

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Thursday, July 23, 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. Carpenter, Secretary

Mr. Sherman, Assistant Secretary

Mr. Thurston, Assistant to the Board

Mr. Riefler, Assistant to the Chairman

Mr. Thomas, Economic Adviser to the Board

Mr. Leonard, Director, Division of Bank Operations

Mr. Young, Director, Division of Research and Statistics

Mr. Sprecher, Assistant Director, Division of Personnel Administration

Before this meeting there had been sent to each member of the Board a copy of a report of the special committee appointed to consider problems involving an effective budgetary control of expenses of the Federal Reserve Banks. The report was transmitted to the Board of Governors, the Chairmen of the Federal Reserve Banks, and the Presidents of the Federal Reserve Banks on July 17, 1953, with a letter from Mr. Coleman, Chairman, reading as follows:

"Pursuant to the letter sent to the Federal Reserve Banks on January 29, 1953, the Committees on (1) General Operating Expenses, (2) Provision of Personnel, (3) Research, and (4) Bank and Public Relations, have reviewed their earlier reports and have submitted revised reports to the Special Committee on Budgetary Control of Expenses of the Federal Reserve Banks which consists of Governor Mills, President Leach, and myself as Chairman. The Special Committee met in Washington on July 10 and

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"reviewed the draft of its report in the light of the revised reports of the four Committees. Copies of the revised report of the Special Committee are attached.

"Inasmuch as the Chairmen's and Presidents' Conferences will not be able to meet to consider the report prior to the preparation of Federal Reserve Bank budgets for the year 1954, the report is being sent to the Board of Governors and the individual Chairmen and Presidents of all the Federal Reserve Banks with the recommendation that the budgets for the ensuing calendar year be prepared in the light of the report, that the Chairmen and Presidents discuss the report at their next meetings, and that the report then be approved by the Board of Governors, and the Chairmen's and Presidents' Conferences with such changes, if any, as appear to be desirable at that time.

"It will be noted that the report contains recommendations that a review of the accounting procedures with respect to personnel, research, and bank and public relations be undertaken by an appropriate committee of the Presidents' Conference with the thought that one or more ad hoc subcommittees might be appointed for the purpose with representatives from the Board and the Reserve Banks and including in their membership individuals with personnel, research, and bank and public relations background. It is hoped that steps can be taken promptly to put these recommendations into effect, together with the suggestion that the Board and the Presidents' Conference give consideration to the preparation of a statement of objectives for the research activities of the Federal Reserve Banks.

"Copies of the reports of the four Committees referred to in the first paragraph of this letter are being forwarded to your Bank under separate cover."

Governor Mills stated that the report was intended to serve as a guide for the Federal Reserve Banks on budgetary control of expenses without confining the banks to excessive uniformity. It was hoped that it would help both the Board and the Federal Reserve Banks in reviewing procedures so that they might effect reasonable control of expenditures.

Governor Evans referred to the recommendation in the report, as stated in Mr. Coleman's letter, that a review of the accounting procedures

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with respect to personnel, research, and bank and public relations be undertaken by an appropriate committee of the Presidents' Conference with the thought that one or more ad hoc subcommittees might be appointed for the purpose with representatives from the Board and the Reserve Banks. Governor Evans questioned whether it would be preferable for the Board to determine what should be the scope and objectives of the research and bank and public relations programs of the Federal Reserve Banks.

After a discussion of the point raised by Governor Evans, unanimous approval was given to a letter to President Leach, Chairman of the Presidents' Conference, reading as follows:

"The Board has reviewed the report of the Special Committee on Budgetary Control of Expenses of Federal Reserve Banks and approves the procedures suggested in Mr. Coleman's letter of July 17, 1953.

"The Board will be pleased to have members of its staff serve on any subcommittees created to review accounting procedures with respect to personnel, research, and bank and public relations.

"Governor Mills will be prepared to work with the appropriate committee of the Presidents' Conference in connection with the preparation of a statement of objectives for the research activities of the Federal Reserve Banks."

There had been sent to the members of the Board before this meeting memoranda from the Division of Personnel Administration dated July 22, 1953 with respect to proposed salaries for officers of the Federal Reserve Banks of Chicago and St. Louis, and a memorandum dated July 23, 1953, with respect to proposed salaries for officers of the Federal Reserve Bank of

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Cleveland, as fixed by the boards of directors of the respective banks under the new salary administration plan for officers other than Presidents or First Vice Presidents.

Governor Szymczak stated that he had reviewed all of the salaries proposed and that he had no questions concerning those fixed for the officers of either the Chicago or St. Louis banks. With respect to the Cleveland Bank, Governor Szymczak noted that the salary for the Vice President in charge of the Pittsburgh Branch was being fixed initially at the maximum of the range, and he questioned whether this was desirable from the standpoint of sound salary administration.

Governor Vardaman stated that he doubted whether the Board of Governors, having approved the general salary administration plan for officers of the Federal Reserve Banks, should look into salaries fixed for individual officers unless they appeared to violate the plan in some manner. He noted that a number of salary adjustments for officers of the Cleveland Bank were substantial, however, and he suggested that it might be desirable for Chairman Martin to discuss the matter with Chairman Virden on the telephone.

