

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, March 22, 1948.

PRESENT: Mr. Szymczak, Chairman pro tem.
Mr. Draper
Mr. Evans
Mr. Clayton

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Morrill, Special Adviser
Mr. Thurston, Assistant to the Chairman

Minutes of actions taken by the Board of Governors of the Federal Reserve System on March 19, 1948, were approved unanimously.

Memorandum dated March 17, 1948, from Mr. Bethea, Director of the Division of Administrative Services, recommending the appointment of Miss Loverne Templeton as a stenographer in that Division with basic salary at the rate of \$2,394 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed the usual physical examination. The memorandum also stated that Miss Templeton was a member of the Civil Service retirement system and would remain in that system.

Approved unanimously.

Letter to Mr. Fletcher, First Vice President of the Federal Reserve Bank of Cleveland, reading as follows:

"For the reasons outlined in your letter of March 15, 1948, the Board approves the payment of \$953 by the Federal Reserve Bank of Cleveland to the Retirement System on behalf of Ernest L. Buescher."

Approved unanimously.

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Letter to Mr. Young, President of the Federal Reserve Bank of Chicago, reading as follows:

"The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Chicago and the Detroit Branch for the period April 1, 1948 through March 31, 1949, at the rates indicated, which are the rates fixed by the Board of Directors as reported in your letters of January 9 and February 19, 1948:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Neil B. Dawes	Vice President	\$13,600
Wilford R. Diercks	Vice President	12,000
J. H. Dillard	Vice President	15,700*
John K. Langum	Vice President	11,000
Otto J. Netterstrom	Vice President	16,100
Arthur L. Olson	Vice President	15,600
Alfred T. Sihler	Vice President	17,000
Allan M. Black	Cashier	11,500
Paul C. Hodge	General Counsel	11,500
Laurence H. Jones	Assistant Vice President	9,000
Mark A. Lies	Assistant Vice President	10,000
Frank A. Lindsten	Assistant Vice President	10,000
Louis G. Meyer	Assistant Vice President	10,000
F. L. Purrington	Assistant Vice President	10,000
Wm. W. Turner	Assistant Vice President	11,000
John J. Endres	Auditor	12,000
John W. Garvy	Assistant General Counsel	9,500
Orville C. Barton	Assistant Counsel	7,450
Edward D. Bristow	Assistant Cashier	6,000
Phil C. Carroll	Assistant Cashier	7,500
Edward A. Heath	Asst. Cashier & Asst. Secretary	7,500
Walter A. Hopkins	Assistant Cashier	9,500
Clarence T. Laibly	Assistant Cashier	8,500
Harold J. Newman	Assistant Cashier	9,000
Ingolf Petersen	Assistant Cashier	8,000
Carl M. Saltnes	Assistant Cashier	8,000

*It is understood that Mr. Dillard, who reaches age 65 on September 17, 1948, will be retired under the normal procedure.

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<u>"Name</u>	<u>"Detroit Branch Title</u>	<u>Annual Salary</u>
Ernest C. Harris 1/	Vice President	\$17,500
Harlan J. Chalfont	Manager	12,500
Harold L. Diehl	Cashier	8,500
Richard W. Bloomfield	Assistant Cashier	8,500
Arthur J. Wiegandt	Assistant Cashier	7,500
Kenneth E. Haefele	Asst. Counsel and Asst. Cashier	7,500

1/ Vice President Head Office assigned to Detroit Branch.

"The Board also approves the payment of salaries to you as President at the rate of \$35,000 per annum, and to Mr. C. B. Dunn as First Vice President at the rate of \$20,000 per annum, for the period April 1, 1948 through March 31, 1949."

Approved unanimously.

Telegram to Mr. William H. Bryce, Vice President, Dixie

Wax Paper Company, Memphis, Tennessee, reading as follows:

"Board of Governors of the Federal Reserve System has appointed you Class C Director of the Federal Reserve Bank of St. Louis for unexpired portion of term ending December 31, 1950, and Deputy Chairman for balance of year 1948, and will be pleased to have your acceptance by collect telegram. It is understood you have arranged to dispose of bank stocks now held by you in compliance with applicable provision of Federal Reserve Act."

Approved unanimously.

Letter to Mr. Powell, First Vice President of the Federal

Reserve Bank of Minneapolis, reading as follows:

"The Board approves the proposal contained in your letter of March 11, 1948 that the Federal Reserve Bank of Minneapolis provide its employees with hospitalization insurance from the Connecticut General Life Insurance Company, provided that on the average the cost

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"absorbed by the Bank does not exceed two-thirds of the total cost."

Approved unanimously.

Letter to the Presidents of all Federal Reserve Banks reading as follows:

"Reference is made to the Board's letter of December 5, 1947, requesting advice as to the situation at the Reserve Banks with respect to the classification of assistant examiners under the Fair Labor Standards Act, and inquiring of each bank whether it felt that the matter of obtaining a ruling as to the classification of assistant examiners should be taken up with the Administrator of the Wages and Hours Division either on behalf of all Federal Reserve Banks or on behalf of individual Reserve Banks.

