

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, June 2, 1954. The Board met in the Board Room at 10:00 a.m.

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

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Kenyon, Assistant Secretary
Mr. Thurston, Assistant to the Board
Mr. Horbett, Assistant Director,
Division of Bank Operations
Mr. Daniels, Chief, Reserve Bank Operations
Section, Division of Bank Operations

Chairman Martin was unable to attend this meeting because he had been called by the Committee on Government Operations of the House of Representatives to testify concerning Bill H. R. 7602, which would direct the Comptroller General to make an audit for the year ended December 31, 1953, of the Board of Governors, the Federal Open Market Committee and the Federal Reserve Banks and their branches. The Secretary stated, in this connection, that before leaving Chairman Martin had reviewed the matters which were to be considered at this meeting and had indicated that, if present, he would vote to approve them.

The following requests for travel authorization were presented:

Messrs. Garfield, Adviser on Economic Research, and Williams, Assistant Director, Division of Research and Statistics. To travel to Chicago, Illinois, during the period June 6-9, 1954, to attend a meeting of the System Committee on Current Business Developments.

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Mr. Myrick, Assistant Director, Division of Bank Operations. To travel to New York, New York, during the period June 16-18, 1954, to attend, as associate member, a meeting of the Presidents' Conference Subcommittee on Cash, Leased Wire, and Sundry Operations.

Approved unanimously.

The following draft of letter to Mr. Irons, President of the Federal Reserve Bank of Dallas, which had been circulated among the available members of the Board prior to this meeting, was presented for consideration:

This refers to your letter of May 14 advising that the Board of Directors has approved the purchase for \$250,000 of a site for a new branch building at El Paso, subject to approval by the Board of Governors, provided the Bank is satisfied that no vibration to a building would result from the fairly close proximity of the trainway. The site approved is 111.85 feet x 260 feet bounded by Kansas, Stanton, and Main Streets, with the greater length fronting on Main Street.

The Board interposes no objection to the purchase of the property at the price stated, provided the Bank is satisfied as to the problem of vibration due to the closeness of the trainway.

Approved unanimously.

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

Memorandum dated May 21, 1954, from Mr. Bethea, Director of the Division of Administrative Services, recommending that the

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resignation of Hubert R. Dunn, Assistant Painter in that Division, be accepted effective May 21, 1954.

Approved unanimously.

Telegram to Mr. Theodore E. Fletcher, Sr., Senior Partner, Albert W. Sisk & Son, Preston, Maryland, prepared pursuant to action taken by the Board on May 28, 1954, and reading as follows:

Board of Governors of the Federal Reserve System has appointed you a director of Baltimore Branch of Federal Reserve Bank of Richmond for unexpired portion of term ending December 31, 1956.

It is understood you are not a director of a bank and do not hold public or political office. Should situation in these respects change during tenure of your appointment, please advise Chairman Federal Reserve Bank of Richmond.

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 May 26, 1954, 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 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:

William A. Clark
George A. Conley, Jr.
Carl A. Meyer, Jr.
Frank G. McGrath
Alice Bradshaw
Evelyn Nearhos

Approved unanimously.

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Letter to Mr. Willis, Secretary, Federal Reserve Bank of New York, reading as follows:

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of New York for the period May 24, 1954, through December 31, 1954, at the rates indicated, which are the rates fixed by the Board of Directors as reported in your letter of May 24, 1954.

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Donald J. Cameron	General Auditor	\$15,000
William A. Heintz	Manager, Savings Bond Department and Currency De- struction Depart- ment	12,500

Approved unanimously.

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

The Board approves your request of May 20, 1954, to pay salaries in excess of the maximum of the salary grade range applicable to the job of Porter and Utility Porter (job numbers 1022 and 1041 respectively, salary Grade 4, minimum \$2,645, maximum \$3,570) to the extent of \$104 per annum with the understanding that this salary margin in excess of the grade maximum will be applicable only to incumbents of these two positions.

The Board understands that you propose to make adjustments in salary on a merit basis to only seven employees assigned to the Utility Porter job at this time and to accord increases up to that point to other employees in this job at a later date, but that you expect somewhat lower salaries will continue to be paid those employees classified as Porters and who perform the less strenuous and diversified duties.

Approved unanimously.

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

In accordance with the request contained in your letter of May 25, 1954, the Board approves the appointment of Olin Gray Barfield, Jr., at present an assistant examiner, as an examiner for the Federal Reserve Bank of Atlanta.

If the appointment is not made effective June 7, 1954, as planned, please advise us.

Approved unanimously.

Letter to Mr. Meyer, Vice President, Federal Reserve Bank of Chicago, reading as follows:

Reference is made to your letter of May 3, 1954, in which you request approval for the payment of salary to your Maintenance Plumber at a rate in excess of the established maximum of the grade to which the position is assigned and to your letter of May 14, 1954, in which you request Board permission to make wage payments for various building maintenance trades up to established rates of current union contracts.

