

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Thursday, June 8, 1950.

PRESENT: Mr. McCabe, Chairman  
Mr. Eccles  
Mr. Szymczak  
Mr. Draper  
Mr. Vardaman

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

Minutes of actions taken by the Board of Governors of the Federal Reserve System on June 7, 1950, were approved unanimously.

Memorandum dated May 26, 1950, from Mr. Young, Director of the Division of Research and Statistics, recommending the appointment of Miss Katherine A. Podolsky as a research assistant in that Division, with basic salary at the rate of \$3,100 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 June 5, 1950, from Mr. Young, Director of the Division of Research and Statistics, recommending that the resignation of Mrs. Helen B. Arnold, a clerk in that Division, be accepted to be effective, in accordance with her request, at the close of business June 23, 1950.

Approved unanimously.

Memorandum dated June 5, 1950, from Mr. Young, Director of the Division of Research and Statistics, recommending that Gerald

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F. Millea, an analyst in the Division of Bank Operations, be transferred to the Division of Research and Statistics as an Administrative Assistant, at the rate of \$4,600 per annum, effective as of the date upon which he enters upon the performance of his new duties. The memorandum also stated that Mr. Leonard was agreeable to this transfer.

Approved unanimously.

Memorandum dated June 6, 1950, from Mr. Young, Director of the Division of Research and Statistics, recommending increases in the basic annual salaries of the following employees in that Division, effective June 11, 1950:

<u>Name</u>	<u>Title</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
George H. Cleaver	Economist	\$4,325	\$4,450
M. Elva Morse	Clerk	3,115	3,195
Patricia A. Mickelsen	Clerk	2,955	3,035
Reba C. Driver	Clerk	2,650	2,730
Patricia H. Richardson	Clerk	2,690	2,770

Approved unanimously.

Letter to Mr. McLarin, Jr., President of the Federal Reserve Bank of Atlanta, reading as follows:

"The Board of Governors approves the payment of salary to you as President at the rate of \$25,000 per annum and to Mr. L. M. Clark as First Vice President at the rate of \$18,000 per annum for the period June 1, 1950, through February 28, 1951, the date your statutory terms of office will expire, provided these rates are formally fixed by your board of directors. According to your letter of June 2, 1950, these rates have been approved by mail vote and will be confirmed by a formal vote at the June meeting of the directors.

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"The Board of Governors also approves the payment of salary to the following officers at the rates indicated for the period June 1, 1950, through May 31, 1951, provided these rates are formally fixed by your board of directors. According to your letter of June 2, 1950, these rates have been approved by mail vote and will be confirmed by a formal vote at the June meeting of the directors.

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Bowman, V. K.	Vice President	\$12,000
Schuessler, S. P.	Vice President	10,000
Denmark, J. E.	Vice President	10,000
Bowden, James H.	Assistant Vice President	8,000
Camp, C. R.	Assistant Vice President	8,000
Martin, F. H.	Assistant Vice President	7,000
Martin, I. H.	Assistant Vice President	6,500
Milling, R. E.	Assistant Vice President	6,500
Rainey, Edward Carr	Assistant Vice President	7,000
Raisty, Lloyd B.	Assistant Vice President	9,500
Rauber, Earle L.	Director of Research	10,500
Patterson, Harold T.	General Counsel	11,000
Adams, R. DeWitt	General Auditor	6,500
<u>BIRMINGHAM BRANCH</u>		
Beavers, P. L. T.	Vice President & Manager	10,000
Frazer, H. C.	Assistant Manager	8,000
Urquhart, H. J.	Cashier	7,000
Starr, Leo W.	Assistant Cashier	6,000
<u>JACKSONVILLE BRANCH</u>		
Lanford, T. A.	Vice President & Manager	11,000
Clark, T. C.	Cashier	8,000
Ford, C. Mason	Assistant Cashier	6,000
Snyder, J. Wyly	Assistant Cashier	7,000
<u>NASHVILLE BRANCH</u>		
Fort, Joel B. Jr.	Vice President & Manager	10,000

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<u>"Name</u>	<u>Title</u>	<u>Annual Salary</u>
<u>NASHVILLE BRANCH</u>		
Harrison, E. R.	Cashier	\$ 7,500
Moody, Robert E. Jr.	Assistant Cashier	7,000
<u>NEW ORLEANS BRANCH</u>		
Paris, E. P.	Vice President & Manager	14,000
Shaw, Morgan L.	Assistant Manager	8,800
Sewell, W. H.	Cashier	7,200
Chapman, Lawrence Y.	Assistant Cashier	5,700
Vasterling, F. C.	Assistant Cashier	5,100"

Approved unanimously.

Letter to The First National Bank of Pennington, Pennington,  
New Jersey, reading as follows:

"The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers, and grants you authority to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of New Jersey, the exercise of all such rights to be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

"This letter will be your authority to exercise the fiduciary powers granted by the Board pending the preparation of a formal certificate covering such authorization, which will be forwarded to you in due course."

Approved unanimously, for  
transmittal through the Federal  
Reserve Bank of Philadelphia.

