

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, July 2, 1952. The Board met in the Board Room at 9:20 a.m.

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

Mr. Carpenter, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Leonard, Director, Division of
Bank Operations
Mr. Vest, General Counsel

Action was taken as indicated on each of the following matters which had been circulated among the members of the Board before the meeting:

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

"This refers to your letter of June 26, 1952 and its enclosures, relating to the proposed program for the handling of the operations of the head office of your Bank by other Federal Reserve offices in the event of an emergency disrupting such operations and requesting the Board's general approval of such program.

"The Board has reviewed the proposed program as set forth in the Edition of July 16, 1951 of the 'Manual of Procedure' relating to the program, the resolutions adopted by the Board of Directors of your Bank, the letters exchanged between your Bank and the Federal Reserve Banks of Boston, Philadelphia, and St. Louis, and the other documents enclosed with your letter.

"The Board hereby approves the proposed plan, in its entirety, as contemplated by the Manual, including the action heretofore taken by your Bank and by other Federal Reserve

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"Banks, particularly the Federal Reserve Banks of Boston, Philadelphia and St. Louis, and such actions as may be taken by your Bank and by other Federal Reserve Banks and by their officers, employees and agents, including the Federal Reserve Agent and Assistant Federal Reserve Agents at your Bank, as contemplated by and as may reasonably be necessary to effectuate the proposed plan.

"It is understood that any modification of the proposed plan providing for action which is not presently contemplated by the plan and which requires Board approval under law or regulations will be submitted to the Board for its approval, either in advance if feasible or, if the modification is made after occurrence of the emergency, as soon thereafter as may be practicable. It is also understood that designations of individuals as Assistant Federal Reserve Agents of your Bank as contemplated by the plan, if not previously approved by the Board, will be submitted for Board approval as soon as practicable after the occurrence of the emergency.

"It is requested that you keep the Board advised currently of any changes which may be made in the proposed plan."

Approved unanimously, with the understanding that a copy would be sent to the President of each of the other Federal Reserve Banks.

Letter to the President of each Federal Reserve Bank except New York, reading as follows:

"In response to the Board's letter of January 21, 1952, the Reserve Banks have submitted reports and certain additional information on the steps taken to permit the continuation of essential operations in the

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"event of a bombing attack or similar emergency.

"A review of these data indicates that some of the Banks have programs for the duplication of vital records and plans for carrying on essential operations in an emergency which are much further advanced than those of other Reserve Banks.

"Five Banks, according to the reports, are currently duplicating vital records and are sending such duplicates to security files which have been established in locations outside the Reserve Bank cities. The remaining Banks have, in general, formulated plans for the duplication of essential records, but their plans have not been activated. Three of these Banks reported they had tested their arrangements and informal advice has been received from the others that tests would be made.

"While the reports of a number of Banks indicate they have given some thought to plans for carrying on essential operations in event of an emergency, such as the collection of checks, handling currency and coin, performing Fiscal Agency activities, etc., most of them have not formalized their plans in this respect.

"The Board feels that this subject is a matter of importance not only to the System and the banking community, but to the nation as a whole. Accordingly, the Board would appreciate receiving a supplemental report as of July 31, 1952, setting forth any developments in the plans and procedures previously reported and, especially, what arrangements have been made to carry on essential operations in the event of an emergency.

"If your Bank has agreed to handle certain operations for another Reserve Bank in event of an emergency, it will be appreciated if you will advise what plans you have made with respect to personnel, equipment, space, etc., to perform the additional work that would be necessary."

Approved unanimously, together
with the following letter to Mr.
Sproul, President, Federal Reserve
Bank of New York:

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"You have been advised in a separate letter of the Board's approval of your Bank's proposed program for the handling of the operations of the head office by other Federal Reserve offices in the event of an emergency disrupting such operations. There is enclosed a copy of a letter sent by the Board at the same time to the Presidents of all Federal Reserve Banks except New York requesting a supplemental report as of July 31, 1952, on the steps which have been taken to permit the continuation of essential operations in the event of a bombing attack or similar emergency. This copy is being sent to you for your information and in the event that your Bank should have additional information to report as of July 31."

At this point Messrs. Leonard and Vest withdrew from the meeting.

Memorandum dated June 30, 1952, from Mr. Allen, Director, Division of Personnel Administration, stating that pursuant to the procedure provided in the statement of budgetary and salary procedure approved by the Board on June 12, 1951, for review of the work of the members of the nonofficial staff for consideration of merit increases in January and July of each year, each division director had submitted the names of the employees in his division for whom he recommended such increases. To the memorandum was attached a list of the 34 proposed increases, totaling \$4,495 on an annual basis. The memorandum recommended approval of all of the increases, effective July 6, 1952.

