

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Thursday, April 6, 1950.

PRESENT: Mr. Szymczak, Chairman pro tem.
Mr. Draper

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Kenyon, Assistant Secretary

Memorandum dated April 3, 1950, from Mr. Young, Director of the Division of Research and Statistics, recommending the appointment of Mrs. Thelma Jeanette Brown as a clerk-stenographer in that Division, on a temporary indefinite basis, with basic salary at the rate of \$2,650 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed the usual physical examination.

Approved unanimously.

Memorandum dated April 5, 1950, from Mr. Vest, General Counsel, recommending the appointment of Mrs. Erma Hufford as a stenographer in the Legal Division, with basic salary at the rate of \$2,890 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed the usual physical examination.

Approved unanimously.

Memorandum dated April 6, 1950, from Mr. Nelson, Director of the Division of Personnel Administration, recommending an increase in the basic salary of Mrs. Ann M. Latimer, a clerk-typist in that Division, from \$2,530 to \$2,610 per annum, effective

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April 16, 1950.

Approved unanimously.

Memorandum dated April 6, 1950, from Mr. Horbett, Assistant Director of the Division of Bank Operations, recommending the appointment of Miss Mary Louise Siever as a clerk-typist in that Division, with basic salary at the rate of \$2,650 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed the usual physical examination.

Approved unanimously.

Letter to Mr. S. B. Crocker, Manager, Group Department, Aetna Life Insurance Company, Washington 5, D. C., reading as follows:

"Reference is made to your letter of March 27, 1950, with respect to the renewal of the Board's Group Life Policy 8042.

"The basis of renewal of the policy as outlined in your letter meets with our approval."

Approved unanimously.

Letter to Mr. Neely, Chairman of the Federal Reserve Bank of Atlanta, reading as follows:

"This letter refers to Mr. Clark's response of March 30, 1950, to our wire of March 29 requesting a statement of the facts in connection with the publication of a letter written by Mr. Fort, Vice President in charge of the Nashville Branch, to a candidate in a local election.

"The Board appreciates the circumstances in which this situation arose and while it would concur in Mr. Fort's statement as to his right to protect his

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"interests in backing those candidates who subscribe to his way of thinking, it is the view of the Board that his letter, written on Federal Reserve stationery, went far beyond that. Although he states he had no idea that the letter would get into the papers, it carries a postscript stating that Judge Hickman might use it in any way he saw fit. That is consent to use it as campaign material, public or otherwise, and placed Mr. Fort in a position of permitting his connection with the Federal Reserve System to be used as a 'springboard' for political purposes.

"The Board concurs in the position taken by the executive committee of your Bank as set forth in Mr. Clark's letter. However, the Board suggests that you emphasize with Mr. Fort that the incident has been embarrassing to the Board as well as the Federal Reserve Bank, particularly in view of the position which the System has taken over the years that officers and directors of the Federal Reserve Banks should refrain from partisan political activities. For obvious reasons, the Banks and the Board should not be identified in the public mind with partisan politics. It is important, therefore, especially in view of the tone of Mr. Fort's memoranda on the subject, that he be advised that a recurrence of a similar situation could not be countenanced, and that he should take every precaution not to be drawn into a further discussion of this matter or to become involved in a similar situation in the future. It will be appreciated if you will forward to the Board a copy of the communication written to Mr. Fort in this connection. The last sentence of Mr. Clark's letter states that 'every effort will be made to avoid any repetition of this affair on the part of our executives'. The Board would be glad to be advised as to the steps taken to carry out this policy.

"Since the telegrams received by the members of the Board from Silliman Evans, Publisher of the Nashville Tennessean, and our acknowledgment of the wires do not call for a further response to him, the Board will not communicate with him again in the absence of further word from him."

Approved unanimously.

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Letter dated April 5, 1950, to Honorable Preston Delano,
Comptroller of the Currency, Washington 25, D. C., reading as
follows:

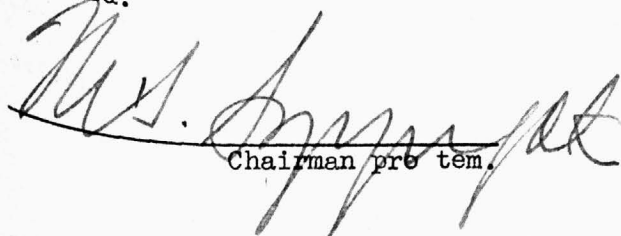
"Enclosed is a copy of a letter and enclosures which Mr. Sproul, President of the Federal Reserve Bank of New York, addressed to the Board under date of March 22, 1950. You will note that such letter relates to a suggestion made by Mr. Winthrop W. Aldrich that section 5200 of the Revised Statutes of the United States be amended so as to permit national banks to make loans on gold on the same basis as loans secured by United States Government obligations.

"Inasmuch as this matter falls within the jurisdiction of your office, we will be glad to have an expression of your views concerning this matter before taking it up further with the Federal Reserve Bank of New York."

Approved unanimously.


Secretary.

Approved:


Chairman pro tem.