

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Thursday, May 1, 1952. The Board met in executive session in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Szymczak
Mr. Evans
Mr. Vardaman
Mr. Mills
Mr. Robertson

At the conclusion of the executive session Mr. Carpenter, Secretary, and Mr. Allen, Director of the Division of Personnel Administration, were called into the meeting.

The Secretary was informed that during the executive session unanimous approval was given to authorizations for travel by Chairman Martin to Minneapolis, Minnesota, on May 18 and 19, and to Chicago, Illinois, on May 27, 28, and 29, 1952.

Reference was made to the following matters relating to Federal Reserve Bank personnel:

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

"The Board of Governors approves the payment of salary to Mr. Lawrence E. Quackenbush as Acting Manager, for the period April 21, 1952, to March 31, 1953, at the rate of \$10,000 per annum, which is the rate fixed by the Board of Directors as reported in your letter of April 21, 1952.

"It is noted from your letter that Mr. Quackenbush's appointment as Acting Manager and his assignment to the Bank Examinations Department were occasioned by the recent special service retirement of Mr. Osterhus."

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It was voted unanimously to turn the file on the above matter over to Governor Robertson for review with the understanding that unless there was some reason why he wished to bring the matter back to the Board for further consideration, the proposed salary for Mr. Quackenbush was approved and the proposed letter to Mr. Sproul would be sent.

Secretary's Note: Following the meeting Governor Robertson approved the letter to Mr. Sproul and it was sent under date of May 2, 1952.

Letter to Mr. Weigel, Secretary, Federal Reserve Bank of St.

Louis, reading as follows:

"Thank you for your letter of April 21, advising that on April 14, Mr. Fred Burton reassumed his duties as Assistant Manager of the Louisville Branch.

"Accordingly, the Board of Governors approves the payment of salary to Mr. Burton as Assistant Manager, Louisville Branch, at his present rate of \$8,000 per annum for the period April 14, 1952 through May 31, 1952."

After a discussion of comments by Governor Vardaman as to the inadequacy of salaries and competency of management at the Louisville Branch and at certain other branches of Federal Reserve Banks, the letter to Mr. Weigel was approved unanimously. In connection with this action Governor Vardaman stated that he had raised the question of management and inadequacy of salaries at the branches because he felt that it was a matter that called for consideration on a System basis and that he wished particularly to stress the existing unsatisfactory situation at the Louisville, Nashville, New Orleans, and Jacksonville branches.

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Letter to Mr. Wilbur, Chairman, Federal Reserve Bank of San Francisco, reading as follows:

"The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of San Francisco and its Branches, for the period July 1, 1952, through April 30, 1953, at the rates indicated, which are the rates fixed by the Board of Directors as reported in your letter of April 8, 1952.

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
R. E. Everson	Senior Assistant Manager, Seattle Branch	\$10,500
C. H. Mercer	Assistant Manager, Portland Branch	7,500
M. J. Davies	Assistant Manager, Los Angeles Branch	7,000
A. H. Price	Assistant Cashier, Head Office	7,000"

Approved unanimously.

Governor Szymczak stated that when he was in Chicago recently President Young and others in the Federal Reserve Bank of Chicago inquired when the Board was going to take further action on the salary recommendations that had been submitted with respect to officers of the Bank, and that the comment had been made that the Board's letter of April 10, 1952 approved certain salaries, but that it was important that consideration be given to other salary increases recommended by the Bank in order to provide for proper internal salary alignment.

Mr. Allen stated that when the matter of official salaries at the Federal Reserve Bank of Chicago was under consideration prior to the Board's letter of April 10, the Chicago Bank was informed that the Board,

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in carrying out the policy set forth in its letter of February 26, would not be willing to approve all of the salary increases proposed by the Chicago Bank and that accordingly the Bank might wish to review the increases previously proposed and make such adjustments as would keep the total increases within six per cent of aggregate officers' salaries and at the same time maintain proper internal salary alignment. Mr. Allen added that the Bank had been unwilling to do this and asked for approval of the salary increases as set forth in the Board's letter of April 10, and that, in the absence of further action by the Board with respect to System salary policy, it was not expected that any further action would be taken this year on the salaries for officers of the Federal Reserve Bank of Chicago.

The members of the Board concurred in Mr. Allen's statement and it was understood that he would call President Young by telephone and advise him accordingly.

There then ensued a discussion of salary increases proposed by the boards of directors of the Federal Reserve Banks of Boston, Philadelphia, Cleveland, and San Francisco for officers of these banks for the period May 1, 1952 to April 30, 1953.

