

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, November 13, 1953. The Board met in the Board Room at 10:00 a.m.

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

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Kenyon, Assistant Secretary
Mr. Thurston, Assistant to the Board
Mr. Leonard, Director, Division of
Bank Operations
Mr. Vest, General Counsel
Mr. Farrell, Chief, Reserve Bank Budget
and Expense Section, Division of
Bank Operations

Reference was made to the proposal, which was the subject of discussion at the meetings of the Board on October 30 and November 4 and 6, 1953, that the Federal Reserve Banks, as fiscal agents, handle deposits of surplus funds by United States postmasters.

It was stated that a meeting to discuss the proposal had been held at the Treasury Department on November 10, 1953, and that it was attended by Messrs. Vest and Farrell as representatives of the Board, Mr. Hodge, General Counsel of the Federal Reserve Bank of Chicago, as representative of President Young, Chairman of the Presidents' Conference Committee on Fiscal Agency Operations, representatives of the Treasury and Post Office Departments, and representatives of the Federal Reserve Banks of Philadelphia, Richmond, and Atlanta. At the meeting consideration was given to a suggestion made by the Post Office Department that a

11/13/53

-2-

pilot operation be started at at least one Federal Reserve Bank (Philadelphia) on December 1, 1953, and to an alternative suggestion by the Federal Reserve Bank representatives that pilot operations at the Federal Reserve Banks of Philadelphia, Richmond, and Atlanta be deferred until January 1, 1954. In either event, the procedure proposed by the Post Office Department contemplated that the other Federal Reserve Banks would begin handling the postmasters' deposits on April 1, 1954, except that in Federal Reserve districts where commercial banks are now handling such deposits the Federal Reserve Banks would take over the operation on July 1, 1954.

Mr. Leonard said that in a telephone conversation subsequent to the meeting Mr. Hodge indicated that President Young felt that no pilot operation should be instituted until there had been an opportunity for discussion at the meeting of the Presidents' Conference in December and at the joint meeting of the Board and the Presidents. Therefore, President Young had sent telegrams to the Presidents of the other Federal Reserve Banks suggesting that they authorize him to tell Mr. Bartelt, Fiscal Assistant Secretary of the Treasury, that the Reserve Banks would prefer a deferment of any pilot operations until January 1, 1954. Mr. Hodge then inquired of Mr. Leonard whether, assuming that the other Presidents favored the suggested reply to Mr. Bartelt, President Young might indicate that the views of the Board were similar to those of the Presidents.

11/13/53

-3-

Mr. Leonard expressed the view that the matter of timing, that is, the question whether pilot operations should start December 1 or later, was essentially one which involved Reserve Bank operating problems, the questions of policy being whether the Federal Reserve Banks should undertake to act as fiscal agents for this purpose and whether they should be reimbursed for their services.

In response to questions by Governor Szymczak, Mr. Vest pointed out that under the provisions of section 15 of the Federal Reserve Act, the Secretary of the Treasury may require the Federal Reserve Banks to act as fiscal agents of the United States. Therefore, as he understood the proposed plan for the receipt of deposits from postmasters, it would appear that the Reserve Banks could be directed to act as fiscal agents by the Treasury in carrying out the plan. With respect to reimbursement, Mr. Vest brought out that there is nothing in the law on that point, although certain statutes refer to the matter of reimbursement in connection with specific fiscal agency operations which the Reserve Banks may be called upon to perform under those statutes. In the circumstances, he felt that with respect to the handling of postmasters' deposits the question of reimbursement was one which would be subject to negotiation. Mr. Vest added that in practice, pursuant to arrangements agreed upon voluntarily, there generally was provision for reimbursement to the Federal Reserve Banks for their services as fiscal agents as distinguished from services as depositories.

11/13/53

-4-

There followed a discussion of the proposed plan for the handling of post-masters' deposits and of the reply which might be made to President Young, at the conclusion of which it was agreed that President Young should be advised that if the other Federal Reserve Bank Presidents favored deferment of pilot operations, he might tell Mr. Bartelt that it was his understanding that the available members of the Board believed that the timing involved operating problems for the Federal Reserve Banks and that the opinion of the Reserve Bank Presidents as to when the operations should be undertaken was a persuasive reason for not putting them into effect on December 1. It was understood, however, that if the replies received by President Young from the other Presidents reflected a different opinion, the matter should be brought back to the Board for further consideration.

Secretary's Note: Following the meeting, Messrs. Leonard and Vest talked by telephone with Messrs. Young and Hodge and reported that the views of the available members of the Board were as stated above.

There were presented telegrams to the Federal Reserve Banks of Boston, New York, Cleveland, Richmond, St. Louis, Minneapolis, Kansas City, and Dallas stating that the Board approves the establishment without change by the Federal Reserve Bank of Boston on November 9, by the Federal Reserve Banks of New York, Cleveland, Richmond, St. Louis, Minneapolis, and Dallas on November 12, and by the Federal Reserve Bank of Kansas City on November 13, 1953, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

11/13/53

-5-

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

Minutes of actions taken by the Board of Governors of the Federal Reserve System on November 12, 1953, were approved unanimously.

Memorandum from Mr. Carpenter, Secretary of the Board, recommending that the resignation of the following employee in the Office of the Secretary be accepted:

<u>Name and title</u>	<u>Effective Date</u>
Portia R. Agadjanian, Records Clerk	November 20, 1953

Approved unanimously.

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

In accordance with the request contained in your letter of November 3, 1953, the Board approves the designation of the following as special assistant examiners for the Federal Reserve Bank of Boston, for the specific purpose of rendering assistance in the examinations of Industrial Trust Company, Providence, Rhode Island, Rhode Island Hospital Trust Company, Providence, Rhode Island, The Hartford-Connecticut Trust Company, Hartford, Connecticut, Depositors Trust Company, Augusta, Maine, and The Merrill Trust Company, Bangor, Maine.

