

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

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

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

On June 5, 1953, the Board approved the appointment of Mrs. Virginia B. Bowen as File Clerk in the Office of the Secretary for a temporary period of six months subject to her passing the usual physical examination. She had been given the examination on May 29, 1953, but the examining physician failed to advise promptly by telephone, as had been done in all other similar cases in the past, that she was unable to pass the examination. Mrs. Bowen took the oath of office and assumed the duties of her position on June 8, 1953, and it was not until June 15, 1953, that it was learned that she had failed to pass the physical examination. Having understood that she had been accepted for employment by the Board, Mrs. Bowen had given up reemployment rights at a lower grade in the Department of Commerce, where she had been employed prior to transferring to the Defense Production Administration. The question before the Board, therefore, was

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whether in view of all the circumstances the requirement of a satisfactory physical examination should be waived or whether her employment should be discontinued.

Mr. Carpenter stated that since the examining physician had indicated that Mrs. Bowen would be accepted for ordinary life insurance at an increased premium of from 15 to 20 per cent and the condition which occasioned the higher premium would not interfere with her work in any way, he would recommend that the requirement of a satisfactory physical examination be waived.

This recommendation was approved unanimously, with the understanding that the question whether Mrs. Bowen would be employed beyond the six months' probationary period would depend upon the quality of her work.

The meeting then adjourned. During the day the following additional actions were taken by the Board with all of the members except Chairman Martin and Governor Evans present:

Minutes of actions taken by the Board of Governors of the Federal Reserve System on July 1, 1953, were approved unanimously.

Letter to Mr. John P. Poe, President, New Jersey Bankers Association, 44 Broad Street, Newark, New Jersey, prepared as the result of further discussion following the meeting on June 30, 1953, and reading as follows:

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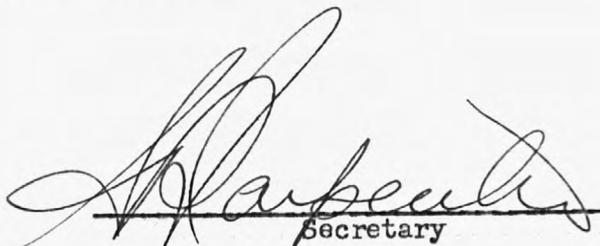
"With your letter of June 22, 1953, you submitted to the Board of Governors of the Federal Reserve System a copy of the resolution of two Committees of the New Jersey Bankers Association, one representing the banks in northern New Jersey, District No. 2, and the other the banks in southern New Jersey, District No. 3, requesting reaffirmation of the policy of the Federal supervisory authorities (Comptroller of the Currency, Federal Deposit Insurance Corporation, and the Board of Governors of the Federal Reserve System), and the Executive Committee of the National Association of Supervisors of State Banks, with respect to the treatment of appreciation or depreciation in U. S. Government securities.

"As you know, the July 1949 agreement of those agencies provided in part that:

'Neither appreciation nor depreciation in Group I securities (which includes U. S. Government issues) will be taken into account for figuring net sound capital of the bank. However, this policy is intended to apply to recognized sound investment practices of banks, and is not intended to apply to undue concentrations in securities, other than U. S. Government issues, nor to other cases where the condition of the portfolio requires special treatment by the supervisory agency or agencies concerned.'

The Board has asked me to advise you that that policy is still in effect and that the supervisory practices of the Federal Reserve System are in complete accord therewith."

Approved unanimously, with the understanding the copies would be sent to the Presidents of all Federal Reserve Banks and that a copy also would be sent to Mr. Alexander Chmielewski, Chairman, Executive Committee, National Association of Supervisors of State Banks.


Secretary