

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

X-9732

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



November 7, 1936.

Dear Sir:

There is inclosed, for your information, a copy of a letter, dated November 7, 1936, to President Harrison, Chairman of the Presidents' Conference, together with the inclosures referred to therein, with respect to the fees and allowances paid to directors, and to the frequency of meetings of Boards of Directors, Executive Committees, Discount Committees, and other committees of Federal Reserve banks.

Very truly yours,

Chester Morrill,
Secretary.

Inclosures.

TO ALL PRESIDENTS

COPY

X-9732-a

November 7, 1936

Mr. George L. Harrison, Chairman,
Presidents' Conference,
c/o Federal Reserve Bank of New York,
New York, New York.

Dear Mr. Harrison:

Reference is made to the Board's letter of June 9, 1936, (X-9614), requesting information with respect to fees, compensation and traveling allowances paid to directors of the Federal Reserve banks and branches for attending board meetings, meetings of the executive and discount committees, and other meetings.

Attached are two memoranda submitted by the Chief of the Board's Division of Bank Operations with respect to fees and allowances paid to directors and to the frequency of meetings of boards of directors, executive committees, discount committees, and other committees. Accompanying the memorandum on fees and allowances are two tables compiled from the replies to the Board's letter, X-9614, and accompanying the other memorandum is a table on frequency of meetings, which is based on such information as is available in the Board's files. In tabulating the information on these subjects it was not feasible to indicate fully by footnote or otherwise the practice at each Federal Reserve bank and branch and, accordingly, the information contained in these tables indicates only in general the practice followed at a given bank or branch.

The Board will appreciate it if you will place the subjects dealt with in these memoranda on the program for discussion at the next Presidents' Conference.

Copies of this letter and the memoranda referred to above are being sent to the Presidents of all Federal Reserve banks.

Very truly yours,

(Signed) Chester Morrill

Chester Morrill,
Secretary.

Inclosures.

X-9732-b

Board of Governors

Compensation and traveling expenses of Directors of Federal Reserve banks and branches.

Mr. Smead

Replies to the Board's letter of June 9, 1936, (X-9614), regarding fees and traveling expenses allowed directors for attendance at meetings of the Board of Directors and of committees appointed by the Board have been received from all of the Federal Reserve banks. Replies to the questionnaire sent with the letter have been tabulated and are summarized in the two tables attached.

Fees Paid (Table I). All of the head offices pay \$20 as the fee for attendance at board of directors' meetings. Boston, New York, Philadelphia, Cleveland, and San Francisco pay a like amount for attendance at meetings of executive and other committees, while the remaining seven banks pay \$10 for committee meetings. St. Louis reported that no fee was paid for attendance at committee meetings other than the executive committee. Six of the head offices indicated that the specified fee for meetings is paid even when two or more meetings are held on the same day, although at two of these (Boston and San Francisco) the full fee is not paid for the additional meeting or meetings. The Dallas bank expressed the opinion that only one fee, the highest, should be paid directors attending two or more meetings on the same day.

Fourteen branches pay \$10 and eleven pay \$20 for attendance at meetings of the board of directors. Fees ranging from \$2.50 to \$20 are paid for attendance at committee meetings.

Per Diem Allowance to Directors Residing over 50 miles from Meeting Place (Table I). The Board's letter of December 21, 1914, with respect to fees, compensation and traveling expenses of directors, authorized the payment to directors living more than 50 miles from the Federal Reserve banks of "\$10.00 per day for every day they are away from home on account of attendance, from the time they start until the time they get back". The letter also stated that "this makes a \$10.00 per day compensation in addition to the director's fee".

Table I shows that the per diem allowance at all of the head offices is \$10 except at San Francisco, where it is \$15 and where the allowance is based on a distance of 25 miles rather than 50. However, at San Francisco, and also at Dallas, no other payment is made for subsistence expenses. At three head offices the per diem allowance is paid only for attendance at board of directors' meetings and not for committee meetings. At seven of the head offices the per diem allowance is paid for parts of days other than the meeting day utilized in attending meetings.

Per diem allowances are paid at only eleven of the branches, and at three of these such allowance is not paid for the day of the meeting.

Subsistence. (Table II). Directors are given lunch at the expense of the bank at four of the branches and at all of the head offices except Boston, Philadelphia and San Francisco. Non-resident directors residing within 50 miles of the meeting place receive an allowance or reimbursement for subsistence at two head offices and at eleven branches. At all head offices, except Dallas, and at all branches, non-resident directors residing beyond 50 miles from the meeting place are given an

allowance or are reimbursed for subsistence. The exception at Dallas apparently arises from the position taken in the Board's letter of April 25, 1929, to Chairman Walsh, in which it was stated that the \$10 per diem allowance authorized in the Board's letter of December 21, 1914, as referred to above, is in lieu of reimbursement for actual subsistence expenses.

