

2/27/ A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, February 27, 1941, at 4:15 p.m.

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

Mr. Morrill, Secretary  
Mr. Wyatt, General Counsel  
Mr. Dreibelbis, Assistant General Counsel

Mr. Ransom reported a telephone conversation which he had concluded a few minutes before with C. V. Gregory, Deputy Chairman of the Federal Reserve Bank of Chicago, during which the latter stated that at the meeting of the board of directors of the Bank today, Emil Schram, Chairman of the Reconstruction Finance Corporation, was appointed President of the Bank by a vote of 5 to 4, one of the five votes being a telephone vote by Mr. Lewis who was in Florida, that Mr. Cummings had stated that he had legal advice that the telephone vote was all right, but that upon his (Mr. Gregory's) inquiry to Mr. Davis the latter had wired that in the opinion of the Board's Counsel the vote was not legal. Mr. Gregory also reported, Mr. Ransom said, that the directors had voted to fix Mr. Schram's salary at the rate of \$35,000 per annum, that Mr. Preston was appointed First Vice President with a salary at the rate of \$25,000 per annum, and that Mr. Young was appointed second Vice President with salary at the rate of \$21,000 per annum. Mr. Ransom added that in response to a statement by him that the Board should

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receive formally by telegram the information given by Mr. Gregory over the telephone, Mr. Gregory responded that he would put the results of the election in a telegram to the Board.

Chairman Eccles stated that he had been advised that Mr. Schram was coming over to see him this afternoon and shortly thereafter, upon being advised that Mr. Schram was in his office, Chairman Eccles left the meeting with the understanding that he should let the conversation depend primarily on what Mr. Schram wanted to say but that he should make it clear to Mr. Schram that, while the Board had been informed as to the action of the directors of the Chicago Bank, it had not had an opportunity to give the matter consideration and decide what action it should take. Upon Chairman Eccles' return he informed the other members of the Board of his conversation with Mr. Schram during which it had appeared that Mr. Schram had been advised by Mr. Cummings of the action taken by the board of directors of the Chicago Bank and that the purpose of Mr. Schram's visit was to discuss the matter.

At 5:16 p.m., at the request of the Board, a long distance telephone call was put through to Mr. Leland in Chicago during which the latter reported fully on what had occurred at the meeting of the board of directors in Chicago today. Memoranda covering Chairman Eccles' report of his conversation with Mr. Schram and the telephone conversation with Mr. Leland have been placed in the Board's files.

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Thereupon the meeting adjourned.

Robert Morice

Secretary.

Approved:

W. C. ...

Chairman.