

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, January 30, 1952.

PRESENT: Mr. Martin, Chairman
Mr. Szymczak
Mr. Norton
Mr. Powell

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 29, 1952, were approved unanimously.

Memorandum dated January 24, 1952, from Mr. Boothe, Assistant Director, Division of Selective Credit Regulation, recommending that Virginia E. Leaman, Clerk-Stenographer in the Division of Research and Statistics, be transferred to the Division of Selective Credit Regulation as Secretary to Mr. Swan, Acting Assistant Director, with an increase in her basic salary from \$3,655 to \$3,785 per annum, effective as of the date she assumes her new duties. The memorandum also stated that the Division of Research and Statistics was agreeable to this transfer.

Approved unanimously.

Letter to Mr. Wiltse, Vice President, Federal Reserve Bank of New York, reading as follows:

"In accordance with the request contained in your letter of January 24, 1952, the Board approves the designation of Walter H. Hill as a special assistant examiner for the Federal Reserve Bank of New York."

Approved unanimously.

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Letter to Mr. Peterson, Vice President, Federal Reserve Bank of St. Louis, reading as follows:

"In accordance with the request contained in your letter of January 24, 1952, the Board approves the designation of Robert W. Page as a special assistant examiner and the appointment of Francis M. Miller, at present a special assistant examiner, as an assistant examiner for the Federal Reserve Bank of St. Louis. Please advise us of the date upon which the appointment becomes effective."

Approved unanimously.

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

"In accordance with the request contained in your letter of January 24, 1952, the Board of Governors approves the payment of salaries to Miss Marjorie Hansen, Transcript Clerk, Accounting Department, Head Office, and to Mr. John R. Snow, Accounting Clerk, Non-Cash Collection Department, Denver Branch, at the rates of \$4,164 and \$4,020, respectively, which exceed the maximum established for the grade in which these positions are classified."

Approved unanimously.

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

"Reference is made to your letter of January 22, 1952, advising of the various actions taken by the Board of Directors at its meeting on January 17, with respect to the appointment of, and payment of salaries to, the officers of the Federal Reserve Bank of Kansas City and its branches. In connection with the changes made in the official staff, the Board of Governors approves the payment of salaries to the following officers for the period January 18, 1952, through May 31, 1952, at the rates indicated, which are the rates fixed by the Board of Directors as reported in your letter:

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<u>"Name</u>	<u>Title</u>	<u>Annual Salary</u>
C. E. Sandy	Vice President	\$10,400
Clarence W. Tow	Vice President	12,000
G. A. Gregory	Cashier	10,000
E. D. Vanderhoof	Assistant Vice President	7,600
J. S. Handford	Assistant Cashier	7,116

"The salary for Mr. Handford is approved subject to clearance with the appropriate salary board.

"As you were advised in the Board's letter of March 29, 1951, the payment of salaries to Messrs. Phillips and Pipkin was approved by the Board of Governors at the rates of \$11,000 and \$13,000 per annum, respectively, for the period ending June 30, 1952."

Approved unanimously.

Letter to Mr. Erickson, President, Federal Reserve Bank of Boston, reading as follows:

"Reference is made to your letter of January 11 requesting the Board of Governors to approve an increase in the salary structure of the Federal Reserve Bank of Boston.

"Subject to the proper clearance with the Wage and Salary Stabilization Boards, the Board of Governors approves the following minimum and maximum salaries for the respective grades, effective January 11, 1952:

<u>Grade</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>
1	\$1,620	\$2,160
2	1,740	2,340
3	1,860	2,520
4	1,980	2,700
5	2,160	2,940
6	2,400	3,240
7	2,640	3,540
8	2,940	3,950
9	3,360	4,500
10	3,800	5,100
11	4,250	5,750
12	4,800	6,500
13	5,400	7,300
14	6,150	8,300
15	7,100	9,600
16	8,100	10,900

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"The Board approves the payment of salaries to the employees, other than officers, within the limits specified for the grades in which the positions of the respective employees are classified. It is assumed that all employees whose salaries are below the minimum of their grades as a result of the structure increase will be brought within the appropriate range as soon as practicable."

Approved unanimously.

Letter to the Honorable John S. Wood, Chairman, Committee on Un-American Activities, House of Representatives, Washington, D. C., reading as follows:

"Mr. Rodney H. Van Devanter and Mr. Harry B. Stone, both of the Division of Personnel Administration of the Board of Governors, have been designated as representatives of the Board of Governors in investigating the loyalty of Board employees.

"It will be appreciated, therefore, if you will permit access to your Committee Files by Messrs. Van Devanter and Stone.

"This designation has been made for the year 1952 and will be terminated as of the close of business, December 31, 1952.

"Any prior designation should be cancelled, and Messrs. Van Devanter and Stone will be furnished with credentials with which they can identify themselves."

Approved unanimously.

