

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, October 10, 1940, at 11:30 a.m.

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

Mr. Morrill, Secretary
Mr. Carpenter, 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 October 9, 1940, were approved unanimously.

Memorandum from Mr. Carpenter, Assistant Secretary, submitting the resignation of Mrs. Eleanor K. Anderson as a file clerk in the Secretary's Office, effective as of the close of business on October 15, 1940, and recommending that the resignation be accepted as of that date. The memorandum also stated that Mrs. Anderson had taken 1 hour and 55 minutes of annual leave more than she will have earned as of October 15, and recommended that this additional leave be granted to her.

Approved unanimously.

Telegram to Mr. Peyton, President of the Federal Reserve Bank of Minneapolis, reading as follows:

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"As Mr. Szymczak advised you over telephone, Board yesterday gave preliminary consideration to leave, salary and retirement status of employees who are called for military and naval service, and expressed a desire to have following information for employees of each of the 12 Federal Reserve banks, including their branches: Number and aggregate annual salaries of married men between ages of 21 and 35; number and aggregate salaries of unmarried men within such ages, and number and aggregate salaries of members of a reserve component including the National Guard of the land or naval forces of the United States (a) within and (b) not within above ages. If agreeable to you, as Chairman of Presidents' Conference Committee, it will be appreciated if you will obtain such information and furnish the Board with a copy thereof for its use in considering this matter."

Approved unanimously.

Letter to the board of directors of "The Farmers Bank of Edinburg, Incorporated", Edinburg, Virginia, 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 Richmond.

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 business, such as the power to guarantee the payment of bonds. 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 for transmission through the Federal Reserve Bank of Richmond.

Letter to the board of directors of "The Grant State Bank", Grant, Michigan, 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 Mr. Evans, Vice President of the Federal Reserve Bank of Dallas, reading as follows:

"This refers to your letter of October 2, 1940, requesting the views of the Board with respect to the voting rights possessed by the Republic National Bank of Dallas and its two subsidiary member banks, The First National Bank of Waco, Texas, and the Liberty State Bank of Dallas, in connection with the approaching election of a Class B director of your bank.

"It is understood that all three of the member banks involved belong to the same electoral group and that the specific question presented is whether the Republic National Bank of Dallas may participate in the election in addition to such participation by one of the subsidiary member banks.

"A similar question was considered by the Board several years ago and the Board concluded that it was the intent of the statute that in a situation of this kind all of the member banks in a single group controlled by the same interests should together have but one vote in such an election; and that this intent of the law is not affected by the circumstance that one of the member banks happens to be a holding company affiliate. Accordingly, it is the view of the Board that in the circumstances stated in your letter any one, but not more than one, of

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"the three member banks named, when designated for the purpose in accordance with the provisions of section 4 of the Federal Reserve Act, may participate in the approaching election of a Class B director of your bank, and that therefore if the Republic National Bank of Dallas elects to participate, neither of the other member banks may do so."

Approved unanimously.

Thereupon the meeting adjourned.

Orson Moriel
Secretary.

Approved:

W. C. Eads
Chairman.