

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, July 1, 1939, at 11:30 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Szymczak
Mr. Davis
Mr. Draper

Mr. Bethea, Assistant Secretary
Mr. Clayton, Assistant to the Chairman

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

The minutes of the meetings of the Board of Governors of the Federal Reserve System held on June 30, 1939, (two meetings) were approved unanimously.

Memorandum dated June 28, 1939, from Mr. Spurney, Building Manager, referring to the action taken by the Board on December 27, 1938, placing Russell Accrocco, porter, and Rutledge Wheeler, mail clerk, on probation and recommending that, for the reasons stated in the memorandum, the Board terminate the probation period in each case, effective as of July 1, 1939.

Approved unanimously.

Memorandum dated June 29, 1939, from Mr. Smead, Chief of the Division of Bank Operations, submitting a letter dated June 27 from Mr. Worthington, First Vice President of the Federal Reserve Bank of Kansas City, which requested approval by the Board of changes in the personnel classification plan of the head office and Omaha branch to

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provide for increases in the maximum salaries for the positions of "Supervisor" in the Custodian-R.F.C. and P.W.A. Department, "Assistant Examiner" in the Examination Department, "Chief Engineer" and "Elevator Mechanic" in the Building Department and for a change in title of the position "Supervisor of Building Maintenance" to "Supervisor of Maintenance and Construction" and an increase in the maximum salary for that position, all at the head office, and for an increase in the maximum salary and change in the description of work for the position of "Supervisor" in the Accounting Department of the Omaha branch. The memorandum stated that the proposed changes had been reviewed and recommended that they be approved.

Approved unanimously.

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

"Reference is made to the application of 'The First National Bank of Centerville', Centerville, Iowa, for full fiduciary powers, which was transmitted to the Board with your letter of May 26, 1939.

"The Board has given consideration to the application and to the information available in relation thereto, from which it appears that the bank does not have on hand or presently available to it any worthwhile fiduciary business; that the community does not need an additional corporate fiduciary and that, while the question of competition is present in this case, it does not seem likely that the applicant bank would be materially inconvenienced if it does not obtain trust powers. There also appears to be a question as to the quality of supervision which would be given a trust department in the applicant bank, although both President Steel and Cashier Oughton are reported to have had considerable experience in handling

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"fiduciary matters in a personal capacity, as the Federal Deposit Insurance Corporation's current report of examination of the Iowa Trust and Savings Bank, of which Mr. Steel is also president and reported to be active in its trust department, contains rather severe criticisms of its fiduciary management and operations.

"In view of all the facts and circumstances involved, and of the adverse recommendation of the Comptroller of the Currency, the Board is unwilling at this time to grant the authority applied for. You are requested, therefore, to advise The First National Bank of Centerville, Centerville, Iowa, that the Board has denied its application."

Approved unanimously.

Letter to Mr. Nardin, Chairman of the Federal Reserve Bank of St. Louis, reading as follows:

"At the completion of the examination of the Federal Reserve Bank of St. Louis, made as of May 2, 1939, by the Board's examiners, a copy of the report of examination was left for your information and the information of the other directors and a copy was also furnished President Martin. After the report of examination has received the consideration of the board of directors of the Federal Reserve Bank, the Board will appreciate advice as to any action taken or to be taken with respect thereto as well as with respect to any other significant matters which may have been discussed by the examiners with the management during the course of examination."

Approved unanimously.

Letter to Scovell, Wellington & Company, Springfield, Massachusetts, reading as follows:

"Replying to your letter of June 21, 1939, you are advised that the Board is of the opinion that a national bank may use United States Savings Bonds to satisfy the requirement of section 9(b) of Regulation F that it deliver to its trust department securities of specified kinds as collateral security for trust funds awaiting investment or distribution which are used by it in the

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"conduct of its business."

Approved unanimously.

Letter to Mr. Parker, President of the Federal Reserve Bank of Atlanta, reading as follows:

"Reference is made to your letter of May 22, 1939, enclosing copies of an exchange of correspondence between you and Mr. James C. Bolton, President of the Rapides Bank & Trust Company in Alexandria, Louisiana, regarding the status of Mr. R. S. Thornton, a vice president of such bank, as an executive officer of the bank within the meaning of the Board's Regulation O. Governor Ransom has also received a letter from Mr. Bolton regarding this matter and in reply thereto Mr. Bolton was advised that after a decision had been reached he would be further advised through you.

"Under the recent change in the definition of the term 'executive officer' in the Board's Regulation O, concerning which you have already been advised, the regulation does not apply to a person, regardless of his title, if it is provided by resolution of the board of directors that he is not authorized to participate in the operating management of the bank and he does not actually participate therein. The resolution of the board of directors of the Rapides Bank & Trust Company, a certified copy of which was enclosed with Mr. Bolton's letter to you of April 10, 1939, substantially meets the requirements of the amended definition, and, as it is understood that Mr. Thornton does not actually participate in the operating management of the bank, the Board is of the view that he is not an executive officer of the bank within the meaning of Regulation O as it has now been amended.

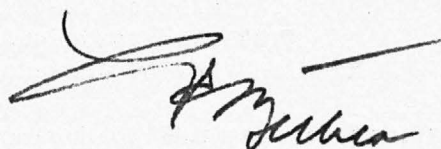
"It will be appreciated if you will advise Mr. Bolton accordingly."

Approved unanimously.

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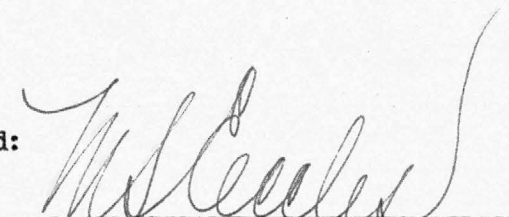
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Thereupon the meeting adjourned.



Assistant Secretary.

Approved:



Chairman.