

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

X-9548

April 15, 1936.

SUBJECT: Employment of special counsel
by Federal Reserve banks.

Dear Sir:

In connection with the Board's letter, X-4531, of February 15, 1926 ruling, as an administrative matter, that the compensation paid by the Federal Reserve banks to attorneys employed to assist the bank's regular counsel should have its approval and that before employing a special attorney whose services were likely to require an expenditure by a Reserve bank in excess of \$1,000 the matter should be submitted to the Board, one of the Federal Reserve banks has pointed out that from time to time cases arise of such a nature that it cannot be said in advance what services will be necessary and consequently where the likelihood of the fee exceeding \$1,000 is dependent entirely upon the development of the case after the time of the original employment.

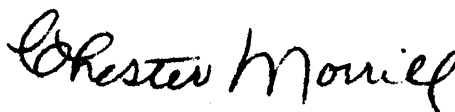
The counsel for the Federal Reserve bank in question advised that in such cases it had heretofore been his practice to employ associate counsel where necessary but that such associate counsel had

been asked to agree that the fee would be subject to the review of the Board of Governors of the Federal Reserve System if the Board wished to review it. The Board was asked if such practice was in accordance with its requirements in connection with the previous ruling.

The Board has considered the matter and has decided that in cases where there is a possibility that the entire fee may exceed \$1,000 but where the initial fee does not exceed such sum and where there is reasonable expectation that the case will be disposed of without the necessity of the payment of an additional fee, Federal Reserve banks, without the necessity of submitting the matter to the Board, may employ special counsel subject to the following conditions:

1. That an agreement be obtained from such special counsel that the fee will be subject to final review and approval by the Board; and
2. That such Federal Reserve bank, before paying any fee, which together with fees already paid, will exceed \$1,000, submit the same to and obtain the approval of the Board.

Yours very truly,



Chester Morrill,
Secretary.

TO PRESIDENTS OF ALL FEDERAL RESERVE BANKS