

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, April 24, 1953. The Board met in the Board Room at 9:30 a.m.

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

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Leonard, Director, Division of
Bank Operations
Mr. Sloan, Director, Division of
Examinations
Mr. Allen, Director, Division of
Personnel Administration

Chairman Martin presented a letter dated April 22, 1953, from Arthur Andersen & Co. submitting a bill in the amount of \$3,920.72 covering services rendered by the company in connection with its review of the examination made of the Federal Reserve Bank of Chicago, including the Detroit Branch, by the Board's examining staff as of January 30, 1953. The bill included a fee of \$3,500 and out-of-pocket expenses of \$420.72. Chairman Martin stated that he had been informed that the fee was substantially less than would have been charged on a straight per diem basis.

The payment of the fee was approved unanimously and it was understood that a similar review would be made by Arthur Andersen & Co. in connection with the 1954 examination of the Federal Reserve Bank of New York.

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With further regard to an informal discussion at the meeting of the Board yesterday, there was presented a memorandum dated April 23, 1953, from Mr. Leonard presenting the request of the Federal Reserve Bank of Kansas City for approval by the Board of the purchase of a garage property located at the rear of and across the alley from the Federal Reserve Bank building at a price not to exceed \$125,000 net to the seller, plus a commission of \$7,500 to the real estate agents acting for the Bank. The reasons for the proposed purchase and the use proposed to be made of the property were outlined in communications from the Bank and Mr. Leonard's memorandum.

Governor Evans stated that he had reviewed the matter carefully with Mr. Leonard and would recommend that the Board interpose no objection to the purchase.

Thereupon, unanimous approval was given to the following telegram to Mr. Leedy, President of the Kansas City Bank:

"Board interposes no objection to purchase of garage property at price of not to exceed \$125,000 net to seller, as proposed your telegram of April 23 and letter of April 22."

Governor Szymczak stated that at the meeting of the Board of Directors of the Federal Reserve Bank of Chicago yesterday, at which he was in attendance, there was a further discussion of the proposed

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addition to the building of that Bank to which reference was made at the meeting of the Board of Governors on April 2, 1953, and that President Young recommended that action on the addition be deferred pending further exploration of the possibility of acquiring land adjoining the Bank building on the west and constructing an addition to the present building on that site.

During the ensuing discussion Governor Vardaman proposed that the suggestion be made to the Board of Directors of the Federal Reserve Bank of Chicago that they consider disposing of the present building, which at the present time could be sold at a high price, and constructing an entirely new building on a cheaper site at another location.

It was agreed that Governor Evans would discuss the matter with Mr. Coleman, Chairman of the Federal Reserve Bank of Chicago, when the latter is in Washington attending the meeting of the Chairmen's Conference on April 28, 1953.

At this point Mr. Leonard withdrew from the meeting.

In accordance with the decision at the meeting of the Board on April 17, there was a further discussion of the draft of statement of qualifications of the Presidents and First Vice Presidents of the Federal Reserve Banks which it was contemplated would be referred to in the statement which Chairman Martin would make at the beginning of the executive session of the meeting of the Board and the Chairmen and Deputy Chairmen

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of the Federal Reserve Banks on Tuesday of next week. The statement of qualifications was considered in the light of the views expressed by various members of the Board as to the responsibilities of the chief executive officers of the Federal Reserve Banks and the qualifications that they should possess if they were to discharge their responsibilities effectively.

No further changes were suggested in the statement and it was agreed unanimously that Chairman Martin should present it at the meeting with the Chairmen as a statement which had not been approved by the Board but which represented the best thinking that it had been able to put on paper on the subject.

Before this meeting there had been sent to each member of the Board a revision of the draft of statement to be made by Chairman Martin at the meeting of the Chairmen's Conference on the problem of salaries of the Presidents and First Vice Presidents. Changes had been made in the draft in accordance with the discussion at the meeting on April 17.

The revised statement was approved unanimously.

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

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Bank of St. Louis on April 20, by the Federal Reserve Bank of San Francisco on April 21, by the Federal Reserve Bank of Richmond on April 22, and by the Federal Reserve Banks of New York, Philadelphia, Cleveland, Atlanta, Chicago, Minneapolis, Kansas City, and Dallas on April 23, 1953, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

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

Minutes of actions taken by the Board of Governors of the Federal Reserve System on April 23, 1953, were approved unanimously.

Memorandum dated April 13, 1953, from Mr. Young, Director, Division of Research and Statistics, recommending the appointment of Stephen P. Taylor as Economist in that Division on a temporary indefinite basis, with basic salary at the rate of \$5,940 per annum, effective as of the date upon which he enters upon the performance of his duties after having passed the usual physical examination and subject to the completion of a satisfactory employment investigation.

Approved unanimously.

Memorandum dated April 20, 1953, from Mr. Bethea, Director, Division of Administrative Services, recommending the appointment of Harry F. Allen as Telegraph Operator in that Division on a temporary basis for a period of two months, with basic salary at the rate of

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\$3,410 per annum, effective as of the date upon which he enters upon the performance of his duties after having passed the usual physical examination and subject to the completion of a satisfactory employment investigation.

Approved unanimously.

Memorandum dated April 21, 1953, from Mr. Bethea, Director, Division of Administrative Services, recommending the appointment of Edna K. Simmons as Charwoman in that Division on a temporary basis for a period of two months, with basic salary at the rate of \$2,420 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 April 23, 1953, from Mr. Bethea, Director, Division of Administrative Services, recommending the appointment of Margaret V. Caldwell as Stenographer in that Division on a temporary indefinite basis, with basic salary at the rate of \$3,415 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 April 23, 1953, from Mr. Bethea, Director, Division of Administrative Services, recommending that the appointment of Dorothy L. Rhoads, Clerk-Typist in that Division, be changed from temporary to temporary indefinite, with no change in her present basic salary at the rate of \$2,950 per annum, effective at the expiration of her present appointment.

