its agreement to comply with applicable provisions of Articles X and XV of the Agreement.

The Board hereby agrees to comply with all applicable provisions of Articles X and XV of the afore-said Agreement and, upon receipt of necessary information from the Federal Reserve Bank of Richmond, agrees to prepare the sites at the Board for installation of Terminal Equipment and Circuit Terminal Equipment.

Very truly yours,

(Signed) Robert C. Holland

Robert C. Holland,
Secretary.

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

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Item No. 5
6/27/69

OFFICE OF THE VICE CHAIRMAN

June 30, 1969

Mr. Irl E. Withee
Acting Bank Commissioner
Department of Banks and Banking
State of Maine
State Office Building
Augusta, Maine 04330

Dear Mr. Withee:

This will acknowledge receipt of your letter of June 20, 1969, requesting an interim exemption from the requirements of the Federal Truth in Lending law pending a more formal determination after the Board has promulgated its final draft of Supplement II.

The Board is not in a position to issue an interim exemption, for under the law it must proceed "by regulation," and it may exempt any class of transactions from the requirements of Chapter II of the Truth in Lending Act ". . . if it determines that under the law of that State that class of transactions is subject to requirements substantially similar to those imposed under this chapter, and that there is adequate provision for enforcement." The Board is not in a position to make a determination regarding any class of transactions within any State until it has adopted suitable regulations. It is anticipated that this will be accomplished through the promulgation of Supplement II to Regulation Z about July 1, 1969. Thereafter, the Board must analyze carefully the applicable State statutes and regulations and determine that they are, in fact, substantially similar to the Federal requirements and that there is adequate provision for enforcement.

We are aware of the provision in your Act which suspends its effective date until an exemption from the Federal statute is obtained. Certainly, it is not our desire to have you terminate your

BOARD OF GOVERNORS

Mr. Irl E. Withee

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enforcement staff and then attempt to reconstruct it if a Federal exemption is granted. However, during the reasonably short time which we anticipate will be needed to make a determination, we understand that you will be able to utilize your field staff in various examination and enforcement functions of your office.

Sincerely,

(Signed) J. L. Robertson

J. L. Robertson

George N. Shapiro, Esquire,
 Proskauer, Rose, Gordon & Mendelsohn,
 300 Park Avenue,
 New York, New York 10022

Dear Mr. Shapiro:

This is in response to your request for a Board ruling with respect to the applicability of the Bank Holding Company Act of 1956 to a situation involving Israel Discount Bank ("ID Bank"), its wholly-owned subsidiary, IDB Trust Company, and a closely-related corporation in Israel ("Famityco") which owns more than 25 per cent of the voting shares of Israel Discount Bank.

Your letter of June 21, 1969 indicates that ID Bank is an Israeli banking corporation which operates 110 branches in Israel and also has two branches in New York City, which accept certain domestic deposits and branches of a foreign bank not eligible for Federal deposit insurance and are exempted by provisions of New York law from rendering full trust services. ID Bank recently acquired all of the shares of an existing bank chartered by the State of New York. That bank, the name of which has been changed to IDB Trust Company, is scheduled to open on July 1, 1969 in new quarters located in the building that houses the principal New York City branch of ID Bank. IDB Trust Company does not presently accept demand deposits, but proposes to begin doing so on July 1. Since Famityco directly owns more than 25 per cent of the voting shares of ID Bank, and indirectly owns all of the shares of IDB Trust Company, that corporation would be within the definition of "bank holding company" set forth in Section 2(a) of the Act if both ID Bank and IDB Trust Company are regarded as "banks" within the meaning of Section 2(c).

A "bank" is defined by Section 2(c) to mean "any institution that accepts deposits that the depositor has a legal right to withdraw on demand, but shall not include any organization . . . that does not



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

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Item No. 6
6/27/69

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 27, 1969

AIR MAIL

George M. Shapiro, Esquire,
Proskauer, Rose, Goetz & Mendelsohn,
300 Park Avenue,
New York, New York. 10022

Dear Mr. Shapiro:

This is in response to your request for a Board ruling with respect to the applicability of the Bank Holding Company Act of 1956 to a situation involving Israel Discount Bank Limited ("ID Bank"), its wholly-owned subsidiary, IDB Trust Company, and a closely-owned corporation in Israel ("Familyco") which owns more than 25 per cent of the voting shares of Israel Discount Bank.

