

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, July 12, 1945, at 11:00 a.m.

PRESENT: Mr. Ransom, Vice Chairman
Mr. McKee
Mr. Evans

Mr. Carpenter, Secretary
Mr. Connell, General Assistant,
Office of the Secretary
Mr. Morrill, Special Adviser
Mr. Thurston, Assistant to the Chairman

The action stated with respect to each of the matters herein-after referred to was taken by the Board:

Letter to Mr. Rounds, First Vice President of the Federal Reserve Bank of New York, reading as follows:

"In accordance with the request contained in your letter of June 29, 1945, the Board of Governors approves, effective July 1, 1945, the payment of salary to Mr. J. Harding Cowan, Special Attorney, at the rate of \$8,000 per annum."

Approved unanimously, together with a letter to The Commissioner of Internal Revenue, Salary Stabilization Unit, transmitting a certificate with respect to the increase in the salary of Mr. Cowan.

Letter to Mr. Williams, President of the Federal Reserve Bank of Philadelphia, reading as follows:

"The Board of Governors approves payment of salaries to you as President at the rate of \$25,000 per annum, and to Mr. Frank J. Drinnen as First Vice President at the rate of \$16,000 per annum, for the period May 1, 1945, to the expiration of the terms of office February 28, 1946.

"The Board of Governors also approves payment of salaries to the other officers of the Bank at the following rates for the period May 1, 1945, through April 30, 1946.

7/12/45

-2-

<u>"Name</u>	<u>Title</u>	<u>Annual Salary</u>
W. John Davis	Vice President	\$15,000
C. A. Sienkiewicz	Vice President	14,000
E. C. Hill	Vice President	12,000
C. A. McIlhenny	Vice President and Cashier	10,000
William G. McCreedy	Assistant Vice President and Secretary	11,000
Karl R. Bopp	Director of Research	10,000
Philip M. Poorman	General Auditor	9,000
L. E. Donaldson	Assistant Vice President	8,500
Robert N. Hilkert	Assistant Vice President	8,500
Wallace M. Catanach	Assistant Cashier	6,000
William D. Cobb	Assistant Cashier	7,000

"The Board of Governors also approves the payment of a retainer fee to the firm of MacCoy, Brittain, Evans and Lewis at the rate of \$2,500 per annum, for the period May 1, 1945, through April 30, 1946.

"The above rates are as fixed by the Board of Directors, as submitted with your letter of July 7, 1945.

"It is believed that the salaries for Messrs. Davis, McCreedy, Bopp, and Poorman will require certification under the salary stabilization regulations and, accordingly, they are approved subject to the receipt of an appropriate certificate in support of the increases."

Approved unanimously.

Letter to Mr. Wayne, Vice President at the Federal Reserve Bank of Richmond, reading as follows:

"Reference is made to your letter of July 5, 1945, submitting for the Board's consideration the proposed merger of The Public Bank of Maryland, Baltimore, Maryland, into The Fidelity Trust Company of Baltimore.

"The Board concurs in your opinion that the merger will not result in any change in the general character of business or in the scope of corporate powers exercised by The Fidelity Trust Company within the meaning of condition of membership numbered 1 to which it is subject,

7/12/45

-3-

"and will interpose no objection to the completion of the merger substantially in conformity with the agreement as submitted, provided prior approval of the appropriate State authorities is obtained and counsel for the Reserve Bank will review all the steps taken to effect the merger and satisfy himself as to the legality thereof."

Approved unanimously.

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

"This is in reply to your letter of July 7, enclosing a copy of a letter from Mr. Pierce Onthank, President of the New London City National Bank, in which he offers the suggestion that Regulation W be amended so as to provide a general exemption for returned veterans particularly with respect to furniture and other household equipment purchased by returned servicemen. A copy of your reply to Mr. Onthank was also enclosed.

"It so happens that a member of Congress, after having called attention to the matter on the floor of the House, has recently asked the Board for an expression of their reaction to it. For your information, the substance of the Board's letter to the Congressman is quoted below:

'The principal purpose of that proposal would be to make it easier for the veteran to buy things on credit at a time when he may be having difficulty in getting back into civilian life. There is much to be said from that point of view for the proposal, as you have pointed out, but we feel that we should invite your attention to some of the other considerations involved.

'You will recall that the purpose of the Executive Order which provided for this regulation, like that of much wartime legislation that has been enacted by the Congress, is to assist in the Government's program for fighting inflation and the spiraling upward cost of living. This is a purpose that is in the interest of veterans as much as, and perhaps more than, any other group. If, as a group, they should find upon their return that the prices of things they desire were out of all reason, they would

7/12/45

-4-

"not feel that their interests had been protected in their absence. Nor would they find it in their interest if it were made possible for sellers who would like to be relieved from this regulation to load them down with goods at wartime prices under the lure of easier credit terms. The result in many cases would be to saddle them with burdensome debt, which would also deprive them of the means of enjoying the wider opportunities afforded by unrestricted production which we expect to come when hostilities cease. Moreover, veterans and their families and dependent relatives are becoming more and more numerous, so that an exemption would be a long step in the direction of nullifying the regulation before that action is justified. We cannot believe under present conditions that this would be in their interest any more than it would be in the interest of the general public.'

"Since this communication, before it was sent to the Congressman, was carefully considered by the Board, we believe that it should be of interest to you in connection with such inquiries as the one which you forwarded to us on July 7."

Approved unanimously, with the understanding that a copy of the letter would be transmitted to the Presidents of each of the other Federal Reserve Banks.

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

"Thank you for your letter of June 29, 1945, regarding the lectures which Mr. Langum gave at the University of Chicago, and the seminar at the School of Banking to be held at the University of Wisconsin in August, for which Messrs. Langum, Hoadley, and Garver have assumed responsibility.

"Your plans for such educational work as part of the

7/12/45

-5-

"public relations program have been noted with interest."

Approved unanimously.

Telegram reading as follows to Mr. Mangels, Vice President of the Federal Reserve Bank of San Francisco. The incoming telegram from Mr. Mangels presented the questions whether the Securities Exchange Act of 1934, and the Board's Regulation T are applicable (a) to a member of a national securities exchange having a branch in Honolulu, (b) to a Hawaiian broker or dealer who is a member of a national securities exchange but maintains no branch in the United States, and (c) to a Hawaiian broker or dealer who transacts a business in securities through a member of a national securities exchange:

"Your wire July 6. Answer to all three questions is yes."

Approved unanimously.

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

"It is understood that Treasury staff has discussed with representatives of number of Reserve Banks desirability of reducing number of C/D's issued in making deposits at Federals and that change contemplates the giving of immediate credit for all items deposited with understanding that on the average balance in Treasurer's General Account will be more than sufficient to offset float. If this is done would your Bank prefer to carry reserve on both collected and uncollected portion of account or to keep separate record of actual or estimated uncollected items on which no reserve would be required."

Approved unanimously.

7/12/45

Thereupon the meeting adjourned.

[Handwritten Signature]
Secretary.

Approved:

[Handwritten Signature]
Vice Chairman.