During the course of this discussion it was agreed unanimously that in addition to the matters transferred on April 24, 1952, to Governor Robertson for primary consideration, there

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should be assigned to him examination of Federal Reserve Banks and examination of institutions engaged in foreign banking subject to sections 25 and 25a of the Federal Reserve Act.

In connection with the consideration of the salaries proposed for officers of the Federal Reserve Bank of Boston, reference was made to a letter received from President Erickson under date of April 21, 1952, in which he submitted a request of the board of directors that, for the reasons outlined in the letter, the Board approve a contribution by the Bank of approximately \$10,700 to the Retirement System to supplement the retirement allowance of Joseph P. Moran, former Manager of the Check Collection Department of the Bank, who had been involuntarily separated from service prior to reaching age 55.

The matter was considered by the Board in the light of the reasons stated in Mr. Erickson's letter for the action of the board of directors of the Bank and in the light of the reasons for the policy set forth in the Board's letter of March 17, 1944 (S-741) authorizing special contributions to the Retirement System in the case of employees involuntarily separated from service after reaching age 55. The discussion disclosed that the members of the Board were sympathetic with the proposed payment for the reasons which prompted its authorization by the Boston directors but the view was expressed that there were reasons

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why the Board should not depart from the policy set forth in its letter of March 17, 1944.

At the conclusion of the discussion, during which various procedures for handling cases of this kind at the Federal Reserve Banks were discussed, the proposed payment was approved with the understanding that President Erickson would be advised of the Board's action in a letter reading substantially as follows:

"In accordance with the request contained in your letter of April 21, 1952, the Board of Governors approves a payment to the Retirement System of the Federal Reserve Banks of approximately \$10,700 by the Federal Reserve Bank of Boston on behalf of Mr. Joseph P. Moran, formerly Manager of the Check Collection Department.

"In approving this payment the Board of Governors was reluctant to depart from the principle prescribed in its letter S-741, i.e., that an employee must be 55 years of age and have rendered 25 years of service, because it is of the opinion that exceptions to established principles should be made only in the most unusual circumstances.

"The Board was not unmindful, however, of the amount of thought which you and your directors have given to this problem, and its approval was based primarily on this fact and your assurance that all of the alternatives had been considered carefully."

At the conclusion of the discussion of Federal Reserve Bank salaries, unanimous approval was given to letters to the Federal Reserve Banks of Boston, Philadelphia, Cleveland, and San Francisco, reading as follows:

Letter to Mr. Hodgkinson, Chairman, Federal Reserve Bank of Boston

"The Board of Governors approves the payment of salary to Mr. Joseph A. Erickson as President at the rate of \$25,000 per annum and to Mr. Alfred C. Neal as

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"First Vice President at the rate of \$18,000 per annum for the period May 1, 1952, through April 30, 1953, provided these rates are fixed by your board of directors.

"The Board of Governors also approves the payment of salary to the following officers at the rates indicated, which, according to Mr. Erickson's letter of April 1, 1952, are the rates which were fixed by your directors for the period May 1, 1952, through April 30, 1953:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Robert B. Harvey	Vice President and Cashier	\$ 16,000
E. O. Latham	Vice President	16,000
Carl B. Pitman	Vice President	17,000
O. A. Schlaikjer	Vice President and General Counsel	17,000
R. F. Van Amringe	Vice President	14,000
Dana D. Sawyer	Assistant Vice President	10,500
L. A. Zehner	Assistant Vice President	10,000
Elliot S. Boardman	Assistant Cashier	9,000
F. C. Gilbody	Assistant Cashier	9,500
William R. King	Assistant Cashier	8,400
E. W. O'Neil	Assistant Cashier	9,000
John J. Rock	Assistant Cashier	8,250
James D. MacDonald	Chief Examiner	9,000
Ansgar R. Berge	Secretary and Assistant Counsel	12,000
D. L. Strong	General Auditor	9,500

"It is understood that Vice Presidents Fogg and Hult are to retire March 31, 1953, and June 30, 1952, respectively. Since the Board has already approved their salaries through these dates, Messrs. Fogg and Hult are not included in the above list."

Letter to Mr. Williams, President, Federal Reserve Bank of Philadelphia

"Reference is made to your letter of March 26, 1952, submitting salaries for the officers of the Federal Reserve Bank of Philadelphia which have been approved by your Board of Directors for the year beginning May 1.

"The Board of Governors approves the payment of salary to you as President of the Federal Reserve Bank of Philadelphia at the rate of \$25,000 per annum and to Mr. W. J. Davis

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"as First Vice President at the rate of \$18,000 per annum for the period May 1, 1952, through April 30, 1953.