Of the thirteen head offices and branches that pay an "allowance" to out-of-town directors for subsistence expenses in lieu of reimbursement for such expenses actually incurred, the replies of six banks indicate that such allowances "approximate" actual expenses, in some cases being based on average expenditures incurred by the directors. The remaining banks that pay allowances in lieu of actual expenses report varying amounts paid as follows: New York, approximately \$5; Atlanta, hotel \$5, meals \$2 each (other than luncheon furnished by bank), and incidentals \$3; Kansas City, Denver, Oklahoma City, and Omaha, \$10 per round trip; and Buffalo, \$10 when director is absent over night from place of residence.

Transportation. (Table II). At six of the head offices and at three branches non-resident directors residing within 50 miles of the place of meeting are not paid for their transportation expenses. At all of the head offices and branches non-resident directors residing beyond 50 miles of the meeting place receive an allowance for or a reimbursement of transportation expense.

Comments of Reserve Banks Regarding Compensating Directors. The Board's letter transmitting the questionnaire asked for suggestions with

respect to the method of compensating directors, particularly as to whether the 50 mile radius mentioned in the Board's letter of December 21, 1914, was considered a satisfactory basis for per diem allowances. The New York, Philadelphia, Richmond, Chicago, and St. Louis banks indicated that the 50 mile basis was satisfactory. Atlanta and Minneapolis made no comment in regard thereto. Boston stated that if the purpose of the per diem allowance was to provide more compensation for a director residing at a distance on the theory that it takes more time from his ordinary activities, it might be simpler to base the allowance on time consumed, without regard to distance, and allow such per diem for any substantial part of a business day, such as one-half or more. The Boston letter also expressed the opinion that some measure of discretion should be left to the Reserve bank in applying the per diem basis or determining allowances paid directors. Cleveland suggested that the per diem allowance apply equally to all directors. Kansas City suggested that some flexibility be permitted and that determination of the amount of per diem and expense allowances paid directors who live within a fifty mile radius be left to the Reserve bank since "in occasional instances there are border line cases to which...a fixed limitation of 50 miles should not apply". Dallas favors discontinuing the per diem allowance and substituting reimbursement of "actual traveling and living expenses incurred" by directors from the time of leaving their place of residence for the meeting until their return. San Francisco stated that normally 50 miles would be a satisfactory figure but that the particular situation might justify consideration of a lesser distance. The San Francisco

bank, with the approval of the Board of Governors, pays a per diem allowance to directors situated more than 25 miles from the Reserve bank, which allowance also covers subsistence. Richmond suggested that if any change is made in the matter of per diem allowances consideration might be given to basing the radius on the director's place of business rather than his residence.

Miscellaneous Questions Raised by Reserve Banks. Certain other suggestions or comments were made. Boston referred to the fact that the Chairman was no longer a salaried director and will now be paid for directors' meetings and executive and State bank committee meetings and should be paid also for other meetings, including consultations with the officers. At present the Boston bank pays a fee for attendance at meetings of the board of directors, the executive committee and the Committee on the Admission of State Banks and Trust Companies but not for meetings of other standing committees or special committees. The question was raised whether the Board of Governors would have any objection to the Boston bank's establishing the same fees and allowances for all other committees as for the executive committee. The New York bank requested that the Board of Governors give consideration to the possibility of proposing that the law be amended so as to permit payment of a fee to the members of the Industrial Advisory Committee. Philadelphia suggested that where one or more days intervene between original and adjourned meetings, a director should be entitled to the regular fee for each intervening day when circumstances render it impracticable for him to make the trip to and from his home in the interim.

TABLE I.
FEES PAID FOR ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS AND
COMMITTEES AT FEDERAL RESERVE BANKS AND BRANCHES
(Source: Replies to Board's letter X-9614 of June 9, 1936)

