

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, June 18, 1940, at 3:40 p.m.

PRESENT: Mr. Eccles, Chairman  
Mr. Szymczak  
Mr. McKee  
Mr. Davis  
Mr. Draper

Mr. Morrill, Secretary  
Mr. Bethea, Assistant Secretary  
Mr. Clayton, Assistant to the Chairman  
Mr. Thurston, Special Assistant to the Chairman  
Mr. Smead, Chief of the Division of Bank Operations  
Mr. Vest, Assistant General Counsel  
Mr. Boothe, Technical Assistant in the Division of Bank Operations  
Mr. Thompson, General Assistant in the Secretary's Office

There was presented a draft of letter to Senator Wagner, Chairman of the Banking and Currency Committee of the Senate, in regard to the letter addressed to the Committee under date of June 14, 1940, by Jesse H. Jones, Federal Loan Administrator, and to his testimony before the Committee on the same date, with respect to bill S. 3839 which would amend section 13b of the Federal Reserve Act dealing with industrial advances.

There ensued a discussion of the draft of letter during which various changes were suggested at the conclusion of which Mr. Draper moved that all suggested changes be submitted to Mr. Thurston following which the letter would be redrafted to incorporate such changes and, subject to approval by Chairman Eccles, sent to Senator Wagner without further consideration by the Board.

Carried unanimously.

6/18/40

-2-

At this point Messrs. Thurston, Smead, Vest, Boothe, and Thompson left the meeting and the action stated with respect to each of the matters hereinafter referred to was then taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on June 17, 1940, were approved unanimously.

Letter to Honorable Leo T. Crowley, Chairman of the Federal Deposit Insurance Corporation, reading as follows:

"This is in reply to your letter of June 12, 1940, regarding the suggestion that the Mutual Trust Company of Westchester County, Port Chester, New York, and The First National Bank and Trust Company of Port Chester be sold to a bank to be newly organized in Port Chester, the transaction to be facilitated by financial aid from the Federal Deposit Insurance Corporation.

"As requested in your letter, the Board of Governors of the Federal Reserve System hereby grants written consent, in accordance with the provisions of subsection (k) (2) of section 12B of the Federal Reserve Act for examiners for the Federal Deposit Insurance Corporation to make such examination of the Mutual Trust Company of Westchester County as may be required to enable your Corporation to give full consideration to the foregoing proposal."

Approved unanimously.

Letter to Honorable Leo T. Crowley, Chairman of the Federal Deposit Insurance Corporation, reading as follows:

"This is in reply to your letter of June 12, 1940, advising that the Federal Deposit Insurance Corporation has recently made a commitment to purchase the unacceptable assets from the Mount Pleasant Bank and Trust Company, Mount Pleasant, New York, in order to facilitate the sale

\*Mount Pleasant subsequently changed to read Pleasantville.

6/18/40

-3-

"of the bank to The County Trust Company, White Plains, New York.

"As requested in your letter, the Board of Governors of the Federal Reserve System hereby grants written consent, in accordance with the provisions of subsection (k) (2) of section 12B of the Federal Reserve Act for examiners for the Federal Deposit Insurance Corporation to make such examination of the Mount Pleasant Bank and Trust Company as may be required to consummate the proposed transaction."

Approved unanimously.

Mr. Morrill suggested that the Board authorize the payment of the cost of the luncheons served to Messrs. W. E. Brown, Sr., President of the Pennsylvania Bankers Association, E. W. Thomas, Chairman of the Committee on Federal Savings and Loan Association Activities of the Pennsylvania Bankers Association, C. F. Zimmerman, Secretary of the Pennsylvania Bankers Association, W. E. Brown, Jr., and General Kerr, in charge of artillery operations, U. S. A., in the Board's dining room today.

Approved unanimously.

Thereupon the meeting adjourned.

Robert Morrill  
Secretary.

Approved:

W. E. Brown, Jr.  
Chairman.