

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, May 8, 1953.

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

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

Minutes of actions taken by the Board of Governors of the Federal Reserve System on May 7, 1953, were approved unanimously.

Telegrams to the Federal Reserve Banks of New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, and Dallas stating that the Board approves the establishment without change by the Federal Reserve Bank of St. Louis on May 4, by the Federal Reserve Bank of Richmond on May 6, by the Federal Reserve Banks of New York, Philadelphia, Cleveland, Atlanta, Chicago, Minneapolis, and Kansas City on May 7, and by the Federal Reserve Bank of Dallas on May 8, 1953, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated April 20, 1953, from Mr. Young, Director, Division of Research and Statistics, recommending the appointment of Edward P. Snyder as Economist in that Division on a temporary

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indefinite basis, with basic salary at the rate of \$5,060 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 24, 1953, from Mr. Young, Director, Division of Research and Statistics, recommending the appointment of Murray S. Wernick as Economist in that Division on a temporary indefinite basis, with basic salary at the rate of \$9,600 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 March 31, 1953, from Mr. Marget, Director, Division of International Finance, recommending the appointment of Pauline Elizabeth Hauver as Clerk in that Division on a temporary indefinite basis, with basic salary at the rate of \$3,190 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed the usual physical examination

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and subject to the completion of a satisfactory employment investigation.

Approved unanimously.

Memorandum dated April 30, 1953, from Mr. Sloan, Director, Division of Examinations, recommending the appointment of Clinton R. Dow, Jr., as Assistant Federal Reserve Examiner in that Division on a temporary indefinite basis, with basic salary at the rate of \$3,410 per annum and with official headquarters at Washington, D. C., 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 27, 1953, from Mr. Bethea, Director, Division of Administrative Services, recommending the appointment of Edward W. Cook as Laborer 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 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.

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Memorandum dated May 4, 1953, from Mr. Bethea, Director, Division of Administrative Services, recommending the appointment of William M. Canney as Operator (Tabulating Equipment) in that Division on a temporary basis for a period of three months, with basic salary at the rate of \$3,175 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 May 7, 1953, from Mr. Bethea, Director, Division of Administrative Services, recommending the appointment of Zoe Gratsias as Stenographer in that Division on a temporary indefinite basis, with basic salary at the rate of \$2,950 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.

Memoranda recommending that the basic annual salaries of the following employees be increased in the amounts indicated, effective May 10, 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>Memorandum from Mr. Vest, General Counsel</u>			

4/16/53	Eunice M. Boyd, Stenographer	\$3,575	\$3,655
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Memoranda from Mr. Young, Director,  
Division of Research and Statistics

4/20/53	Philip T. Allen, Economist	7,240	7,440
	Athens J. Messick, Clerk-Stenographer	3,415	3,495
	Gladys Davis, Draftsman	2,950	3,030
4/30/53	Vera F. Small, Administrative Clerk	3,350	3,495
5/5/53	Alice M. Taylor, Clerk	4,285	4,410

Memorandum from Mr. Marget, Director,  
Division of International Finance

4/20/53	Samuel I. Katz, Economist	8,360	8,560
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Memoranda from Mr. Sloan, Director,  
Division of Examinations

4/16/53	Robert R. Russell, Assistant Federal Reserve Examiner	4,045	4,205
4/16/53	M. F. Johnson, Assistant Federal Reserve Examiner	4,995	5,120
	E. W. Lyster, Assistant Federal Reserve Examiner	5,310	5,435

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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,</u> <u>Division of Personnel Administration</u>			
4/20/53	Elizabeth Ann McMahon, Personnel Clerk	\$3,785	\$3,910
	Margaret H. Wolverton, Personnel Clerk	4,705	4,830
<u>Memoranda from Mr. Bethea, Director,</u> <u>Division of Administrative Services</u>			
4/17/53	Davis H. Wilson, Chief, Machine Tabu- lation Section	6,340	6,540
	Ruth H. Goodyear, Secretary	3,785	3,910
5/4/53	Samie Reed, Laborer	3,032	3,112

Approved unanimously.

Memorandum dated May 4, 1953, from Mr. Sloan, Director, Division of Examinations, recommending that the official headquarters of Hanvey Stanford, Assistant Federal Reserve Examiner in that Division, be changed from Washington, D. C., to Birmingham, Alabama.

