

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, January 6, 1953. The Board met in the Board Room at 10:00 a.m.

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

Mr. Carpenter, Secretary  
Mr. Kenyon, Assistant Secretary  
Mr. Thurston, Assistant to the Board  
Mr. Vest, General Counsel  
Mr. Boothe, Administrator, Office of Defense Loans  
Mr. Noyes, Assistant Director, Division of Research and Statistics  
Mr. Hackley, Assistant General Counsel

In accordance with the understanding at the conclusion of the meeting of the Board yesterday, there was presented a revised draft of letter to Mr. Larson, Administrator, General Services Administration, prepared in response to Mr. Larson's letter of December 29, 1952, concerning the payment by Reynolds Reduction Company of a \$400,000 fee to Dillon, Read & Company for "financial services and out-of-pocket expenses" out of the proceeds of a V-loan guaranteed by General Services Administration.

Following a preliminary discussion of the revised draft, Chairman Martin suggested that in view of the meeting of the executive

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committee of the Federal Open Market Committee, scheduled for 10:30 o'clock this morning, further consideration be given to the matter by the Board this afternoon.

The members of the staff then withdrew and the Board went into executive session.

The Chairman thereafter informed the Secretary that during the executive session the Board appointed Mr. Jay E. Crane, Vice President of Standard Oil Company (New Jersey), New York, New York, as a Class C director of the Federal Reserve Bank of New York, effective January 20, 1953, following the resignation of Mr. Stevens as Chairman and Federal Reserve Agent and as Class C director as of January 19 and Mr. Crane's resignation as a Class B director, for the unexpired portion of the three-year term ending December 31, 1953; and that the Board designated Mr. Crane as Chairman and Federal Reserve Agent at the New York Bank effective January 20 for the remaining portion of the year 1953 and fixed his compensation as such on the uniform basis fixed for the same position at other Federal Reserve Banks, i.e., the same amount as the aggregate of fees payable during the same period to any other director for attendance corresponding to his at meetings of the board of directors, executive committee, and other committees of the board of directors.

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The Chairman also informed the Secretary that during the executive session approval was given to a letter to Mr. Sproul, President of the Federal Reserve Bank of New York, reading as follows, Governor Evans voting "no":

"In accordance with the request contained in your letter of December 16, 1952, the Board of Governors has approved the payment of compensation to Dr. John H. Williams as a Consultant during the year 1953 at the rate of \$84.62 per day for each day he spends at the Bank or at a Federal Reserve or related meeting elsewhere, plus reasonable travel, lodging, and subsistence expenses.

"In approving the payment of compensation to Dr. Williams, the Board understands that his work for the Bank will be subject to the call and direction of the President and that his total days of work for the Bank will not exceed one-half the number of days which he spent at the Bank, on the average, during the period when he was Economic Adviser, or approximately 100 days."

Following the executive session, the meeting recessed and reconvened in the Board Room at 2:30 p.m., with the same attendance as just prior to the executive session.

Further consideration was given to the draft of letter to Mr. Larson which was the subject of discussion this morning, and additional suggestions were made for changes.

At the conclusion of the discussion, Chairman Martin suggested that the letter be redrafted by Messrs. Thurston, Carpenter, and Vest

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in the light of these suggestions and that the revised draft be read over the telephone to Mr. Phelan, Vice President of the Federal Reserve Bank of New York, for any comments and suggestions that the New York Bank might wish to make.

At this point all of the members of the staff except Messrs. Carpenter and Kenyon withdrew from the meeting and the following additional actions were taken by the Board:

Minutes of actions taken by the Board of Governors of the Federal Reserve System on January 5, 1953, were approved unanimously.

Letter to the Comptroller of the Currency, Treasury Department, Washington, D. C., (Attention: W. M. Taylor, Deputy Comptroller), reading as follows:

"Reference is made to your letter of December 3, 1952, enclosing a photostatic copy of an application to convert Citizens State Bank, Clinton, Wisconsin, a non-member insured bank, into a national banking association under the title of The First National Bank of Clinton.

"A special representative of the Federal Reserve Bank of Chicago has made an investigation of this application. In the light of the information contained in his report, and after careful consideration of the factors set forth in your letter, the Board of Governors has concluded that, although the proposed conversion will result in a diminution of present capital structure, it recommends approval of the application in view of the generally satisfactory

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"condition of the institution and the management's proposal to conserve earnings for the purpose of augmenting the capital structure.

"The Board desires that you be informed that it or its representatives will be glad to discuss any aspects of this case with you or representatives of your office, if you so desire."

Approved unanimously, with  
a copy to the Federal Reserve  
Bank of Chicago.



Secretary