A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, February 21, 1940, at 11:30 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. Szymczak
Mr. Davis
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 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 February 19, 1940, were approved unanimously.

The minutes of the meeting of the Board of Governors of the Federal Reserve System with the Federal Advisory Council held on February 20, 1940, were approved unanimously.

Letter dated February 20, 1940, to Mr. Young, Vice President of the Federal Reserve Bank of Chicago, reading as follows:

"In accordance with the request contained in your letter of February 13, the Board approves the designation of Wayne Smith, an employee of the Detroit Branch, as a special assistant examiner. Approval is given with the understanding, of course, that Mr. Smith will not be transferred permanently to examination work without the Board's approval.

"The name of John George has been removed from the list of employees whose designations as special assistant examiners have been approved by the Board."

Approved unanimously.

Letter to the board of directors of the "Bank of Christiansburg", Christiansburg, Virginia, stating that, subject to conditions of member-
ship numbered 1 to 6 contained in the Board's Regulation H and the following special condition, 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 Richmond:

"7. Such bank shall make adequate provision for depreciation in its banking house and furniture and fixtures."

The letter also contained the following special comments:

"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 and trust business, such as the power to guarantee the payment of bonds. Attention is invited 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, together with a letter to Mr. Leach, President of the Federal Reserve Bank of Richmond, reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of the 'Bank of Christiansburg', Christiansburg, Virginia, for membership in the Federal Reserve System, subject to the conditions prescribed in the enclosed letter which you are requested to forward to the Board of Directors of the institution. Two copies of such letter are also enclosed, one of which is for your files and the other of which you are requested to forward to the Commissioner of Banking for the Commonwealth of Virginia for his information.

"In view of the fact that the amount of estimated losses classified in the report of examination for membership is small, the usual condition of membership regarding the elimination of losses has not been prescribed."
Letter to the board of directors of "The Citizens-Waynesboro Bank and Trust Company", Waynesboro, Virginia, stating that, subject to conditions of membership numbered 1 to 6 contained in the Board's Regulation H and the following special condition, 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 Richmond:

"7. Such bank shall make adequate provision for depreciation in its banking house and furniture and fixtures."

The letter also contained the following special comments:

"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 and trust business, such as the power to guarantee the payment of bonds. Attention is invited 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, together with a letter to Mr. Leach, President of the Federal Reserve Bank of Richmond, reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of 'The Citizens-Waynesboro Bank and Trust Company', Waynesboro, Virginia, for membership in the Federal Reserve System, subject to the conditions prescribed in the enclosed letter which you are requested to forward to the Board of Directors of the institution. Two copies of such letter are also enclosed,"
"one of which is for your files and the other of which you are requested to forward to the Commissioner of Banking for the Commonwealth of Virginia for his information. "Since the amount of estimated losses classified in the report of examination for membership is small, the usual condition of membership regarding the elimination of estimated losses has not been prescribed."

Letter to the board of directors of "The Kinsley Bank", Kinsley, Kansas, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H, and the following special condition, 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 Kansas City:

"4. Such bank shall make adequate provision for depreciation in its banking house."

Approved unanimously, together with a letter to Mr. Hamilton, President of the Federal Reserve Bank of Kansas City, reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of 'The Kinsley Bank', Kinsley, Kansas, for membership in the Federal Reserve System, subject to the conditions prescribed in the enclosed letter which you are requested to forward to the Board of Directors of the institution. Two copies of such letter are also enclosed, one of which is for your files and the other of which you are requested to forward to the Bank Commissioner for the State of Kansas for his information.

'It has been noted that during the examination for membership the board of directors of the bank instructed the officers to charge off the estimated losses classified by the examiner, and, according to Mr. Woolley's telegram of February 19 to the Board's Division of Examinations, your office is satisfied that the instructions of the directors have been carried out, although definite advice to that effect has not been received. In view of the
"circumstances, the usual condition of membership regarding the elimination of losses has not been prescribed; however, it will be expected of course that, as stated by Mr. Woolley would be done, you will obtain a statement from the bank prior to completion of its membership that the losses have been eliminated."