"The Board also approves the payment of salary to the following officers at the rates indicated for the period May 1, 1952, through April 30, 1953:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Philip M. Poorman	Vice President	\$17,000
Ernest C. Hill	Vice President	16,000
Karl R. Bopp	Vice President	16,000
Robert N. Hilker	Vice President	16,000
William G. McCreedy	Vice President and Secretary	15,000
James V. Vergari	Counsel and Asst. Secretary	14,000
Richard G. Wilgus	Cashier and Asst. Secretary	12,000
Wallace M. Catanach	Assistant Vice President	10,500
Norman G. Dash	Assistant Vice President	10,000
George J. Lavin	Assistant Vice President	9,500
Evan B. Alderfer	Industrial Economist	10,000
Clay J. Anderson	Financial Economist	10,000
Herman B. Haffner	General Auditor	9,000
Fred A. Murray	Manager of Plant	8,500
Hugh Barrie	Machine Methods Officer	7,800
Roy Hetherington	Assistant Cashier	8,500
Henry J. Nelson	Assistant Cashier	8,000
Edward A. Aff	Assistant Cashier	7,500
Ralph E. Haas	Assistant Cashier	7,500
Harry W. Roeder	Assistant Cashier	6,000"

Letter to Mr. Brainard, Chairman, Federal Reserve Bank of Cleveland

"Reference is made to your letter of March 14, 1952, to Mr. Virden's letter of April 10, 1952, and Mr. Gidney's letter of April 11, 1952.

"The Board of Governors approves the payment of salary to Mr. Ray M. Gidney as President at the rate of \$25,000 per annum, for the period May 1, 1952, through April 30, 1953, and to Mr. William H. Fletcher as First Vice President at the rate of \$18,000 per annum for the period May 1, 1952, to the date of his resignation or December 31, 1952, provided these rates are fixed by your board of directors.

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"The Board of Governors also approves the payment of salary to the following named officers at the rates indicated for the period May 1, 1952, through April 30, 1953, provided your directors set these rates if they have not already done so:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Wilbur T. Blair	Vice President, Counsel, and Secretary	\$ 12,500
Roger R. Clouse	Vice President	12,500
A. H. Laning	Vice President and Cashier	14,000
Martin Morrison	Vice President	14,000
Paul C. Stetzelberger	Vice President	13,000
Donald S. Thompson	Vice President	15,500
H. E. J. Smith	Assistant Vice President	10,500
C. J. Bolthouse	Assistant Cashier	9,500
Elwood V. Denton	Assistant Cashier	7,700
Phillip B. Didham	Assistant Cashier	9,350
G. H. Emde	Assistant Cashier	9,500
J. R. Lowe	Assistant Cashier	9,500
Jos. M. Miller	Assistant Cashier	9,500
G. R. Rose	Assistant Cashier	9,000
H. M. Boyd	Chief Examiner	9,500
H. B. Flinkers	Assistant Secretary	7,700
L. M. Hostetler	Manager, Research Department	10,000
C. F. Ehninger	General Auditor <u>Cincinnati Branch</u>	11,500
W. D. Fulton	Vice President	\$ 15,500
H. N. Ott	Cashier	11,500
P. J. Geers	Assistant Cashier	9,500
C. Harrell	Assistant Cashier	9,500
R. G. Johnson	Assistant Cashier	9,500
	<u>Pittsburgh Branch</u>	
J. W. Kossin	Vice President	\$ 16,500
A. G. Foster	Cashier	12,500
W. H. Nolte	Assistant Cashier	9,000
J. R. Price	Assistant Cashier	8,500
Jno. A. Schmidt	Assistant Cashier	9,500
Roy J. Steinbrink	Assistant Cashier	9,500"

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Letter to Mr. Wilbur, Chairman, Federal Reserve Bank of San Francisco

"The Board of Governors approves the payment of salary to Mr. C. E. Earhart as President at the rate of \$25,000 per annum and to Mr. H. N. Mangels as First Vice President at the rate of \$18,000 per annum for the period May 1, 1952, through April 30, 1953, as fixed by your board of directors.

"The Board of Governors also approves the payment of salary to the following named officers at the rates indicated for the period May 1, 1952, through April 30, 1953, which are the rates approved by your board of directors, according to your letter of April 8, 1952:

<u>Name</u>	<u>Head Office</u> <u>Title</u>	<u>Annual Salary</u>
E. R. Millard	Vice President	\$ 16,000
H. F. Slade	Vice President	16,000
Ronald T. Symms	Vice President and Cashier	11,500
O. P. Wheeler	Vice President	14,000
R. E. Everson	Assistant Vice President	9,500
R. H. Morrill	Assistant Vice President	9,500
E. J. Swan	Assistant Vice President	10,500
J. L. Barbonchielli	Assistant Cashier	8,000
T. W. Barrett	Assistant Cashier	8,000
H. E. Hemmings	Assistant Cashier	8,000
R. C. Milliken	Assistant Cashier	8,000
G. D. Parker	Assistant Cashier	7,500
J. A. O'Kane	General Counsel	12,000
H. Armstrong	General Auditor	10,000
<u>Los Angeles Branch</u>		
L. C. Meyer	Assistant Manager	\$ 8,000 *
J. R. Robinson	Assistant Manager	7,800
W. J. Thomas	Assistant Manager	7,200
C. H. Watkins	Assistant Manager	10,500
<u>Portland Branch</u>		
S. A. MacEachron	Vice President	\$ 13,000 *
J. A. Randall	Assistant Manager	10,000
D. E. Bent	Assistant Manager	7,500
J. P. Blanchard	Assistant Manager	6,500 *

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<u>"Salt Lake City Branch"</u>		
<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
W. L. Partner	Vice President	\$ 14,000
E. R. Barglebaugh	Assistant Manager	9,500
A. L. Price	Assistant Manager	7,200
T. M. Simmons	Assistant Manager	6,800
<u>Seattle Branch</u>		
J. M. Leisner	Vice President and Manager	\$ 15,000
B. A. Russell	Assistant Manager	9,500 *
W. R. Sandstrom	Assistant Manager	7,500
D. E. Simms	Assistant Manager	8,500

* Salary approved only to date of retirement.

"The salaries of Messrs. Volberg and Bold at the Los Angeles Branch are already above the maximums for the positions which they occupy and, accordingly, the increases proposed in your letter of April 8 would carry them further beyond these maximums and would not be in accordance with the regulations of the Salary Stabilization Board. As indicated in the Board's letter of February 26, the Board is not prepared to approve such increases at this time pending the adoption of a permanent salary plan. Therefore, the Board approves the payment of salary to Vice President W. F. Volberg at the rate of \$16,000 per annum and to Assistant Manager Fred C. Bold at the rate of \$13,000 per annum for the period May 1, 1952, through April 30, 1953, provided these rates are fixed by your board of directors."

Thereupon Mr. Allen withdrew from the meeting.

Governor Szymczak distributed copies of (1) a memorandum prepared under date of April 29, 1952, by Messrs. Powell and Mills with respect to investment policies and procedures for the Retirement System of the Federal Reserve Banks, and (2) a memorandum relating to the duties of the Presidents and First Vice Presidents of the Federal Reserve Banks. It was understood that there would be a discussion of the two memoranda at an early meeting of the Board.

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The following additional actions were taken by the Board:

Minutes of actions taken by the Board of Governors of the Federal Reserve System on April 30, 1952, were approved unanimously.

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

"This refers to your letter of April 25, regarding the penalty of \$378.08 incurred by the Westport Bank of Kansas City, Missouri, on a deficiency in its reserves for the period ended April 15, 1952.

"It is noted that the deficiency resulted from a misunderstanding by the subject bank of the newly inaugurated procedure of handling its clearings through the Federal Reserve Bank rather than its correspondent bank; that the bank is a well operated institution; and that it has not had a reserve deficiency since February 1949.

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

Approved unanimously.

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

"Reurtel addressed Sloan. Suggest that reply to bank's letter be restricted substantially to the following:

"For purposes of the examination referred to in our letter dated April 21, 1952, we consider your bank to be affiliated with Transamerica Corporation. We would appreciate receiving the information requested."

"If information is not furnished and you need information not contained in existing reports of examination please advise Board and arrangements to secure information

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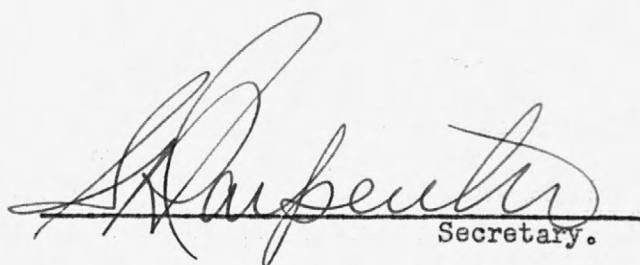
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"will be made with the Comptroller of the Currency."

Approved, Governor Vardaman
voting "no".

Memorandum dated April 10, 1952, from Mr. Carpenter, Secretary, recommending that there be included in the Annual Report of the Board for 1951 entries, in the form submitted with the memorandum, covering 22 policy actions taken by the Board during the year 1951.

Approved unanimously.


Secretary.