

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

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To Board of Governors

From Office of the Secretary

Date January 19, 1970.

Subject: Reserve Bank Directors'

Fees and Allowances.

This memorandum, which reports the receipt of an inquiry by President Hickman of the Cleveland Reserve Bank concerning the fees paid to directors of the Reserve Banks, proposes that a survey be taken of the views of the Chairmen on this subject.

President Hickman wrote to Chairman Martin requesting that the Board interpret its letter of November 24, 1967 (S-2037), which sets forth the schedule of maximum fees and allowances for directors of the Federal Reserve Banks and branches and for members of the Federal Advisory Council. A copy of the 1967 letter is attached.

President Hickman's comments were as follows:

"Specifically, we are concerned about the treatment of directors who use a substantial portion of a business day in travel time on the day preceding or following a regular meeting involving System activities. A director, for example, may be required to leave his home or office on the morning or early afternoon preceding a System meeting in an east coast or west coast city, thus losing, in effect, the better part of two or more business days. Under the uniform schedule of maximum fees detailed in the S-2037 letter, strictly interpreted, we should pay a director a fee for only one business day, and yet equity would indicate to me that payment should be made for the day or days preceding or following a meeting during which a substantial portion of the director's time is used for travel."

The Board's 1967 letter superseded a schedule which had been established in 1956. That earlier schedule was, in part, the result of a survey of the views of the Reserve Bank Chairmen on this subject. (An excerpt from the pertinent Board minutes is attached.)

In the light of President Hickman's letter and because so many years have elapsed since the earlier survey was taken, it may now be appropriate once again to solicit the Chairmen's comments. Attached for the Board's consideration is a draft of a proposed letter to the Chairmen, together with a response to President Hickman.

Attachments

See
MINUTES

JAN 21 1970

See 1/22/70 letter + 2-7071 1/21/70

Dear Sir:

The Board recently received a request from the President of one of the Reserve Banks that it interpret its letter of November 24, 1967 (S-2037) which sets forth the schedule of maximum fees and allowances for directors of the Federal Reserve Banks and branches and for members of the Federal Advisory Council. Specifically, the President was concerned that because of the long distances they must often travel to and from meetings involving official System activities, directors may lose one or more business days for which the current schedule does not permit the payment of a fee.

Once before, by letter of August 28, 1956, the Board solicited the views of the Chairmen of the Federal Reserve Banks on the subject of directors' fees and allowances. The passage of time and the concern expressed by the President in his letter indicate that it would be appropriate for the Board again to seek advice.

The Board would therefore appreciate your comments on the issue raised by the Reserve Bank President or any other changes that might appear desirable to you. It would also appreciate whatever suggestions you may wish to make regarding the existing schedule of allowances for expenses.

A copy of this letter is being sent to the President
of your Bank.

Very truly yours,

Robert C. Holland,
Secretary.

TO THE CHAIRMEN AND PRESIDENTS OF ALL FEDERAL RESERVE BANKS

GILBERT BOND

25% COTTON