

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, May 13, 1940, at 11:30 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Szymczak
Mr. McKee
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 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 May 10, 1940, were approved unanimously.

Memorandum dated May 9, 1940, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that, for the reason stated in the memorandum, Miss Gretchen Hill be appointed on a permanent basis as a clerk in the Division, with salary at the rate of \$1,440 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed satisfactorily the usual physical examination.

Approved unanimously.

Memorandum dated May 4, 1940, from Mr. Paulger, Chief of the Division of Examinations, recommending that, for the reasons stated in the memorandum, Assistant Federal Reserve Examiner Harold J. Newman be promoted to the position of Federal Reserve Examiner.

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In accordance with the above recommendation Mr. Newman was appointed an examiner to examine Federal Reserve Banks, member banks of the Federal Reserve System, and corporations operating under the provisions of Sections 25 and 25(a) of the Federal Reserve Act, for all purposes of the Federal Reserve Act and of all other Acts of Congress pertaining to examinations made by, for, or under the direction of the Board of Governors of the Federal Reserve System, and was designated as a Federal Reserve Examiner, effective immediately.

Memorandum dated May 9, 1940, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that George Doherty, Junior Economist in the Division, be granted an additional leave of absence without pay for such time as may be necessary during the first half of June 1940 in order to complete the semester's work at the Littauer School of Harvard University, and that the Board continue to make contributions on his behalf to the Retirement System with the understanding that he will continue to make his own contributions.

Approved unanimously, with the understanding that Mr. Doherty will return to the employ of the Board not later than June 15, 1940.

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

"Retel May 13. Board approves designation of B. F. Armstrong as special assistant examiner with understanding

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"he will not be transferred permanently to examination work without Board's approval."

Approved unanimously.

Letter dated May 11, 1940, to the board of directors of the "Lorenzo State Bank", Lorenzo, Texas, 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 Dallas:

- "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. Gilbert, President of the Federal Reserve Bank of Dallas, reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of the 'Lorenzo State Bank', Lorenzo, Texas, 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 State of Texas for his information.

"It has been noted that your office will follow the matter of the bank's reducing to within statutory limits the excess balance with a nonmember bank."

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

"Reference is made to your letter of May 6, 1940, concerning the assumption by The Union Banking & Trust

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"Company of Du Bois, Pennsylvania, Du Bois, Pennsylvania, a State member bank, of the deposit liabilities of the Peoples State Bank, Du Bois, Pennsylvania, a nonmember bank, which was effected as at the close of business on May 4, 1940, with the approval of the Secretary of Banking of the Commonwealth of Pennsylvania.

"It would appear from the comments and other information contained in your letter that the transaction did not result in any change in the general character of assets or scope of corporate powers exercised by the member bank within the meaning of the general condition numbered 3 under which it was admitted to membership. Therefore, the Board will interpose no objection under the condition of membership to the transaction."

Approved unanimously.

Letter dated May 11, 1940, to Mr. Gidney, Vice President of the Federal Reserve Bank of New York, reading as follows:

"Receipt is acknowledged of your letter of May 9, 1940, advising that negotiations between the National City Bank of New York and the Bronx County Trust Company, New York, for the acquisition by the latter of three branches of the National Bank, have been terminated. If the plans are subsequently revived it is assumed that the matter will be again referred to the Board, since, in view of the changed circumstances, the Board's letter of April 26, 1940, is no longer effective."

Approved unanimously.

Letter to the Presidents of all Federal Reserve Banks, reading as follows:

"In order that the Board of Governors may have information as to the extent to which different lines of business and industry have applied for credit under the provisions of Section 13b of the Federal Reserve Act and the extent to which they have been granted such credit by the Federal Reserve banks, it will be appreciated if you will furnish the Board data up to May 31, 1940 regarding such applications in the form called for by the enclosed schedule.

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"It is desired that the information be tabulated separately for applications for industrial advances and for applications for commitments to make industrial advances, classified in both cases according to the enclosed classification by industries, and that the applications in each group be arranged in the chronological order of their receipt. In order to insure uniformity in the preparation of these lists a few hypothetical examples are shown on the enclosed schedule. It is planned to furnish a copy of the data, exclusive of names of applicants, to the National Bureau of Economic Research for use in a study that it has undertaken and, accordingly, it is requested that the information be furnished in duplicate. A supply of Form F.R. _____ for use in submitting the desired information, and of Form F.R. _____ for use in reporting action taken on applications received currently, as requested in the Board's letter S-187 of October 17, 1939, is also enclosed."

Approved unanimously.

Telegram to Mr. Schaller, President of the Federal Reserve Bank of Chicago, reading as follows:

"Board approves employment law firm of Mayer, Meyer, Austrian & Platt and Robert N. Holt, of Chicago, as special counsel for purposes and on terms stated in your wire May 10."

Approved unanimously.

Memorandum dated May 1, 1940, from Mr. Smead, Chief of the Division of Bank Operations, recommending that, for the reason stated in the memorandum, a mimeographed tabulation of the replies received from the Federal Reserve Banks to the Board's letter of March 22, 1940 (R-633), with respect to the revised check collection procedure, be sent to all Federal Reserve Banks for their information. The memorandum

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stated that it seemed desirable that some effort should be made to bring about greater uniformity among the Federal Reserve Banks with respect to their check collection operations than now exists and that this might be accomplished by taking the matter up with the individual Federal Reserve Banks concerned.

The recommendation was approved unanimously, with the understanding that Mr. Smead would confer with Mr. Szymczak for the purpose of determining the manner in which the question of bringing about greater uniformity in the Banks' check collection operations should be discussed with the Federal Reserve Banks involved.

Thereupon the meeting adjourned.

Robert Morrill
Secretary.

Approved:

W. Smead
Chairman.