Chairman Martin stated that he would call Chairman Virden if the Board wished to have him do so, and the other members present indicated no objection to having him take the matter up informally along the lines suggested by Governor Vardaman. It was understood that Chairman Martin would report back to the Board after his conversation with Chairman Virden.

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Thereupon letters to Mr. Coleman,
Chairman, Federal Reserve Bank of Chicago,
and Mr. Johns, President, Federal Reserve
Bank of St. Louis, were approved unanimously
as follows:

Letter to the Federal Reserve Bank of Chicago

"The Board of Governors has approved the payment of salaries to the following officers of the Federal Reserve Bank of Chicago and the Detroit Branch, effective as of your established pay period beginning nearest July 23, through December 31, 1953, at the rates indicated, which are the rates fixed by the Board of Directors as submitted with Mr. Barton's letter of July 17, 1953:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
	<u>Head Office</u>	
Neil B. Dawes	Vice President and Secretary	\$18,000
W. R. Diercks	Vice President	18,500
W. A. Hopkins	Vice President	14,500
L. G. Meyer	Vice President	14,500
George W. Mitchell	Vice President	16,500
A. L. Olson	Vice President	18,000
Alfred T. Sihler	Vice President	19,500
W. W. Turner	Vice President	17,500
L. H. Jones	Cashier	13,500
Ernest T. Baughman	Assistant Vice President	12,000
P. C. Carroll	Assistant Vice President	12,000
C. T. Laibly	Assistant Vice President	12,000
Mark A. Lies	Assistant Vice President	13,500
F. A. Lindsten	Assistant Vice President	13,000
H. J. Newman	Assistant Vice President	12,000
I. J. Petersen	Assistant Vice President	12,000
Bruce L. Smyth	Assistant Vice President	11,000
H. Fred Wilson	Assistant Vice President	12,000
E. D. Bristow	Assistant Cashier	9,000
L. A. Davis	Assistant Cashier	8,000
F. H. Grimm	Assistant Cashier	8,200
E. A. Heath	Assistant Cashier and Assistant Secretary	11,000
C. M. Saltnes	Assistant Cashier	10,000
Harry S. Schultz	Assistant Cashier	7,000
E. F. Shirey	Assistant Cashier	9,500
G. T. Tucker	Assistant Cashier	9,500
C. P. VanZante	Chief Examiner	12,500
Hugh J. Helmer	Assistant Chief Examiner	10,500

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<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
C. J. Scanlon	Assistant Chief Examiner	\$10,500
Paul C. Hodge	General Counsel	16,500
Orville C. Barton	Assistant General Counsel and Assistant Secretary	10,500
John J. Endres	General Auditor	17,000
A. M. Gustavson	Assistant General Auditor	11,000
<u>Detroit Branch</u>		
R. A. Swaney	Vice President	13,000
R. W. Bloomfield	Assistant Vice President	12,000
H. L. Diehl	Cashier	11,500
Joseph Srp, Jr.	Assistant Cashier	8,500
A. J. Wiegandt	Assistant Cashier	10,500
G. W. Lamphere	Assistant General Counsel	10,000

"No action has yet been taken by the Board of Governors with respect to changes in the salaries of the Presidents and the First Vice Presidents of the Banks."

Letter to the Federal Reserve Bank of St. Louis

"In accordance with your letter of July 20, 1953, the Board of Governors approves the following minimums and maximums for the officer salary groups at the Federal Reserve Bank of St. Louis and its Branches:

<u>Group</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>
A	\$13,500	\$20,000
B	10,500	15,500
C	8,500	12,500
D	7,000	10,000

"The Board of Governors has also approved the payment of salaries to the following officers of the Federal Reserve Bank of St. Louis and its Branches, effective as of your established pay period beginning nearest July 23, through December 31, 1953, at the rates indicated, which are the rates fixed by the Board of Directors as reported in your letter:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Delos C. Johns	President	\$25,000
Frederick L. Deming	First Vice President	18,000
Dale M. Lewis	Vice President	13,500
Wm. E. Peterson	Vice President	16,000
H. H. Weigel	Vice President and Secretary	13,500
J. C. Wotawa	Vice President	13,500
Earl R. Billen	Assistant Vice President	9,300

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<u>"Name</u>	<u>Title</u>	<u>Annual Salary</u>
John J. Christ	Assistant Vice President	\$9,400
W. W. Gilmore	Assistant Vice President	7,900
G. O. Hollocher	Assistant Vice President	8,800
W. L. Johns	Assistant Vice President	9,000
Stephen Koptis	Assistant Vice President	8,200
Wm. J. Abbott, Jr.	Director of Research	11,200
Geo. E. Kroner	Chief Examiner	11,200
Geo. W. Hirschman	General Auditor	8,500
<u>Little Rock Branch</u>		
C. M. Stewart	Vice President	13,500
M. L. Bennett	Assistant Manager	8,000
W. J. Bryan	Assistant Manager	6,400
Clifford Wood	Assistant Manager	7,000
<u>Louisville Branch</u>		
C. A. Schacht	Vice President	13,500
L. K. Arthur	Assistant Manager	6,800
Fred Burton	Assistant Manager	10,000
L. S. Moore	Assistant Manager	6,400
<u>Memphis Branch</u>		
Paul E. Schroeder	Vice President	11,000
S. K. Belcher	Assistant Manager	7,000
H. C. Anderson	Assistant Manager	6,400
C. E. Martin	Assistant Manager	8,000