Thereupon, unanimous approval was given to the recommended salary increases, as follows, effective July 6, 1952:

<u>Name</u>	<u>Title</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
<u>Office of the Secretary</u>			
Betsy Ann Stafford	File Clerk	\$3,030	\$3,110

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<u>Name</u>	<u>Title</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
<u>Legal Division</u>			
Robert S. O'Shea	Law Clerk	\$4,705	\$4,830
<u>Division of Research and Statistics</u>			
David L. Grove	Economist	9,800	10,000
Lorman Trueblood	Economist	8,360	8,560
Marie B. Leven	Economist (Editorial)	7,640	7,840
Doris P. Warner	Economist	6,140	6,340
Maurice Schwartz	Economist	5,940	6,140
Sylvia L. Edelson	Economist	5,185	5,310
Helmut F. Wendel	Economist	4,330	4,455
Winofred C. Racz	Clerk	3,910	4,035
Monica F. Jones	Clerk	3,660	3,785
Doris Bruderer	Clerk-Stenographer	3,575	3,655
Virginia J. Ogilvie	Clerk-Stenographer	3,255	3,335
Pauline J. Fletcher	Clerk	3,270	3,350
Dorothy S. Graham	Clerk-Typist	2,950	3,030
<u>Division of International Finance</u>			
Wendell E. Thorne	Assistant to the Director	9,600	9,800
Edward Ames	Economist	7,040	7,240
Myrtle B. Caldwell	Clerk-Stenographer	3,410	3,535
Dorothy Grifasi	Clerk-Stenographer	3,335	3,415
Nancy J. Smith	Research Assistant	3,660	3,785
<u>Division of Examinations</u>			
J. F. Clark	Federal Reserve Examiner	6,140	6,340
E. F. Kipfstuhl	Assistant Federal Reserve Examiner	4,745	4,870
W. B. Lassen	Assistant Federal Reserve Examiner	5,060	5,185
E. W. Lyster	Assistant Federal Reserve Examiner	5,185	5,310
R. R. Russell	Assistant Federal Reserve Examiner	3,920	4,045

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<u>Name</u>	<u>Title</u>	<u>Salary From</u>	<u>Increase To</u>
<u>Division of Bank Operations</u>			
Gerald M. Conkling	Chief, Member Bank Section	\$9,800	\$10,000
Helen A. Bennett	Clerk-Typist	2,950	3,030
<u>Division of Personnel Administration</u>			
Sylvia I. Clements	Secretary to Mr. Allen	4,170	4,295
Gena E. Gander	Secretary to Mr. Sprecher	3,410	3,535
<u>Division of Administrative Services</u>			
John Kakalec	Accountant	4,330	4,455
Nelson S. Dyson	Operator (Duplicating Devices)	4,045	4,170
Arthur S. Myers	Operating Engineer	3,735	3,835
Helen L. Sweeney	Clerk	3,415	3,495
George L. Spencer, Jr.	Clerk-Stenographer	3,110	3,190

Governor Vardaman referred to a list which had been prepared by the Division of Personnel Administration as of June 23, 1952, showing the names and salaries of the Assistant and Alternate Assistant Federal Reserve Agents at the Federal Reserve Banks, and the Federal Reserve Agents' representatives at the Reserve Bank branches, stating that he was somewhat surprised to note the relatively low salaries of certain of these employees.

Following a brief discussion, during which it was stated that in most cases the persons approved to act as Assistant and Alternate Assistant Federal Reserve Agents and as Federal Reserve Agents' representatives devoted only a part of their time to this function and were

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compensated according to the classification of the job in which they were principally occupied at the Reserve Bank, Governor Vardaman suggested that the method of selection and approval of such employees be made a matter of review when all members of the Board were present.

This suggestion was approved
unanimously.

Referring to the decision reached at the meeting on June 10, 1952, regarding the submission to the Department of Justice for possible criminal prosecution of cases involving apparent violations of Regulation W, Consumer Credit, Governor Evans reported that there remained in the Office of the Solicitor only three cases to be prepared for referral to the Department of Justice, all other cases either having been referred to that Department heretofore or the files closed due to lack of sufficient supporting evidence. He noted that the Department had been most successful in prosecuting cases referred by the Board, and attributed this success in part to the thoroughness with which the files had been prepared.