Approved unanimously.

Memorandum dated April 21, 1953, from Mr. Young, Director, Division of Research and Statistics, stating that Donald C. Miller, Economist in that Division, had been requested to teach a course in Public Finance at The American University on Wednesday evenings during the remainder of the spring session, with compensation in the amount of \$150.

Approved unanimously.

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Letter to Mr. Williams, President, Federal Reserve Bank of Philadelphia, reading as follows:

"Reference is made to your letter of April 23, 1953, in which your Bank requests the Board's approval of an upward adjustment of approximately 7 per cent in the employees' salary structure.

"The Board approves the following minimum and maximum salaries for the respective grades for the Federal Reserve Bank of Philadelphia, effective May 16, 1953:

<u>Grade</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>
1	1160	1940
2	1660	2240
3	1920	2600
4	2240	3020
5	2560	3460
6	2940	3960
7	3320	4500
8	3760	5050
9	4200	5600
10	4600	6200
11	5000	6800
12	5600	7500
13	6200	8300
14	6800	9100
15	7500	10100
16	8200	11100

"The Board approves the payment of salaries to the employees, other than officers, within the limits specified for the grades in which the positions of the respective employees are classified. It is assumed that all employees whose salaries are below the minima of their grades as a result of the structure increase will be brought within the appropriate range as soon as practicable and not later than September 1, 1953.

"The Board of Governors further approves, concurrent with the adjustment in its salary structure, the payment of salaries to the following employees at the rates indicated, which exceed the maxima established for the grades in which their positions are classified:

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<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Samuel G. MacTague	Batch Clerk	3529
William S. Magee*	Medical Director	4696
Catherine Bellas*	Waitress	1606
L. F. Lohmuller *	Waitress	1606
R. L. McLaughlin*	Waitress	1606
* Part-time basis"		

Approved unanimously.

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

"In accordance with the request in your letter of April 10, 1953, the Board of Governors approves the payment of salary to Mr. John T. McClintock at the rate of \$4,500 per annum as a temporary Assistant Examiner until he completes his current training program which is expected to end on or about July 1, 1953.

"It is noted from your letter that Mr. Benjamin F. Harrington, Jr., who is presently engaged on a training program at the Baltimore Branch, is still classified as an Investigator, Consumer Credit, inasmuch as preparation of an appropriate job description has not yet been completed. Since the consumer credit function at all Federal Reserve Banks was discontinued last year, there would not seem to be any basis for continuing such a classification. It appears, therefore, that Mr. Harrington is, in fact, an 'unclassified' employee at the present time, with the result that his salary is not subject to approval under the classification plan for which salary ranges have been approved for your Bank. In the circumstances, the Board approves payment of salary to Mr. Harrington at the rate of \$3,800 per annum until the description of his current assignment can be prepared, or for a period of three months, whichever is earlier.

"The Board further understands that the salaries of both these men will be adjusted to fall within the ranges of the grades to which they are ultimately assigned."

Approved unanimously.

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Letter to the Board of Directors, Peoples Trust Company of Wyomissing, Pa., Wyomissing, Pennsylvania, reading as follows:

"The Board of Governors approves the establishment and operation of a branch by Peoples Trust Company of Wyomissing, Pa., Wyomissing, Pennsylvania, at Sinking Spring, Pennsylvania, provided: (a) the proposed merger with Sinking Spring Bank, Sinking Spring, Pennsylvania, is effected substantially in accordance with the plan submitted, and (b) formal approval is obtained from the appropriate State authorities."

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

Letter to the Board of Directors, The Central Bank Company, Lorain, Ohio, reading as follows:

"Pursuant to your request submitted through the Federal Reserve Bank of Cleveland, the Board of Governors approves the establishment and operation of a branch near the intersection of State Routes 254 and 57 in Sheffield Township, Lorain County, Ohio, by The Central Bank Company, Lorain, Ohio, provided (1) the branch is established within six months from April 15, 1953, and (2) \$100,000 additional common stock is sold for cash at a premium of \$100,000, and common stock is further increased \$100,000 by payment of a stock dividend in that amount."