The Board of Governors approves the procedure whereby the payment of salaries to painters, carpenters, electricians, marble setters, and plumbers will be considered each time a contract is negotiated between employers and employees in the "loop" area rather than on an individual employee basis.

It is contemplated that under this procedure any new contracts will be forwarded to the Board for review and that after Board approval the Bank would pay salaries up to those stipulated in the contract to individual employees without further reference to the Board of Governors.

The Board further approves the payment of salary to your Maintenance Plumber at a rate which is 90 per cent of that called for by the Plumbers' Union and the Building Managers' Association effective June 1, 1954, and which is in excess of the maximum established for the grade in which that job is classified.

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The Board understands that your letters of January 28, 1954 and May 14, 1954, include all Bank positions which are in any way affected by union-management contracts in the "loop" area.

Approved unanimously.

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

Reference is made to your letter of May 21, 1954, transmitting the request of The Bank of New York, New York, New York, for approval of an increase in its investment in bank premises to an amount further exceeding its common capital stock.

After considering all available information, the Board of Governors concurs in your recommendation and approves an increase in the investment in bank premises by The Bank of New York to an amount not to exceed \$11,000,000, with the understanding that the proposed additional investment is to be of a temporary nature for purposes fully set forth in your letter and that the transaction ultimately will result in a substantial reduction in the present aggregate carrying value of the bank's premises.

Approved unanimously.

Letter to First National Bank of Pulaski, Pulaski, Tennessee, reading as follows:

The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers and grants you authority to act, when not in contravention of State or local law, as trustee for mortgage given by Town of Pulaski for the issuance of \$45,000 of Industrial Revenue Bonds, the exercise of such authority to be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

A certificate covering such authorization is enclosed.

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

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Letter to Mr. Pondrom, Vice President, Federal Reserve
Bank of Dallas, reading as follows:

Reference is made to your letter of May 19, 1954, submitting the request of the Victoria Bank and Trust Company, Victoria, Texas, for permission under the provisions of Section 24A of the Federal Reserve Act to increase its investment in bank premises.

After consideration of the information submitted, the Board of Governors concurs in your recommendation and approves additional investments in bank premises provided the amounts so invested will not increase the book value of such premises to an amount in excess of \$1,350,000.

Approved unanimously.

Letter to Mr. Deming, First Vice President, Federal Reserve
Bank of St. Louis, reading as follows:

Referring to your Bank's letters of March 11 and May 18, the Board of Governors approves the transfer of the following nine Eighth District towns to the Federal Reserve offices serving the counties in which they are located.

<u>Town</u>	<u>From</u>	<u>To</u>
Gentry, Arkansas	Little Rock	St. Louis
Mansfield, Arkansas	Little Rock	St. Louis
Jonesboro, Arkansas	St. Louis	Memphis
Mena, Arkansas	St. Louis	Little Rock
De Valls Bluff, Arkansas	Memphis	Little Rock
Ferdinand, Indiana	St. Louis	Louisville
Morganfield, Kentucky	St. Louis	Louisville
Paris, Tennessee	St. Louis	Memphis
Union City, Tennessee	St. Louis	Memphis

It is noted that the four member banks affected, located in Union City, Morganfield, Jonesboro, and Mena, are agreeable to such transfer; that at this time there are no member banks in the remaining five towns; and that the mechanics of such reassignment will involve only the

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inter-office transfer of the reserve accounts of the four banks indicated, and will in no way affect the efficiency of the Bank's collection, money, or other services.

It will be appreciated if you will notify the Board when the effective date of the change is determined.

Approved unanimously.

Letter to the Presidents of all Federal Reserve Banks reading as follows:

There have been forwarded to you today under separate cover copies of the revised form F. R. 107a, Instructions for the Preparation of Reports of Earnings and Dividends.

The pamphlet was reprinted primarily to provide an additional supply for the purpose of meeting requests of Federal Reserve Banks and State member banks. However, incident to reprinting, a number of changes have been made of a relatively minor or clarifying nature, on the basis of suggestions received from the Federal Reserve Banks and other sources. The enclosed memorandum describes the changes briefly.

Since the changes are somewhat more extensive than originally planned, a sufficient number of copies of the revised pamphlet are being forwarded for distribution to all State member banks in your District.

Approved unanimously, with the understanding that the letters would be sent after the forms were printed.

Letter to Mr. J. Lee Rankin, Assistant Attorney General, Office of Legal Counsel, Department of Justice, Washington, D. C., reading as follows:

This is in response to your letter of April 26, 1954, addressed to the Board's General Counsel, inquiring whether the Board has any proposals for State legislation

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which it desires to present through the Department of Justice and the Council of State Governments for consideration at the 1955 sessions of the State legislatures.

After consideration of the matter, it has been concluded that there are no such proposals for State legislation which the Board would wish to submit for consideration at this time.

Approved unanimously.


Secretary