

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, September 1, 1953. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Szymczak, Acting Chairman  
Mr. Evans  
Mr. Robertson

Mr. Sherman, Assistant Secretary  
Mr. Kenyon, Assistant Secretary  
Mr. Leonard, Director, Division of  
Bank Operations  
Mr. Vest, General Counsel  
Mr. Marget, Director, Division of  
International Finance  
Mr. Tamagna, Chief, Financial Operations  
and Policy Section, Division of  
International Finance  
Mr. Molony, Assistant to Mr. Thurston

There was presented a request that Mr. Myrick, Assistant Director of the Division of Bank Operations, be authorized to travel to Cleveland, Ohio, during the period September 2-4, 1953, to attend, as an associate member, a meeting of the Presidents' Conference Subcommittee on Cash, Leased Wire, and Sundry Operations.

In this connection, Mr. Leonard referred to the discussion at the meeting of the Board on August 26, 1953, regarding an informal proposal by the Federal Reserve Bank of New York which would involve the shipment of new Federal Reserve notes from Washington to New York, under contract with Brink's, Incorporated, by a combination of armored car and chartered airplane service. He said that in accordance with the decision of the Board at that meeting he thereafter talked by telephone with Mr. Wurts, Vice President

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of the New York Bank, with whom he had previously discussed the proposal, and informed Mr. Wurts that the Board would prefer not to pass on this one proposal but that it would like to have it used as the basis for consideration of various matters relating to the shipment of currency. Mr. Wurts, he said, advised him that the proposal had been discussed at the meeting of the Bank's officers' council that morning and that it had been decided to send a letter to the Board formally requesting approval, to which he (Mr. Leonard) replied that he assumed the Board's response to such a letter would be along the lines he had indicated.

Mr. Leonard went on to say that he then talked by telephone with Mr. Earhart, Chairman of the Presidents' Conference Committee on Miscellaneous Operations, telling him of the views expressed by the Board following consideration of the New York Bank's proposal and discussing the matter in the light of the assignment which had been given to the Subcommittee on Cash, Leased Wire, and Sundry Operations, to study various currency matters. Mr. Leonard said he advised President Earhart that the Board had expressed a wish that at the forthcoming Presidents' Conference a program for study of these problems might be submitted, and President Earhart replied that he would get in touch immediately with the Chairman of the Subcommittee, Mr. Laning, Vice President and Cashier of the Federal Reserve Bank of Cleveland.

Thereafter, Mr. Leonard said, he suggested that Mr. Myrick call Mr. Laning on the telephone to inform him of the developments which had taken

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place, but before Mr. Myrick could reach Mr. Laning, notice was received that a meeting of the Subcommittee was to be held in Cleveland this week.

There ensued a discussion of the sequence of events in connection with the above-mentioned proposal submitted by the Federal Reserve Bank of New York during which Governor Robertson commented that although he would favor the Board's considering any recommendations made by any Federal Reserve Bank for possible improvements in operations such as currency shipments and although he had no fault to find with the manner in which the Board's staff had proceeded when the New York Bank's suggestion was brought to its attention, he believed that the Board's staff should be taking the lead in originating proposals for possible changes in procedures concerning matters over which the Board has supervisory responsibility.

Mr. Leonard then commented that at the last meeting of the Presidents' Conference in June 1953, a Special Committee was appointed by the Conference to look into the broad questions of provision and destruction of all types of currency, and that just a few days ago Mr. Vest received a letter from Mr. Ueland, Vice President and Counsel of the Federal Reserve Bank of Minneapolis, which indicated that Mr. Ueland had been named Chairman of a Subcommittee on Paper Currency, apparently appointed by the Special Committee. (The Chairman of the Special Committee is Mr. Powell, President of the Federal Reserve Bank of Minneapolis, and the other members are Presidents Bryan and Earhart, of the Atlanta and San Francisco Banks, respectively.) Mr. Leonard said he

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inquired of President Earhart as to the relationship between the work of Mr. Ueland's subcommittee and the assignment given to the Subcommittee on Cash, Leased Wire, and Sundry Operations, and was informed that the latter was primarily a group dealing with operating problems while the subcommittee headed by Mr. Ueland was to review broader questions involved in the provision and destruction of all types of paper currency.