Your letter of June 21, 1969 indicates that ID Bank is an Israel banking corporation which operates 116 branches in Israel and also has two branches in New York City, which accept demand deposits. Because such branches of a foreign bank are ineligible for Federal deposit insurance and are inhibited by provisions of New York law from rendering full trust services, ID Bank recently acquired all of the shares of an existing bank chartered by the State of New York. That bank, the name of which has been changed to IDB Trust Company, is scheduled to open on July 1, 1969 in new quarters located in the building that houses the principal New York City branch of ID Bank. IDB Trust Company does not presently accept demand deposits, but proposes to begin doing so on July 1. Since Familyco directly owns over 25 per cent of the voting shares of ID Bank, and indirectly owns all of the shares of IDB Trust Company, that corporation would be within the definition of "bank holding company" set forth in section 2(a) of the Act if both ID Bank and IDB Trust Company are regarded as "banks" within the meaning of section 2(c).

A "bank" is defined by section 2(c) to mean "any institution that accepts deposits that the depositor has a legal right to withdraw on demand, but shall not include any organization . . . that does not

George M. Shapiro, Esquire

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do business within the United States." Applying that definition to the present situation, it appears that a foreign bank which, like ID Bank, has offices in the United States which accept demand deposits, is covered by the definition, and the Board has previously so held. Since IDB Trust Company does not presently accept demand deposits, it is not a "bank" within the meaning of the Act. At such time as it does begin accepting demand deposits, however, it will be within the definition. Therefore, unless prior to that time the Board approves an application by Familyco to become a bank holding company, a violation of section 3(a)(1) of the Act will have occurred.

The Board has considered your contention that ID Bank and IDB Trust Company should be regarded as a single institution, and thus a single bank, for purposes of the Act, but is unable to reconcile such a construction with the terms or purposes of the Act. While it might be argued that a single banking "operation" is involved, it is impossible to overlook the separate corporate status of the two institutions, especially in the light of the different legal powers inherent in that separate status, so as to conclude that a single institution is involved.

With regard to the intent of Congress in enacting the statute, the Board is unable to agree that the fact that the Act was adopted in 1956 indicates that no consideration was given to the status of branches of foreign banks, which, you state, were not in existence at that time. The definition of "bank" in the present section 2(c) is not the same as that contained in the Act as originally enacted, but was adopted by amendment to the Act in 1966, six years after the passage of the New York legislation which permitted foreign banks to establish branches in that State. Moreover, while it is certainly true that the legislation was not principally directed at foreign banks, the fact that Congress specifically excluded from the definition "any organization that does not do business within the United States" indicates an intention to encompass foreign banking organizations which accept demand deposits in this country.

For the foregoing reasons, the Board has declined to grant the ruling which you requested. In so doing, the Board is cognizant of the consequent disruption in IDB Trust Company's plans to commence accepting demand deposits on July 1, and wishes to assure you that any application which Familyco might file under the Bank Holding Company Act in order to remedy the situation will be acted upon as expeditiously as possible, consistent with the provisions of the Act and with the Board's responsibilities thereunder.

Sincerely yours,

(Signed) Robert P. Forrestal

Robert P. Forrestal,
Assistant Secretary.

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Item No. 7
6/27/69

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



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 30, 1969

CONFIDENTIAL (FR)

Mr. Frank E. Morris, President,
Federal Reserve Bank of Boston,
Boston, Massachusetts. 02106

Dear Mr. Morris:

The Board of Governors approves the appointment of,
and the payment of salaries to, officers of the Federal Reserve
Bank of Boston listed below for the period July 1 through
December 31, 1969.

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Robert W. Eisenmenger	Senior Vice President	\$29,500
Harry R. Mitiguy	Senior Vice President	28,000
Lee J. Aubrey	Vice President	23,000

In addition, the Board of Governors approves the pay-
ment of annual salary of \$18,000 to John Flaherty as Assistant
Vice President for the same period.

These appointments and rates are as fixed by your Board
of Directors, reported in your letter of June 9, 1969.

