

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, October 15, 1940, at 11:15 a.m.

PRESENT: Mr. Eccles, Chairman
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 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 October 12, 1940, were approved unanimously.

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on October 14, 1940, were approved and the actions recorded therein were ratified unanimously.

Memorandum from Mr. Nelson, Assistant Secretary, submitting the resignation of Mrs. Frances Tambini as a charwoman in the building operation and maintenance section of 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 resignation was accepted.

Letter to Honorable Henry Morgenthau, Jr., Secretary of the Treasury, reading as follows:

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"The Federal Advisory Council met in Washington on October 6-8, 1940, and at its meeting with the Board submitted the attached recommendation relating to the placing, so far as possible, of future issues of Government securities with individual and corporate investors other than commercial banks.

"As you know, this is a matter to which the Board and the Federal Open Market Committee have given consideration in the past. It is hoped that there will be an opportunity at some convenient time to explore this subject more fully with you."

Approved unanimously.

Letter to Mr. Gidney, Vice President of the Federal Reserve Bank of New York, reading as follows:

"Reference is made to your letter of May 25, 1940, regarding the Clayton Act status of Mr. Herman F. Deyenberg who is serving at the same time as a director of The South Shore Bank of Staten Island, Great Kills, New York City, and as an employee of The First National Bank of North Bergen, North Bergen, New Jersey. This case has been the subject of previous correspondence between your bank and the Board, the question being whether it is covered by paragraph (5) of Section 8 of the statute.

"From the maps and other information which you have submitted it appears that the direct route between the two banks crosses Staten Island to a toll bridge across the Kill Van Kull to Bayonne, New Jersey, and through Bayonne and Jersey City to North Bergen, a distance of about 18 miles by road, of which about 8 miles is on Staten Island, New York, and about 10 miles in Hudson County, New Jersey. The airline distance appears to be only slightly less, because the route is almost straight.

"In the circumstances the two places are obviously not 'adjacent' and it is also obvious that they are not 'contiguous' along the route of travel described above. Moreover, the only way in which a traveler could go from one bank to the other and cross the corporate limits of North Bergen and New York City at the point where they touch would be by a very long and circuitous route starting from the North Bergen bank in a northeasterly direction

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"(traveling directly away from the Great Kills bank) and then southeasterly to the point in the middle of the Hudson River where the corporate limits touch. From this point the course would be across the rest of the Hudson River to Manhattan, then down Manhattan to the southern tip, by ferry across New York Bay to the northeast tip of Staten Island, and across Staten Island to Great Kills, a total distance of 22 miles or more. Finally, any one wishing to follow this circuitous route would have to forego established means of travel, because, in order to reach any of the ferries, bridges or tunnels which could be used in crossing the Hudson to Manhattan, it would be necessary to go through two or more other municipalities on the New Jersey shore. The situation, of course, is very unusual, and is of the kind which would not occur except in a very large metropolitan area.

"In view of the geographical situation which exists in this case, the Board believes that the statute is not applicable to the relationship described in the first paragraph of this letter, and it will be appreciated if you will so advise Mr. Deyerberg."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Mowle
Secretary.

Approved:

W. S. C. C. C.
Chairman.