

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, March 15, 1939, at 10:45 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. Szymczak
Mr. McKee
Mr. Davis
Mr. Draper

Mr. Bethea, Assistant Secretary
Mr. Smead, Chief of the Division of
Bank Operations

Mr. Szymczak stated that the special committee appointed by Chairman Eccles on February 6, 1939, consisting of Messrs. Davis, Draper and himself, to give further study in consultation with members of the staff to the possibility of determining a satisfactory classification for use in considering changes in salaries of officers of Federal Reserve banks had given the matter further consideration since the informal meeting held on March 3, 1939, and had agreed on a report which was ready for submission to the Board. Mr. Szymczak thereupon read the committee's report dated March 6, 1939, a copy of which has been placed in the files.

There was a full discussion of the committee's recommendations, at the conclusion of which, upon motion by Mr. Szymczak, the Board by unanimous vote accepted the report and ordered it to be filed among the official records of the Board, with the understanding that the special committee was discharged and that the standards established by the report for maximum salaries to be paid officers of Federal Reserve banks would be regarded as confidential and used as an informal guide in the consideration of such salaries in the future, and with the further understanding that the recommendations of the committee would be discussed in executive session with the Chairmen of the Federal Reserve banks at their next conference.

It was also understood that the Board would review the informal standards thus established not

3/15/39

-2-

later than March 1, 1940, with the view to making such modifications as might appear necessary at that time in the light of its experience in dealing with this problem during the interim and to consider the advisability of adopting a permanent plan.

At the suggestion of Mr. Szymczak the Board then gave consideration to the recommendations which had been submitted by the directors of the Federal Reserve Bank of Philadelphia and after further discussion, by unanimous vote, approved salaries for officers of the bank at the rates specified below for the period April 1 to December 31, 1939, if established by the board of directors of the Philadelphia bank at those rates for the period stated:

<u>Name</u>	<u>Title</u>	<u>Salary Per annum</u>
F. J. Drinnen	First Vice President	\$16,000
C. A. Sienkiewicz	Assistant Vice President	7,500
G. K. Morris	Assistant Cashier	7,500

Mr. Ransom reported that Mr. Williams, Assistant Counsel had advised him over the telephone that the Federal Deposit Insurance Corporation and the Board of Governors of the Federal Reserve System were both exempted from reorganization in the bill reported out by the Senate Select Committee on Government Organization. He said that Mr. Williams had verified this information with Senator Byrnes and with the office of Senator Byrd. Mr. Ransom then read the following excerpt from the Committee report on the reorganization bill (H.R. 4425):

"The Board of Governors of the Federal Reserve System was an exempted agency under provisions of the bill which passed the Senate last year. The Board supervises the Federal Reserve banks, all the stock of which is owned by the member banks of the system. The expenses of the Board are paid through assessments levied on the Federal Reserve banks and the funds derived

3/15/39

-3-

"from such assessments are not construed to be Government funds or appropriated moneys. Because of the private ownership involved in the Federal Reserve System and the fact that no Government funds are involved in defraying the expenses of the Board, the committee feels that the Board should not come within the scope of a reorganization act.

"The Federal Deposit Insurance Corporation is added to the exempted agencies because as in the case of the Board of Governors of the Federal Reserve System, funds are derived from assessment upon banks."

Mr. Ransom inquired whether the members of the Board had any suggestions to make as to what action, if any, should be taken in connection with this legislation at the present time.

In response to Mr. Ransom's inquiry, the other members of the Board indicated that they felt no action was called for at this time and it was unanimously agreed that no action should be taken.

At 1:00 p.m. the meeting recessed and reconvened at 2:45 p.m.

with the same attendance as at the morning session.

Mr. Szymczak stated that before proceeding to a discussion of the salary recommendations submitted by the Federal Reserve Bank of New York consideration should be given to the question as to the date on which any salary increases that may be approved by the Board should become effective. He pointed out that in acting upon the recommendations submitted by the other Reserve banks the Board had approved salary increases to become effective on April 1, 1939, but that he wished to call the Board's attention to the fact that the board of directors of the New York bank had established salaries for semi-monthly or monthly periods since January 1, 1939, at the rates in effect as of December 31, 1938, in an effort to maintain their position that the recommendations submitted to the Board last December, if and when approved, will be effective as of January 1, 1939.

3/15/39

-4-

After discussion, upon motion by Mr. Szymczak, the Board by unanimous vote decided that any salary increases approved at this time for officers of the Federal Reserve Bank of New York should become effective April 1, 1939.

The Board thereupon gave consideration to the individual salary recommendations submitted by the New York bank and by unanimous vote approved salaries for officers of the bank at the rates specified below for the period April 1 to December 31, 1939, if established by the board of directors of the bank at those rates for the period stated:

<u>Name</u>	<u>Title</u>	<u>Salary Per annum</u>
Allan Sproul	First Vice President	\$32,500
L. W. Knoke	Vice President	20,000
J. M. Rice	Assistant Vice President	14,000
Arthur Phelan	Assistant Vice President	10,000
H. H. Kimball	Assistant Vice President and Secretary	9,000
Valentine Willis	Assistant Vice President	11,000
W. F. Sheehan	Manager, Bank Examination Department	13,000
W. W. Burt	Manager, Accounting Department	7,500
E. O. Douglas	Manager, Bill Department and Collection Department	7,500
S. A. Miller	Manager, Securities Department	7,000
C. N. Van Houten, Jr.	Manager, Security Custody Department	7,500
Horace Sanford	Manager, Research Department and Assistant Secretary	7,000
N. P. Davis	Manager, Security Loans Department	7,000
I. B. Smith	Manager, Bank Relations Department	6,000
W. F. Treiber	Assistant Counsel	7,200
F. T. Davis	Assistant Counsel	6,600
G. W. Ferguson	General Auditor	10,000
H. A. Bilby	Assistant General Auditor	6,000

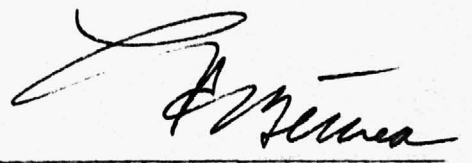
In connection with the salaries of officers of the New York bank, the Board disapproved by

3/15/39

-5-

unanimous vote the salary increase recommended by
the board of directors of the bank for Mr. Rounds.

Thereupon the meeting adjourned.



Assistant Secretary.

Approved:



Chairman.