

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, December 12, 1940, at 11:45 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. Szymczak
Mr. Davis
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 December 11, 1940, were approved unanimously.

Memorandum dated December 9, 1940, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that Elsie T. Nelson be appointed as a clerk in the Division, with salary at the rate of \$1,440 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed satisfactorily the usual physical examination.

Approved unanimously.

Memorandum dated December 10, 1940, from the Personnel Committee recommending that Phil Ferguson, a rancher at Woodward, Oklahoma, be appointed as director of the Oklahoma City Branch of

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the Federal Reserve Bank of Kansas City for the three-year term beginning January 1, 1941. The memorandum stated that Mr. Ferguson had indicated his willingness to accept the appointment and that if the Board approved the recommendation, it was contemplated that the telegram of appointment would not be sent until the telegrams relating to the appointment of other directors were sent after the middle of December.

Approved unanimously.

Letter to the board of directors of the "Bank of Maxville", Arnold, Missouri, stating that, subject to conditions of membership numbered 1 to 3 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 St. Louis.

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 'Bank of Maxville', Arnold, Missouri, 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 Finance for the State of Missouri for his information.

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"Since the amount of the estimated losses classified in the report of examination for membership is relatively small, the usual condition regarding the elimination of losses has not been prescribed. It has been noted, however, that the bank intends to charge off the amount classified prior to admission to membership.

"It is assumed that your office will follow to a conclusion the matter of the bank's reducing to within statutory limits the excessive balance with a nonmember bank."

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

"Enclosed is a copy of a letter of October 25, 1940, from Mr. Robert Treat Platt, General Counsel for The United States National Bank of Portland, Oregon, relating to a so-called 'Trustee Account Agreement' appearing on a form of signature card used by Bank of America National Trust & Savings Association in connection with savings and commercial accounts. It will be appreciated if you will reply to Mr. Platt's inquiry. We are advising him of this reference.

"For your guidance, it may be stated that it appears to us that, in handling accounts under agreements of the kind quoted by Mr. Platt, the bank's position is simply that of a debtor with no duties, obligations or responsibilities other than to repay the amounts deposited with it with such interest as the bank's by-laws and regulations provide. We realize that the decision in Bank of America National Trust & Savings Association v. Hazelbud, 68 P. (2d) 385, (Cal.) may be considered authority for the proposition that such agreements create trusts but we refer to the consideration given to the question whether a debtor may become trustee of its own obligation in the Restatement of the Law of Trusts, Williston on Contracts, and Scott on Trusts (particularly the discussion of the above-mentioned California decision in section 14.2). Upon the basis of the facts presented, it is our opinion that the handling of such accounts does not involve the performance of fiduciary functions by the bank, at least

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"within the meaning of section 11(k) of the Federal Reserve Act. Of course, if you have further information which would have a bearing upon the conclusion which should be reached, we shall be glad to give the matter further consideration."

Approved unanimously.

Letter to the Comptroller of the Currency, reading as follows:

lows:

"It is respectfully requested that you place an order with the Bureau of Engraving and Printing, supplementing the order requested June 19, 1940, for the printing of Federal reserve notes of the 1934 Series in the amounts and denominations stated for the Federal Reserve Bank of San Francisco:

Denomination	Number of sheets	Amount
5000	100	\$ 6,000,000
10000	100	12,000,000"

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morie
Secretary.

Approved:

W. S. ...
Chairman.