

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, October 12, 1954. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Szymczak
Mr. Vardaman
Mr. Mills
Mr. Robertson
Mr. Miller
Mr. Balderston

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Kenyon, Assistant Secretary
Mr. Thurston, Assistant to the Board
Mr. Vest, General Counsel
Mr. Marget, Director, Division of International Finance
Mr. Dembitz, Assistant Director, Division of International Finance
Mr. Heuser, Chief, Central and Eastern European Section, Division of International Finance
Mr. Tamagna, Chief, Financial Operations and Policy Section, Division of International Finance

Reference was made to a telegram from Mr. Exter, Vice President of the Federal Reserve Bank of New York, dated October 8, 1954, stating that the officers of the Bank had recommended and the Board of Directors had authorized, subject to the approval of the Board of Governors, granting to Banque Centrale de la Republique de Turquie extensions of the maturity of the two outstanding gold loans totaling \$25 million and due November 1, 1954, for up to a total of two additional months, with the other terms and conditions mentioned in the New York Bank's telegrams to the Board of June 21 and August 27, 1954, remaining unchanged. The telegram stated that it would be the intention of the New York Bank to grant

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an extension only for one month, and to grant a further extension only in case the Bank's officers considered such action advisable. The telegram further stated that the New York Bank understood that Banque Centrale's negotiations with commercial banks for loans totaling \$55 million were progressing favorably.

There had been sent to the members of the Board prior to this meeting copies of a memorandum from Mr. Marget dated October 8, 1954, recommending that the Board approve a telegram to Vice President Exter reading as follows:

Your wire October 8. Board approves granting of loan or loans by your Bank to Banque Centrale de la Republique de Turquie not to exceed \$25 million in the aggregate at any one time outstanding on the following terms and conditions:

(A) Such loan or loans up to a total of \$25 million to be made up to 98% of the value of gold bars set aside in your vaults under pledge to you.

(B) Any such loan or loans to mature on or before January 1, 1955 but to be repayable at the borrower's option any time before maturity.

(C) Each such loan to bear interest from the date such loan is made until paid, at the discount rate of your Bank in effect on the date on which such loan is made.

It is understood that you intend to grant an extension only for one month on the two loans now outstanding, amounting to \$25 million and to grant a further extension only in case your officers consider such action advisable. It is further understood that the usual participation will be offered to the other Federal Reserve Banks.

At the request of the Board Mr. Marget commented on the matter, stating that difficulties experienced by Turkey resulted at least in part from unsatisfactory monetary and credit policies followed in the past, that the situation was not yet completely satisfactory, but that the Turkish Government had recognized the seriousness of its position and

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had adopted a program which should lead to improvement and eventual correction of the situation. He pointed out that the arrangement proposed by the Federal Reserve Bank of New York was intended to be only of long enough duration to permit Banque Centrale to make arrangements for accommodations through private channels. He anticipated that these negotiations would be successful and that Banque Centrale then would be in a position to repay the loans for which an extension of maturity was now requested.

Following a discussion, the telegram to Vice President Exter was approved unanimously in the form set forth above.

Messrs. Marget, Dembitz, Heuser, and Tamagna then withdrew from the meeting.

The following matters were presented and action taken as indicated:

Letter to Mr. N. R. Abrams, Assistant Postmaster General, Post Office Department, Washington, D. C., (Attention: Mr. E. A. Riley, Director of Mail Classification), reading as follows:

For many years the Postmaster at Washington, D. C. has been using an average weight of 8 pounds 7 ounces for packages of four thousand notes in determining the weight of the contents of made-up pouches containing sealed packages of new Federal Reserve notes delivered to the Post Office for shipment to the various Federal Reserve Banks and Branches.

Attached is a copy of a memorandum dated August 24, 1954 from Mr. H. J. Holtzclaw, Associate Director of the Bureau of Engraving and Printing, with regard to recent tests of the weight of packages of Federal Reserve notes in the Federal Reserve Vault. It will be noted that Mr. Holtzclaw states, as a result of the tests, that the average weight of packages delivered by the Federal Reserve Vault may be taken as 8 pounds 5 ounces.

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It is requested that the Postmaster at Washington, D. C., be authorized to use an average weight of 8 pounds 5 ounces for a package of four thousand notes in determining the weight of the contents of made-up pouches containing Federal Reserve notes. If this were done, it would then be understood that periodic checks of the weight of packages of Federal Reserve notes in the Federal Reserve Vault would be made and the results communicated to the Post Office Department, so that if a different average weight per package for notes being shipped were indicated, it could be adopted as standard. It is planned to have checks of the weight made annually.

Approved unanimously.

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

Reference is made to your letter of September 29, 1954, submitting request of the State Savings Bank of Ann Arbor, Ann Arbor, Michigan, for an extension of time in which to establish a branch at 1501 East Stadium Boulevard, Ann Arbor, Michigan.

In view of the circumstances outlined in your letter and your favorable recommendation, the Board of Governors extends until December 8, 1954, the time within which the branch may be established.

Reference is made to your letter of September 29, 1954, regarding the request of the State Savings Bank of Ann Arbor, Ann Arbor, Michigan, for a further extension of time within which to establish a branch at 3500 Washtenaw Road in Pittsfield Park, Michigan.

After consideration of the information available, the Board concurs in your recommendation and extends to December 6, 1954, the time within which the State Savings Bank of Ann Arbor may establish the branch as originally approved in the Board's letter of January 19, 1954.

Approved unanimously.

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

In accordance with the request contained in your letter of October 1, 1954, the Board approves the

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appointment of William R. Crotty as an assistant examiner for the Federal Reserve Bank of New York. Please advise as to the date upon which the appointment is made effective and as to salary rate.