"In approving payment of salaries at the rates indicated, the Board realizes that some of them are at rates less than the minimums for the groups to which the officers have been assigned, and has noted the comments in your letter with respect to the procedure contemplated for bringing the salaries of all officers within the applicable ranges of the groups not later than January 1, 1956."

The following request for travel authorization was presented:

<u>Name and Title</u>	<u>Duration of Travel</u>
Ralph A. Young, Director, Division of Research and Statistics	August 5, 1953

To travel to New York for the purpose of attending a meeting of the CED Subcommittee on Fiscal, Monetary and Debt Management Policy.

Approved unanimously.

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Thereupon the meeting adjourned. During the day the following additional actions were taken by the Board with all of the members except Governor Robertson present:

Minutes of actions taken by the Board of Governors of the Federal Reserve System on July 22, 1953, were approved unanimously.

Letter to Mr. Quackenbush, Manager, Bank Examinations Department, Federal Reserve Bank of New York, reading as follows:

"In accordance with the recommendation contained in your letter of July 17, 1953, the Board of Governors extends until September 30, 1954, the time within which The Morristown Trust Company, Morristown, New Jersey, may establish a branch on South Street at the juncture of Madison Avenue in Morristown, New Jersey, under the approval given by the Board in its letter dated September 12, 1952."

Approved unanimously.

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

"This refers to your letter, dated July 3, 1953, addressed to Mr. Hostrup, Assistant Director of the Board's Division of Examinations, relative to the reorganization plans of Georgia Railroad and Banking Company, Augusta, Georgia, and particularly to your question as to whether requests for determinations as to the holding company affiliate status of the proposed new holding company affiliates may be made prior to the time they become holding company affiliates.

"The requests for the determinations as to the holding company affiliate status may be filed on behalf of the new holding company affiliates prior to the completion of the contemplated reorganization. If this course is followed, the information which must be supplied in compliance with instructions contained in Section 2 of Regulation P should be in substantial agreement with the facts as they will exist after consummation

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"of the reorganization. In this connection, it would appear desirable that the exact corporate titles of the new holding company affiliates be submitted."

Approved unanimously.

Letter to the Board of Directors, Genesee County Savings Bank, Flint, Michigan, reading as follows:

"Pursuant to your request submitted through the Federal Reserve Bank of Chicago, the Board of Governors approves the establishment and operation of a branch at the southeast corner of South Saginaw Street and Bergin Street in Burton Heights, Michigan, by the Genesee County Savings Bank, Flint, Michigan, provided the branch is established within one year after the date of this letter."

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

Letter to the Board of Directors, Mount Clemens Savings Bank, Mount Clemens, Michigan, reading as follows:

"Pursuant to your request submitted through the Federal Reserve Bank of Chicago, the Board of Governors approves the establishment and operation of a branch on South Gratiot Avenue between Esplanade Avenue and Harrington Boulevard in the city of Mount Clemens, Michigan, by the Mount Clemens Savings Bank, provided the branch is established within one year after the date of this letter."

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

Letter to Mr. Millard, Vice President, Federal Reserve Bank of San Francisco, reading as follows:

"Reference is made to your letter of July 16, 1953, and enclosures regarding the proposal of the California

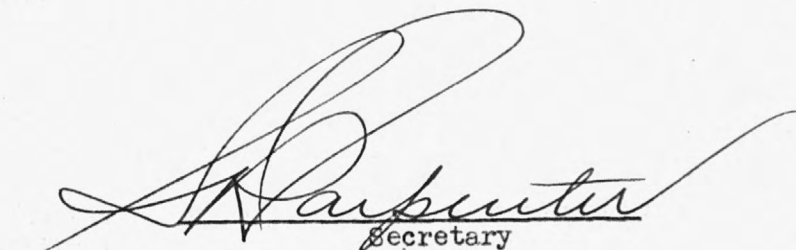
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"Bank, Los Angeles, California, to move its Glendale Office from 336 North Brand Boulevard to the northwest corner of Brand Boulevard and Milford Street, a distance of one block.

"On the basis of the information submitted, it appears that the change of location constitutes a mere relocation of an existing branch in the immediate neighborhood without affecting the nature of its business or the customers it serves. The Board concurs in your opinion that this change does not constitute the establishment of a branch within the meaning of section 9 of the Federal Reserve Act, and, therefore, the Board's approval is not required."

Approved unanimously.



A. Carpenter
Secretary