The following additional actions were taken by the Board:

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

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Minutes of actions taken by the Board of Governors of the Federal Reserve System on July 1, 1952, were approved and the actions recorded therein were ratified unanimously.

Memorandum dated June 23, 1952, from Mr. Young, Director, Division of Research and Statistics, recommending that the resignation of Loretta Freedman, Clerk in that Division, be accepted to be effective in accordance with her request at the close of business July 3, 1952.

Approved unanimously.

Letter to the Board of Directors, County Trust Company, Tenafly, New Jersey, reading as follows:

"Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors approves the establishment and operation of a branch in the Borough of New Milford, New Jersey, by the County Trust Company, Tenafly, New Jersey, upon condition that the branch is established within six months after the date of this letter and formal approval is obtained from the appropriate State authorities.

"It is understood that plans have been made to add at least \$300,000 to the trust company's capital structure through the sale of additional common stock in the near future and it is assumed that the contemplated addition to capital will be completed."

Approved unanimously, for
transmittal through the Federal
Reserve Bank of New York.

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Letter to the Honorable Preston Delano, Comptroller of the Currency, Washington, D. C., reading as follows:

"This refers to the Board's letter of April 30, 1951, in response to a letter from your office dated March 16, 1951, regarding the acceptance authority of foreign branches of national banks. It will be recalled that in its letter the Board expressed the view that foreign branches of national banks are required, in their operations with respect to the execution of acceptances, to observe the requirements, both as to purposes and limitations, of paragraphs 7 and 12 of section 13 of the Federal Reserve Act.

"With further reference to this matter, there is enclosed a copy of a letter received by the Board from Mr. Allan Sproul, President of the Federal Reserve Bank of New York, dated June 13, 1952, with its enclosures, requesting a reconsideration by the Board of the interpretation contained in its letter of April 30, 1951. There is also enclosed a copy of the memorandum prepared by Mr. Rufus Trimble, Assistant General Counsel of that Bank, which is referred to in Mr. Sproul's letter.

"While this question involves a consideration of the provisions of section 25 of the Federal Reserve Act regarding foreign branches of national banks, it also appears to involve questions relating to the corporate authority of national banks. Accordingly, in connection with the Board's review of this question pursuant to Mr. Sproul's request, we will greatly appreciate any views which your office may care to express on the subject."

Approved unanimously, with a
copy to Mr. Sproul, President, Federal
Reserve Bank of New York.

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

"At the recent meeting of the Conference of Presidents with the Board, Chairman Martin referred to a request which had been received for assistance of the Federal Reserve in

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"obtaining information concerning banks engaged in the international transfer of funds by telecommunications facilities, and said a letter would be sent to the Presidents shortly requesting them to develop such information.

"We have since received a letter specifying in more detail the information desired. Accordingly, it will be appreciated if you will have prepared and sent to the Board the following:

- (a) A list of the national and State banks in your District now engaging in the international transfer of funds via telecommunications facilities, together with their addresses.
- (b) An indication of the frequency with which such transfers are made, specifically: (1) One or more times per regular banking day, and (2) at less frequent intervals (ordinarily less than once a day but at least one or more times during a two week period. Banks transferring funds at less frequent intervals than this need not be listed.)
- (c) A list of foreign correspondents of each bank listed under paragraph (a) above, together with the foreign correspondents' addresses by city and country.
- (d) As much similar information with respect to agencies of foreign banks located in your District as may be obtained without contacting the agencies.

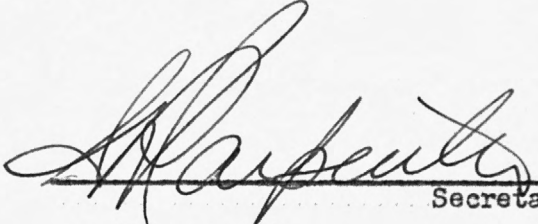
"The request to the Chairman for assistance in developing this information was made on behalf of several Government agencies assisting in the defense preparedness program. In making the request the desire was expressed that the information be compiled from the records of the Federal Reserve Banks to the extent practicable. We have been informed, however, that where it may be necessary to approach commercial banks to obtain the requested data, the bank officers contacted may be advised that the information sought is requested as a matter of routine by agencies of the Federal Government in connection with the defense preparedness program and that no particular significance is attached to the inquiry at this time. We have been specifically advised that foreign banks

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"maintaining offices in the United States should not be contacted in regard to this request."

Approved unanimously.


Secretary.