

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, June 15, 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. 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 14, 1940, were approved unanimously.

Memorandum dated June 15, 1940, from Mr. Davis to Mr. Morrill stating that the appointment of Paul A. Porter as executive assistant to Mr. Davis in his division of work in the Advisory Commission to the Council of National Defense had been approved by the Commission for an indefinite period, with salary at the rate of \$9,000 per annum, effective as of June 16, 1940, and requesting that, in accordance with the agreement reached previously by the members of the Board, Mr. Porter be placed on the payroll of the Board of Governors with the understanding that as soon as funds were made available to the Commission by Congress he would be transferred to the payroll of the Commission and the Board would be reimbursed for any salary paid.

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The employment of Mr. Porter on the above basis was approved unanimously.

In connection with the above appointment, Mr. Davis also submitted to Mr. Morrill a memorandum dated June 15, 1940, requesting that Miss Amanda Chittum, who had been appointed as Secretary to Mr. Porter, with salary at the rate of \$1,800 per annum, effective as of June 17, 1940, be placed on the Board's payroll with the same understanding with respect to the reimbursement of the Board for salary paid to Miss Chittum as applied in the case of Mr. Porter.

The employment of Miss Chittum on the above basis was approved unanimously.

Letter dated June 15, 1940, from Miss Lida B. Sloan, a stenographer in the Office of the Secretary, requesting that she be granted a leave of absence without pay until January 1, 1941, to assume a position with the Advisory Commission to the Council of National Defense, such leave of absence to begin as of the date upon which the payroll of the Advisory Commission is set up.

Approved unanimously, with the understanding that during such period of absence Miss Sloan would continue her own contributions and would also pay the Board's contributions to the Retirement System.

Letter to the board of directors of "The First State Bank of Decatur, Indiana", Decatur, Indiana, 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

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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:

- "4. Prior to admission to membership, such bank, if it has not already done so, shall charge off or otherwise eliminate estimated losses of \$3,763 as shown in the report of examination of such bank as of May 18, 1940, made by an examiner for the Federal Reserve Bank of Chicago."

The letter also contained the following special comments:

"It has been noted that the bank has outstanding common capital stock of \$100,000, which is in excess of the figure at which the stock is shown on the books of the bank. In this connection, the Board feels that the bank should, as soon as practicable, take such action within its power as may be necessary to cause the common stock to be shown at its par value. Such adjustments may be effected through conservation of earnings of the bank, through reduction of its outstanding common capital stock, if and when such a reduction may be accomplished under the applicable provisions of State law, or through such other means as may be within the power of the bank."

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

"The Board of Governors of the Federal Reserve System approves the application of 'The First State Bank of Decatur, Indiana', Decatur, Indiana, 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 Director, Department of Financial Institutions for the State of Indiana for his information.

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"The State authorities, the office of the Supervising Examiner for the Federal Deposit Insurance Corporation, and the Board of Directors of the bank are all apparently agreed that a needed strengthening of the management situation would be accomplished if the president of the bank could have more capable assistance and be relieved of some of his present duties so that more of his time could be devoted to loans needing attention. It is assumed that you will further the efforts of the State authorities and the Federal Deposit Insurance Corporation toward that end.

"You are familiar, of course, with the fact that stock of the Federal Reserve Bank should be issued to the applicant on the basis of capital of \$196,000, the aggregate par value of outstanding common stock and face amount of the debentures held by the Reconstruction Finance Corporation."

Thereupon the meeting adjourned.

Robert Morrie
Secretary.

Approved:

W. S. Coates
Chairman.