Approved unanimously.

Memorandum dated April 17, 1953, from Mr. Allen, Director, Division of Personnel Administration, recommending that Frances C. Colvin, Secretary in the Office of the Solicitor, be transferred to the Legal Division as Secretary, with no change in her present basic salary at the rate of \$4,545 per annum, effective as of the date upon which she reports for duty in the Legal Division. The memorandum stated that in accordance with Board policy, it was contemplated that at the end of six months Mrs. Colvin's salary would be adjusted to the appropriate amount in line with the classification of the position which she was occupying at that time.

Approved unanimously.

Memoranda recommending that the basic annual salaries of the following employees be increased in the amounts indicated, effective April 26, 1953:

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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>Memoranda from Mr. Young, Director, Division of Research and Statistics</u>			
3/18/53	Lucile R. MacLean, Librarian	\$4,035	\$4,160
4/20/53	Jennie L. Glass, Clerk	3,430	3,575
<u>Memoranda from Mr. Marget, Director, Division of International Finance</u>			
3/20/53	Lawrence Bostow, Economist	5,185	5,310
4/17/53	Nancy J. Smith, Statistical Assistant	3,910	4,205
<u>Memorandum from Mr. Sloan, Director, Division of Examinations</u>			
3/16/53	John N. Lyon, Assistant Federal Reserve Examiner	4,745	4,870
<u>Memorandum from Mr. Leonard, Director, Division of Bank Operations</u>			
4/14/53	Oliver H. Jones, Jr., Technical Assistant	5,310	5,940
<u>Memorandum from Mr. Bethea, Director, Division of Administrative Services</u>			
3/20/53	Benjamin R. Reading, Accounting Clerk	4,170	4,295

Approved unanimously.

Memorandum dated April 9, 1953, from Mr. Bethea, Director,
Division of Administrative Services, recommending that Clara R. Cooke,

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Charwoman in that Division, be granted not to exceed 45 days additional sick leave, beginning April 9, 1953.

Approved unanimously.

Memorandum dated April 20, 1953, from Mr. Carpenter, Secretary of the Board, recommending that the resignation of Marion H. Derr, Records Clerk in the Office of the Secretary, be accepted, effective April 30, 1953.

Approved unanimously.

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

"In accordance with the request contained in your letter of April 20, 1953, the Board approves the designation of Rene M. Junca as a special assistant examiner for the Federal Reserve Bank of Atlanta, for the specific purpose of rendering assistance in the examination of State member banks only."

Approved unanimously.

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

"This refers to your letter of April 10, 1953, in acknowledgment of the Board's letter of April 3 and its enclosures relative to the Board's plan for relocation of operations in an emergency.

"This will confirm your assumption that you would be free to indicate your unavailability for service as a member of the Interim Board if in your judgment your services elsewhere should seem paramount. It is contemplated that in such event you would be certified by the Secretary of the

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"Reserve Board to be unavailable for service on the Interim Board. The same is true with respect to the availability or unavailability of the other members and alternates of the Federal Open Market Committee, including the First Vice President of the Federal Reserve Bank of New York.

"This will also confirm your assumption that the plan enclosed with the Board's letter of April 3 contemplates that a person serving on the Interim Board would nevertheless continue to hold his official position with his Federal Reserve Bank."

Approved unanimously.

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

"Reference is made to your letters of April 10, 1953, advising of the optional medical and surgical plans being made available to the officers and employees at the St. Louis and Louisville offices.

"The Board of Governors interposes no objection to the assumption of the increased expenses by the Federal Reserve Bank of St. Louis in connection with the additional benefits being offered as described in your letters."

Approved unanimously.

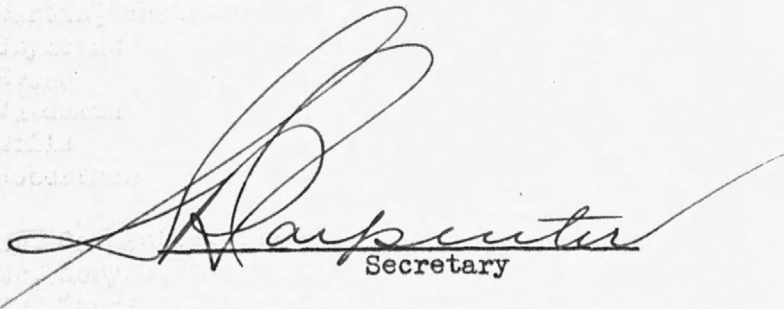
Telegram to Mr. Pondrom, Vice President, Federal Reserve Bank of Dallas, relating to discrepancies found in the accounts of the Iola State Bank, Iola, Texas, during an examination of the bank as of the close of business March 25, 1953, and reading as follows:

"Re your letter April 17, 1953, regarding discrepancies in accounts of State member bank. While development of facts may show lack of intent to defraud, nevertheless we believe

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"that the case should be reported to United States District Attorney and FBI in accordance with usual procedure."

Approved unanimously.



 Secretary

Mr. Cherry presented a report during which he said that the Committee was to call his name. Hearing would be held on Bill W. Welcott, of Michigan, to increase Federal Reserve Bank branch building. Committee, he said, was waiting on Mr. Mills now before that Committee, and of the Committee, it was likely would be reported and by the Civil Service was to begin