A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, July 10, 1940, at 2:30 p.m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. Szymczak
Mr. Davis

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Clayton, Assistant to the Chairman

The action stated with respect to each of the matters hereinafter referred to was taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on July 9, 1940, were approved unanimously.

Letter to Mr. Leach, President of the Federal Reserve Bank of Richmond, reading as follows:

"In accordance with the request contained in your letter of July 5, the Board approves the appointments as examiners of the following, who are at present assistant examiners for your bank:

Jas. W. Dodd, Jr.
P. H. Eubank
Wm. H. Malcom, Jr.
U. H. Mills
R. H. Smart

"Please advise us of the effective dates of the appointments, and, as requested in the Board's letter S-178, please forward a recent photograph of each of the men.

"The Board approves also the designation of Wm. J. Gerbig as a special examiner, such approval being with the understanding that he will not be transferred permanently to examination work without the Board's approval."

Approved unanimously."
Memorandum dated July 10, 1940, from Mr. Horbett, Assistant Chief of the Division of Bank Operations, submitting a letter dated July 6 from Mr. McLarin, First Vice President of the Federal Reserve Bank of Atlanta, which recommended approval by the Board of changes in the personnel classification plan of the Jacksonville Branch of the Bank to provide for the creation of a Cafeteria Department and of the new positions of "Manager and Chef" and "Cashier and Kitchen Assistant" in that department. The memorandum stated that the proposed changes had been reviewed and recommended that they be approved.

Approved unanimously.

Letter to the board of directors of "The Fairmount State Bank", Fairmount, Indiana, stating that, subject to conditions of membership numbered 1 to 6 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.

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 Fairmount State Bank', Fairmount, 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.

"The amount of estimated losses classified in the report of examination for membership is small, therefore, the usual condition regarding the elimination of estimated losses has not been prescribed.

"Since it is understood that in the State of Indiana trust funds deposited in the banking department of a bank are preferred claims in event of liquidation of the bank, you are authorized, in accordance with the general authorization previously granted by the Board, to waive compliance with condition of membership numbered 6 until further notice.

"According to the schedule on page 15-(1) of the report of examination made in connection with the application for membership, the bank held a $10,000 certificate of deposit issued by the Marion National Bank, Marion, Indiana, with interest payable at 2 per cent and due '9-7-40 or on 30-day notice'. Such terms do not appear to conform to the provisions of Regulation Q and it is suggested that you bring the matter to the attention of the Chief National Bank Examiner."

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

"Reference is made to your letter of July 3, 1940, submitting the request of The County Trust Company, White Plains, New York, for approval of the establishment of a branch at Pleasantville, New York, in connection with the proposed purchase of assets and assumption of the deposit liabilities of the Mount Pleasant Bank and Trust Company, Pleasantville, New York.

"In view of your recommendation and the information furnished, the Board approves the establishment and operation by The County Trust Company, White Plains, New York, of a branch at Pleasantville, New York, subject to consummation of the plan involving assumption of the deposit liabilities of the Mount Pleasant Bank and Trust Company as submitted, and approval of the establishment of the proposed branch by the appropriate State authorities. This approval is given with the understanding that Counsel
"for the Federal Reserve Bank of New York is to be satisfied as to the legal aspects of the transaction."

Approved unanimously.

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

"The Board has noted the contents of your letter of July 6, 1940 and enclosures concerning a proposed renewal of the central bank credit to the National Bank of Hungary, acceptance of which is recommended by the President of the Bank for International Settlements. A response along the lines which you advise you are recommending to your directors is approved by the Board."

Approved unanimously.

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

"Reference is made to your letter of July 3, 1940, in which it is stated that your Board of Directors has approved an expenditure not to exceed $30,000 for air conditioning the eleventh floor of your Bank building.

"The Board has considered this matter and will interpose no objection to the expenditure of approximately $30,000 for air conditioning the eleventh floor of your Bank building."

Approved unanimously.

Thereupon the meeting adjourned.