A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, November 16, 1940, at 11:30 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. Szymczak
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 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 November 15, 1940, were approved unanimously.

Memorandum dated November 13, 1940, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that, for the reasons stated in the memorandum, Robert L. Smith be appointed as an associate economist in the Division, with salary at the rate of $4,000 per annum, effective as of the date upon which he enters upon the performance of his duties after having passed satisfactorily the usual physical examination.

Approved unanimously.

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

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"Reference is made to your letter of November 8, 1940, submitting the request of the Lincoln-Alliance Bank and Trust Company, Rochester, New York, for approval of the establishment of a branch in each of the towns of Brighton and Greece, New York.

"In view of your recommendation and the information submitted, the Board approves the establishment and operation of a branch in Brighton, New York, and a branch in Greece, New York, by the Lincoln-Alliance Bank and Trust Company, Rochester, New York, subject to final approval by the appropriate State authorities."

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 November 8, 1940, submitting the request of The Marine Trust Company of Buffalo, Buffalo, New York, for approval of the establishment of a branch in Holley, New York, in connection with the purchase of acceptable assets and assumption of the deposit liabilities of the State Exchange Bank of Holley.

"In view of your recommendation and the information submitted, the Board approves the establishment and operation of a branch in Holley, New York, by The Marine Trust Company of Buffalo, Buffalo, New York, upon completion of the plan submitted for the assumption of the deposit liabilities of the State Exchange Bank of Holley and subject to final approval by the appropriate State authorities. This approval is given with the understanding that Counsel for the Federal Reserve Bank of New York is to be satisfied as to the legal aspects involved in the transaction.

"The Board's action is taken with the understanding that the proposed absorption will facilitate the correction of a distressed situation. In view of the low capital ratio, the large amount of criticized assets and the absence of a definite program for elimination of estimated losses by the Marine Trust Company, the Board would not be inclined to approve the establishment of the proposed branch in ordinary circumstances. It is expected that, as a part of its regular supervisory activity and not as

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"directly related to the question of establishing a branch at Holley, the Reserve Bank will work diligently toward effecting a definite strengthening in the position of the Marine Trust Company."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrill
Secretary.

Approved: M S Eccles
Chairman.

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