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

"The Board of Governors of the Federal Reserve System today approved the application of 'The Kinsley Bank', Kinsley, Kansas, for membership in the Federal Reserve System, subject to compliance with certain conditions. According to the Board's information, the deposits of The Kinsley Bank, Kinsley, Kansas, are not at this time insured by the Federal Deposit Insurance Corporation."

Letter to the board of directors of "The Farmers and Traders Bank of California, Mo.", California, Missouri, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H and the following special conditions, 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 St. Louis:

"4. Such bank shall make adequate provision for depreciation in its banking house and furniture and fixtures.

"5. Prior to admission to membership, such bank, if it has not already done so, shall charge off or otherwise eliminate estimated losses of $345.00, as shown in the report of examination of such bank as of January 13, 1940, made by an examiner for the Federal Reserve Bank of St. Louis."

Approved unanimously for transmission through the Federal Reserve Bank of St. Louis.
Letter to Mr. Hill, Vice President of the Federal Reserve Bank of Philadelphia, reading as follows:

"Reference is made to your letter of February 13, 1940, submitting for the consideration of the Board the proposed plan for the purchase of assets and assumption of the deposit liabilities of the Swedesboro National Bank, Swedesboro, New Jersey, by the Swedesboro Trust Company, Swedesboro, New Jersey.

"In view of your recommendation and the information submitted, the Board will interpose no objection to the transaction as proposed with the understanding that in the transaction no assets unacceptable to an examiner for the Federal Reserve Bank of Philadelphia will be acquired, and provided further that the transaction is approved by the State banking authorities and that counsel for the Reserve Bank is satisfied as to the legal aspects involved."

Approved unanimously.

Memorandum dated February 21, 1940, from Mr. Ransom with respect to the "Banking Studies" prepared by members of the Board's staff under the direction of Mr. Ransom, in connection with the contemplated hearings under the Wagner Resolution, reading as follows:

"The Board having decided to distribute these studies to the members of the Federal Advisory Council and to the presidents of the Federal Reserve banks for comments and suggestions, I recommend that a committee consisting of Mr. Goldenweiser, as chairman, Mr. Thurston, and Mr. Hammond be named to

1. consider all suggestions that may be received from members of the Board, presidents of the Federal Reserve banks, members of the Council, or others, and where they deal with form, not substance, in collaboration with the authors of these studies, make such changes as may seem advisable;

2. in cooperation with the authors of these studies, give the studies careful editorial revision, making such corrections as will improve the studies in language and punctuation;

3. make recommendations to the Board regarding the use of these studies and their further distribution under
"confidential cover to those who they think might be of assistance in making the studies more useful;"

"(4) make such recommendations as they deem necessary regarding the inclusion of other studies in the series or the omission of any of those now appearing in the series;"

"(5) consider the exclusion of any charts that now appear in the studies or the inclusion of any charts that they think would improve the studies.

"I recommend that the committee also consider how these studies may be used to the best advantage, and, if necessary, as an incident to any of their recommendations, that they have an introduction prepared for the studies and have them completely indexed, and also decide on the advisability of including a glossary of the terms used.

"I further recommend that the authors of these studies be asked to submit to this committee their suggestions for the revision of their own and other studies in the series and that the committee be authorized, whenever it wishes to make a substantial change in substance in any of the studies or the series as a whole, to report their recommendation to the Board for Board decision, and make recommendations as to what, if anything, should be done about the material that has been prepared for the appendices."

The recommendations were approved unanimously.

Mr. Morrill suggested that the Board authorize the payment of the cost of the luncheon served to Mr. Donald Gordon, Deputy Governor of the Bank of Canada, in the Board’s dining room today.

Approved unanimously.

Thereupon the meeting adjourned.

[Signature]
Chairman.

Approved: