

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, June 24, 1952. The Board met in the Board Room at 10:30 a.m.

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

Mr. Carpenter, Secretary
 Mr. Allen, Director, Division of Personnel
 Administration

There was presented a memorandum dated June 13, 1952, from Mr. Bethea, Director, Division of Administrative Services, recommending the appointment of James B. Martin as Operator (Tabulating Equipment) in that Division, on a temporary indefinite basis, with basic salary at the rate of \$3,410 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 completion of a satisfactory employment investigation.

Approved unanimously.

Unanimous approval was given to memoranda as indicated below recommending that the basic annual salaries of the following employees be increased in the amounts indicated, effective July 6, 1952:

<u>Date of Memorandum</u>	<u>Name and Title</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
	<u>Memorandum from Mr. Sloan, Director, Division of Examinations</u>		
6/17/52	Jean Callovini, Stenographer	\$2,830	\$2,950
	Marian Schmelter, Clerk-Typist	2,750	2,950

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<u>Date of Memorandum</u>	<u>Name and Title</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
	Memorandum from Mr. Bethea, Director, Division of Administrative Services		

6/13/52	Stanley J. Bloch, Assistant Supervisor, Duplicating and Mail Section	\$4,870	\$4,995
	Frank W. Constable, Photographer (Offset)	4,330	4,455
	Franklin Taylor, Clerk, Composition	4,330	4,455
	Nelson S. Dyson, Bindery Worker	3,920	4,045

Memorandum from Mr. Boothe, Assistant Director,
Division of Selective Credit Regulation

6/16/52	Francis R. Pawley, Technical Assistant	8,560	8,760
	Anita E. Perrin, Clerk-Stenographer	3,415	3,495

Unanimous approval also was given to a memorandum from Mr. Carpenter, Secretary of the Board, dated June 17, 1952, recommending that the basic annual salaries of the following employees in the Office of the Secretary be increased in the amounts indicated, effective July 20, 1952:

<u>Name and Title</u>	<u>Salary Increase</u>	
	<u>From</u>	<u>To</u>
Beatrice Hunter, Assistant Chief, Files Section	\$5,060	\$5,185
Mildred E. Pilger, Supervisor, Administrative, Subject, and FOMC Files	4,620	4,745
M. Elizabeth Jones, Assistant Supervisor, Administrative, Subject, and FOMC Files	4,455	4,580
Cornelia A. Bates, Supervisor, Non-current Records and Records Disposal	3,920	4,045
Adaline R. Beeson, Review Classifier, Administrative Subject Files	3,785	3,910

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Before this meeting, there had been circulated among the members of the Board a memorandum dated June 13, 1952, from Mr. Bethea, Director, Division of Administrative Services, recommending that the Board authorize the creation of one additional position as Messenger (Group E, salary range \$2,552-3032 per annum) in that Division, with the understanding that provision was not made in the 1952 budget of the Division to cover the expense involved.

Governor Szymczak stated that he questioned this appointment for the reason that if it should become necessary to add additional messengers to the centralized messenger force, the service would not result in any substantial saving over the old system and that, if that proved to be the case, consideration should be given to returning to the assignment of messengers on a division basis.

Following a discussion of Governor Szymczak's comment, it was voted unanimously to authorize the creation of an additional position as messenger in the Division of Administrative Services with the understanding that (1) provision was not made in the 1952 budget to cover the expense involved, and (2) that the staff would continue to watch the operation of the centralized messenger service so that the Board would be prepared to take whatever action appeared appropriate with respect to it.

Letter to Mr. Dawes, Vice President and Secretary, Federal Reserve Bank of Chicago, reading as follows:

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"For the reasons outlined in your letter of June 4, 1952, the Board of Governors approves the payment of salary to Mr. Allan M. Black, Vice President of the Federal Reserve Bank of Chicago, at the rate of \$14,800 per annum, through December 31, 1952, provided this is the rate approved by your Board of Directors."

Approved unanimously.

There was then presented a memorandum dated June 20, 1952, from Mr. Bethea, Director, Division of Administrative Services, recommending that an assessment of two-hundred and forty-six thousandths of one per cent (.00246) of the total paid-in capital and surplus (Section 7 and Section 13b) of the Federal Reserve Banks as of June 30, 1952, be levied against the Federal Reserve Banks for the general expenses of the Board of Governors for the period July 1 to December 31, 1952, and that the Banks be instructed to pay in the assessment in two equal instalments on July 1, 1952, and September 2, 1952.

The following resolution levying an assessment in accordance with the above recommendation was adopted by unanimous vote:

"WHEREAS, Section 10 of the Federal Reserve Act, as amended, provides among other things that the Board of Governors of the Federal Reserve System shall have power to levy semiannually upon the Federal Reserve Banks, in proportion to their capital stock and surplus, an assessment sufficient to pay its estimated expenses and the salaries of its members and employees for the half year succeeding the levying of such assessment, together with any deficit carried forward from the preceding half year, and

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"WHEREAS, it appears from a consideration of the estimated expenses of the Board of Governors of the Federal Reserve System that for the six months' period beginning July 1, 1952, it is necessary that a fund equal to two hundred and forty-six thousandths of one per cent (.00246) of the total paid-in capital stock and surplus (Section 7 and Section 13b) of the Federal Reserve Banks be created for such purposes, exclusive of the cost of printing, issuing and redeeming Federal Reserve notes;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, THAT:

(1) There is hereby levied upon the several Federal Reserve Banks an assessment in an amount equal to two hundred and forty-six thousandths of one per cent (.00246) of the total paid-in capital and surplus (Section 7 and Section 13b) of each such Bank at the close of business June 30, 1952.

(2) Such assessment, rounded to the nearest hundred dollars, shall be paid by each Federal Reserve Bank in two equal installments, the first on July 1, 1952, and the second on September 2, 1952.

(3) Every Federal Reserve Bank except the Federal Reserve Bank of Richmond shall pay such assessment by transferring the amount thereof on the dates as above provided through the Interdistrict Settlement Fund to the Federal Reserve Bank of Richmond for credit to the account of the Board of Governors of the Federal Reserve System on the books of that Bank, with telegraphic advice to Richmond of the purpose and amount of the credit, and the Federal Reserve Bank of Richmond shall pay its assessment by crediting the amount thereof on its books to the Board of Governors of the Federal Reserve System on the dates as above provided."

Before this meeting there had been circulated among the members of the Board a copy of the report of examination of the Federal Reserve Bank of Atlanta as of January 30, 1952, together with a letter dated March 28, 1952, from the Secretary of the Board of Directors of that Bank stating that the report of examination had been considered by each

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of the directors, and a memorandum from the Division of Examinations dated May 29, 1952, reviewing the report and stating that it did not contain any information requiring Board action at this time. Following a discussion, it was understood that, in view of the letter from the Secretary of the Bank dated March 28, it would not be necessary to send the usual letter requesting advice that the report had been considered by the Board of Directors.

Letter to Mr. Parten, Chairman, Federal Reserve Bank of Dallas, reading as follows:

"At the completion of the examination of the Federal Reserve Bank of Dallas, made as of January 4, 1952, by the Board's examiners, a copy of the report of examination was left for your information and that of the directors. A copy was also left for President Gilbert.

"The Board will appreciate advice that the report has been considered by the Board of Directors. Any comments you may care to offer regarding discussions with respect to the examination, or as to action taken or to be taken as a result of the examination, will also be appreciated."

Approved unanimously.

Letter to The Honorable, The Comptroller of the Currency, Treasury Department, Washington, D. C., reading as follows:

"It is respectfully requested that you place an order with the Bureau of Engraving and Printing for printing 60,880,000 sheets of Federal Reserve notes of the 1950 Series during the fiscal year ending June 30, 1953, in the amounts and denominations stated for the following Federal Reserve Banks:

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	<u>"Denomi- nations</u>	<u>Number of sheets</u>	<u>Amount</u>
Boston	\$5	850,000	\$51,000,000
	10	2,450,000	294,000,000
	20	800,000	192,000,000
	50	35,000	21,000,000
	100	25,000	30,000,000
New York	5	2,700,000	162,000,000
	10	6,900,000	828,000,000
	20	2,275,000	546,000,000
	50	210,000	126,000,000
	100	55,000	66,000,000
Philadelphia	5	1,100,000	66,000,000
	10	2,275,000	273,000,000
	20	825,000	198,000,000
	50	70,000	42,000,000
	100	30,000	36,000,000
Cleveland	5	1,400,000	84,000,000
	10	2,575,000	309,000,000
	20	1,600,000	384,000,000
	50	125,000	75,000,000
	100	45,000	54,000,000
Richmond	5	1,200,000	72,000,000
	10	2,200,000	264,000,000
	20	2,225,000	534,000,000
	50	130,000	78,000,000
	100	95,000	114,000,000
Atlanta	5	1,250,000	75,000,000
	10	2,175,000	261,000,000
	20	1,250,000	300,000,000
	100	30,000	36,000,000
Chicago	5	1,900,000	114,000,000
	10	4,925,000	591,000,000
	20	1,950,000	468,000,000
	50	95,000	57,000,000
	100	85,000	102,000,000

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	<u>"Denomi- nations</u>	<u>Number of Sheets</u>	<u>Amount</u>
St. Louis	\$5	750,000	\$45,000,000
	10	1,525,000	183,000,000
	20	750,000	180,000,000
	50	10,000	6,000,000
	100	35,000	42,000,000
Minneapolis	5	200,000	12,000,000
	10	500,000	60,000,000
	20	250,000	60,000,000
	50	5,000	3,000,000
	100	15,000	18,000,000
Kansas City	5	600,000	36,000,000
	10	975,000	117,000,000
	20	750,000	180,000,000
	50	20,000	12,000,000
	100	25,000	30,000,000
Dallas	5	550,000	33,000,000
	10	975,000	117,000,000
	20	725,000	174,000,000
	50	30,000	18,000,000
	100	30,000	36,000,000
San Francisco	5	1,250,000	75,000,000
	10	2,700,000	324,000,000
	20	2,150,000	516,000,000
	50	120,000	72,000,000
	100	85,000	102,000,000
Totals	\$5	13,750,000	\$825,000,000
	10	30,175,000	3,621,000,000
	20	15,550,000	3,732,000,000
	50	850,000	510,000,000
	100	555,000	666,000,000

"As you know, the Committee on Post-Attack Functioning and Rehabilitation of Banking Institutions has under consideration a recommendation that reserve supplies of paper currency

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"be built up substantially. This printing order does not reflect such recommendation. If a program along the lines proposed is undertaken, it would necessitate a large additional order for the printing of Federal Reserve notes during the fiscal year 1953."

Approved unanimously.

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

"This refers to your communication of June 23, 1952, requesting the Board's comments on enrolled bill, H. R. 160, 'To amend section 5192 of the Revised Statutes, with respect to the reserves of certain national banks.' The Board's views with respect to this legislation are contained in a letter dated April 15, 1952, which was addressed by the Board to the Chairman of the Committee on Banking and Currency of the United States Senate. A copy of this letter, in which the Board stated that there is no objection to the enactment of the bill, is enclosed herewith."

Approved unanimously.

Further reference was made to the memorandum prepared by Mr. Leonard under date of June 10, 1952, with respect to Federal Reserve Bank building programs and to the draft of letter to the Federal Reserve Banks attached thereto.

Governor Szymczak outlined briefly certain changes in the letter which he thought would be desirable, and it was agreed unanimously that the letter would be revised in the light of the discussion at this meeting and resubmitted to the Board for further consideration.

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In connection with the discussion Governor Evans stated that one of the matters which would be presented to the Board in the near future in connection with a building site at one or more of the branches was the question whether it should be the policy to locate the branches in the financial district of the branch city or in a desirable location outside of the financial area. This point was discussed briefly but no decision was reached.

Telegram to the Presidents of all Federal Reserve Banks, reading as follows:

"Board of Governors approves payment of regular semiannual dividend for period ending June 30, 1952."

Approved unanimously.

It was voted unanimously to transfer the following matters (which were previously assigned to Governor Powell) to Governor Mills for primary consideration:

Research programs of Reserve Banks and the Board of Governors; publications of the Federal Reserve System; call reports of condition and other periodical reports of member banks.

Clearance and collection systems.

Matters relating to Treasury savings bonds.

At this point Mr. Allen withdrew, and the action stated with respect to each of the matters hereinafter referred to was taken by the Board:

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Minutes of actions taken by the Board of Governors of the Federal Reserve System on June 23, 1952, were approved unanimously.

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

"In accordance with the request contained in your letter of June 16, 1952, addressed to Mr. Sloan, the Board approves the designation of Herbert A. Dolowy as a special assistant examiner for the Federal Reserve Bank of Chicago."

Approved unanimously.

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

"Your wire June 23, Board approves the opening and maintenance of an account on your books in the name of the Banque Centrale du Congo Belge et du Ruanda-Urundi, subject to the usual terms and conditions upon which your Bank maintains accounts for foreign central banks and governments.

"It is understood that you will, in due course, offer participation in this account to other Federal Reserve Banks."

Approved unanimously.

Letter regarding Tower Motors, Inc. and Tower Finance Company, Inc., Baltimore, Maryland, registrants under Regulation W, Consumer Credit, to the Honorable James M. McInerney, Assistant Attorney General, Department of Justice, Washington, D. C., prepared in accordance with the action taken at the meeting of the Board on June 10, 1952, reading as follows:


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"Pursuant to section 21 of the Securities and Exchange Act of 1934, made applicable to the Board of Governors by section 604 of the Defense Production Act of 1950, the Board of Governors is transmitting to you herewith a report concerning acts and practices which appear to the Board to constitute violations of its Regulation W by Tower Motors, Incorporated, and Tower Finance Company, Incorporated, Baltimore, Maryland. This report is sent to you in order that you may, in your discretion, institute criminal proceedings."

Approved unanimously, together with similar letters to Mr. McInerney relating to the following additional registrants under Regulation W:

John A. Alexander, Inc.,
Barre, Vermont
Freezer Foods, Inc.,
Pittsburgh, Pennsylvania
Ray Shane, doing business as
Standard Heating and Appliance Company,
Cincinnati, Ohio
Market Motors, Inc.,
Akron, Ohio
S. and S. Motors, Inc.,
Springdale, Pennsylvania
Standard Appliance Sales & Service Company,
Cleveland, Ohio
Television Corporation of Pittsburgh,
Pittsburgh, Pennsylvania
John A. Alexander Company,
South Royalton, Vermont
William R. Brammer, doing business as
Bill Brammer Furniture Company,
Muncie, Indiana


Secretary.