

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, March 23, 1938, at 11:30 a. m.

PRESENT: Mr. Ransom, Vice Chairman
Mr. Szymczak
Mr. Davis

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary

Consideration was given to each of the matters hereinafter referred to and the action stated with respect thereto was taken by the Board:

Memorandum to the heads of all Divisions of the Board's staff, reading as follows. The memorandum had been approved by Mr. Davis acting for the Personnel Committee:

"As a result of the consideration which the Board has given to the budget for 1938 and preceding budgets, the Board has decided that hereafter proposals for individual salary increases should not be incorporated in the salary schedules submitted by the heads of the various divisions and offices as a part of the estimates on which the annual budgets are based. The Board, however, will consider at such time as may be appropriate, on the basis of a separate recommendation submitted through the Secretary's Office to the Personnel Committee, any particularly meritorious case which in the judgment of the head of the division or office warrants a reasonable increase in salary because of increased duties, enlarged responsibilities, or other exceptional circumstances pertaining to the employee for whom the increase is recommended. In connection with any such recommendation the Board will give consideration to information concerning salaries of employees doing similar work or having comparable responsibilities within and without the Board's organization. With a view to enabling the Board to develop some formula or pattern which will serve

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"as a guide in passing upon such recommendations in future, the Board has requested Mr. Bethea, as its Budget Officer, to continue and enlarge the studies which he has already begun."

Approved unanimously.

Letter to the board of directors of "The Commercial Bank of Nephi", Nephi, Utah, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H and the following additional condition, the Board approves the bank's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of San Francisco:

- "4. Prior to admission to membership, such bank, if it has not already done so, shall charge off or otherwise eliminate the estimated losses of \$500.00 as shown in the report of examination of such bank as of January 22, 1938, made by an examiner for the Federal Reserve Bank of San Francisco."

Approved unanimously, together with a letter to Mr. Day, President of the Federal Reserve Bank of San Francisco, reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of 'The Commercial Bank of Nephi', Nephi, Utah, for membership in the Federal Reserve System, subject to the conditions prescribed in the inclosed letter which you are requested to forward to the board of directors of the institution. Two copies of such letter are also inclosed, one of which is for your files and the other of which you are requested to forward to the State Bank Commissioner of the State of Utah for his information.

"It will be noted that the Board has not prescribed the special condition of membership recommended by your executive committee relative to the disposal by the bank of corporate stocks. Since the revision of the standard conditions of membership, it has not been the practice of the Board to prescribe conditions of this nature except in

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"special cases where the circumstances indicated the desirability of so doing. It appears that such circumstances do not exist in this case as the holdings shown in the report of examination for membership are small and the shares were acquired in connection with debts previously contracted.

"It appears that the bank holds an option to purchase for \$23,000 the bank building it now occupies, and that the purchase may be consummated. In the event the property is acquired, you are requested to advise the bank of the Board's views, which are known to your office, regarding adequate provision for depreciation in such assets."

Memorandum dated March 10, 1938, from Mr. Spurney transmitting a drawing showing the plan developed, in cooperation with the Department of Interior, for landscaping the Board's parking lot north of the new building and the property just north of the parking lot which is owned by the Government. The plan contemplated that the Board would contract for the purchase of plants and shrubs in the amount of not to exceed \$1,500 which would be used by the National Park Service for planting the Board's parking lot and the lot immediately north thereof, all necessary labor and top soil for planting operations on both lots (including the moving and planting of trees which will be supplied by the Department of Trees and Parking of the District of Columbia without cost) to be furnished by the National Park Service. The memorandum stated that the plan had been discussed thoroughly with a representative of the Interior Department and with William A. Frederick, Landscape Architect of the Capitol, both of whom felt that the plan as proposed was satisfactory. Mr. Morrill had noted a recommendation on the memorandum that the plan be approved at a total cost to the Board of not to exceed

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\$1,500 and the recommendation had been approved by Mr. Davis acting for the Personnel Committee.

The Secretary was authorized to enter into a contract for the purchase of the plants and shrubs specified in the plan at a cost of not to exceed \$1,500.

Letter dated March 14, 1938, from Mr. Gustav Ketterer, interior decorator, submitting a bid in the amount of \$150.00, covering gold leaf work on the eagle motif in the west end of the Board room. The acceptance of the bid had been approved by Mr. Davis acting for the Personnel Committee.

The Secretary was authorized to enter into a contract with Mr. Ketterer covering the work referred to in accordance with the terms of his bid.

Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved: Donald Morgan

Vice Chairman.