

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, January 10, 1946, at 10:30 a.m.

PRESENT: Mr. Ransom, Vice Chairman  
Mr. Szymczak  
Mr. McKee  
Mr. Draper

Mr. Carpenter, Secretary  
Mr. Hammond, Assistant Secretary  
Mr. Connell, General Assistant,  
Office of the Secretary  
Mr. Morrill, Special Adviser  
Mr. Thurston, Assistant to the Chairman  
Mr. Parry, Director of the Division  
of Security Loans  
Mr. Thomas, Director of the Division  
of Research and Statistics  
Mr. Vest, General Attorney  
Mr. Brown, Assistant Director of the  
Division of Security Loans  
Mr. Wyatt, General Counsel

This meeting was called at the request of Mr. Ransom for the purpose of considering a draft of statement for the press which had been prepared in accordance with the suggestion made by Chairman Eccles at the meeting on December 19, 1945, in connection with action that the Board might take to increase margin requirements under Regulations T, Extension and Maintenance of Credit by Brokers, Dealers, and Members of National Securities Exchanges, and U, Loans by Banks for the Purpose of Purchasing or Carrying Stocks Registered on a National Securities Exchange.

Before the meeting there was sent to the members of the Board a draft of a press statement which had been prepared by Mr. Parry,

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Director of the Division of Security Loans, and at this meeting there was read a draft of statement for the policy record in connection with the action and an additional paragraph which might be used as a part of the press statement. There was also read a letter addressed to Chairman Eccles by Mr. Purcell, Chairman of the Securities and Exchange Commission under date of December 29, 1945, renewing the suggestion that the Board take action to eliminate margin trading and require, in line with the existing provisions of Regulation T, that the proceeds of any sales in margin accounts be used to raise existing margins to 100 per cent.

Following a discussion of the very minor effect that a further increase in margin requirements would have in relation to the general inflationary situation, Mr. Parry read a first draft of a statement which had been prepared for the policy record.

At the conclusion of the discussion it was understood that copies of the draft of the statement read by Mr. Parry would be sent to the members of the Board for their consideration prior to discussion of the matter at a meeting of the Board following Chairman Eccles' return, and that Mr. Draper and Mr. Parry, with such members of the staff as they might call upon, would prepare a revised draft of statement for the policy record in the light of the discussion this morning for consideration at the meeting of the Board when the matter was taken up again.

At this point Messrs. Parry, Thomas, Vest, Brown, and Wyatt withdrew from the meeting.

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

The minutes of the meeting of the Board of Governors of the  
Federal Reserve System held on September 9, 1946, were approved unani-  
mously.

Memorandum dated January 9, 1946, from Mr. Bethea, Director  
of the Division of Administrative Services, submitting the resigna-  
tion of Mrs. Elizabeth T. Edmunds, Assistant Supervisor, Cafeteria,  
Division of Administrative Services, and recommending that the resig-  
nation be accepted effective as of the close of business January 9,  
1946, and that a lump sum payment be made for any accrued annual leave  
remaining to her credit at that time.

The resignation was accepted as  
recommended.

Telegram to Mr. Gidney, President of the Federal Reserve Bank  
of Cleveland, reading as follows:

"Retel today. Board approves program as submitted  
your letter December 28 as subsequently modified that  
chief examiner shall have quasi-official status. Letter  
of confirmation follows."

Approved unanimously, together with  
the letter referred to above which read  
as follows:

"This will supplement and confirm the telegraphic  
reply to your telegram this morning advising of the ac-  
tion taken by the directors on the program of appointments,  
as set forth in your letter of December 28 and subsequently

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"modified with respect to the position of Chief Examiner.

"The Board of Governors approves the designation of Vice President W. D. Fulton as the officer in charge of the Bank Examination Department, and the appointment of L. Merle Hostetler as Manager, Research Department.

"It is noted from your letter that, because of the nearness to the annual adjustment period, no salary changes are now suggested. Accordingly, the Board of Governors approves the continuation of the payment of salaries to the following officers in their new positions at their present rates for the period January 10, 1946, through April 30, 1946:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
W. D. Fulton	Vice President	\$7,500
W. Martin Morrison	Vice President	7,000
R. R. Clouse	Assistant Vice President	8,250
W. L. Findeisen	Assistant Vice President	7,000
P. C. Stetzelberger	Assistant Vice President	5,950
L. Merle Hostetler	Manager, Research Department	6,000
J. R. Lowe	Assistant Cashier	5,070
J. M. Miller	Assistant Cashier	5,070
G. R. Ross	Assistant Cashier	5,070
W. T. Blair, Jr.	Secretary	6,000

"It is understood that, as part of the program, Mr. H. M. Boyd has been made Chief Examiner with a quasi-official status."

