

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, September 24, 1940, at 11:30 a.m.

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

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary

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

Letter to the board of directors of the "Custer County Bank, Custer City, So. Dak.", Custer, South Dakota, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H and the following special condition, 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 Minneapolis:

- "4. Prior to admission to membership, such bank, if it has not already done so, shall charge off or otherwise eliminate estimated losses of \$1,120.50, as shown in the report of examination of such bank as of August 24, 1940, made by an examiner for the Federal Reserve Bank of Minneapolis."

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

"The Board of Governors of the Federal Reserve System approves the application of the 'Custer County Bank, Custer City, So. Dak.', Custer, South Dakota, for membership in the Federal Reserve System, subject to the conditions prescribed in the enclosed letter which you are requested to

9/24/40

-2-

"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 Superintendent of Banks for the State of South Dakota for his information.

"It is noted that the bank has five directors and that your examiner states that that is the number required by its charter or by-laws. However, the bank's original articles of association provided that there should be seven directors and it does not appear that such provision has been amended. This matter is mentioned with the view that, if we are correct in our understanding that an amendment is necessary in order to change the required number of directors, you may wish to suggest to the bank that the irregularity be corrected when it is convenient to do so."

Letter to Honorable Jerome Frank, Chairman, Securities and Exchange Commission, reading as follows:

"Your letter of September 16 to Chairman Eccles in regard to proposals for the amendment of the Securities Act of 1933 and the Securities Exchange Act of 1934 has been referred to me by the Chairman's office because of the Chairman's absence from the city and I have brought it to the attention of the other members of the Board.

"The Board will be very glad to have Dr. Parry keep in touch with your staff on this whole subject and to be advised through him of any developments. When Chairman Eccles returns, we shall be glad to bring your letter to his attention."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

John A. [Signature]
Vice Chairman.