It was noted that no member of the Board's staff had been named to Mr. Ueland's subcommittee as an associate member, and there was agreement among the members of the Board that such representation would be desirable in view of the Board's interest in the problems to be studied by the subcommittee, both from the legal standpoint and the operating standpoint, which made it desirable that the Board be kept currently informed.

Governor Robertson then suggested that Mr. Sherman be requested to get in touch with the appropriate representative of the Presidents' Conference and indicate to him that the Board would be pleased to have representation on the Subcommittee on Paper Currency.

Governor Robertson's suggestion was approved unanimously.

Unanimous approval also was given to the above-mentioned request that Mr. Myrick be authorized to proceed to Cleveland, Ohio, to attend the meeting of the Subcommittee on Cash, Leased Wire, and Sundry Operations on September 2-4, 1953.

Mr. Leonard withdrew from the meeting at this point.



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Governor Szymczak referred to the consideration given by the Board several months ago to the question of whether the Federal Reserve System should take membership in the Center for Latin American Monetary Studies, and to the position taken by the Board at that time that while the System should not take membership, it might cooperate with the Center by sending System personnel to assist during the first resident session of the Center in Mexico City this summer and by receiving a group of students from the Center who might wish to visit the United States during or following the resident session to study the financial institutions of this country. He stated that Mr. Javier Marquez, Director of the Center, had brought a group of twelve students to this country for three weeks beginning yesterday, that the students were visiting the International Monetary Fund and the International Bank for Reconstruction and Development this week, that they wished to visit the Board during the four working days of next week, and that they would go to New York the week of September 14 to visit the Federal Reserve Bank of New York and other financial institutions in that city.

After referring to the program being planned for the group at the Board, Governor Szymczak stated that it had developed that the majority of the students did not have a sufficient command of the English language to benefit from lectures, discussions, and other presentations unless a translation was provided, that although certain members of the Board's staff had a working knowledge of Spanish, they did not have the special skill required

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of interpreters, and that various possibilities for securing interpreting assistance on an informal basis had been explored without success. He said that the State Department had advised that under prevailing policies it would not be possible to furnish an interpreter on a courtesy basis, but that the Department would be willing to permit one of its interpreters to take annual leave so that he might accept the assignment in a personal capacity and that simultaneous translating equipment would be made available by the Department without charge. The interpreter's fee would be at the rate of \$30 per day.

Following a discussion, it was agreed unanimously that the services of the interpreter recommended by the State Department should be retained, with payment to him at the rate indicated for the four days beginning September 8, 1953, or such portions thereof as were necessary, and with the understanding that before the arrangement was entered into, the Legal Division would ascertain that payment might be made to the interpreter by the Board on the basis indicated without violation of any statutory provisions relating to dual compensation of United States Government employees.

It was also agreed unanimously that a luncheon should be arranged for the visiting students from the Center for Latin American Monetary Studies in the staff dining room on Tuesday, September 8, 1953.

In connection with the foregoing discussion, Governor Szymczak suggested that the policy understood to have been instituted by the State Department of charging other Government agencies for certain services

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previously provided without charge was a matter which should be inquired into further by the Division of International Finance with a view to assisting the Board in determining whether it should institute a practice of charging for various services now rendered to the State Department without reimbursement.

Also in connection with the foregoing discussion, Governor Robertson suggested that the Legal Division review in the light of applicable statutes the practice of the Board with regard to retaining persons employed by other United States Government agencies to perform services for the Board while on annual leave from their regular duties or at times outside the hours of their regular employment.