Very truly yours,

(Signed) Robert P. Forrestal

Robert P. Forrestal,
Assistant Secretary.



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

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Item No. 8
6/27/69

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 27, 1969

CONFIDENTIAL (FR)

Mr. Darryl R. Francis, President,
Federal Reserve Bank of St. Louis,
St. Louis, Missouri. 63166

Dear Mr. Francis:

The Board of Governors has approved the payment of salaries to officers of the Federal Reserve Bank of St. Louis listed below for the period July 1 through December 31, 1969.

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Clifton B. Luttrell	AVP (Research)	\$22,500
Keith M. Carlson	AVP "	22,000
Michael W. Keran	AVP "	22,000
Jerry L. Jordan	AVP "	22,000

These salaries are at the rates fixed by your Board of Directors as reported in your letter of June 12, 1969.

Very truly yours,

(Signed) Robert P. Forrestal

Robert P. Forrestal,
Assistant Secretary.

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

Item No. 9
6/27/69



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 27, 1969

CONFIDENTIAL (FR)

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

Dear Mr. Swan:

The Board of Governors approves the payment of salaries to officers of the Federal Reserve Bank of San Francisco listed below for the period July 1 through December 31, 1969.

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Louis E. Reilly	General Counsel	\$21,000
William L. Cooper	Associate General Counsel	20,000

These salaries are at the rates established by your Board of Directors as reported in your letter of June 12, 1969.

Very truly yours,

(Signed) Robert P. Forrestal

Robert P. Forrestal,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

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Office Correspondence

Item No. 10

Date ^{6/27/69} June 26, 1969

Board of Governors

Subject: General Adjustment to the

Division of Personnel Administration

Board's Regular Salary Schedule

The Federal Salary Act of 1967, Public Law 90-206, provided implementation of comparability of Federal civilian employees' salaries with rates paid in private enterprises, to be accomplished by three adjustments effective in October 1967, July 1968, and July 1969. The first two adjustments were accomplished on schedule. On June 16, President Nixon signed an Executive Order to effect the final phase of the three-part adjustment, effective with the first full pay period on or after July 1, 1969. The Executive Order provides a percentage increase ranging from 3.0 to 10.3. It does not provide for any increase at the Grade 1 level.

Recommendation

In keeping with the Board's policy of maintaining its employees' salary structure comparable to that of other agencies of the Federal Government, it is recommended that the Board approve the attached revision of its Regular Salary Schedule, effective July 13, 1969, which is identical with the revised Government General Schedule, with the exception of Grade 1 which provides for a one step increase, approximately 3 percent.

In connection with the implementation of this recommendation, the following administrative procedures are recommended, as in similar pay schedule changes in the past:

- (1) With the approval of the Board Member in charge of internal administrative affairs, the Division of Personnel Administration shall be responsible for making appropriate adjustments in the per diem and hourly rates of the WAE (when actually employed) employees, etc.
- (2) 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 procedures.

The Controller's Office recommends approval of any over-expenditures in the 1969 Salary and Employee Retirement and Insurance Benefits budgetary accounts resulting from approval of this proposal.

To: Board of Governors

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Exceptions

According to newspaper reports, the Bureau of Labor Statistics figures indicate that the current pay line for Grade GS-1 exceeds that for comparable private industry jobs. Nevertheless, the Civil Service Commission and the Bureau of the Budget recommended a three percent increase for employees in Grade GS-1. However, because the current adjustments to the General Schedule are to arrive at comparability, the Comptroller General has ruled that any increase approved for Grade GS-1 employees would be in violation of the comparability pay law.

The comparability pay law does not apply to the Board's salary administration. Therefore, it is recommended that each employee be given the equivalent of a one step increase, i.e., \$130 or about 3 percent. This would be accomplished by increasing each of the present steps by \$130. In this manner, employees would retain their progress increase date. The result will be a starting rate for FR-1 positions of \$4,019 (rather than \$3,889), which would be equitable to new hires.

About 12 employees currently in Grade FR-1 would benefit from this adjustment.