Letter to Mr. Stetzelberger, Vice President, Federal Reserve Bank of Cleveland, reading as follows:

"Reference is made to your letter of January 21, 1952, enclosing a certified copy of a resolution adopted by the Board of Directors of the Bank of Elizabeth, Elizabeth, Pennsylvania, signifying its intention to withdraw from membership in the Federal Reserve System and requesting waiver of the six months' notice of such withdrawal.

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"As requested, the Board of Governors waives the requirement of six months' notice. Accordingly, upon surrender of the Federal Reserve Bank stock issued to the Bank of Elizabeth, Elizabeth, Pennsylvania, you are authorized to cancel such stock and make appropriate refund thereon. It is assumed that the bank will apply for continuance of deposit insurance after withdrawal, in which event it will have four months after the date of this letter within which to accomplish termination of its membership (F.R.L.S. #3548).

"It is noted that the bank is withdrawing because it does not have the \$500,000 minimum capital stock required by Federal Statute for the establishment of a branch outside of the municipal limits of Elizabeth.

"Please advise when cancellation is effected and refund is made. The certificate of membership issued to the bank should be obtained, if possible, and forwarded to the Board. The State banking authorities should be advised of the bank's proposed withdrawal from membership and the date such withdrawal becomes effective."

Approved unanimously.

Letter to Miss E. F. Downey, Secretary, Federal Deposit Insurance Corporation, Washington, D. C., reading as follows:

"Reference is made to your letter of January 17, 1952, concerning the application of the Peoples Bank, Science Hill, Kentucky, for continuance of insurance after withdrawal from membership in the Federal Reserve System.

"The last report of examination of the Peoples Bank as of January 6, 1951, reflected a condition considered as only fair. The bank was overextended with a loan account much larger than average in which the totals of classified and past due paper were regarded as excessive. The Federal Reserve Bank called the attention of the subject bank's directors to its overloaned status and the necessity of closer supervision of the loan portfolio.

"The management was not considered strong and the principal operating officer appeared mediocre. However, it was reported that the management was to be strengthened as the result of changes in ownership in December 1950. Working control has been acquired by interests closely allied with the First National

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"Bank of Somerset, Kentucky, and two officers and a director of that bank were elected to the board of the subject bank. The new directors are said to be experienced bankers and well regarded in the community.

"No other corrective programs have been urged upon the bank, or agreed to by it, in connection with which the Board of Governors would consider it desirable to incorporate conditions with respect to continuance of insurance."

Approved unanimously, together with the following letter to Mr. Stetzelberger, Vice President of the Federal Reserve Bank of Cleveland:

"Reference is made to your letter of January 21, 1952, enclosing a certified copy of a resolution adopted by the Board of Directors of the Peoples Bank, Science Hill, Kentucky, signifying its intention to withdraw from membership in the Federal Reserve System and requesting waiver of the six months' notice of such withdrawal.

"It is understood that application for continuance of insurance has been made to the Federal Deposit Insurance Corporation and the Board of Governors waives the requirement of six months' notice of withdrawal. Accordingly, upon surrender of the Federal Reserve Bank stock issued to the Peoples Bank, Science Hill, Kentucky, you are authorized to cancel such stock and make appropriate refund thereon. Under the provisions of the Board's letter of February 19, 1937 (F.R.L.S. #3548) the bank may accomplish the termination of its membership at any time within four months of the date of this letter. If a longer period is required the bank should request an extension of time.

"It is noted that the bank is withdrawing because it does not have the \$500,000 minimum capital stock required by Federal statute for the establishment of an out-of-town branch in Burnside, Kentucky.

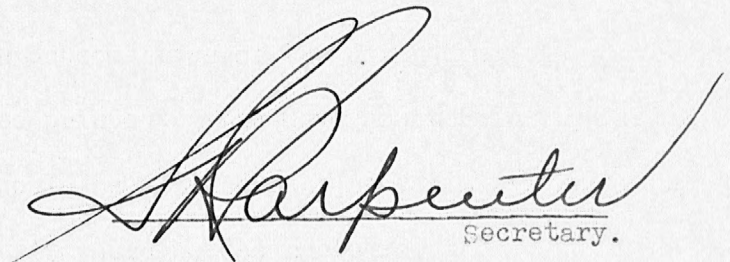
"Please advise when cancellation is effected and refund is made. The certificate of membership issued to the bank should be obtained, if possible, and forwarded to the Board. The State banking authorities should be advised of the bank's proposed withdrawal from membership and the date such withdrawal becomes effective."

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Memoranda dated January 29, 1952, from Mr. Chase, Solicitor, recommending for reasons stated therein that in accordance with the recommendations of the Federal Reserve Banks of New York, Cleveland, and Chicago, respectively, the matters of Alsar, Inc., Buffalo, New York; Foreman Motor Company, Pittsburgh, Pennsylvania; Robert Green, doing business as Green Motor Sales ("Motor Midway"), Detroit, Michigan, and Leonard J. Green, doing business as Magic Motors, Pontiac, Michigan, registrants under Regulation W, Consumer Credit, be referred to the Department of Justice for the institution of such criminal proceedings as that Department might deem appropriate.

Approved unanimously.


Secretary.