

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, October 4, 1939, at 11:30 a. m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. McKee
Mr. Davis
Mr. Draper

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary

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

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on October 3, 1939, were approved unanimously.

Mr. Morrill reported that the Comptroller of the Currency today issued a call on all national banks for reports of condition as at the close of business on October 2, 1939, and that, in accordance with the usual practice, a call was made on behalf of the Board of Governors of the Federal Reserve System today on all State member banks for reports of condition as of the same date.

The call made on behalf of the Board was approved unanimously.

Memorandum dated September 30, 1939, from Mr. Smead, Chief of the Division of Bank Operations, submitting a letter dated September 27 from Mr. Young, President of the Federal Reserve Bank of Boston, which requested approval by the Board of increases in salaries

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of the following officers of the bank, to be effective as of October 1, 1939:

<u>Name</u>	<u>Title</u>	<u>Present Annual Salary</u>	<u>Proposed Annual Salary</u>
Krickel K. Carrick	Secretary and General Counsel	\$13,000	\$13,500
Carl B. Pitman	Assistant Cashier	7,500	8,000
John J. Fogg	Auditor	5,000	5,500

Approved unanimously.

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

"In accordance with your request, Board extends to November 15, 1939, time within which 'Kentucky-Farmers Bank of Catlettsburg, Kentucky', may accomplish membership in System."

Approved unanimously.

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

"Under the provisions of paragraph (1), subsection (i), of section 12B of the Federal Reserve Act, as amended, the Board of Directors of the Federal Deposit Insurance Corporation has found that The Westfield Trust Company, Westfield, New Jersey has continued unsafe and unsound practices in the conduct of its business, has so advised the Board of Governors of the Federal Reserve System, and has requested the Board of Governors to fix the time in which the bank shall make the necessary corrections of such practices and to advise the Corporation of any action taken by the bank to effect such corrections.

"There is enclosed a letter the Board has addressed to The Westfield Trust Company, Westfield, New Jersey, together with three copies thereof, advising of the findings

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"of the Board of Directors of the Federal Deposit Insurance Corporation and fixing February 1, 1940, as the date not later than which the necessary corrections of the unsafe and unsound practices mentioned shall be effected.

"You are hereby authorized to have the enclosed letter, together with a copy of the Federal Reserve Act, personally presented to The Westfield Trust Company, Westfield, New Jersey, the person who does so to make an affidavit of service in the usual form in which such affidavits are made in the State of New Jersey. This affidavit, and a copy of the letter to which it is attached, should be forwarded to the Board.

"One of the copies of the letter to the bank is for your files, and you are requested to forward the other copy to the Commissioner of Banking and Insurance of the State of New Jersey for his information."

Approved unanimously, together
with the following letter to The West-
field Trust Company, Westfield, New
Jersey:

"Paragraph 1 of subsection (i) of section 12B of the Federal Reserve Act, as amended, reads in part as follows:

'Whenever the board of directors shall find that an insured bank or its directors or trustees have continued unsafe or unsound practices in conducting the business of such bank, or have knowingly or negligently permitted any of its officers or agents to violate any provision of any law or regulation to which the insured bank is subject, the board of directors shall first give to the Comptroller of the Currency in the case of a national bank or a District bank, to the authority having supervision of the bank in the case of a State bank, or to the Board of Governors of the Federal Reserve System in the case of a State member bank, a statement with respect to such practices or violations for the purpose of securing the correction thereof. Unless such correction shall be made within one hundred and twenty days or such shorter period of time as the Comptroller of the Currency, the State

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"'authority, or Board of Governors of the Federal Reserve System, as the case may be, shall require, the board of directors, if it shall determine to proceed further, shall give to the bank not less than thirty days' written notice of intention to terminate the status of the bank as an insured bank, and shall fix a time and place for a hearing before the board of directors or before a person designated by it to conduct such hearing, at which evidence may be produced, and upon such evidence the board of directors shall make written findings which shall be conclusive.'

"Pursuant to the statutory provisions above-quoted, the Federal Deposit Insurance Corporation has submitted to the Board of Governors of the Federal Reserve System a statement, a copy of which is attached hereto, with respect to continued unsafe and unsound practices by The Westfield Trust Company for the purpose of securing corrections thereof and of which you will please take notice. You are hereby directed to effect corrections of the unsafe and unsound practices enumerated in the enclosed copy of the statement of the Federal Deposit Insurance Corporation; and the Board of Governors of the Federal Reserve System has fixed the period ending February 1, 1940, 120 days from the date of this letter as the time within which such corrections shall be effected. You are requested to advise the Federal Reserve Bank of New York on or before February 1, 1940, as to the action which has been taken effecting corrections of the unsafe and unsound practices referred to.

"For your information, there is enclosed a copy of the Federal Reserve Act and your attention is called to section 12B thereof and particularly to the full text of subsection (i) of section 12B."

In connection with the above matter the following letter to the Federal Deposit Insurance Corporation was also approved unanimously:

"This refers to your letter of September 15, 1939, in which it is stated that the board of directors of the Federal Deposit Insurance Corporation has found that The

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"Westfield Trust Company, Westfield, New Jersey, a State member bank, has continued unsafe and unsound practices in the conduct of its business. Pursuant to paragraph 1 of subsection (i) of section 12B of the Federal Reserve Act, as amended, your letter contains a statement with respect to such practices for the purpose of securing correction thereof.

"The Board of Governors has today addressed a letter to the bank serving notice regarding the required correction, and has fixed the period ending February 1, 1940, 120 days from the date of the letter addressed to the bank, as the time within which the necessary correction of the unsafe and unsound practices in the conduct of its business recited in your letter may be effected. You will be informed as promptly as possible of any advice which the Board receives as to any action taken by the bank to effect such correction."

Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

W. C. C. C.
Chairman.