

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, June 10, 1940, at 11:30 a.m.

PRESENT: Mr. Eccles, Chairman
 Mr. Ransom, Vice 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 June 7, 1940, were approved unanimously.

Letter to the board of directors of "The Farmers & Citizens State Bank", Crestline, 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. The Board of Directors of such bank, prior to the admission of the bank to membership, shall take the action necessary to create a reserve in the amount of \$700 to be used only for payment of dividends in capital stock; such bank shall increase its capital stock by the payment of such dividends prior to July 1, 1941; and such bank shall not hereafter retire any of its capital debentures unless upon the completion of the transaction the

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"bank will have outstanding capital stock and capital debentures in the amount of at least \$50,000."

Approved unanimously for transmission through the Federal Reserve Bank of Cleveland.

Letter to the board of directors of the "Corydon State Bank", Corydon, Iowa, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H, 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 Chicago:

The letter also contained the following special comments:

"While it has been noted that the bank is authorized to exercise fiduciary powers, the application for membership has been approved on the same basis as if the institution were not acting in any fiduciary capacity, and should it be desired to handle any new trust business, application for permission to do so should first be made to the Board in accordance with the provisions of condition of membership numbered 1."

Approved unanimously for transmission through the Federal Reserve Bank of Chicago.

Letter to "The First National Bank of McGregor", McGregor, Texas, reading as follows:

"The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers, and grants you authority to act, when not in contravention of State or local law, as trustee, executor, administrator, guardian of estates, assignee,

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"receiver, or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of Texas, the exercise of all such rights to be subject to the provisions of the Federal Reserve Act, and the regulations of the Board of Governors of the Federal Reserve System.

"This letter will be your authority to exercise the fiduciary powers granted by the Board pending the preparation of a formal certificate covering such authorization, which will be forwarded to you in due course."

Approved unanimously.

Letter to Honorable Harry H. Woodring, Secretary of War, reading as follows:

"Your letter of June 4 to Chairman Eccles in regard to leave which may be granted to National Guard personnel serving the Board has been referred to this office for reply.

"The Board does not limit the period for which military leave may be granted to members of the National Guard in its employ for service performed by order of the commanding general or during periods engaged in field- or coast-defence training authorized under the provisions of the Act of June 3, 1916, and it will be glad to cooperate by granting leave of absence to any of its employees who are members of the National Guard without loss of pay, time or efficiency rating for the full period of twenty-one days during the Fiscal Year 1941 in the circumstances outlined in your letter."

Approved unanimously.

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

"This refers to your letter of May 29, 1940, with enclosures, relative to the Clayton Act status of Mr. George W. Stedman who is serving as a director of First Trust Company and as a director and officer of the Morris Plan Industrial Bank, both of Albany, New York.

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"This matter, as you know, has been the subject of previous correspondence, particularly on the part of Mr. B. J. Savage of Albany who, apparently pursuant to the last paragraph of my letter of May 21, 1940, to him, a copy of which was forwarded to you, has presented for your consideration the question whether the Morris Plan Industrial Bank of Albany is a 'bank' within the meaning of the Clayton Act.

"It is noted from your letter that although Morris Plan Industrial Bank of Albany does not accept deposits repayable by check, it is authorized to do so by subdivision 2 of section 292 of the New York Banking Law; that in view of such authority counsel for your bank feels that he would not be justified in concluding that the institution is not a bank as that term is used in section 8 of the Clayton Act; and that, accordingly, it appears to you that after June 1, 1940, Mr. Stedman may not continue legally to serve both First Trust Company of Albany and Morris Plan Industrial Bank of Albany.

"In the circumstances, the Board sees no reason to differ from the conclusion reached by counsel for your bank in this case.

"It is assumed that the Board's conclusion in this case also disposes of the matter covered in your letter of May 31, 1940, with enclosure, relative to other institutions in the State of New York similar in character to Morris Plan Industrial Bank of Albany and, accordingly, no further acknowledgment of that letter appears necessary."

Approved unanimously.

Thereupon the meeting adjourned.

Chesler Morris
Secretary.

Approved:

W. C. ...
Chairman.