

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, August 24, 1940, at 10:30 a.m.

PRESENT: Mr. Szymczak
Mr. Davis
Mr. Draper

Mr. Morrill, Secretary

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

Letter to the board of directors of the "Bound Brook Trust Company", Bound Brook, New Jersey, 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 New York.

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 and trust business, such as the powers to guarantee titles to real estate and act as surety. Attention is invited to the fact that if the bank desires to exercise any powers not actually exercised at the time of admission to 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."

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

"The Board of Governors of the Federal Reserve System approves the application of the 'Bound Brook Trust Company', Bound Brook, New Jersey, 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 & Insurance for the State of New Jersey for his information.

"It is assumed that your office will follow the matter of the bank's bringing into conformity with the provisions of law and the Board's regulations any savings accounts which do not so conform. In this connection, however, it has been noted that several of the accounts listed on page 16(a) of the report of examination as of July 10, 1940, would appear, from their names, to fall within the type of accounts which might be classed as savings accounts in accordance with the principles set forth in the ruling #6351 in the Loose-leaf Service."

Letter to Mr. Harrison, Chairman of the Conference of Presidents, reading as follows:

"Receipt is acknowledged of your letter of August 21 and the copy enclosed therewith of your letter of August 20 to President Gilbert of the Federal Reserve Bank of Dallas in regard to the appointment of the committee to study the insurance carried by the Federal Reserve Banks. In accordance with the last paragraph of the Board's letter of July 30, the Board has designated Mr. E. L. Smead, Chief of its Division of Bank Operations, and Mr. Walter Wyatt, the Board's General Counsel, to serve with the committee in connection with this study."

Approved unanimously.

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Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

Mrs. G. M. G. M.
Member.