Warren H. Carr
Carmino A. Serino
Richard J. Buckley, Jr.
Michael Ardita
Robert J. Hehre

Wilhelmina V. Burke
Marjorie F. Hagen
Frederick W. Kawam
Hollis V. Hinckley

Approved unanimously.

Letter to Mr. Coleman, Federal Reserve Agent, Federal Reserve Bank of Chicago, reading as follows:

In accordance with the request contained in Mr. Dawes' letter of November 6, 1953, the Board of Governors approves

11/13/53

-6-

the appointment of Mr. John T. Neale, as Federal Reserve Agent's Representative, Detroit Branch, at his present salary of \$4,984.

This approval is given with the understanding that Mr. Neale will be placed upon the Federal Reserve Agent's pay roll and will be solely responsible to him or, during a vacancy in the office of the Federal Reserve Agent, to the Assistant Federal Reserve Agent, and to the Board of Governors, for the proper performance of his duties. When not engaged in the performance of his duties as Federal Reserve Agent's Representative he may, with the approval of the Federal Reserve Agent or, in his absence, of the Assistant Federal Reserve Agent, and the Vice President in charge of the Detroit Branch, perform such work for the Branch as will not be inconsistent with his duties as Federal Reserve Agent's Representative.

Mr. Neale should execute the usual oath of office which should be forwarded to the Board of Governors, together with advice with respect to the effective date of his appointment.

Approved unanimously.

Letter to Mr. Wilbur, Federal Reserve Agent, Federal Reserve Bank of San Francisco, reading as follows:

In accordance with the request contained in your letter of November 3, 1953, the Board of Governors approves the appointments of the following persons as Federal Reserve Agent's Representatives, with salaries at the rates indicated:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
H. E. McCausland	Federal Reserve Agent's Representative, Los Angeles Branch	\$5,940
D. H. Goetz	Federal Reserve Agent's Representative, Portland Branch	6,240
L. D. Moyer	Federal Reserve Agent's Representative, Salt Lake City Branch	6,000
P. W. Cavan	Federal Reserve Agent's Representative, Seattle Branch	6,600

11/13/53

-7-

This approval is given with the understanding that Messrs. McCausland, Goetz, Moyer, and Cavan will be placed upon the Federal Reserve Agent's pay roll and will be solely responsible to him or, during a vacancy in the office of the Federal Reserve Agent, to the Assistant Federal Reserve Agent, and to the Board of Governors, for the proper performance of their duties. When not engaged in the performance of their duties as Federal Reserve Agent's Representatives they may, with the approval of the Federal Reserve Agent or, in his absence, of the Assistant Federal Reserve Agent, and the Vice Presidents in charge of the respective Branches, perform such work for the Branches as will not be inconsistent with their duties as Federal Reserve Agent's Representatives.

It is noted from your letter that the usual oaths of office will be forwarded to the Board of Governors with advice of the effective dates of the appointments, upon receipt of advice of approval by the Board.

Approved unanimously.

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

In response to the request made in your letter of October 21, 1953, the Board of Governors approves the following minimum and maximum salaries for the respective grades at the Head Office and Buffalo Branch, effective December 24, 1953:

Grade	<u>Head Office</u>	
	<u>Minimum</u> <u>Salary</u>	<u>Maximum</u> <u>Salary</u>
1	\$1900	\$2565
2	2120	2865
3	2370	3195
4	2645	3570
5	2950	3980
6	3285	4430
7	3645	4920
8	4040	5450
9	4475	6040
10	4970	6705
11	5520	7450
12	6145	8295
13	6855	9255
14	7655	10335
15	8570	11570
16	9630	13000

11/13/53

-8-

<u>Grade</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>
Physician	\$4800	\$7800
Medical Director	9500	12000
	<u>Buffalo Branch</u>	
1	\$1860	\$2510
2	2040	2755
3	2240	3025
4	2465	3325
5	2715	3665
6	2985	4030
7	3280	4430
8	3600	4860
9	3955	5340
10	4355	5880
11	4805	6485
12	5310	7170
13	5890	7955
14	6540	8830
15	7285	9835
16	8150	11000

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 understood that all employees whose salaries are below the minimum 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 March 1, 1954.

Approved unanimously.

Letter to the Federal Reserve Agents at all Federal Reserve

Banks reading as follows:

Inasmuch as the Board of Governors has approved a salary structure for each Federal Reserve Bank and Branch and has approved the payment of salaries to all employees, other than officers, within the limitations of the salary structures as approved, it has been concluded that it will no longer be required that the salaries fixed for the Assistant Federal Reserve Agents, Alternate Assistant Federal Reserve Agents, and Federal Reserve Agents' Representatives be submitted to the Board of Governors for further specific approval.

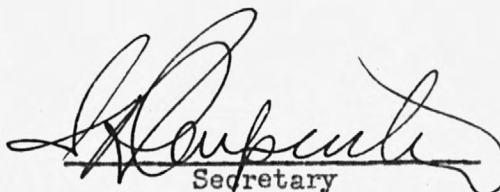
11/13/53 -9-

However, as in the past, in view of the provisions of the Federal Reserve Act, the appointments of Assistant Federal Reserve Agents, Alternate Assistant Federal Reserve Agents, and Federal Reserve Agents' Representatives continue to be subject to the approval of the Board of Governors.

Due to the above change in procedure, this letter cancels and supersedes the Board's letters of April 2, 1937, X 9856, July 17, 1945, and January 2, 1946 (F.R.L.S. #9087).

A copy of this letter is being sent to the President of your Bank.

Approved unanimously.


Secretary