

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, September 17, 1940, at 2:15 p.m.

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

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 September 16, 1940, were approved unanimously.

Letter to the board of directors of "The Bank of Montpelier", Montpelier, 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.

Approved unanimously for transmission through the Federal Reserve Bank of Chicago.

Letter to the board of directors of the "First State Bank of Porter", Porter, Indiana, stating that, subject to conditions of membership numbered 1 to 6 contained in the Board's Regulation H, the

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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 bank has outstanding common capital stock of \$25,000, which is in excess of the figure at which the stock is shown on the books of the bank. In this connection, the Board feels that the bank should, as soon as practicable, take such action within its power as may be necessary to cause the common stock to be shown at its par value. Such adjustments may be effected through conservation of earnings of the bank, through reduction of its outstanding common capital stock, if and when such a reduction may be accomplished under the applicable provisions of State law, or through such other means as may be within the power of the bank."

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 'First State Bank of Porter', Porter, 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.

"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.

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"You are familiar, of course, with the fact that stock of the Federal Reserve Bank should be issued to the applicant on the basis of capital of \$41,300, the aggregate par value of outstanding common stock and face amount of the debentures held by the Reconstruction Finance Corporation."

Telegram to Mr. Merritt, Chairman of the Federal Reserve Bank of Dallas, reading as follows:

"Referring your September 12 letter, Board interposes no objection to expenditure of approximate sum of \$675,320 instead of the \$602,320 referred to in our February 14 telegram, for building improvements as set forth in your letter."

Approved unanimously.

Telegram to Mr. John K. Ottley, Chairman, First National Bank of Atlanta, Atlanta, Georgia, reading as follows:

"The Board of Governors of the Federal Reserve System offers its congratulations to you and to your associates in the First National Bank of Atlanta upon the occasion of the celebration of the seventy fifth anniversary of the founding of your institution."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morris  
Secretary.

Approved:

Walter R. Brown  
Vice Chairman.