

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, July 22, 1952. The Board met in the Board Room in executive session at 10:00 a.m.

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

Following the executive session the Secretary was informed by the Chairman that the following actions had been taken by the Board:

Unanimous approval was given to a letter to the Presidents of all Federal Reserve Banks reading as follows:

"At the meeting of the Conference of Presidents held February 27-28, 1952, the Presidents expressed a general feeling that it would be helpful if the Board of Governors would receive the annual budgets of the Reserve Banks up to a later date than October 1.

"The Board recognizes that submission of the budgets by October 1 entails some difficulties, but feels that it should have sufficient time to permit adequate review and consideration of the budgets before the beginning of the budget period.

"Expenditures now aggregating about \$125 million a year are covered by the 36 budgets received from the Federal Reserve Banks and branches. It is obvious that considerable time is required to analyze budgets of this magnitude, to obtain additional information when necessary from the Banks, and to prepare summaries and memoranda for consideration by the Board.

"In the circumstances, the Board feels that it is not feasible to receive the Reserve Bank budgets up to a later date than October 1."

Unanimous approval also was given to the recommendation contained in a memorandum dated July 15, 1952, from the Division of

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Personnel Administration recommending, for the reasons stated, that the provision contained in the Independent Offices Appropriation Act of 1953 that leave accumulated by Federal employees during any calendar year must be used prior to June 30 of the following year or be forfeited be not adopted as a part of the Board's leave program.

The Board also authorized the Chairman to negotiate for the services of Mr. Charles Molony, of the Associated Press, for employment by the Board with salary at the rate of \$10,800 per annum, it being understood that if the Chairman was unable to obtain the services of Mr. Molony at that salary he would discuss the matter with the Board again. It was further understood that Mr. Molony's title as an assistant to Mr. Thurston would be fixed after it was determined whether he would enter the employ of the Board.

Unanimous approval also was given to the recommendations contained in the following memorandum submitted by Governor Vardaman under date of July 18, 1952, with the understanding that no notice of the action would be sent to the Federal Reserve Banks until the effective date of the discontinuance of the Division of Selective Credit Regulation:

"In view of the fact that the Division of Selective Credit Regulation is to be discontinued in the near future, and the desire of the Defense Agencies to continue the V-loan program for the duration of the Defense program, I believe that the Board's V-loan operations should be carried on independently as a separate unit of the Board's organization.

"During World War II all V-loan matters were handled by an Office of the Administrator for War Loans with Mr. Smead as Administrator and Mr. Boothe as Assistant Administrator. During the present period the V-loan program has

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"again been handled by Mr. Boothe, Assistant Director of the Division of Selective Credit Regulation, and Mr. Noyes, the Director of the Division, has acted in an advisory capacity.

"Reports which have reached me from both the guaranteeing agencies and the financial community indicate that the V-loan program is operating very successfully at present with guaranteed loans for defense production purposes aggregating approximately \$2 billion.

RECOMMENDATIONS:

"It is recommended that, at the time the Division of Selective Credit Regulation is discontinued, there be created an Office of Defense Loans and that Gardner L. Boothe, II, be designated as Administrator. It is further recommended that J. J. Connell, Assistant, Mrs. Margaret Wolfe, Secretary, and Miss Dorothy Drayer, Stenographer, all presently assigned to the Division of Selective Credit Regulation, be transferred to the Office of Defense Loans at their then existing grades and salaries. I would suggest, however, that Mr. Boothe's salary be reviewed by the Board at an early date to determine whether it is commensurate with the duties he is performing.

"It is also recommended that as soon as possible after the Office of Defense Loans is established, the Administrator submit through the Budget Officer for consideration and approval by the Board a budget which will provide for the transfer of funds from the budget of the Division of Selective Credit Regulation to cover expenses of the Office of Defense Loans for the remainder of the current calendar year.

"So far as physical location is concerned, it seems desirable that the Office of Defense Loans continue to occupy part of the space on the first floor presently being utilized by the Division of Selective Credit Regulation.

"The method of handling communications with the guaranteeing agencies and the Federal Reserve Banks should continue to be handled as at present. It is not contemplated that there will be any change in the present arrangement regarding legal aspects of the program, which are being handled by Mr. Howard Hackley, Assistant General Counsel."

The following additional actions were taken by the Board:

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Minutes of actions taken by the Board of Governors of the Federal Reserve System on July 21, 1952, were 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 July 14, 1952, the Board approves the appointment of Thomas E. Adams as an assistant examiner for the Federal Reserve Bank of New York, and the designation of Dean W. Bassett as a special assistant examiner.

"Please advise us of the date upon which the appointment of Mr. Adams is made effective."

Approved unanimously.

Letter to Mr. Denmark, Vice President, Federal Reserve Bank of Atlanta, reading as follows:

"In accordance with the recommendation contained in your letter of July 14, 1952, the Board approves the appointment of Hugh A. Barrett as an examiner for the Federal Reserve Bank of Atlanta. If the appointment is not made effective August 1, 1952, as planned, please advise us."

