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Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, January 13, 1953. The Board met in the Board Room at 10:00 a.m.

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

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

Governor Mills reviewed available information on several persons suggested for appointment to the board of directors of the Salt Lake City Branch of the Federal Reserve Bank of San Francisco to fill the two existing vacancies on that Board. Three of these persons were suggested by Mr. Marriner S. Eccles, former member of the Board of Governors, and data concerning them had been sent to the members of the Board with Mr. Allen's memorandum dated January 2, 1953. The other three were suggested by Mr. John A. Schoonover, President of the Idaho First National Bank, Boise, Idaho, who was formerly a director of the Salt Lake City Branch and was recently elected as a Class A director of the San Francisco Reserve Bank. Data concerning the persons suggested by Mr. Schoonover had been sent to the members of the Board with Mr. Allen's memorandum dated

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January 12, 1953.

In discussing the persons mentioned by Mr. Eccles, Governor Mills said that Mr. Joseph Rosenblatt, President of the Eimco Corporation, Salt Lake City, Utah, appeared to be well qualified and that he would recommend Mr. Rosenblatt's appointment. He went on to say that it would seem desirable in making the second appointment to select someone outside the area of Salt Lake City so as to provide geographical balance on the branch board. In the circumstances he recommended Mr. George W. Watkins, President of the Snake River Equipment Company, Idaho Falls, Idaho, who was suggested by Mr. Schoonover. Governor Mills also pointed out that Mr. Watkins, who would replace a director representing agriculture, was engaged in farming as well as the farm equipment business.

Thereupon, it was voted unanimously to appoint Mr. Rosenblatt as a director of the Salt Lake City Branch for the unexpired portion of the two-year term ending December 31, 1953, and to appoint Mr. Watkins as a director of the Salt Lake City Branch for the unexpired portion of the two-year term ending December 31, 1954, provided in each case that Mr. Wilbur, Chairman of the Federal Reserve Bank of San Francisco, first ascertained and advised the Board that the appointment would be accepted if tendered.

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The Secretary then referred to a telegram dated January 12, 1953, from Chairman Wilbur, sent in response to the Board's telegram dated January 9, 1953, stating that Mr. Harold R. Quinton, of Los Angeles, California, had advised that he would be unable to accept appointment as a director of the Los Angeles Branch of the Federal Reserve Bank of San Francisco because of his acceptance of an appointment to the board of directors of a commercial bank in Los Angeles.

Governor Mills commented on two other persons who were suggested for appointment to the board of directors of the Los Angeles Branch, namely, Mr. Bryant Essick, President of the Essick Manufacturing Company, Los Angeles, California, who was mentioned, along with Mr. Quinton, by Mr. C. C. DePledge, Vice President of the California Bank, Los Angeles, and Mr. William Henry Joyce, Jr., Chairman and President of Joyce, Inc., a shoe manufacturing concern in Los Angeles, who was suggested by Mr. Chester C. Davis, former member of the Board of Governors. Data on Messrs. Essick and Joyce were sent to the members of the Board with Mr. Allen's memorandum of January 6, 1953.

Governor Mills said that although both men appeared to be well qualified, he would be inclined to favor the appointment of Mr. Essick.

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Thereupon, it was voted unanimously to appoint Mr. Essick as a director of the Los Angeles Branch for the unexpired portion of the two-year term ending December 31, 1954, provided that Chairman Wilbur first ascertained and advised the Board that Mr. Essick would accept the appointment if tendered.

Following a statement by Mr. Allen concerning the vacancies on Federal Reserve Bank and branch boards remaining to be filled at this time, Chairman Martin requested Governor Szymczak to consider who might be appointed as a Class C director of the Federal Reserve Bank of Chicago to succeed Mr. Franklin J. Lunding, and who might be appointed as a director of the Detroit Branch to succeed Mr. John A. Hannah, President of Michigan State College, Lansing, Michigan, following Mr. Hannah's entrance upon duty as Assistant Secretary of Defense in the new Administration.

Reference was made to a letter received by Chairman Martin under date of December 29, 1952, from Mr. R. B. Anderson, Deputy Chairman of the Federal Reserve Bank of Dallas, submitting his resignation from the board of directors of that Bank in view of his pending appointment as Secretary of the Navy, and there was presented a draft of reply to Mr. Anderson reading as follows:

"The Board has considered and of course complied with your letter of December 29, 1952, submitting your resignation as a Class C Director of the Federal Reserve Bank of Dallas and as Deputy Chairman of the Board of Directors, in view of your appointment as the Secretary of the Navy.

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"We are, as you know, of mingled emotions-- gratified by this recognition and honor that has come to you, and most regretful that it necessitates your relinquishing your official connection with the Federal Reserve System. Without exception all the members of the Board are deeply aware of, and appreciate, the contribution which you have made to the System during the period of your service on the Dallas Board. They wish you every success in the vitally important post to which you have been summoned and for which your broad experience in private business and public life has so admirably fitted you.

