A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, October 21, 1940, at 4:30 P.m.

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

Mr. Morrill, Secretary
Mr. Carpenter, Assistant Secretary
Mr. Smead, Chief of the Division of Bank Operations
Mr. Dreibelbis, Assistant General Counsel
Mr. Vest, Assistant General Counsel

Chairman Eccles stated that his attention had been drawn to a letter addressed by the Secretary of State to Congressman Steagall, Chairman of the House Banking and Currency Committee, under date of October 12, 1940, in which the Secretary took the position that bill H.R. 10127, relating to foreign accounts with Federal Reserve Banks and insured banks, should be changed to eliminate any provision respecting property received by an insured bank from or for the account of foreign nationals. Chairman Eccles said that, in his opinion, there were reasons why the bill should not be changed to the extent proposed in the letter and that he would suggest that the Board address a letter to the Secretary of State setting forth the reasons for retaining in the bill provisions covering property held by insured banks for the account of foreign states recognized by the Government of the United States, or for account of central banks of such states, or in which such states or central banks claim an interest.

After discussion, the matter was referred to the Chairman with power to act.
At this point Messrs. Smead, Dreibelbis, and Vest left the meeting 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 19, 1940, were approved unanimously.

Memorandum dated October 18, 1940, from Mr. Nelson, Assistant Secretary, recommending that, for the reasons stated in the memorandum, John Woodley Boothe and Earl Eugene Botts, be appointed on a permanent basis as porters in the Office of the Secretary, each with salary at the rate of $1,080 per annum, effective as of the dates following the expiration of their temporary appointments at the close of business on October 21 and 23, 1940, respectively.

Approved unanimously.

Memorandum dated October 21, 1940, from Mr. Nelson, Assistant Secretary, submitting the resignation of Rutledge R. Wheeler, as a mail clerk in the Secretary's Office, effective as of the close of business on October 28, 1940, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

Letter to the board of directors of the "State Bank of Rock Island", Rock Island, Illinois, stating that, subject to conditions of membership numbered 1 to 6 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, 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 'State Bank of Rock Island', Rock Island, Illinois, 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 Auditor of Public Accounts for the State of Illinois for his information.

"It is assumed, of course, that the Reserve Bank will follow the affairs of the bank closely until the program for correcting the weaknesses inherent in the securities account, to which program the institution is committed, has been completed.

"The amount of estimated losses in the report of examination for membership is relatively nominal; therefore, as suggested in the memorandum accompanying the application, the usual condition of membership regarding the elimination of losses has not been prescribed."

Telegram to Mr. Neely, Federal Reserve Agent at the Federal Reserve Bank of Atlanta, stating that, subject to the conditions set forth in the telegram, the Board of Governors of the Federal Reserve System authorizes the issuance of a general voting permit, under the provisions of Section 5144 of the Revised Statutes of the United States, to the "Citizens and Southern Holding Company", Savannah, Georgia, entitling such organization to vote the stock which it owns
or controls of "The Citizens and Southern National Bank of South Carolina", Charleston, South Carolina, at all meetings of shareholders of such bank, and that the period within which a permit may be issued pursuant to the authorization contained in the telegram is limited to thirty days from the date of the telegram unless an extension of time is granted by the Board. The conditions contained in the telegram upon which the permit was authorized were as follows:

"1. Prior to issuance of general voting permit authorized herein, applicant shall execute and deliver to you in duplicate an agreement in form accompanying Board's letter X-935, except that (a) paragraphs numbered 1, 2, 4 and 5 shall be omitted and remaining numbered paragraphs appropriately renumbered, and (b) all lettered paragraphs and introductory sentence immediately preceding them shall be omitted.

"2. Simultaneously with issuance of general voting permit authorized herein, there shall be issued to The Citizens and Southern National Bank general voting permit authorized in Board's telegram of this date."

Approved unanimously.

Telegram to Mr. Neely, Federal Reserve Agent at the Federal Reserve Bank of Atlanta, stating that, subject to the conditions set forth in the telegram, the Board of Governors of the Federal Reserve System authorizes the issuance of a general voting permit, under the provisions of Section 5144 of the Revised Statutes of the United
States, to "The Citizens and Southern National Bank", Savannah, Georgia, entitling such organization to vote the stock which it owns or controls of "The Citizens and Southern National Bank of South Carolina", Charleston, South Carolina, at all meetings of shareholders of such bank, and that the period within which a permit may be issued pursuant to the authorization contained in the telegram is limited to thirty days from the date of the telegram unless an extension of time is granted by the Board. The conditions contained in the telegram upon which the permit was authorized were as follows:

"1. Prior to issuance of general voting permit authorized herein, applicant shall execute and deliver to you in duplicate an agreement in form accompanying Board's letter X-9385, except that (a) paragraph numbered 7 shall be modified in manner stated in Board's letter X-9540, (b) paragraphs numbered 1, 2, 4 and 5 shall be omitted and remaining numbered paragraphs appropriately renumbered, and (c) all lettered paragraphs and introductory sentence immediately preceding them shall be omitted.

"2. Simultaneously with issuance of general voting permit authorized herein, there shall be issued to Citizens and Southern Holding Company general voting permit authorized in Board's telegram of this date."

Approved unanimously.
Thereupon the meeting adjourned.

Chairman.

Secretary.

Approved: [Signature]

Chairman.