

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, August 29, 1940, at 10:45 a.m.

PRESENT: Mr. Ransom, Vice Chairman  
Mr. Szymczak  
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 27, 1940, were approved unanimously.

Letter to the board of directors of the "State Bank of Nappanee", Nappanee, Indiana, 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 Chicago.

The letter also contained the following special comment:

"It has been noted that the only fiduciary capacity in which the bank is acting is that of trustee in one mortgage bond issue, and it is understood that the management has no intention of undertaking general fiduciary business. In the circumstances, therefore, the application has been approved on the same basis as if the bank were not exercising

8/29/40

-2-

"fiduciary powers, and should it desire in the future to do so, other than as trustee in the one account now being administered, application should be made to the Board in accordance with the provisions of condition of membership numbered 1."

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 'State Bank of Nappanee', Nappanee, 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.

"Inasmuch as the amount of estimated losses classified in the report of examination for membership is only nominal, the usual condition of membership regarding the elimination of losses has not been prescribed."

Telegram to Mr. Clerk, First Vice President of the Federal Reserve Bank of San Francisco, reading as follows:

"Relet August 26. Board approves designation of H. F. Slade as special examiner with understanding that he will not be transferred permanently to examination work without Board's approval."

Approved unanimously.

Letter to Mr. Stewart, Secretary of the Federal Reserve Bank of St. Louis, reading as follows:

"Reference is made to your letter of August 26, 1940, inquiring whether any changes will be made in

8/29/40

-3-

"the group classifications of member banks this year. It is noted that you have no changes to suggest.

"The Board does not contemplate making any changes this year in the classification of member banks in your District for electoral purposes."

Approved unanimously.

Letter dated August 28, 1940, to Mr. Paddock, First Vice President of the Federal Reserve Bank of Boston, reading as follows:

"Reference is made to the request of 'The Brooks Bank and Trust Company', Torrington, Connecticut, transmitted with your letter of August 22, for approval, under the conditions of membership, of an expenditure not to exceed \$1,500 for the purchase of land adjoining the bank premises.

"The amount of the proposed expenditure is negligible in relation to the size of the bank, the investment of approximately \$80,000, including the additional amount, in bank premises and furniture and fixtures is not out of proportion with a capital and surplus amounting to \$200,000, and the bank is reported to be in sound asset condition and under capable management. The Board, therefore, interposes no objection, under the conditions of membership, to the proposed expenditure."

Approved unanimously.

Thereupon the meeting adjourned.

Robert Morier  
Secretary.

Approved:

Donald P. Paddock  
Vice Chairman.