"We know that your interest in the Federal Reserve System will remain undiminished, as your letter so well indicates, and it is needless for me to tell you that we stand ready and eager to provide you with any assistance we can. It is good to know that you will be in Washington and we trust we will have the opportunity to see you whenever you find time."

Approved unanimously.

The following requests for travel authorization were presented:

<u>Name and Title</u>	<u>Duration of Travel</u>
Charles Molony, Assistant to Mr. Thurston	January 7-9, 1953
To visit the Federal Reserve Bank of St. Louis on January 8 and the Louisville Branch of that Bank on January 9.	
Susan S. Burr, Assistant Director, Division of Research and Statistics	February 23-24, 1953

To proceed to Dayton, Ohio, to address a dinner meeting of the public school teachers of that city on the

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<u>Name and Title</u>	<u>Duration of Travel</u>
subject of the money system and how it works, problems of credit policy, and savings and their use, the meeting being the second of a series of six evening meetings comprising the winter program of the workshop on economic education held in June 1952, at Ohio University, Athens, Ohio, in which Miss Burr participated.	
Francis R. Pawley, Economist, Division of Research and Statistics	January 26-28, 1953
To proceed to Chicago, Illinois, to attend the National Credit Conference sponsored by the American Bankers Association.	
Philip T. Allen, Economist, Division of Research and Statistics	January 26-28, 1953
To proceed to Chicago, Illinois, to attend the National Agricultural Credit Committee meeting and to talk to livestock and meat representatives about the livestock situation.	
J. R. Radford, Federal Reserve Examiner, Division of Examinations	January 11-16, 1953
To proceed to Atlanta, Georgia, to make a survey of the Examination Department of the Federal Reserve Bank of Atlanta in connection with the current examination of the Reserve Bank.	
E. Ralph Massey, Technical Assistant, Division of Bank Operations	January 25-February 15, 1953
To proceed to Houston, San Antonio, El Paso, and Dallas, Texas, to visit the Federal Reserve Bank of Dallas and its branches for the purpose of reviewing and discussing matters pertaining to functional expense reports, including operating procedures and methods of determining and allocating expenses.	

Approved unanimously.

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At this point Mr. Allen withdrew from the meeting.

There was presented a memorandum dated December 31, 1952, from Mr. Marget, Director, Division of International Finance, recommending that Edward Ames, Economist in that Division, be permitted to teach a course in economics at American University two evenings a week during the spring semester beginning February 16 and ending June 13, 1953.

Approved unanimously.

The meeting then adjourned. During the day the following additional actions were taken, with the following members of the Board present:

Mr. Martin, Chairman
Mr. Szymczak
Mr. Evans
Mr. Mills
Mr. Robertson

Minutes of actions taken by the Board of Governors of the Federal Reserve System on January 12, 1953, were approved unanimously.

Memoranda recommending that the basic annual salaries of the following employees be increased in the amounts indicated, effective January 18, 1953:

<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>		
1/8/53	Elizabeth A. Kropog, Stenographer	\$3,110	\$3,255

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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. Allen, Director, Division of Personnel Administration</u>		
1/9/53	Dorothy S. Mooney, Secretary to Governor Robertson	\$5,200	\$5,800

Approved unanimously.

Telegram to Mr. Dearmont, Chairman, Federal Reserve Bank of St. Louis, authorizing him to issue a limited voting permit, under the provisions of section 5144 of the Revised Statutes of the United States, to General Contract Corporation, St. Louis, Missouri, entitling such organization to vote the stock which it owns or controls of the Illinois National Bank of Quincy, Quincy, Illinois, at any time prior to May 1, 1953, to act upon a proposal to convert Illinois National Bank of Quincy to a bank organized under the laws of the State of Illinois.

Approved unanimously.

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

"As you were advised by Mr. Sloan in a long distance telephone call on January 13, 1953, Provident Trust Company, Pittsburgh, Pennsylvania, should be afforded the opportunity to withdraw its application for membership in the Federal Reserve System transmitted to the Board in Mr. Stetzelberger's letter dated December 12, 1952.

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"You are requested to advise the applicant that the Board will be glad to consider its application for membership after the lapse of one year, if the bank so desires, provided (1) a program is initiated and maintained by the bank to reduce the volume of past due and classified loans; (2) that a reduction be effected in the heavy concentration of the bank's assets in real estate loans; (3) that operating expenses, including salaries, are reduced to amounts comparable to those existing in banks of similar size; and (4) that it is demonstrated that the profitable operation of the bank is not dependent upon the creation, sale, and servicing of real estate loans."

Approved unanimously.



A. Carpenter
Secretary