

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, January 23, 1940, at 11:30 a. m.

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

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

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

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on January 19, 1940, were approved unanimously.

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on January 22, 1940, were approved and the actions recorded therein were ratified unanimously.

Memorandum dated January 19, 1940, from Mr. Smead, Chief of the Division of Bank Operations, submitting a letter dated January 12 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 plans of the head office and the Denver and Oklahoma City Branches of the bank to provide for the creation of the new position of "Personnel and Expenditures Clerk" in the Personnel and Accounting Department, for the discontinuance

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of the positions of "General Clerk" in the Administration Department and "Expenditures Clerk" in the Accounting Department, and for an increase in the maximum salary for the position of "Statistician" in the Research and Statistical Department, all at the head office; for an increase in the maximum salary for the position of "Supervisor" in the RFC and PWA Custody Department at the Denver Branch; and for an increase in the maximum salary for the position of "Federal Reserve Agent's Representative (Audit Manager)" at the Oklahoma City Branch. The memorandum stated that the proposed changes had been reviewed and recommended that they be approved, effective as of January 1, 1940.

Approved unanimously, the letter to Mr. Worthington advising him of the Board's action reading as follows:

"The Board of Governors approves, effective as of January 1, 1940, the changes in the personnel classification plan of the Federal Reserve Bank of Kansas City, requested in your letter of January 12, 1940.

"With respect to the increase in the maximum salary provided in the personnel classification plan for the position of Federal Reserve Agent's Representative at the Oklahoma City Branch, your attention is directed to the Board's letter X-9856, of April 2, 1937, in which it is stated that in view of the provisions of the Federal Reserve Act, no change should be made in the salary of a person designated as Assistant Federal Reserve Agent, Alternate Assistant Federal Reserve Agent, or Federal Reserve Agent's Representative, without obtaining the Board's prior approval thereof.

"Other changes in the personnel classification plan should, of course, be approved by the Board before they become effective, as provided in Paragraph No. 3 of Statement B-315, 'Instructions Relating to the Operation of the Personnel Classification Plans of Federal Reserve Banks', as revised March 1936.

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"It is noted that in canceling page 8 of the Head Office plan, you apparently overlooked submitting a page to preserve the numerical sequence of the pages, as requested in Mr. Smead's letter of May 5, 1939. Accordingly, a new page 8 has been prepared which will be placed in the Board's copy of your personnel classification plan, and a duplicate copy thereof is enclosed for your use."

Letter to Mr. Hitt, First Vice President of the Federal Reserve Bank of St. Louis, reading as follows:

"This refers to your letters of January 11, 1940, relating to the holding company affiliate status of Delk Investment Corporation and to the waiver of the requirement that Easton-Taylor Trust Company, St. Louis, Missouri obtain reports of that corporation and Laclede Bond and Mortgage Company as of December 30, 1939, in connection with its report of condition as of that date.

"There is enclosed, for transmittal, a letter of this date addressed to Delk Investment Corporation advising it that the Board has determined that it is not engaged as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks, or trust companies, within the meaning of section 2(c) of the Banking Act of 1933 and that, accordingly, it is not a holding company affiliate for any purposes other than those of section 23A of the Federal Reserve Act. A copy of the letter is enclosed for your files.

"By reason of such determination, it will not be necessary for Easton-Taylor Trust Company to obtain from Delk Investment Corporation an agreement, on Form P-5, that such corporation will be subject to the same conditions and limitations as are applicable in the case of holding company affiliates of national banks under section 5144 of the Revised Statutes.

"While the provisions of section 21 of the Federal Reserve Act, relating to the waiver of the requirement for reports of affiliates are not considered applicable in the case of reports of holding company affiliates, the Board, in view of the above-mentioned determination, will not insist upon Easton-Taylor Trust Company obtaining a report of Delk Investment Corporation as of December 30, 1939.

"It appears that Laclede Bond and Mortgage Company is an affiliate of Easton-Taylor Trust Company by reason

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"of the fact that Delk Investment Corporation owns or controls a majority of the stock of each organization; that on December 30, 1939, the mortgage company was indebted to the bank in the amount of \$30,000 so that the requirement that the bank obtain a report of such affiliate was not waived under the Board's blanket waiver; that the bank had not understood that the mortgage company was an affiliate and, as soon as that fact was brought to its attention, called its loan; and that the mortgage company paid the loan on January 5, 1940, and is not now indebted to the bank. In view of these circumstances, and your recommendation, the Board waives the requirement that the bank obtain a report of the mortgage company as of December 30, 1939."

Approved unanimously, together with a letter to the Delk Investment Corporation, St. Louis, Missouri, reading as follows:

"This refers to your request that the Board determine that your corporation is not engaged as a business in holding the stock of, or managing or controlling, banks.

"The Board understands that your corporation is a family investment corporation organized by William C. McBride, since deceased, for the purpose of holding and managing his property as part of a plan to provide for the security and maintenance of himself and his family; that it owns or controls 1,095 of the 2,000 outstanding shares of stock of Easton-Taylor Trust Company, St. Louis, Missouri; that it owns or controls stock of four other banks but in no instance as much as 3 percent of the outstanding shares; that it does not manage or control any bank other than Easton-Taylor Trust Company; and that the bank stocks owned by it constitute less than 10 percent of its total assets.

"In view of these facts, the Board has determined that your corporation is not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks, or trust companies, within the meaning of section 2(c) of the Banking Act of 1933, as amended, and therefore it is not a holding company affiliate for any purposes other than those of section 23A of the Federal Reserve Act.

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"If, however, the facts at any time differ from those set out above to an extent which would indicate that your company might be deemed to be so engaged, this matter should again be submitted to the Board. The Board reserves the right to make a further determination at any time on the basis of the then existing facts."

Letter to Mr. Hale, Vice President of the Federal Reserve Bank of San Francisco, reading as follows:

"Receipt is acknowledged of your letter of January 15, 1940, enclosing a copy of a letter addressed to your bank by Mr. F. L. Moore requesting certain information regarding industrial loans, together with your proposed reply. This is to advise you that after reviewing the proposed reply we have forwarded the original thereof to Mr. Moore in accordance with your request."

Approved unanimously.

Memorandum dated January 14, 1940, from Mr. Wingfield, Assistant General Counsel, recommending that there be published in the February issue of the Federal Reserve Bulletin in the form attached to the memorandum a statement with respect to the following subject:

Amendment to Regulation L, Interlocking
Bank Directorates Under the Clayton Act

Approved unanimously.

Mr. Morrill suggested that the Board authorize the payment of the cost of the luncheon served to Mr. Donald R. Heath, an attache of the American Embassy in Berlin, in the Board's dining room today.

Approved unanimously.

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Thereupon the meeting adjourned.

Chester Morris
Secretary.

Approved:

W. Scales
Chairman.