

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, November 13, 1940, at 4:30 p.m.

PRESENT: Mr. Eccles, Chairman  
Mr. Ransom, Vice Chairman  
Mr. McKee  
Mr. Draper

Mr. Morrill, Secretary  
Mr. Bethea, Assistant 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 November 12, 1940, were approved unanimously.

Memorandum dated November 2, 1940, from Mr. Nelson, Assistant Secretary, submitting a request from Thomas B. Handley, clerk in the office of the Building Manager, for leave of absence beginning November 7, 1940, for the purpose of reporting for military duty with the United States Marine Corps, and recommending that Mr. Handley be granted leave of absence for military duty beginning November 7, 1940, in accordance with the policy which it is understood will be adopted by the Board for all employees called for military duty.

Approved unanimously.

Letter to "The First National Bank in St. Petersburg", St. Petersburg, Florida, reading as follows:

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"The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers, and grants you authority to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of Florida, the exercise of all such rights to be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

"This letter will be your authority to exercise the fiduciary powers granted by the Board pending the preparation of a formal certificate covering such authorization, which will be forwarded to you in due course."

Approved unanimously.

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

"Your November 7 letter regarding loan to National Bank of Hungary. Board understands counsel is giving consideration to question of applicability of Johnson Act to such a transaction and that such question will be resolved before any loan is granted. With that understanding Board approves negotiation of loan on terms authorized by your board and outlined in your letter. It is further understood that, if made, loan will be at current discount rate at your Bank. Board also approves participation by other Federal Reserve Banks in loan, if made, and is advising them accordingly by letter today."

Approved unanimously.

Secretary's note: Late this afternoon Mr. Logan, Vice President and General Counsel of the Federal Reserve Bank of New York, advised Mr. Dreibelbis over the telephone that there was considerable question whether the loan to the National Bank of Hungary would be made and that it would save the New York Bank considerable work if the advice to the other Federal Reserve Banks with respect to approval of their participation in the loan were not sent until it was determined whether the loan would be made.

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Accordingly, it was agreed that the advice to the other Federal Reserve Banks referred to in the above telegram to Mr. Knoke would be sent only if and when the loan was made.

Thereupon the meeting adjourned.

Chester Morrie  
Secretary.

Approved:

W. Steeles  
Chairman.