Approved unanimously.

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

"In accordance with the request contained in your letter of July 9, 1952, the Board approves the designation of the following special assistant examiners for the Federal Reserve Bank of San Francisco:

PORTLAND

E. H. Brueckner

R. R. Spence

F. C. Standing

SALT LAKE CITY

M. H. Atwood

C. E. Bradshaw

L. C. Grundvig

R. E. Meyer

D. W. Sheets

G. J. Wright

SEATTLE

H. W. Pennington

G. C. Harwood

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"It is noted that 11 employees previously approved as special assistant examiners have been removed from the current list of special assistant examiners and our records have been adjusted accordingly."

Approved unanimously.

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

"The Board of Governors approves the payment of salary to the following named officers of the Federal Reserve Bank of St. Louis, as requested in your letter of July 11, 1952, for the period July 16, 1952, through May 31, 1953, at the rates indicated, as fixed by your Board of Directors:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Wm. J. Abbott, Jr.	Director of Research	\$9,200
Geo. E. Kroner	Chief Examiner	9,200
Willis L. Johns	Assistant Vice President	8,000
Stephen Koptis	Assistant Vice President	7,200
W. W. Gilmore	Assistant Vice President	7,200

"It is noted that the resignation of Mr. J. H. Gales, Assistant Vice President, became effective July 15, 1952."

Approved unanimously.

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

"In view of the circumstances described in your letter of July 14, 1952, the Board of Governors approves the continuation of the payment of salary to Mr. Alfred L. Pitts, as Assistant Counsel, for the period September 1, 1952, through December 31, 1952, at his present rate of \$8,600 per annum, which is the rate fixed by the Board of Directors as indicated in your letter.

"Although the retention of Mr. Pitts is approved, the Board of Governors continues of the opinion that as a general policy all members of the Retirement System should be retired upon reaching retirement age and that exceptions to this policy should be held to a minimum. However, the Board appreciates that in some individual cases the best interests of

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"the Bank may be served through the retention of the persons involved."

Approved unanimously.

Letter to Mr. Hodgkinson, Chairman, Federal Reserve Bank of Boston, reading as follows:

"In accordance with the request contained in your letter of July 3, 1952, the Board of Governors approves the payment of salary to Mr. Clifford E. Morrissey, Alternate Assistant Federal Reserve Agent, at the rate of \$4,750 per annum, effective April 30, 1952."

Approved unanimously.

Letter to Mr. Neely, Federal Reserve Agent, Federal Reserve Bank of Atlanta, reading as follows:

"In accordance with the request contained in your letter of July 1, 1952, the Board of Governors approves the payment of salary to Anna Lou Cullom, Federal Reserve Agent's Representative, Nashville Branch, at the rate of \$3,360.00 per annum, effective August 1, 1952."

Approved unanimously.

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

"The Board of Governors approves the payment of salaries to the officers named below at the rates indicated for the period September 1, 1952, through April 30, 1953, provided these rates are fixed by your Board of Directors.

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
R. G. Johnson	Cashier	\$10,500
George W. Hurst	Assistant Cashier	7,500

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"The rates which the Board approves are those proposed in your letter of July 15."

Approved unanimously.

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

"In accordance with the request contained in your letter of July 10, 1952, the Board of Governors approves the additional expenditure of \$117 a month in connection with the acceptance of the new 'Service Agreement' at the Omaha Branch. This approval as indicated in your letter is subject to the further approval of the Wage Stabilization Board."

Approved unanimously.

Letter to The First National Bank of Coffeyville, Coffeyville, Kansas, reading as follows:

"The Board of Governors of the Federal Reserve System has given consideration to your supplemental application for fiduciary powers, and grants you authority to act, when not in contravention of State or local law, as registrar of stocks and bonds, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of Kansas. The exercise of these powers, in addition to those heretofore granted to act as trustee, executor, administrator and guardian of estates, shall be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

"This letter will be your authority to exercise the fiduciary powers granted by the Board pending the preparation of a formal certificate covering such authorization, which will be forwarded to you in due course."

Approved unanimously, for transmittal through the Federal Reserve Bank of Kansas City.

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Letter to the Presidents of all Federal Reserve Banks and the Vice Presidents in charge of the Detroit and Los Angeles branches, reading as follows:

"Reference is made to the Board's letter S-1282 (V-18) of March 12, 1951, transmitting instructions for the preparation and submission of Forms F.R. 577 and F.R. 579 for use in connection with reporting on Regulation V loans.

"The Department of the Air Force has requested that, beginning with the reports for July 1952, an extra copy of Form F.R. 579 be provided. This will require preparation of the Air Force 579 in triplicate, as is now done for the General Services Administration under paragraph 1 on page 3 of the above instructions.

"It will no longer be necessary to submit separate Forms F.R. 579 for General Services Administration and the Defense Materials Procurement Agency. A single combined form should be prepared in triplicate beginning with the July 31, 1952, reports."

Approved unanimously.


Secretary.