Letter to Mr. J. R. Parten, Federal Reserve Agent at the Federal Reserve Bank of Dallas, reading as follows:

"In accordance with the requests contained in Mr. Gilbert's letters of December 31, 1945, and January 7, 1946, the Board of Governors approves the payment of salaries to the following members of the Federal Reserve Agent's staff at the rates indicated:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
L. G. Davis	Alternate Asst. Federal Reserve Agent	\$2,100

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<u>"Name</u>	<u>Title</u>	<u>Annual Salary</u>
	<u>Effective January 1, 1946</u>	
L. G. Davis	Alternate Asst. Federal Reserve Agent	\$2,298
G. E. Price	Alternate Asst. Federal Reserve Agent	2,616"

Approved unanimously.

Letter to the board of directors of the "First State Bank of Odem," Odem, Texas, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H, the Board approves the bank's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of Chicago. The letter also contained the following special comment:

"It appears that the bank possesses certain powers which are not being exercised and which are not necessarily required in the conduct of a banking business, such as the power to issue and sell investment certificates. Attention is called to the fact that if the bank desires to exercise any powers not actually exercised at the time of admission to membership, it will be necessary under condition of membership numbered 1, to obtain the permission of the Board of Governors before exercising them. In this connection, the Board understands that there has been no change in the scope of the corporate powers exercised by the bank since the date of its application for membership."

Approved unanimously, for transmission through the Federal Reserve Bank of Dallas.

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

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"The Board will appreciate it if you will hereafter furnish it with a report in accordance with Form F. R. 635, copy attached, showing deposits, reserves, and borrowings from Federal Reserve Banks as of the last calendar day in each month. Two hundred copies of Form F. R. 635 are being sent to you under separate cover. The first report on the new form should be rendered as of December 31, 1945.

"It will be noted that the new report is identical in form with the present semi-monthly report, Form F. R. 413, which shows daily average figures of member bank deposits, reserves, and borrowings from Federal Reserve Bank. Inasmuch as the underlying member bank reports of deposits are already being checked and assembled for the purpose of your summary reports on Form F. R. 413, the new report presumably will not materially increase the volume of your Bank's statistical work and will ordinarily be ready about the same time as the report on Form F. R. 413.

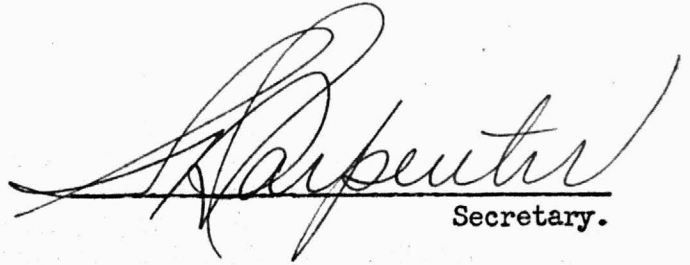
"The new report will be used in making monthly estimates of deposits of all banks. It will also provide a basis for estimating changes in total loans and investments of member banks, since all other important balance sheet items appear in the report form. The report form, therefore, calls for close of business deposits of central reserve and reserve city banks. In the case of country banks, opening of business deposit figures are to be reported. However, in order to afford some idea of the difference between opening and close of business deposits of country banks, it will be appreciated if, for the first six months excluding March (which ends on a Sunday), you will submit an additional 'memorandum' report showing close of business deposits of country banks. Such figures, of course, will not be available until about two weeks after the basic report, since they will necessarily be taken from the next semi-monthly member bank reports."

Approved unanimously.

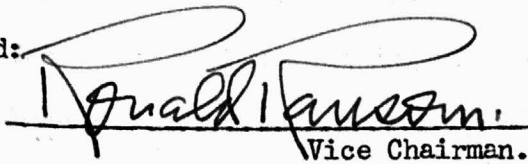
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Thereupon the meeting adjourned.

  
Secretary.

Approved:

  
Vice Chairman.