A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, May 4, 1940, at 11:30 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. McKee
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:

Letter to the board of directors of "The Farmers and Merchants Bank Company", Arlington, Ohio, 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 Cleveland:

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

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

"The Board of Governors of the Federal Reserve System approves the application of 'The Farmers and Merchants Bank Company', Arlington, Ohio, 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 Superintendent of Banks for the State of Ohio for his information."
"It is assumed that the Reserve Bank will shortly make a follow-up investigation to see that the criticised practices in the handling of the bank's securities account have been discontinued in accordance with assurances given the State Department following the issuance of a formal warning on April 2, 1940, and it is requested that the findings on such investigation be reported to the Board."

Telegram to Mr. Merritt, Federal Reserve Agent at the Federal Reserve Bank of Dallas, stating that, subject to the conditions set forth in the telegram, the Board of Governors of the Federal Reserve System authorizes the issuance of a general voting permit, under the provisions of Section 5144 of the Revised Statutes of the United States, to the "Republic National Bank of Dallas", Dallas, Texas, entitling such organization to vote the stock which it owns or controls of "The First National Bank of Waco", Waco, Texas, at all meetings of shareholders of such bank, and that the period within which a permit may be issued pursuant to the authorization contained in the telegram is limited to thirty days from the date of the telegram unless an extension of time is granted by the Board. The condition contained in the telegram upon which the permit was authorized was as follows:

"Prior to issuance of general voting permit authorized herein, applicant shall execute and deliver to you in duplicate an agreement in same form as that which applicant executed on March 1, 1939, as condition to issuance of permit dated March 1, 1939."

Approved unanimously.
Thereupon the meeting adjourned.

Chairman.

C. Chester Norrie
Secretary.

Approved: M. C. C. C.}

Chairman.