

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, July 28, 1954.

PRESENT: Mr. Martin, Chairman
Mr. Szymczak
Mr. Mills

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary

Memoranda from appropriate individuals concerned recommending personnel actions as follows:

Appointments, effective upon the
date of assuming duties

<u>Name and title</u>	<u>Division</u>	<u>Type of appointment</u>	<u>Basic annual salary</u>
William F. Hellmuth, Economist	Research and Statistics	Temporary (one year)	\$8,360
Charlotte J. Hodges, Clerk-Typist	Research and Statistics	Temporary indefinite	2,950

Salary increases, effective August 1, 1954

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
	<u>Research and Statistics</u>		
Alvern H. Sutherland, Chief Librarian		\$7,440	\$7,640
Peter M. Cody, Economist		6,140	6,340
	<u>International Finance</u>		
Stephen H. Axilrod, Economist		5,060	5,185
Franc S. Valentine, Secretary		4,420	4,545
	<u>Examinations</u>		
W. B. Lassen, Assistant Federal Reserve Examiner		5,560	5,685
Karl P. Wendt, Assistant Federal Reserve Examiner		5,120	5,500

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Salary increases, effective August 1, 1954 (continued)

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
	<u>Bank Operations</u>		
H. Pauline Franklin, Statistical Clerk		\$3,660	\$3,785
J. N. Kiley, Jr., Technical Assistant		7,440	7,640
	<u>Personnel Administration</u>		
Barbara A. Huey, Personnel Clerk		3,660	3,785
	<u>Administrative Services</u>		
Donald B. Fitzhugh, Operator, (Tabulating Equipment)		4,045	4,170
James R. Stewart, Mail Clerk		2,910	2,990
Nellie G. Tobler, Elevator Operator		2,840	2,910

Approved unanimously.

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

As you know, the basis for proposing the elimination of the prohibition against paying out Federal Reserve notes of other Banks was the savings to be achieved. This point was emphasized by Chairman Martin before the Congressional committees considering the bill, and his testimony included an estimate that the proposed legislation would result in savings for the System as a whole in excess of \$750,000 per year.

Now that the Federal Reserve Act has been amended as proposed, the Board would like to be kept currently informed for a period with regard to developments in this connection.

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Accordingly, it will be appreciated if you will arrange to have forwarded at the end of each quarter (beginning September 30, 1954, and continuing until further notice) a statement from your Bank and each of your branches, if any, showing the following information:

1. The estimated savings in shipping charges resulting from the fact that notes of other Banks were not returned to the Bank of issue.
2. The estimated number and salaries of employees saved during the report period because of elimination of the necessity to sort fit Federal Reserve notes completely by issuing Banks and verify shipments of fit notes received from other Reserve Banks.

It should be emphasized that the information requested in this letter may be based on reasonable estimates. The savings possible under the new procedure should not be minimized by additional sorts or extensive records merely for the purpose of complying with this request.

Approved unanimously.

Letter to Mr. Johns, President, Federal Reserve Bank of St.

Louis, reading as follows:

This refers to your letter of July 15, 1954, in which you advise that the board of directors of the Federal Reserve Bank of St. Louis on your recommendation has authorized, subject to approval by the Board of Governors, payment of the bill of the law firm of Middleton, Seelbach, Wolford, Willis & Cochran in the amount of \$7,500, in addition to out-of-pocket expenses of \$46.98. It is noted that the services of the law firm in this matter, which was complicated and involved a large amount, were in all respects satisfactory and that in your opinion the fee requested is fair and reasonable.

This is to advise that the Board approves the payment of the fee and expenses in the amounts stated above.

Approved unanimously.

Letter to Mr. Mangels, First Vice President, Federal Reserve

Bank of San Francisco, reading as follows:

Thank you for your letter of July 22 transmitting your memorandum of the same date regarding collection of noncash items in Alaska.

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In view of the considerations mentioned in your memorandum, the Board will not object to the continuance of the practice of collecting noncash items in Alaska only when payable at points in which there is a par remitting bank, pending further experience in the matter and with the understanding that consideration will be given to changing the practice if the need arises.

Approved unanimously.

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

Reference is made to your letter of July 21, 1954, submitting request of the Union Bank and Trust Company, Ottumwa, Iowa, for permission, under the provisions of Section 24A of the Federal Reserve Act, to invest in a new bank building the approximate amount of \$550,000, which is in excess of the \$300,000 capital stock of the bank.

After considering all available information, the Board of Governors concurs in the Reserve Bank's favorable recommendation and, therefore, has approved the investment by the Union Bank and Trust Company of an amount not to exceed \$550,000 in bank premises.

Approved unanimously.

Letter to the Board of Directors, Marine Midland Trust Company of Central New York, Syracuse, New York, reading as follows:

Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors approves the establishment of a branch in the Northern Lights Shopping Center at a site approximately 400 feet east of the junction of State Route 11 and County Road 208, Town of Salina, Onondaga County, New York, provided the branch is established within one year from the date of this letter.

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

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Letter to the Comptroller of the Currency, Treasury Department, Washington, D. C., (Attention: Mr. L. A. Jennings, Deputy Comptroller of the Currency), reading as follows:

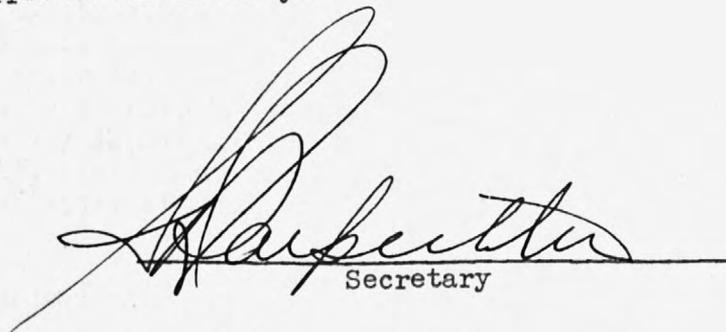
Reference is made to a letter from your office dated February 26, 1954, enclosing photostatic copies of an application to organize a national bank at Nyack, New York, and requesting a recommendation as to whether or not the application should be approved.

On the basis of information we have received, it appears that competent and experienced management has not yet been selected and that a pressing need for additional banking facilities in the area does not exist. Moreover, there is some indication that upon completion of construction of the State road project through Nyack it may be more convenient for communities which lie south and west to use a place other than Nyack as their principal trading center.

The Board of Governors would favor the injection of competition in the banking field in a community like this, provided the new institution was under suitable management (which it knows you would insist upon) by representative local business men who are willing to provide adequate capital funds. However, it recommends that the application be held in abeyance until such time as the ultimate effect of the construction of the State road project through the community can be seen more clearly.

The Board's Division of Examinations will be glad to discuss any aspects of this case with representatives of your office, if you so desire.

Approved unanimously.



Secretary