

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, January 2, 1953. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Szymczak, Acting Chairman  
Mr. Evans  
Mr. Mills  
Mr. Robertson

Mr. Carpenter, Secretary  
Mr. Sherman, Assistant Secretary  
Mr. Kenyon, Assistant Secretary

Governor Evans discussed alternative plans now under consideration by the Federal Reserve Bank of New York for a new Buffalo Branch building, and stated that it was anticipated that a definite proposal would be submitted to the Board for its consideration within a matter of 30 or 40 days.

Governor Robertson reported that a circular had been received from the National Security Resources Board under date of December 18, 1952, in which responsibility for heading up the emergency banking program in the event of an enemy attack was placed with the Board. He said he would be prepared to discuss this responsibility at a meeting when all of the members of the Board were present.

There were presented telegrams to the Federal Reserve Banks of New York, Atlanta, Chicago, St. Louis, Minneapolis, Dallas, and San Francisco stating that the Board approves the establishment without

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change by the Federal Reserve Banks of Minneapolis and Dallas on December 26, by the Federal Reserve Banks of Chicago and St. Louis on December 29, by the Federal Reserve Banks of New York and San Francisco on December 30, and by the Federal Reserve Bank of Atlanta on December 31, 1952, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

There were presented letters reading as follows:

Letter to Mr. Erickson, President, Federal Reserve Bank of Boston

"The Board authorizes the expenditure of not to exceed \$1,250,000 for the air conditioning and modernization of your present building in accordance with the program outlined in your letter of December 22."

Letters to Mr. Gidney, President, Federal Reserve Bank of Cleveland

"In accordance with the request made in your letter of December 5, the Board authorizes an additional expenditure of approximately \$84,000 for the air conditioning of the Cincinnati Branch building. This supplements the authorization for the expenditure of approximately \$615,000 for this purpose given in the Board's letter of July 10, 1952."

"The Board authorizes the expenditure of approximately \$310,000 for air conditioning the Pittsburgh Branch building, as requested in your letter of December 4, 1952."

The Secretary stated that in accordance with the suggestion made at the meeting of the Board on December 31, 1952, the above

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matters had been discussed with each available member of the Board by Mr. Leonard, Director of the Division of Bank Operations. In this connection, he referred to a file memorandum prepared by Mr. Leonard under date of December 31 stating that Governor Vardaman had indicated orally that he would favor authorizing the two Federal Reserve Banks to make the expenditures requested.

Thereupon, the letters were approved unanimously.

At the request of the Acting Chairman, the Secretary reviewed items on the docket for consideration by the Board at subsequent meetings when all members of the Board were present.

Governor Evans renewed the request which he made at the meeting on September 3, 1952, for a discussion of the attitude of the Board as presently constituted toward the extension of branch banking in the United States.

Governor Szymczak read the following letter, written under date of December 29, 1952, by Mr. Jess Larson, Administrator of General Services Administration, and received today:

"Reference is made to a letter dated December 10, 1952, from the Federal Reserve Bank of New York concerning V-loan Guarantee Agreements GSA(2)-20 et seq., Reynolds Reduction Company, and transmitting to this Administration, for our information, copies of documents submitted by the Borrower to the Indenture Trustee in connection with the withdrawal

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"of certain funds from the Construction Account, which is part of the loan which is the subject of the Guarantee. Included in the list of costs for which withdrawal is so sought is the sum of \$400,000 to be paid to Dillon Read & Company for the account of itself and Reynolds & Company for 'financial services and out-of-pocket expenses'. In the absence of supporting data some question might arise as to whether this charge is properly applicable to construction costs and, if so, if the amount is reasonable.

"Under Executive Order 10161 as amended, the Board of Governors of the Federal Reserve System is responsible for regulating charges made in connection with loans guaranteed pursuant to Section 301 of the Defense Production Act of 1950. Pursuant to the same Executive Order the Federal Reserve Bank of New York is the fiscal agent of the United States in the administration of the Guarantee Agreement. In view of these responsibilities of your Board and of the Federal Reserve Bank of New York, it is respectfully requested that you ascertain and determine whether the aforesaid charge by Dillon Read & Company and Reynolds & Company, in the amount claimed, may properly be charged against the proceeds of the Guaranteed Loan. I am not writing separately to the Federal Reserve Bank of New York, but I am sending to that Bank a copy of this letter. For your information I enclose a copy of a letter upon the subject which I have sent today to the Reynolds Reduction Company."

It was agreed that copies of Mr. Larson's letter and its enclosure should be sent to the members of the Board for their information prior to consideration at a meeting of the Board on January 5, 1953, that Governor Szymczak would discuss the matter with Chairman Martin by telephone, and that an effort should be made to reach Governor Vardaman to advise him of the receipt of Mr. Larson's letter.