It is also recommended that the following employees under the Prevailing Rate Wage Schedule receive adjustments of \$130 each:

Ruth Ellis	Cafeteria Helper
Valeria Faina	Charwoman
Ruth Flowers	Charwoman
John C. Simmons	Laborer
Viola E. Mruk	Charwoman
Frances E. Willis	Charwoman

These employees were placed in saved rates, effective May 18, 1969, when their Sections voted to change from the FR schedule to a Wage Board system. The increase will give them the amount they would have received had the majority decision not resulted in saved rates for them.

Otherwise, no salary rate adjustments are included in this recommendation for Board employees paid under the Metropolitan D. C. Prevailing Rate Wage Schedule (mechanics, gardeners, painters, chauffeurs, laborers, cafeteria helpers, etc.) or the Interdepartmental Lithographic Wage Board Pay Schedule (offset press operators, mimeograph operators, etc.). These employees receive periodic salary adjustments (usually in November) as a result of annual wage surveys.

To: Board of Governors

Comments

Adjustments in the FR schedule (fourth step of grade) are as follows:

<u>Grade</u>	<u>Increase</u>	
	<u>Amount</u>	<u>Percent</u>
1	\$ 130	3.0
2	140	3.0
3	349	6.9
4	416	7.4
5	487	7.7
6	614	8.8
7	724	9.4
8	825	9.7
9	945	10.2
10	1,051	10.3
11	1,132	10.1
12	1,335	10.0
13	1,544	9.7
14	1,744	9.4
15	1,992	9.2

Approved: _____

Date: _____

[Handwritten Signature]

Attachment

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
REGULAR SALARY SCHEDULE

Basic Annual Pay Rates by Grades — July 13, 1969

(Rates in effect July 14, 1968 to July 12, 1969 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	130	4019	4149	4279	4408	4538	4668	4798	4928	5057	5187
	130	3889	4019	4149	4279	4408	4538	4668	4798	4928	5057
FR- 2	145	4360	4505	4650	4795	4940	5085	5230	5375	5520	5665
	141	4231	4372	4513	4655	4796	4937	5078	5219	5360	5501
FR- 3	164	4917	5081	5245	5409	5573	5737	5901	6065	6229	6393
	153	4600	4753	4907	5060	5214	5367	5521	5674	5828	5981
FR- 4	184	5522	5706	5890	6074	6258	6442	6626	6810	6994	7178
	171	5145	5316	5487	5658	5829	6000	6171	6342	6513	6684
FR- 5	206	6176	6382	6588	6794	7000	7206	7412	7618	7824	8030
	192	5732	5924	6115	6307	6498	6690	6881	7073	7265	7456
FR- 6	229	6882	7111	7340	7569	7798	8027	8256	8485	8714	8943
	211	6321	6532	6743	6955	7166	7377	7588	7799	8010	8221
FR- 7	255	7639	7894	8149	8404	8659	8914	9169	9424	9679	9934
	233	6981	7214	7447	7680	7913	8146	8379	8612	8845	9078
FR- 8	282	8449	8731	9013	9295	9577	9859	10141	10423	10705	10987
	257	7699	7956	8213	8470	8727	8984	9241	9498	9755	10012
FR- 9	311	9320	9631	9942	10253	10564	10875	11186	11497	11808	12119
	282	8462	8744	9026	9308	9590	9872	10154	10436	10718	11000
FR-10	342	10252	10594	10936	11278	11620	11962	12304	12646	12988	13330
	310	9297	9607	9917	10227	10537	10847	11157	11467	11777	12087
FR-11	374	11233	11607	11981	12355	12729	13103	13477	13851	14225	14599
	340	10203	10543	10883	11223	11563	11903	12243	12583	12923	13263
FR-12	446	13389	13835	14281	14727	15173	15619	16065	16511	16957	17403
	406	12174	12580	12986	13392	13798	14204	14610	15016	15422	15828
FR-13	527	15812	16339	16866	17393	17920	18447	18974	19501	20028	20555
	480	14409	14889	15369	15849	16329	16809	17289	17769	18249	18729
FR-14	618	18531	19149	19767	20385	21003	21621	22239	22857	23475	24093
	565	16946	17511	18076	18641	19206	19771	20336	20901	21466	22031
FR-15	720	21589	22309	23029	23749	24469	25189	25909	26629	27349	28069
	659	19780	20439	21098	21757	22416	23075	23734	24393	25052	25711

*Certain step increases will vary by one dollar.