Meetings of	Exec- utive Com- mittee	Other held on same day?	Is fee paid for more than one meeting if held on same day?	Per diem allowance to direc- tors residing beyond 50 miles from meeting	Amount paid for day or days of meeting?	Paid if or days of meeting? home part of addi- tional day?
<u>HEAD OFFICES</u>						
Boston	\$20	\$20 <u>a/</u>	\$20 <u>b/</u>	yes	\$10	yes <u>c/</u>
New York	20	20	20	yes	10	yes
Philadelphia	20	20	20	no <u>d/</u>	10	yes
Cleveland	20	20	20	no	10	yes
Richmond	20	10	10	no	10 <u>e/</u>	yes <u>e/</u>
Atlanta	20	10	10	no	10 <u>e/</u>	yes <u>e/</u>
Chicago	20	10	10	yes	10	yes
St. Louis	20	10	no fee	no	10	yes
Minneapolis	20	10	10	no	10 <u>e/</u>	yes <u>e/</u>
Kansas City	20	10	10	yes	10	yes
Dallas	20	10	10	yes	10 <u>h/</u>	yes
San Francisco	20	20	20	yes <u>i/</u>	15 <u>j/</u>	yes
<u>BRANCHES</u>						
Buffalo	20	20	20	yes	none	--
Cincinnati	10	--	--	no	none	--
Pittsburgh	10	--	--	no	none	--
Baltimore	10	5	--	no	10 <u>e/</u>	no
Charlotte	10	5	--	no	10 <u>e/</u>	no
Birmingham	10	--	--	no	none	--
Jacksonville	10	--	--	no	none	--
Nashville	10	--	--	no	none	--
New Orleans	20	10 <u>k/</u>	--	no	none	--
Detroit	10	--	10	no	none	--
Little Rock	10	10 <u>l/</u>	--	no	none	--
Louisville	10	10 <u>l/</u>	--	no	none	--
Memphis	10	10 <u>l/</u>	--	no	none	--
Helena	20	7.50	--	?	10 <u>e/</u>	no
Denver	20	10 <u>k/</u>	--	yes	10	yes
Oklahoma City	20	10 <u>k/</u>	--	yes	10	yes
Omaha	20	10 <u>k/</u>	--	yes	10	yes
El Paso	10	2.50	2.50	no	none	--
Houston	10	2.50	2.50	no	none	--
San Antonio	10	2.50	2.50	no	none	--
Los Angeles	20	20 <u>k/</u>	20	yes <u>i/</u>	15 <u>j/</u>	yes
Portland	20	20 <u>k/</u>	20	yes <u>i/</u>	15 <u>j/</u>	yes
Salt Lake City	20	20 <u>k/</u>	20	yes <u>i/</u>	15 <u>j/</u>	yes
Seattle	20	20 <u>k/</u>	20	yes <u>i/</u>	15 <u>j/</u>	yes
Spokane	20	20 <u>k/</u>	20	yes <u>i/</u>	15 <u>j/</u>	yes

a/ One-half amount stated if meeting on same day as meeting of Board of Directors.

b/ Meeting of Committee on Admission of State Banks and Trust Companies only. One-half amount stated if meeting on same day as meeting of Board of Directors or Executive Committee.

c/ No present case. Paid in former years.

d/ Believes payment should be made.

e/ Board of Directors' meetings only.

f/ Paid for each full day's absence from home. Fractional part of day is not considered.

g/ If all or substantially all of working day.

h/ Includes subsistence.

i/ Maximum of \$30.

j/ Place of business 25 miles or more from place of meeting. Includes subsistence.

k/ Discount committee.

l/ Credit committee.

m/ Paid for each additional day absent from home.

TABLE II.
SUBSISTENCE AND TRANSPORTATION EXPENSES OR ALLOWANCES PAID
DIRECTORS AT FEDERAL RESERVE BANKS AND BRANCHES
(Source: Replies to Board's letter X-9614 of June 9, 1936)

	Subsistence			Transportation	
	Resident Directors	Non-residents residing within 50 miles	Non-residents residing beyond 50 miles	Non-residents residing within 50 miles	Non-residents residing beyond 50 miles
<u>HEAD OFFICES</u>					
Boston	none	allowance	allowance	allowance	allowance
New York	lunch	lunch	allowance	none	allowance
Philadelphia	none	none	allowance	none	allowance
Cleveland	lunch	lunch	allowance	none	allowance
Richmond	lunch	lunch	actual	none	actual
Atlanta	lunch	allowance	allowance	allowance	allowance
Chicago	lunch	lunch	actual	none	actual
St. Louis	lunch	a/	actual	a/	actual
Minneapolis	lunch	lunch	allowance	none	actual
Kansas City	lunch	a/	allowance	a/	allowance
Dallas	lunch	lunch	b/	actual	actual
San Francisco	none	c/	c/	g/	actual
<u>BRANCHES</u>					
Buffalo	lunch	lunch	allowance d/	allowance	allowance
Cincinnati	none	none	allowance	none	allowance
Pittsburgh	none	none	allowance	none	allowance
Baltimore	lunch	e/	actual	actual	actual
Charlotte	none	e/	actual	actual	actual
Birmingham	none	actual	actual	actual	actual
Jacksonville	none	actual	actual	actual	actual
Nashville	none	actual	actual	actual	actual
New Orleans	none	actual	actual	actual	actual
Detroit	none	none	actual	none	actual
Little Rock	none	actual	actual	actual	actual
Louisville	none	actual	actual	actual	actual
Memphis	none	actual	actual	actual	actual
Helena	?	actual	actual	actual	actual
Denver	lunch	a/	allowance	e/	actual
Oklahoma City	none	a/	allowance	e/	actual
Omaha	lunch	a/	allowance	a/	actual
El Paso	none	actual	actual	actual	actual f/
Houston	none	actual	actual	actual	actual
San Antonio	none	actual	actual	actual	actual
Los Angeles	none	c/	c/	g/	actual
Portland	none	c/	c/	g/	actual
Salt Lake City	none	c/	c/	g/	actual
Seattle	none	c/	c/	g/	actual
Spokane	none	c/	c/	g/	actual

