Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, August 4, 1950.

PRESENT: Mr. Evans, Chairman pro tem.

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

Telegrams to the Federal Reserve Banks of Philadelphia, Chicago, St. Louis, and San Francisco stating that the Board approves the establishment without change by the Federal Reserve Bank of San Francisco on August 1, by the Federal Reserve Bank of St. Louis on August 2, and by the Federal Reserve Banks of Philadelphia and Chicago on August 3, 1950, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated August 1, 1950, from Mr. Marget, Director of the Division of International Finance, recommending an increase in the basic salary of Mrs. Franc S. Valentine, Secretary to Mr. Marget, from $3,225 to $3,450 per annum, effective August 6, 1950.

Approved unanimously.

Memorandum dated August 3, 1950, from Mr. Bethea, Director of the Division of Administrative Services, recommending the appointment of Rudolph Reece as a laborer in that Division, on a temporary basis for a period of two months, with basic salary at the rate of $2,120 per annum, subject to a satisfactory investigation of references, effective as of the date upon which he enters upon the performance
of his duties after having passed the usual physical examination.

Approved unanimously.

Memorandum dated August 2, 1950, from Mr. Young, Director of the Division of Research and Statistics, recommending that Ernest M. Fisher be appointed as a Consultant in that Division, on a temporary basis for a period of approximately one month beginning August 7, 1950, that he be paid a fee of $50 per day for each day worked for the Board, plus a per diem allowance in lieu of subsistence of $9 per day for all time in Washington or in travel status, and that he be reimbursed for expenses incident to periodic travel from Washington to New York and return to attend to his personal affairs, and for expenses incident to any other official travel which it may be necessary for him to undertake during his period of service with the Board.

Approved unanimously.

Letter to Mr. Young, President of the Federal Reserve Bank of Chicago, reading as follows:

"This refers to Mr. Diercks' letter of July 26, 1950, stating that Mr. Alfred H. Taylor, a director of the State Bank and Trust Company, Evanston, Illinois, a State member bank, has recently accepted employment with Kebon, McCormick and Company, a securities firm located at 231 South LaSalle Street, Chicago, Illinois, and inquiring whether such firm is primarily engaged in the types of business described in section 32 of the Banking Act of 1933, as amended.

"It appears from the information submitted in Mr. Diercks' letter that for the calendar year 1949
"the dollar volume of underwriting and distributing business engaged in by the firm was $10,890,922; that the percentage ratio of such dollar volume to the dollar volume of the firm's total business was 34.62%; and the gross income of the firm from underwriting and distributing was $189,615, which was 67.16% of the total gross income of the firm. It is noted also that the firm holds itself out as being in the underwriting and distributing business.

"On the basis of the above facts, it seems clear that the firm of Kebbon, McCormick and Company is 'primarily engaged' in the types of business described in section 32 and therefore the interlocking relationship referred to above is prohibited. It will be appreciated if your bank will advise the interested persons and suggest that such steps be taken as may be necessary to bring the interlocking relationship into conformity with the statute."

Approved unanimously.

Telegram to Mr. Slade, Vice President of the Federal Reserve Bank of San Francisco, reading as follows:

"Relet July 27. In view your recommendation Board approves establishment and operation of branch in Parlier, California, by 'Central Valley Bank of California', Richmond, California, provided purchase of assets and assumption deposit liabilities of The First National Bank of Parlier and increase of $100,000 in capital funds of Central Valley Bank are effected, prior approval of appropriate State authorities is obtained and with understanding that counsel for Reserve Bank will review and satisfy himself as to legality of all steps taken to effect absorption and establish branch."

Approved unanimously.

Memorandum dated August 1, 1950, from Mr. Marget, Director of the Division of International Finance, proposing that the systematic exchange of research personnel in the foreign field
between the Board of Governors and the New York Federal Reserve Bank be continued.

Approved unanimously.

Memorandum dated August 1, 1950, from Mr. Chase, Assistant Solicitor, recommending that Mr. Gregory O'Keefe, attorney who is assisting the Solicitor in connection with the Transamerica proceeding, be reimbursed the sum of $91.30, representing expenses incurred in shipping the personal and household effects of himself and his family from San Francisco to Washington, D. C.

Approved unanimously.

Assistant Secretary.