Approved unanimously.

The following members of the staff of the Division of Bank Operations entered the room at this point:

Mr. Horbett, Assistant Director
Mr. Myrick, Assistant Director
Mr. Conkling, Chief, Member Bank Section
Mr. Daniels, Chief, Reserve Bank Operations Section
Mr. Farrell, Chief, Reserve Bank Budget and Expense Section
Mr. Collier, Technical Assistant
Miss Durkan, Technical Assistant
Mr. Franzoni, Technical Assistant
Mr. Hart, Technical Assistant
Mr. Kiley, Technical Assistant
Mr. Langham, Technical Assistant
Mr. Massey, Technical Assistant

The representatives of the Division of Bank Operations presented a review of the work of that Division. At the conclusion of their comments and a discussion based thereon, they withdrew from the meeting.

Minutes of actions taken by the Board of Governors of the Federal Reserve System on October 11, 1954, were approved unanimously.

All of the members of the staff who were present then withdrew from the meeting and Mr. Sprecher, Assistant Director, Division of Personnel Administration, entered the room.

The Secretary subsequently was advised that, using as a basis information contained in memoranda from the Division of Personnel Administration dated August 26, October 1, and October 6, 1954, the Board gave

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consideration to the designation of Chairmen and Federal Reserve Agents at Federal Reserve Banks for the year 1955, the appointment of Deputy Chairmen at Federal Reserve Banks for the year 1955, and the appointment of Class C directors at Federal Reserve Banks and directors at Federal Reserve Bank branches for terms beginning January 1, 1955. The following actions were taken:

The following individuals were designated as Chairmen and Federal Reserve Agents at the Federal Reserve Banks indicated for the year 1955 and the compensation of each as Chairman and Federal Reserve Agent was fixed on the uniform basis for the same position at all Federal Reserve Banks, i.e., the same amount as the aggregate of the fees payable during the same period to any other director for attendance corresponding to his at meetings of the board of directors, executive committee, and other committees of the board of directors:

<u>Name</u>	<u>Bank</u>
Harold D. Hodgkinson	Boston
Jay E. Crane	New York
William J. Meinel	Philadelphia
John C. Virden	Cleveland
John B. Woodward, Jr.	Richmond
Rufus C. Harris	Atlanta
John S. Coleman	Chicago
M. Moss Alexander	St. Louis
Leslie N. Perrin	Minneapolis
Raymond W. Hall	Kansas City
A. H. Brawner	San Francisco

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The following individuals were appointed as Deputy Chairmen of the Federal Reserve Banks indicated for the year 1955:

<u>Name</u>	<u>Bank</u>
Henderson Supplee, Jr.	Philadelphia
Bert R. Prall	Chicago
Caffey Robertson	St. Louis
Cecil Puckett	Kansas City
Y. Frank Freeman	San Francisco

The following individuals were reappointed as Class C directors of the Federal Reserve Banks indicated for three-year terms each, beginning January 1, 1955:

<u>Name</u>	<u>Bank</u>
William J. Meinel	Philadelphia
Bert R. Prall	Chicago
Joseph H. Moore	St. Louis

The following individuals were reappointed as directors of the Federal Reserve Bank branches indicated for three-year terms each, beginning January 1, 1955:

<u>Name</u>	<u>Branch</u>
Clayton G. White	Buffalo
John C. Baker	Cincinnati
Clifford F. Hood	Pittsburgh
C. R. Zarfoss	Baltimore
Paul T. Taylor	Charlotte
Edwin C. Bottcher	Birmingham
J. Wayne Reitz	Jacksonville
Joel L. Fletcher, Jr.	New Orleans
John A. Hannah	Detroit
Shuford R. Nichols	Little Rock
Pierre B. McBride	Louisville
A. E. Hohenberg	Memphis
James A. Dick, Jr.	El Paso

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The following individuals were reappointed as directors of the Federal Reserve Bank branches indicated for two-year terms each, beginning January 1, 1955:

<u>Name</u>	<u>Branch</u>
Carl McFarland	Helena
Phil H. Lowery	Oklahoma City
Manville Kendrick	Omaha
Bryant Essick	Los Angeles
William H. Steiwer, Sr.	Portland
George W. Watkins	Salt Lake City
Ralph Sundquist	Seattle

The foregoing actions were taken with the understanding that notifications of the appointments and designations would not be transmitted pending action by the Board on other appointments and designations at the Federal Reserve Banks and branches, and with the further understanding, in the case of the appointments as directors and as deputy chairmen, that before the persons concerned were notified Chairman Martin would check with the Chairman of the Federal Reserve Bank concerned.

With respect to appointments at the head office of the Federal Reserve Bank of Dallas, it was understood that Chairman Martin would look into the situation and, on the basis of that inquiry, would make recommendations for action by the Board.

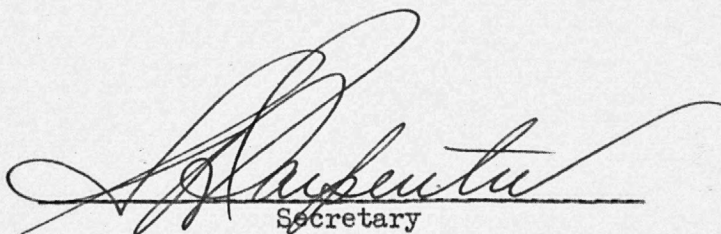
It was also understood that the Division of Personnel Administration would submit to the Board as soon as possible information concerning the appointments and designations at the

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Federal Reserve Banks and branches
remaining to be made by the Board
as of January 1, 1955.

The meeting then adjourned.



Secretary