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

Letter to The First National Bank of Guthrie, Guthrie, Oklahoma, reading as follows:

"The Board of Governors of the Federal Reserve System has given consideration to your supplemental

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"application for fiduciary powers, and, in addition to the authority heretofore granted to act as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver and committee of estates of lunatics, grants you authority to act, when not in contravention of State or local law, 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 Oklahoma, the exercise of all such rights to 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.

Letter to Mr. Crane, Federal Reserve Agent, Federal Reserve Bank  
of New York, reading as follows:

"Reference is made to your letter of April 23 in reply to our letter of April 7 regarding the possible discontinuance of the use of test words on telegrams covering withdrawals from the Federal Reserve Agent's Gold Certificate Fund.

"As mentioned in our letter, test words authenticating telegrams were developed prior to establishment of the Federal Reserve Leased Wires. Under the Leased Wire System it would seem that the Bank's telegraph office would not accept for transmission to the Board a telegram which did not bear the initials of the Federal Reserve Agent or of a person authorized to sign for him.

"In replying to our April 7 letter, one of the other Federal Reserve Agents commented as follows:

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'Entries covering withdrawals in the Federal Reserve Agent's Gold Certificate Fund are not made on the Agent's records until acknowledging telegrams are received from the Board of Governors informing us that corresponding entries have been made on its books. This procedure, together with a daily check of collateral to Federal Reserve notes including the amount in the Federal Reserve Agent's Gold Certificate Fund by the bank with the Assistant Federal Reserve Agent, seems to me to make unnecessary the authentication of such withdrawals from the Agent's Gold Certificate Fund by the use of test words.'

"It is assumed that the above-mentioned practice is followed at your Bank, i.e., that entries are not made in the Federal Reserve Agent's accounts until advice has been received from the Board that charges have been made as requested; also, that no entries would be made in the Federal Reserve Agent's accounts or in the Bank's General Ledger except over your signature or that of some other person authorized to sign for the Federal Reserve Agent.

"We would appreciate receiving your further comments after reviewing the matter in the light of the foregoing."

Approved unanimously.

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

"Reference is made to your letter of April 20, 1953, urging that the Board reconsider the policy stated in its letter of April 1, 1953, with respect to deferring action on applications of State Member banks for branches until information is submitted indicating the action taken by State banking authorities except in unusual cases where more prompt consideration is essential. It is noted that you would prefer to continue the past practice of having the Board consider the branch application in advance of action taken by the State banking authorities so that you would have an opportunity of discussing differing views with the State authorities, if necessary, and that you would be able to inform the member bank of the Board's action at the same time notice of action is given by State authorities.

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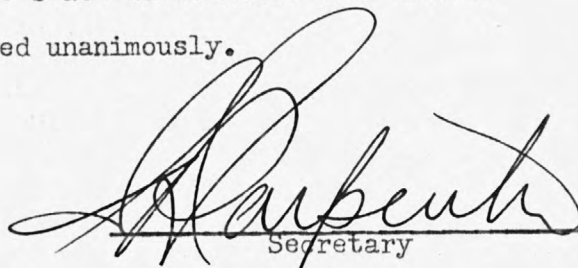
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"It appears that applications for branches are usually discussed by you with the State banking department prior to submission to the Board, and that you know the views of the staff of the banking department and its proposed recommendation to the authorities for formal action. Upon receipt of the application in Washington the Board's staff reviews the information promptly, and is in a position to discuss with you any matters requiring clarification and, certainly in most cases, any legal questions and apparent causes for disagreement with the indicated position of the State authorities. The case is then prepared for expeditious consideration of the Board as soon as advice is received of the formal action of the State authorities. In this way the Board has definite knowledge of the State department's decision when considering the application. It is believed that the policy as proposed should be given a trial, but if it is found unworkable we will be glad to reconsider the matter.

"We understand that it has been your practice in the past to withhold from the member bank advice of the Board's approval of the establishment of a branch until the State banking department is ready to issue its approval. In one case the notice was held up for six months and when the State department declined the application the member bank never was informed of the Board's action.

"Under the rules of procedure issued pursuant to the Administrative Procedure Act it is contemplated that prompt notice will be given to an applicant in connection with an application for any Board proceeding, and the withholding of advice on a branch application for such an extended period of time would not appear to conform to the rules. Incidentally, under present procedure banks should be advised when they file applications for branches that action may be deferred until the State authorities have acted."

Approved unanimously.



Secretary