"The Board has considered this problem in some detail and has discussed the matter in the light of the replies received from the Federal Reserve Banks, the history of the subject, and the policy involved. As you will recall, the Conference of Presidents in 1938 expressed the view that as a matter of policy all of the Federal Reserve Banks, for the time being at least, should conform to the standards established by the Fair Labor Standards Act of 1938 and it is understood that this is the practice which has been followed since that time. The Board in its letter of October 25, 1938, advised of its concurrence in the view of the Presidents as to conformance with the standards of the Act and stated that doubts as to the applicability of the Act to particular employees should be resolved in favor of its applicability, at least until the situation should be clarified by rulings.

"It is understood that the question of the application of the law to assistant examiners has been taken up by a number of the Federal Reserve Banks with regional representatives of the Wages and Hours Division of the Labor Department. The question was also submitted with respect to one of the Federal Reserve Banks to the national office of the Wages and Hours Division in Washington, and the Chief of the Exemptions Section, on the basis

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"of inspections of four other Federal Reserve Banks, held that assistant examiners are not exempt from the Act. This ruling noted that occasionally an experienced assistant examiner is assigned an examination, which he plans and performs 'from beginning to end, without supervision' and stated that such an assistant examiner is performing exempt administrative work in any work-week where he is exclusively so engaged. It is the Board's understanding, on the basis of this ruling and of oral discussions with representatives of the Wages and Hours Division, that the classification of an assistant examiner as exempt or nonexempt does not depend upon his title but, like other similar questions, depends upon the duties actually performed by the employee.

"At the present time, at eleven of the Federal Reserve Banks assistant examiners are classified as non-exempt, either on the basis of a decision made by the Reserve Bank itself or on the basis of a position by the regional representatives of the Wages and Hours Division. At one Federal Reserve Bank, assistant examiners are classified as exempt on the basis of an oral decision of representatives of the regional office of the Division.

"In responding to the Board's letter of December 5, 1947, seven Federal Reserve Banks have asked that the matter of obtaining a ruling with respect to assistant examiners from the Administrator of the Wages and Hours Division be taken up by the Board either on a System basis or on behalf of these banks individually, while five of the banks have indicated either that they prefer that the matter not be taken up in their behalf or that they are satisfied to let the matter rest as it is. Apparently, therefore, a number of the banks consider that the classification of assistant examiners as non-exempt causes them no serious difficulties.

"Irrespective of the proper answer to the question whether as a legal matter assistant examiners should be classified as exempt or nonexempt, the Board is conscious of the fact that assistant examiners generally speaking receive modest salaries and that the principal issues involved, at least from the standpoint of the employees, is whether they are required to be compensated on a time-and-a-half basis for overtime work and what periods, such as

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"travel time, are to be included in their hours of work as a basis for compensation.

"In the light of all the circumstances stated above, the Board has reached the conclusion that it would not be desirable as a matter of policy for the Board to request any further consideration of this question from the Administrator of the Wages and Hours Division, either formally by letter or informally through its representatives. For like reasons, the Board agrees with the position of the Presidents as reported at the recent Conference that the Federal Reserve Banks should not engage in litigation on this question. There is, of course, no objection to any Reserve Bank's discussing this matter with the appropriate regional office of the Wages and Hours Division and obtaining an opinion of the regional office on the question if it desires to do so."

Approved unanimously.

Telegram to Mr. Symms, Assistant Vice President of the Federal Reserve Bank of San Francisco, reading as follows:

"Reurtel March 20 Pacific Gas and Electric Company rights. These rights are 'securities exchangeable or convertible within a reasonable time, without restriction other than the payment of money' into the common stock, within the meaning of section 3(d)(3) of Regulation T and the similar language of section 4(d)(2)."

Approved unanimously.

Telegram to Mr. Knoke, Vice President of the Federal Reserve Bank of New York, reading as follows:

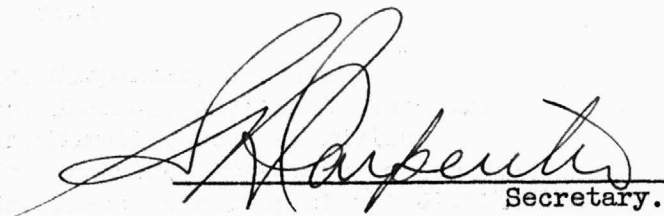
"Your wire March 18. In anticipation of receipt of request from Banque de Grece, Board approves further extension of all or part of the remaining \$6,800,000 gold loan maturing March 24 on the same terms and conditions as applied to the maturing loan, which were set forth in your telegram of December 18, 1947 and the Board's reply of December 19, 1947.

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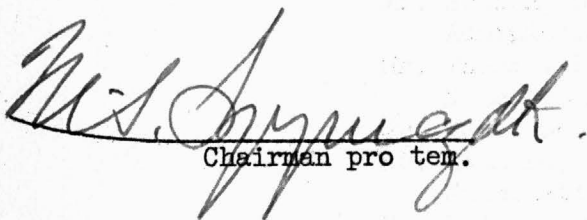
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"It is understood that the usual participation in any extension of the loan will be offered to the other Federal Reserve Banks."

Approved unanimously.


Secretary.

Approved:


Chairman pro tem.