Thereupon the meeting adjourned. During the day the following additional actions were taken by the Board with Governors Szymczak, Evans, and Robertson present:

Memoranda from Mr. Bethea, Director, Division of Administrative Services, recommending that the resignations of the persons named below be accepted:

| <u>Name and title</u>                   | <u>Division</u>         | <u>Effective date</u> |
|---|-------------------------|-----------------------|
| Siddie Gray Talley,<br>Cafeteria Helper | Administrative Services | August 28, 1953       |
| Thelma May Long,<br>Elevator Operator   | Administrative Services | September 25, 1953    |

Approved unanimously.

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Letter to Mr. Latham, Vice President, Federal Reserve Bank of Boston,  
reading as follows:

This refers to your letter of August 25, 1953, regarding the proposal of the Hartford-Connecticut Trust Company, Hartford, Connecticut, to build a teller's window upon land adjoining that on which the West Hartford Branch of the bank is located. It is understood that this teller's window would be a separate structure apart from the present branch bank building. It is also understood that the Bank Commissioner for the State of Connecticut has taken the position that a drive-in teller's booth located on the same premises as the bank or on what might be considered a reasonable extension of the premises should not be considered a separate branch.

It is the Board's view that in a case of this kind, where the teller's window is to be located on premises contiguous to those of the bank building, it is not an "additional office, or \* \* \* place of business" and is not to be considered a new branch, the establishment of which would require the Board's approval. Of course, if the window were to be located some distance from the bank building with other premises intervening, question might well be raised as to whether it would constitute a branch; and the determination of that question would depend upon the circumstances of the particular case. In any event, even if not regarded as a branch by the Board, it would always be necessary to determine whether the State banking authorities would consider the teller's window as a branch requiring their approval under applicable State law.

Approved unanimously.

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

This refers to your letters of August 12 and August 24 with enclosures respecting the application of the Citizens-Farmers & Merchants Bank, Brewton, Alabama, for permission to exercise limited trust powers. The bank wishes to act only in the limited capacity as successor trustee to trusts presently administered for the former stockholders of (1) Farmers & Merchants Bank and (2) Citizens Bank, succeeding individuals who are now serving in these capacities.



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You have favorably recommended the granting of this authorization, the application has been approved by the Superintendent of Banks of the State of Alabama, and Counsel for the Federal Reserve Bank of Atlanta has stated that the application complies with the requirements of the banking laws of the State of Alabama.

In view of your recommendation and the information submitted, the Board of Governors of the Federal Reserve System grants the applicant permission under the provisions of its condition of membership numbered 1 to act as trustee for the trusts described above. Please advise the member bank accordingly.

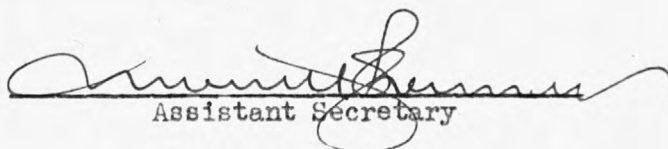
Approved unanimously.

Memorandum dated August 21, 1953, from Mr. Leonard, Director, Division of Bank Operations, reading as follows:

Under procedures that have been in effect for a number of years, shipments of new Federal Reserve notes from the vaults in Washington to a Federal Reserve Agent are made upon receipt of a requisition addressed to the Board by an Assistant Federal Reserve Agent. The requisition is then forwarded to the Comptroller of the Currency (Federal Reserve Issue and Redemption Division) with the Director or an Assistant Director of the Division signing the request that the shipment be made. A copy of the requisition form is attached.

Some time ago, in order to facilitate this routine operation, I authorized M. B. Daniels, Chief, Reserve Bank Operations Section, to sign such requisitions "For the Director." This authorization has been used rarely. In order that there may be no question as to this delegation of authority, I recommend that the delegation be formally approved by the Board.

Approved unanimously.

  
Assistant Secretary