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Question was raised whether Mr. Phelan, Vice President of the Federal Reserve Bank of New York, under whose direction the activities of the Bank as fiscal agent for the guaranteeing agencies on V-loan matters were conducted, should be asked to come to Washington for the discussion, and it was agreed that that would not be necessary.

Governor Robertson stated that the Comptroller of the Currency had requested the Board's recommendation with respect to an application for a charter for a national bank proposed to be located in Richfield, Minnesota, a community near Minneapolis. He said that all of the stock of the bank except directors' qualifying shares would be owned by Northwest Bancorporation, of Minneapolis, a holding company affiliate, that the Comptroller refused to grant a charter for the bank several months ago on the grounds that there was an insufficient basis at that time to warrant the establishment of another bank in the Richfield area, that there was reported to be a movement at present for the establishment of a State bank in the locality where the national bank, if chartered, would begin business, and that the Federal Reserve Bank of Minneapolis recommended favorably with regard to the application for the proposed national bank.

Governor Robertson pointed out that the chartering of the national bank would, of course, be followed by a request from Northwest Bancorporation

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for a voting permit covering its stock in the bank. He referred to the fact that Northwest Bancorporation controls about 35 per cent of the commercial bank deposits in the Minneapolis and St. Paul area while First Bank Stock Corporation, of St. Paul, another holding company affiliate, controls a somewhat larger percentage. He stated that the staff was preparing memoranda for circulation to the Board and suggested that the matter be given careful consideration in view of the circumstances involved.

The following additional actions were taken by the Board:

Minutes of actions taken by the Board of Governors of the Federal Reserve System on December 31, 1952, were approved unani-  
mously.

Memorandum dated December 24, 1952, from Mr. Allen, Director, Division of Personnel Administration, recommending the appointment of Gloria Grant as Clerk-Typist in that Division on a temporary indefinite basis, with basic salary at the rate of \$3,110 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed the usual physical examination and subject to the completion of a satisfactory employment investigation.

Approved unanimously.

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Memorandum dated December 15, 1952, from Mr. Kelleher, Assistant Director, Division of Administrative Services, recommending the appointment of Kathryn H. Fortunato as Clerk-Typist in that Division on a temporary basis for a period of two months, with basic salary at the rate of \$2,750 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed the usual physical examination and subject to the completion of a satisfactory employment investigation.

Approved unanimously.

Memorandum dated December 19, 1952, from Mr. Leonard, Director, Division of Bank Operations, recommending that the temporary appointment of A. A. Moore, Relief Settlement Clerk in that Division, be extended through 1953, with no change in his rate of compensation, that is, \$10 each time he works.

Approved unanimously.

Memorandum dated December 22, 1952, from Mr. Kelleher, Assistant Director, Division of Administrative Services, recommending that the temporary appointment of Florence A. Norman, Cafeteria Helper in that Division, be extended for a period of two months, with no change in her present basic salary at the rate of \$2,420 per annum, effective upon the expiration of her present appointment on January 13, 1953.

Approved unanimously.

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Memoranda recommending that the basic annual salaries of the following employees be increased in the amounts indicated, effective January 4, 1953:

<u>Date of Memorandum</u>	<u>Name and Title</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
<u>Memorandum from the Secretary of the Board</u>			
12/19/52	Margaret J. Dougherty, Clerk	\$3,415	\$3,535
<u>Memorandum from Mr. Young, Director, Division of Research and Statistics</u>			
12/22/52	Donald C. Miller, Economist	7,640	7,840
<u>Memorandum from Mr. Marget, Director, Division of International Finance</u>			
12/19/52	Esther G. Crews, Supervisor, Information Center	4,705	4,830
<u>Memorandum from Mr. Sloan, Director, Division of Examinations</u>			
12/19/52	John F. Clark, Federal Reserve Examiner	6,540	7,040
<u>Memorandum from Mr. Bethea, Director, Division of Administrative Services</u>			
12/9/52	Richard Shaker, Guard	2,990	3,070
	Reuben Rowzee, Chauffeur	2,830	2,910
	Martha J. Fink Operator (Key Punch)	2,750	2,830

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<u>Date of Memorandum</u>	<u>Name and Title</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
<u>Memorandum from Mr. Bethea, Director, Division of Administrative Services</u>			
	Vera Dulin, Cafeteria Helper	\$2,560	\$2,630
	Fannie L. Mock, Elevator Operator	2,770	2,840
	Lettie Green, Charwoman	2,420	2,490

Memoranda from Mr. Kelleher, Assistant Director,  
Division of Administrative Services

12/11/52	David L. Sullivan, Guard	3,230	3,310
12/16/52	E. Allan McKinney, Operator (Tabulating Equipment)	3,030	3,175

Approved unanimously.