a/ No such directors

b/ Per diem allowance includes subsistence

c/ Per diem allowance paid directors whose place of business is beyond 25 miles includes subsistence.

d/ If director is absent from home over night.

e/ Expense reimbursed if warranted by circumstances.

f/ Allowance substituted in some cases when automobile is used.

g/ No instances have arisen. Bank would honor any such request.

X-9732-c

OFFICE CORRESPONDENCE

TO Board of Governors SUBJECT: Frequency of meetings of
 board of directors and
 FROM Mr. Smead committees at Federal Re-
 serve banks and branches.

The attached statement shows the frequency of meetings of the boards of directors and the executive committees (discount or credit committee at some of the branches) at the Federal Reserve banks and branches. The statement was compiled from the latest available information in the Board's files and therefore may not, in all cases, be up to date. The by-laws of a number of banks are in process of revision and this, of course, may change the composition of committees and the frequency of meetings thereof.

Board of Directors.

Head Offices. The Federal Reserve banks may be placed in three groups as regards the frequency of regular meetings of the boards of directors. At the Federal Reserve Bank of New York meetings are weekly; at the Federal Reserve Banks of Boston, Philadelphia, St. Louis, Kansas City and San Francisco they are bi-weekly or semi-monthly; and at the Federal Reserve Banks of Cleveland, Richmond, Atlanta, Chicago, Minneapolis and Dallas they are held either monthly or every four weeks.

Branches. The board of directors meets monthly at every branch.

Executive Committee.

Head Offices. The directors of the New York bank voted on

September 12, 1935 that meetings of the executive committee be omitted until the necessity therefore arose. The board of directors meets weekly at this bank. At the Federal Reserve Banks of Boston and Richmond meetings of the executive committee are held upon call. Only one meeting of the executive committee at the Boston bank was held between June 29, 1935 and July 22, 1936. At Cleveland and Minneapolis, meetings are held every 14 days, and semi-monthly meetings are held at Dallas. At Philadelphia meetings are held on the 2nd, 4th and 5th Wednesdays of each month. Weekly meetings are held at Chicago and San Francisco, semi-weekly meetings are held at Atlanta, and meetings are held three times a week at St. Louis. Daily meetings are held at Kansas City.

Branches. Ten of the branches, Cincinnati, Pittsburgh, Birmingham, Jacksonville, Nashville, Los Angeles, Portland, Salt Lake City, Seattle and Spokane, have no committees. At 11 of the branches, Baltimore, Charlotte, New Orleans, Detroit, Little Rock, Louisville, Memphis, Helena, El Paso, Houston and San Antonio, the executive committee (or discount or credit committee) meets only on call. It is noted in this connection that no meetings of the executive committee have been called at Charlotte since the opening of the branch. Semi-weekly meetings of the executive committee are held at the Buffalo branch. While daily meetings of the discount committee are held at the Denver, Oklahoma City and Omaha branches, the director on the committee who receives an attendance fee is not called unless there are offerings to be considered.

Discount Committees.

At the present time, the by-laws of 6 banks, Cleveland, Richmond, Atlanta, Chicago, Minneapolis and Dallas provide for a Discount Committee and a letter dated March 4, 1936 from Mr. Case states that the New York bank has a Discount Committee. The Discount Committees at the Federal Reserve Banks of New York, Cleveland, and Dallas are composed entirely of officers.

