

10/30 A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, October 30, 1940, at 10:30 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 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 29, 1940, were approved unanimously.

Memorandum dated October 28, 1940, from Mr. Goldenweiser, Director of the Division of Research and Statistics, referring to the Board's letter of October 7, 1940, to the Chairman of the Federal Deposit Insurance Corporation, which related to the continuation of the temporary appointments of Robert B. Martin and Mildred C. Milles as clerks in the Division of Research and Statistics in connection with the work being done on the assembly and joint publication of available Federal and State banking statistics, and stating that under date of October 15, 1940, a reply was received from the Chairman of the Federal Deposit Insurance Corporation to the effect that the Corporation was prepared to continue for two months to reimburse the Board for the salaries of the two employees referred to.

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The memorandum recommended that, in these circumstances, the temporary appointments of Robert B. Martin and Mildred C. Milles be regarded as having been extended from the date of the expiration of the original appointments to the close of business on December 11 and 14, 1940, respectively.

Approved unanimously.

Letter to Mr. Young, Vice President of the Federal Reserve Bank of Chicago, reading as follows:

"In accordance with the request contained in your letter of October 25, the Board approves the appointment of John M. Clark as an assistant examiner for the Federal Reserve Bank of Chicago at a salary rate of \$3,700 per annum. Please advise us of the effective date, and it is requested that you furnish us with a recent photograph of Mr. Clark."

Approved unanimously.

Letter to the board of directors of the "Burlington City Loan and Trust Company", Burlington, New Jersey, 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 Philadelphia.

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 and trust business, such as the powers to act as surety and to

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"guarantee real estate titles. 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."

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

"The Board of Governors of the Federal Reserve System approves the application of the 'Burlington City Loan and Trust Company', Burlington, New Jersey, 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 Commissioner of Banking & Insurance for the State of New Jersey for his information.

"It is understood that the bank is considering a simplification of its capital structure through the conversion of preferred stock into common. It is assumed that the Reserve Bank, of course, will use its good offices to further such a desirable program."

Letter to the board of directors of the "State Bank of Keyesport", Keyesport, Illinois, 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 St. Louis:

"4. Such bank shall increase the number of its directors

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"to not less than five, the minimum number required in the case of all member banks under the provisions of Section 31 of the Banking Act of 1933, as amended."

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

"The Board of Governors of the Federal Reserve System approves the application of the 'State Bank of Keyesport', Keyesport, 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.

"If practicable, the increase in the number of directors required by condition of membership numbered 4 should be effected prior to the admission of the bank to membership. However, the Board will not object to the admission of the bank with only four directors on the understanding that the number will be increased to five at the annual election next January.

"The Board has not prescribed the special condition recommended by the Reserve Bank that the applicant shall make no distribution or payment on outstanding certificates of deferred deposit except with the permission of the Federal Reserve Bank of St. Louis. As you were advised in the case of the Jersey State Bank, Jerseyville, Illinois, it has not been the practice of the Board to prescribe such a condition generally, and there are no reasons apparent why an exception should be made in the case of the State Bank of Keyesport.

"The balance of approximately \$4,700, exclusive of interest, due on the certificates is not large as compared with the capital account and the bank has a large capital in relation to deposits. Moreover, the annual payments of approximately \$1,550, which are expected to be continued, are relatively nominal, and the form of certificate issued the waiving depositors provides for prior approval by the State Department of liquidating dividends."

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

"The Board of Governors of the Federal Reserve System has considered the recommendation contained in Mr. Swanson's letter of October 21, 1940, and, pursuant to the provision of Section 19 of the Federal Reserve Act, grants permission to the 'University National Bank of Minneapolis', Minneapolis, Minnesota, to maintain the same reserves against net demand deposits and time deposits as are required to be maintained by banks located outside of central reserve and reserve cities, effective with the first semi-monthly reserve computation period beginning after the date of this letter.

"Please advise the member bank of the Board's action, calling attention to the fact that such permission is subject to revocation at any time by the Board of Governors of the Federal Reserve System."

Approved unanimously.

Letter to Mr. West, Vice President of the Federal Reserve Bank of San Francisco, reading as follows:

"This refers to your telegram of October 22, 1940, to Mr. Paulger, requesting information as to the extent to which the requirements outlined in the Board's letter S-33-a may be modified with respect to a supplemental application for voting permit by First Security Corporation of Ogden, Ogden, Utah, resulting from the conversion of First Security Bank of Idaho, Boise, Idaho, a subsidiary State member bank, into a subsidiary national bank.

"The Board's letter S-33-a discussed the procedure to be followed and the information required when a holding company affiliate which held a general voting permit had acquired additional banks and desired to obtain a voting permit covering such banks. In the case to which you refer, the holding company affiliate is not acquiring an additional bank, and already has a general voting permit covering the organization which is to be succeeded by the new subsidiary national bank.



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"Without passing on the question whether it is technically necessary for First Security Corporation of Ogden to obtain a new permit covering the new subsidiary national bank should it desire to vote the stock of the bank, it would appear to be advisable for it to do so in order to avoid any possible question concerning the validity of the action taken at shareholders' meetings. In order to obtain such a permit, it must file an application on the Board's Form P-1 and, to meet the technical requirements, the application must be accompanied by Exhibits A, C, M, and O, Exhibit A containing the name of the new national bank. Also, Exhibits L and N must be furnished with respect to all organizations specified in the directions on the printed forms for those exhibits and which were not covered by such exhibits in connection with the applications for the voting permits now held by the holding company affiliate.

"The application need be accompanied by no other exhibits except such as, in the circumstances, may be necessary in order to provide your bank and the Board with current information concerning the financial condition, management, and relationships of organizations in the group. In this connection, it is understood that examiners for your bank recently made an examination of the First Security Corporation of Ogden group and, while the report of such examination has not been received here, it is assumed that the information developed in the examination includes all essential data regarding the group as of the date of the examination.

"It is noted, moreover, that the annual reports of First Security Corporation of Ogden to the Board have been made on the basis of fiscal years ended September 30, and it is assumed that the corporation still operates on the basis of such fiscal year. Accordingly, it would appear that the holding company affiliate could conveniently furnish most of the information required of it in support of a supplemental application for voting permit by filing its annual report to the Board on Form F.R. 437 in conjunction with the application instead of waiting until after the end of the calendar year to file the report. Information shown in such report could readily be incorporated in the voting permit application by reference. The suggestion that data as of September 30, 1940, be used contemplates that the application will be filed within the sixty-day limit provided for with reference to Exhibit D of the voting permit application.

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"Any significant changes in the group, especially in the condition of the holding company affiliate and the converted bank, subsequent to September 30, 1940, should, of course, be covered in the new application. This would be particularly necessary with reference to any changes in the holdings of stock of the converted bank by the holding company affiliate and the carrying value of such stock on its books.

"We trust that the foregoing comments will be helpful to you in determining the extent of detailed information which will be necessary for your consideration of the application as a basis for your recommendations to the Board."

Approved unanimously.

Thereupon the meeting adjourned.

Robert M. Mowbray  
Secretary.

Approved:

W. C. St. Louis  
Chairman.