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A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, August 15, 1940, at 12:30 p.m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. McKee
Mr. Davis
Mr. Draper

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary

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 August 13, 1940, were approved unanimously.

Memorandum dated August 12, 1940, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that, because of approaching confinement, Mrs. Muriel W. Thompson, a clerk in the Division, be granted leave of absence from the close of business on September 7, 1940, until probably March 1, 1941, and that such absence be charged against her accumulated and accrued sick leave, accumulated and accrued annual leave, and approximately three and one-half months of leave without pay. The memorandum also recommended that during Mrs. Thompson's absence the Board continue to make its contributions to the Retirement System on her behalf with the understanding that she will continue her own contributions during the

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period.

Approved unanimously.

Letter to Mr. James C. Stone, Lexington, Kentucky, which had been prepared in accordance with the action taken at the meeting on August 12, 1940, and which read as follows:

"Mr. Davis has brought to the attention of the Board of Governors your letter of August 1, 1940, in which you tender your resignation as a class C director of the Federal Reserve Bank of Cleveland.

"As you know, it has been a point of special effort on the part of the Board to select as class C directors of the Federal Reserve Banks men who are leaders in their chosen field and in the Federal Reserve District in which they reside and who can bring to the meetings of the directors of the Banks the benefit of constructive contacts with business, industry and agriculture. In no case has that objective been more fully accomplished than in your service as a director of the Federal Reserve Bank of Cleveland and it is needless to say, therefore, that the Board accepts your resignation with sincere regret."

Approved unanimously.

Letter to the board of directors of the "Farmers & Merchants Bank of Blacksburg, Virginia", Blacksburg, Virginia, 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 Richmond.

The letter also contained the following special comment:

"It appears that the bank possesses certain powers which are not being exercised and which are not necessarily required in the conduct of a banking business, such as the power to guarantee the payment of bonds. Attention is invited to the fact that if the bank desires to exercise any powers not actually exercised at the time of admission to

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"membership, it will be necessary under condition of membership numbered 1 to obtain the permission of the Board of Governors before exercising them. In this connection, the Board understands that there has been no change in the scope of the corporate powers exercised by the bank since the date of its application for membership."

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

"The Board of Governors of the Federal Reserve System approves the application of the 'Farmers & Merchants Bank of Blacksburg, Virginia', Blacksburg, Virginia, 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 Commonwealth of Virginia for his information.

"The estimated losses classified in the report of examination for membership are small in amount, and the examiner reports that they will be charged off on receipt of the report. Accordingly, the usual condition of membership regarding elimination of losses has not been prescribed, but it is requested that you satisfy yourself that the charge-off is made in accordance with the examiner's understanding."

Letter to "The New Farmers National Bank of Glasgow", Glasgow, Kentucky, 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, receiver, and committee of estates of lunatics, 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.

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"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 dated August 14, 1940, to Mr. Harold Lee, General Counsel of the Federal Home Loan Bank Board, reading as follows:

"In accordance with the request made in your letter of August 9, 1940, there is enclosed a copy of a letter which was addressed by the Board of Governors to a Vice President of the Federal Reserve Bank of Dallas under date of October 29, 1937, regarding the question whether State member banks in Texas may lawfully purchase for their own account shares of stock of Federal savings and loan associations."

Approved unanimously.

Thereupon the meeting adjourned.

Robert Morrie
Secretary.

Approved:

W. S. ...
Chairman.