At the Federal Reserve Bank of Richmond, the Discount Committee is composed of the President, Federal Reserve Agent (or, in his absence, an Assistant Federal Reserve Agent designated by him), and one or more executive officers appointed by the President. A majority of the Committee constitutes a quorum. The Committee meets on call. The Discount Committee at Atlanta, which includes one director who receives an attendance fee, meets daily.

The by-laws of the Federal Reserve Bank of Chicago provide for a Discount Committee composed of 3 members (directors or executive officers), which meets in the interim between Executive Committee meetings.

It is understood that the Discount Committee at the Federal Reserve Bank of Minneapolis, which includes one Class "A" or "B" director, meets daily. According to the by-laws the Discount Committee has power to fix the time and place of holding its meetings and has authority to pass on discounts, to buy and sell securities, and "in general, to conduct business of the bank as allowed by law subject

to the supervision and control of the Board of Directors and the Executive Committee".

Other Committees.

From time to time the boards of directors of various banks appoint special committees such as a "Building Committee", and it is understood that some banks have other committees, such as an "Audit Committee" and a "Committee on the Welfare of the Staff" which meet at infrequent intervals. Complete information regarding such committees is not available at the Board's offices.

MEETINGS OF BOARD OF DIRECTORS OF FEDERAL RESERVE BANKS AND BRANCHES
AND OF THE EXECUTIVE COMMITTEE

(NOTE: This statement was compiled from latest available information contained in by-laws and reports of examination. A number of the by-laws are in process of revision and this may change the composition of committees and the frequency of meetings thereof.)

Banks and Branches	Board of Directors meets -	Executive Committee		
		Meets -	Directors, including Chairman and Federal Reserve Agent, but excluding Managing Director	
			Number	For quorum
Boston	Bi-weekly	On call <u>a/</u>	2 or more	2
New York	Weekly	<u>b/</u>	4 or more	3
Philadelphia	Semi-monthly	2nd, 4th & 5th Wednesdays of each month	4	2
Cleveland	Every 28 days	Every 14 days	5	3
Richmond	Monthly	On call	2	2
Atlanta	Monthly	Semi-weekly	4	3
Chicago	Monthly <u>c/</u>	Weekly	5	3
St. Louis	Semi-monthly	Thrice weekly	4	2
Minneapolis	Monthly	Every 14 days	3	2
Kansas City	Semi-monthly	Daily	2	1
Dallas	Monthly	Semi-monthly	4	2
San Francisco	Bi-weekly	Weekly	5	3
Buffalo	Monthly	Semi-weekly	1	1
Cincinnati	Monthly	No Exec. Com.	---	---
Pittsburgh	Monthly	No Exec. Com.	---	---
Baltimore	Monthly	On call	1	0
Charlotte	Monthly	On call <u>d/</u>	1	0
Birmingham	Monthly	No Exec. Com.	---	---
Jacksonville	Monthly	No Exec. Com.	---	---
Nashville	Monthly	No Exec. Com.	---	---
New Orleans	Monthly	On call <u>e/ f/</u>	4	2
Detroit	Monthly	<u>e/ g/</u>	2 ?	?
Little Rock	Monthly	On call <u>h/</u>	Not over 3	?
Louisville	Monthly	On call <u>h/</u>	Not over 3	?
Memphis	Monthly	On call <u>h/</u>	Not over 3	?
Helena	Monthly	On call ?	2	2
Denver	Monthly	Daily <u>e/ i/</u>	1	0
Oklahoma City	Monthly	Daily <u>e/ i/</u>	1	0
Omaha	Monthly	Daily <u>e/ i/</u>	1	0
El Paso	Monthly	On call <u>j/</u>	2	1
Houston	Monthly	On call <u>j/</u>	2	1
San Antonio	Monthly	On call <u>j/</u>	2	1
Los Angeles	Monthly	No committee	---	---
Portland	Monthly	No committee	---	---
Salt Lake City	Monthly	No committee	---	---
Seattle	Monthly	No committee	---	---
Spokane	Monthly	No committee	---	---

a/ Only one meeting held between 6/29/35 and 7/22/36.

b/ Directors voted 9/12/35 that meetings be omitted until necessity therefore arose

c/ Additional meeting in January.

d/ No meetings since opening of branch.

e/ Discount Committee.

f/ Meets daily provided there are offerings for consideration except those secured by U. S. Government obligations.

g/ Meets at such times as shall be fixed by Detroit Board of Directors from time to time.

h/ Credit Committee.

i/ Director receiving an attendance fee not called unless there are offerings to be considered.

j/ Meetings held when offerings are received except those secured by U. S. Government obligations or renewals of member bank collateral notes secured by bills receivable.