Memorandum dated December 29, 1952, from Mr. Young, Director, Division of Research and Statistics, recommending that the resignation of Harold L. Cheadle, Economist in that Division, be accepted to be effective, in accordance with his request, at the close of business January 16, 1953.

Approved unanimously.

Telegram to Mr. Manville Kendrick, rancher, Sheridan, Wyoming, prepared pursuant to action taken by the Board on December 24, 1952, and reading as follows:

"Board of Governors of the Federal Reserve System  
has appointed you director of the Omaha Branch of the

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"Federal Reserve Bank of Kansas City for two-year term beginning January 1, 1953, and will be pleased to have your acceptance by collect telegram.

"It is understood that you are not a director of a bank and do not hold political or public office. Should your situation in these respects change during the tenure of your appointment, it will be appreciated if you will advise the Chairman of the Board of Directors of the Federal Reserve Bank of Kansas City."

Approved unanimously.

Letter to Mr. Armistead, Vice President, Federal Reserve Bank of Richmond, reading as follows:

"In accordance with the request contained in your letter of December 30, 1952, the Board approves the designation of Donald W. DeHaven and Gerald L. Wilson as special assistant examiners for the Federal Reserve Bank of Richmond.

"We have deleted the name of John H. Mosner, Jr., from the list of special assistant examiners since he is no longer connected with your bank."

Approved unanimously.

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

"Reference is made to your Bank's letters of December 3 and 16, 1952, which advised that it appears expenses for your Bank will exceed the 1952 budget estimates in the amounts indicated.

"The Board accepts the revised figures as submitted and appropriate notations are being made in the Board's records."

Approved unanimously.

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Telegrams to the President of each Federal Reserve Bank, prepared in accordance with the action taken by the Board on December 23, 1952, stating that the Board had established under authority of the fourth paragraph of Section 16 of the Federal Reserve Act the rate of (see column 1 below) per cent per annum interest for the preceding three calendar months on \$ (see column 2 below) daily average of outstanding Federal Reserve notes of the Reserve Bank in excess of gold certificates pledged with the Federal Reserve Agent as collateral security; and that an interest payment of \$ (see column 3 below) should be credited to the Treasurer's General Account as Miscellaneous Receipts, Symbol 1841-Interest Collected, Section 16 of the Federal Reserve Act on January 2, 1953.

	(1)	(2)	(3)
Boston	1.7914	\$1,219,895,524	\$ 5,508,205.96
New York	5.1138	1,534,783,946	19,782,717.51
Philadelphia	1.8305	1,089,891,179	5,028,608.60
Cleveland	1.9935	1,639,641,146	8,238,725.08
Richmond	1.5231	1,376,261,072	5,283,530.36
Atlanta	1.8562	970,844,748	4,542,234.14
Chicago	2.2449	2,140,388,267	12,111,126.06
St. Louis	1.8289	975,636,158	4,497,516.96
Minneapolis	2.1099	493,096,206	2,622,336.96
Kansas City	1.9512	763,232,645	3,753,649.24
Dallas	.4990	529,981,437	666,585.97
San Francisco	1.7645	869,182,511	3,865,695.17

Approved unanimously, with the understanding that in the case of the Federal Reserve Banks of Dallas and San Francisco the payment had been determined after deducting the amounts of \$3,265,359.54 and \$4,129,051.73, respectively, to enable those Banks to bring Surplus, Section 7, up to an amount equal to 100 per cent of their subscribed capital stock.

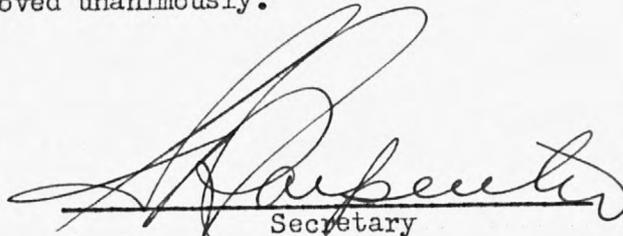
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Memorandum dated December 19, 1952, from Mr. Sloan, Director, Division of Examinations, submitting for approval letters to the following foreign banking corporations, the first four of which were organized under State laws but operate under agreements made with the Board pursuant to the provisions of section 25 of the Federal Reserve Act, and the last two of which were chartered by the Board under the provisions of section 25(a) of the Act, requesting that they submit reports of condition as of December 31, 1952, together with a letter to the Federal Reserve Bank of New York advising that Bank that the corporations were being requested to submit the reports to the New York Bank for transmittal to the Board of Governors:

Bankers Company of New York	New York, New York
First of Boston International Corporation	New York, New York
International Banking Corporation	New York, New York
Morgan & Cie. Incorporated	New York, New York
Bank of America	New York, New York
The Chase Bank	New York, New York

Approved unanimously.

  
Secretary