

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, January 19, 1951.

PRESENT: Mr. McCabe, Chairman
Mr. Szymczak
Mr. Evans
Mr. Norton

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 January 18, 1951, were approved unanimously.

Telegrams to the Federal Reserve Banks of New York, Philadelphia, Chicago, St. Louis, Kansas City, and San Francisco, stating that the Board approves the establishment without change by the Federal Reserve Bank of San Francisco on January 13, by the Federal Reserve Bank of St. Louis on January 17, and by the Federal Reserve Banks of New York, Philadelphia, Chicago, and Kansas City on January 18, 1951, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated January 16, 1951, from Mr. Young, Director of the Division of Research and Statistics, recommending an increase in the basic salary of Mrs. Dorothy D. Reeves, Secretary to Mr. Young, from \$4,075 to \$4,200 per annum, effective January 21, 1951.

Approved unanimously.

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Memorandum dated January 16, 1951, from Mr. Vest, General Counsel, recommending an increase in the basic salary of S. E. Entriiken, Law Clerk in the Legal Division, from \$4,700 to \$4,950 per annum, effective January 21, 1951.

Approved unanimously.

Memoranda dated January 8 and 19, 1951, from Mr. Young, Director of the Division of Research and Statistics, recommending the appointment of Maurice H. Schwartz as an economist in that Division, on a temporary indefinite basis, with basic salary at the rate of \$5,400 per annum, effective as of the date upon which he enters upon the performance of his duties after having passed the usual physical examination and subject to the receipt of satisfactory references from Mr. Schwartz's present employer.

Approved unanimously.

Letter to Mr. Patterson, Secretary of the Board of Directors of the Federal Reserve Bank of Atlanta, reading as follows:

"The Board of Governors approves the reappointments of Messrs. John E. Sanford, I. C. Milner, George Winship, W. W. French, and Luther H. Randall as members of the Industrial Advisory Committee for the Sixth Federal Reserve District to serve for terms of one year each, beginning March 1, 1951, in accordance with the action taken by the Board of Directors of the Federal Reserve Bank of Atlanta, as reported in your letter of January 15, 1951."

Approved unanimously.

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Letter to Mr. Weigel, Secretary of the Federal Reserve Bank of St. Louis, reading as follows:

"The Board of Governors approves the reappointments of Messrs. G. A. Heuser, Jacob VanDyke, Clarence S. Franke, James Louis Crawford, and Marvin Swaim as members of the Industrial Advisory Committee for the Eighth Federal Reserve District to serve for terms of one year each, beginning March 1, 1951, in accordance with the action taken by the Board of Directors as reported in your letter of January 15, 1951.

"It is noted from your letter that, after the Committee has elected its officers for the ensuing year, the Board of Governors will be advised."

Approved unanimously.

Letter to Mr. Woolley, Vice President of the Federal Reserve Bank of Kansas City, reading as follows:

"In accordance with the request contained in your letter of January 10, 1951, the Board approves the designation of the following as special assistant examiners for the Federal Reserve Bank of Kansas City:

Adams, Warren	Marqua, Frank
Blakeman, Marvin	Meeker, Louis H.
Cockrell, Paul E.	Pope, Joseph M.
Compton, Russell L.	Roche, John O.
Diehl, Dale	Spurlock, John B.
Finley, Wm. R.	Gaffney, Ada R. (typist)
Gore, Felix	Haines, Mary Helen (typist)

"Appropriate notations have been made in the Board's records of the name reported as a deletion."

Approved unanimously.

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

"This refers to your telegram of January 16 regarding the penalty of approximately \$94.00 incurred by the National

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"Bank and Trust Company, Chariton, Iowa, on a deficiency in its reserves for the period ended December 31, 1950.

"It is noted that the deficiency resulted from the fact that the subject bank inadvertently failed to request its correspondent to transfer \$200,000 to the Federal Reserve Bank, as intended, although the bank put the transfer through its books; that the bank carried ample funds with its correspondent to transfer this amount; that it has maintained substantial excess reserves running as high as 50 per cent; and that this is the first deficiency in its reserves since 1933.

"In the circumstances, the Board authorizes your bank to waive assessment of the penalty in this case."

Approved unanimously.

Letter to Mr. Woolley, Vice President of the Federal Reserve Bank of Kansas City, reading as follows:

"The Board of Governors of the Federal Reserve System has considered the recommendation of the Discount Committee of your Bank, contained in your letter of January 8, 1951, and, pursuant to the provisions of Section 19 of the Federal Reserve Act, grants permission to The First National Bank of Britton, Britton Station, Oklahoma City, Oklahoma, to maintain the same reserves against deposits as are required to be maintained by banks outside central reserve and reserve cities, effective as of the date the town of Britton was annexed to the city of Oklahoma City.

"Please advise the bank of the Board's action in the matter, calling its attention to the fact that such permission is subject to revocation by the Board of Governors of the Federal Reserve System."

Approved unanimously.

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

"In view of the recommendation contained in your letter of January 13, 1951, the Board of Governors extends until May 1, 1951, the time within which the

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"American Trust Company, San Francisco, California, may establish the branch at Twelfth and K Streets, Modesto, California, as approved by the Board under date of August 1, 1950."

Approved unanimously.

Letter to Brig. Gen. C.B. Mickelwait, USA, Assistant Judge Advocate General, Department of the Army, Washington 25, D. C., reading as follows:

"This is in further reference to your letter of December 20, 1950, concerning the indebtedness of Quality Electric Company, Ltd. under a V-loan guaranteed as to 75 per cent by the Department of the Army.

"We have now received some further information on this case from the Federal Reserve Bank of San Francisco. It appears that the type of agreement by which Mr. Flynn and Mr. Trippet bound themselves to pay the 'amount of deficit in net worth and/or net working capital of Quality' is not in common use in financial circles in the San Francisco area and we are informed is considered somewhat unusual. It appears also that the United States Attorney at Los Angeles has expressed doubt as to its enforceability.

"Aside from the above, our Board would not care to express an opinion as to the nature and extent of the liability of the guarantors."

Approved unanimously.

Letter to Mr. Harold deWolfe, Managing Director, League of Mutual Taxi Owners, Inc., 1285 Westchester Avenue, Bronx 59, N. Y., reading as follows:

"In testimony before the Congressional Joint Committee on Defense Production you indicated that you would favor a change by this Board in the provisions of Regulation W that relate to taxicabs.

"If you still wish to present information to the Board on the subject, the Board would be glad to receive it and to give it careful consideration. In order that

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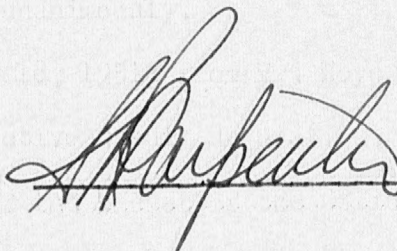
"any such information might be most useful in throwing light on the matter, it is suggested that before preparing material or submitting it to the Board, you get in touch with Mr. Walter Warner, Manager, Credit Department, Federal Reserve Bank of New York and discuss the subject with him. Regulation W is administered on a decentralized basis through the twelve Federal Reserve Banks and Mr. Warner will be in a position to advise you as to the kinds of information that the Board would wish to have before it in considering such matters."

Approved unanimously.

Memorandum dated January 19, 1951, from Mr. Chase, Assistant Solicitor, recommending that the 1950 budget for the Solicitor's Office be increased in the following amounts in connection with the Transamerica case:

Traveling Expenses	\$1,800
Telephone and Telegraph	200
Miscellaneous	1,700

Approved unanimously.


Secretary.