

At an adjourned meeting of the Federal Reserve Board held in the office of the Board at 3:10 p. m., on Thursday, March 2,

PRESENT:

Mr. Hamlin, presiding Mr. Warburg

Mr. Delano Mr. Harding

Mr. Williams Mr. Miller

Mr. Willis, Secretary.

By previous arrangement salaries at the Federal Reserve Bank of Richmond were taken up, and the question of an increase in the salary of Governor Seay was discussed, the directors having recommended \$15,000 and the committee of the Board having approved \$12,000 as his annual compensation.

After full discussion Mr. Delano moved to approve the report of the Committee on Organization and Staff fixing the salary of the Governor of the Federal Reserve Bank of Richmond at \$12,000. The motion was carried.

On motion it was agreed that the question of the appointment of a Federal reserve agent at Richmond be set for Monday, March 6, as a special order.

Mr. Delano presented a telegram from Governor McDougal inquiring whether the Federal Reserve Bank of Chicago could ask for all bonds in a conversion operation, or whether the allotment must be part bonds and part one-year notes.

The question involving the decision of the Secretary of the Treasury, and doubt being expressed as to the interpretation of the letter written by the Secretary under date of February 28, the following memorandum was sent to the Secretary of the Treasury:

"Board asks if all bonds and no notes may be asked and issued under this order?"

To this the Secretary of the Treasury returned the following memorandum:

"Yes, in my discretion and until further ordered.

W. G. M."

It was agreed that Mr. Delano answer Governor McDougal in accordance with the foregoing memorandum.

The Secretary of the Board having presented an outline with respect to certain representations by Honorable Robert Bridges, was authorized to transmit the same to Secretary of the Treasury McAdoo in answer to a letter sent the Board by Mr. McAdoo making inquiry regarding the matter.

It was agreed that copies of the letter from the Secretary of the Treasury and the reply be sent to Federal Reserve Agent Perrin.

Mr. Harding presented a memorandum of an understanding reached between the Board and the Comptroller of the Currency in the following form:

"Questions will frequently arise

involving rulings by both the Federal Reserve Board and the Comptroller's office, and it is highly desirable, for the sake of the Federal reserve banks as well as the member banks, that rulings affecting their operation be uniform. It seems advisable, therefore, to develop some method by which agreement concerning such rulings can be reached concurrently and promptly. It is clear that when the Board and the Comptroller each consult their separate counsel, a condition arises where not only the opinions of the two offices, but also those of the separate counsel must be reconciled. Experience has shown that under these circumstances results are had only after more or less delay. The Federal Reserve Board and the Comptroller of the Currency have, therefore, adopted as a working arrangement in matters which concern them jointly that the Counsel of the Federal Reserve Board shall act as such joint counsel, it being understood that when, by action of the Board and the Comptroller's office, such matters have been referred to the Counsel of the Federal Reserve Board, the opinion of said Counsel if, and when adopted by a majority of the members of the Federal Reserve Board (including the affirmative vote of the Comptroller), the ruling adopted in connection therewith by such majority, shall become the ruling of the Comptroller's office and of the Federal Reserve Board.

In any case where a majority of the Board or the Comptroller of the Currency are unwilling to adopt said Counsel's

opinion without further consultation, either the Board or the Comptroller shall be free to take the advice of other counsel in the matter involved.

The arrangement above outlined may be terminated at the instance either of the Comptroller or of the Federal Reserve Board at any time; also,

The Comptroller shall be authorized at discretion to consult Counsel on matters relating to the National Bank Act in which the Board is not directly concerned."

On motion it was voted that the memorandum in question be entered in the minutes, all members of the Board present, including the Comptroller of the Currency, concurring, and that said memorandum be binding in accordance with conditions set forth in it.

On motion it was agreed that Mr. Harding take the place of Mr. Warburg on the Committee on Law during the approaching absence of Mr. Warburg.

On motion it was informally agreed that the Law Committee meet on Friday morning

morning at 11:00 a. m. to discuss the question of reports on pending bills asked for by Congress.

On motion at 4:25 p. m., the Board adjourned to meet on Monday, March 6, at 11:00 a. m.

J. P. Parker
Secretary.

APPROVED:

Estabrook
Chairman.