

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, March 1, 1941, at 10:45 a.m.

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

Mr. Morrill, Secretary

Chairman Eccles reported that he had advised General Watson at the White House of his desire to have an opportunity to give the President the facts regarding the situation relating to the appointment of a President at the Federal Reserve Bank of Chicago before others attempted to discuss the matter with him.

At 10:50 a.m. Mr. Szymczak brought Walter J. Cummings, Chairman of the Continental Illinois National Bank and Trust Company of Chicago and a class A director of the Federal Reserve Bank of Chicago, into the meeting and there ensued a lengthy discussion of the circumstances surrounding the presentation of Mr. Schram's name to the directors of the Chicago Bank, the relation of a President of a Federal Reserve Bank to the Bank and the Board of Governors, the nature of the joint responsibility of the board of directors of a Federal Reserve Bank and the Board of Governors in his selection, and the necessity for consultation between the directors and the members of the Board in making the selection.

3/1/41

-2-

The point was also brought out that notwithstanding the fact that Mr. Szymczak had obtained commitments from Messrs. Wood and Cummings when he was in Chicago last summer and fall that before anything was done with respect to the selection of a President of the Bank the matter would be taken up with the Board of Governors, that procedure had not been followed and that, when Mr. Szymczak was unable to get Mr. Cummings or Mr. Lewis to confer on the matter, arrangements had been made with Mr. Gregory, Deputy Chairman of the Bank, to have the executive committee come to Washington for a conference to which all of the other directors were invited. The names discussed at the conference of the executive committee with the Board were also reviewed.

Following further discussion of the next step to be taken in connection with the matter, during which Mr. Davis left the meeting, Mr. Gregory was called on the telephone and arrangements were made for him and Mr. Cummings to meet at the Union League Club at 2:30 p.m. on Sunday, March 2, for a conference.

Chairman Eccles stated that Mr. Gregory was expected in Washington on Monday, March 3, and that the Board would discuss the whole matter with him at that time.

During the course of the discussion Chairman Eccles reviewed the substance of his conversation on the previous day with Mr. Schram and stated that Mr. Schram could clear up the situation, and that he

3/1/41

-3-

had an opportunity to do so because of the Board's ruling that no election had been held which would enable him to say that he was not available, and he would not be subject to the embarrassment which would have existed had the Board refused to approve his appointment. Mr. Cummings responded to Chairman Eccles' statement with the comment that he would take the matter up with Mr. Schram this afternoon.

A memorandum covering in more detail the discussion with Mr. Cummings has been placed in the Board's files.

At this point Mr. Cummings left the meeting and the action stated with respect to each of the matters hereinafter referred to was then taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on February 28, 1941, were approved unanimously.

Memoranda dated February 26, 1941, from Mr. Morrill, Secretary, recommending, for the reasons stated in the memoranda, that the following increases be made in salaries of employees in the Secretary's Office, effective as of March 1, 1941:

<u>Name</u>	<u>Designation</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
Robert W. Rieseberg	Accounting Clerk	\$1,500	\$1,800
Miles R. Ellison	Clerk	1,500	1,800
Arden Ball	Stenographer	1,560	1,620
Chester B. Dampley	Painter	1,740	1,860

Approved unanimously.

3/1/41

-4-

Letter to the Federal Reserve Bank of St. Louis, reading
as follows:

"The Board of Governors approves the changes in
the personnel classification plan of the Federal Re-
serve Bank of St. Louis and the Little Rock Branch as
requested in your letters of February 21 and February
24, 1941."

Approved unanimously.

Thereupon the meeting adjourned.

Robert Morrie
Secretary.

Approved:

W. S. ...
Chairman.