A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, October 8, 1940, at 4:55 p.m.

PRESENT: Mr. Eccles, Chairman
Mr. Szymczak
Mr. McKee
Mr. Draper

Mr. Morrill, Secretary
Mr. Carpenter, Assistant Secretary
Mr. Clayton, Assistant to the Chairman
Mr. Paulger, Chief of the Division of Examinations
Mr. Leonard, Assistant Chief of the Division of Examinations

There was presented a draft of letter to President Sinclair of the Federal Reserve Bank of Philadelphia in reply to his letter of October 2, 1940, submitting a request of the Girard Trust Company, Philadelphia, Pennsylvania, for permission to take over the assets of the 1400 South Penn Square Corporation and the Chestnut Street Realty Company, affiliated real estate holding companies. The draft of letter stated that, without passing on the question whether approval by the Board is necessary under the provisions of section 24A of the Federal Reserve Act, the Board, in accordance with Mr. Sinclair's recommendation, approved the transaction as outlined, with the understanding that approval would be obtained from the Secretary of Banking for the Commonwealth of Pennsylvania and that the trust company would not acquire any securities which are ineligible for purchase by a member bank. The principal reason given for the absorption was
that it would save the bank approximately $50,000 per annum which
would be used to write down the real estate taken into the bank’s
accounts.

Chairman Eccles suggested that, while the Board should
approve the transaction as a constructive one, the letter should
also call attention to the bank’s large investment in fixed as-
sets and to its dividend policy and operating costs in relation
to the earning power of the bank and state that the Board’s
approval of the absorption of the affiliated real estate hold-
ing companies should not be regarded as approval of the bank’s
investments in fixed assets or its dividend policy.

It was agreed unanimously that
the letter should be revised in ac-
cordance with Chairman Eccles’ sug-
gestion.

At this point Messrs. Paulger and Leonard left the meet-
ing and the action stated with respect to each of the matters
hereinafter referred to was then taken by the Board:

The minutes of the meeting of the Board of Governors of
the Federal Reserve System held on October 7, 1940, were approved
unanimously.

The minutes of the meeting of the Board of Governors of
the Federal Reserve System with the Federal Advisory Council held
on October 7, 1940, were approved unanimously.

Telegram to Mr. Fletcher, Vice President of the Federal
Reserve Bank of Cleveland, reading as follows:
"Retel October 7. Board extends to October 24, 1940, the time within which 'The First Savings Bank of Ravenna, Ohio', may accomplish membership in System."

Approved unanimously.

Thereupon the meeting adjourned.

Approved:  

Chairman.

Secretary.