Letter to Gulf National Bank of Gulfport, Gulfport,  
Mississippi, reading as follows:

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"The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers, and grants you authority to act, when not in contravention of State or local law, as trustee for bond issues and registrar of stocks and bonds, the exercise of all such rights to be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

"This letter will be your authority to exercise the fiduciary powers granted by the Board pending the preparation of a formal certificate covering such authorization, which will be forwarded to you in due course."

Approved unanimously, for  
transmittal through the Federal  
Reserve Bank of Atlanta.

Letter to Mr. Roger W. Jones, Assistant Director, Legislative Reference, Bureau of the Budget, Washington 25, D. C.,  
reading as follows:

"In your letter of June 6, 1950, you request an expression of views on an amendment which has been proposed by the Housing and Home Finance Agency to the draft 'Secondary Mortgage Credit Act', copy of the draft bill having been sent to the Board with your letter of May 15.

"The matter has been discussed with Mr. Reeve and Mr. Eckert of your Bureau. It is understood from them that the Housing and Home Finance Agency has expressed the feeling that the organization of at least one private mortgage corporation (private FNMA) of the type which would be authorized in the draft 'Secondary Mortgage Credit Act' would be considerably facilitated if Federal savings and loan associations were authorized to participate in its financing. For that purpose the HHFA has proposed an amendment, as set out in your letter, which would authorize each Federal savings and loan association to acquire stock and obligations of the proposed private mortgage corporations subject to the limitations that (1) not

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"more than 1/2 of 1 per cent of the assets of any savings and loan association may be invested in the stock of all such corporations, and (2) not more than 5 per cent of the assets of any savings and loan association may be invested in the obligations of all such corporations.

"In addition to these limitations, any acquisitions of stock or obligations by any savings and loan association would be subject to the approval of the Home Loan Bank Board. The draft language contained in your letter would not require such approval as to obligations, but it is understood that this was due to inadvertence and that the language will be changed to require such approval in both cases. Accordingly, we have considered the proposed amendment as if it required such approval.

"The Board feels strongly that it is unsound at this time for FNMA, or any other Government agency, to pour Government funds into the mortgage market in the manner that FNMA has been doing. FNMA should, at most, serve only as a standby or emergency source of mortgage liquidity. To the extent that the organization of private national mortgage corporations could help to correct the situation by shifting the mortgage financing from Governmental to private channels, the Board as you know, would favor legislation to facilitate setting up such corporations.

"At the same time the Board is convinced that there is real danger to the economy in an unsound extension of the activities of savings and loan associations into fields for which they are not suited. This is especially true with savings and loan activities having Governmental backing in the form of savings and loan insurance and the access to Treasury borrowing which is proposed in other legislation now pending in Congress. Accordingly, an amendment authorizing Federal savings and loan associations to participate in the financing of the proposed private mortgage corporation should not be enacted unless it is clearly understood by all the agencies concerned that the amendment would be recognized for what it is -- a special provision that is confined to a special type of mortgage investment and is not a precedent for any other extensions of authority.

"In the circumstances and with the understandings

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"indicated above, the Board would not object to the proposed authorization with the safeguards indicated."

Approved unanimously.

Letter to Mr. Christian C. Luhnaw, Editor and Publisher, Trusts and Estates, 50 East 42nd Street, New York 17, New York, reading as follows:

"This refers to your letter of May 10, 1950, addressed to Mr. Thurston, relating to your desire to obtain copies of the annual audit reports of common trust funds.

"As indicated in our letter of December 7, 1949, we have serious reservations with respect to the advisability of publication of statistics based upon information contained in common trust fund audit reports, even though the particular common trust funds would not be identified and the published statistics would be in the nature of a composite summary. Since we do not feel that we should give our approval to the publication of such statistics, we question whether it is appropriate for us to furnish you with a letter which you might use in soliciting copies of common trust fund audit reports from banks for use in compiling statistics with the view that after further clearance the statistics might ultimately be published. Any such letter might well be misunderstood by the banks operating common trust funds and could be a step in breaking down the restrictions upon the publication of information contained in the audit reports.

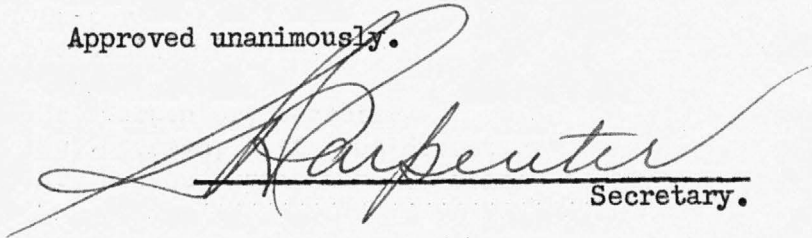
"Undoubtedly you have given much thought to the problem of publication of common trust fund statistics and are cognizant of the various considerations involved. These include, among others, questions with respect to the purposes, if any, which would be served by the publication of the statistics, and the possibility of misinterpretation and misuse of the statistics, ill-informed and unfair comparisons of particular funds with composite figures, and encouragement of the use of common trust funds for general investment purposes rather than strictly as a mechanism for the collective investment of funds for bona fide trusts.

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"In view of the many ramifications of this problem, an informal discussion of the whole subject might be helpful, and if you have occasion to be in Washington, we shall be glad to have the opportunity to talk with you about it."

Approved unanimously.

  
Secretary.