

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, December 14, 1940, at 11:30 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Szymczak
Mr. McKee
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 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 December 13, 1940, were approved unanimously.

Memorandum dated December 13, 1940, from Mr. Thomas, Assistant Director of the Division of Research and Statistics, recommending (1) that the temporary assignment of N. Merritt Sherman, Assistant Chief of the Division of Research of the Federal Reserve Bank of San Francisco, to the Board's Division of Research and Statistics in connection with special work on the System's retail trade statistics, be extended from December 15, 1940, the date upon which his present assignment expires, for such time in January 1941 as may be necessary for him to complete the work; (2) that the Board authorize the continuation during the extended period of the arrangement for reimbursement

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of the San Francisco Bank for Mr. Sherman's salary at the rate of \$400 per month, the Bank's contribution to the Retirement System on his behalf, a per diem allowance of \$5.00 per day for the period he is absent from the Bank in connection with this work, and the payment of his transportation expenses; and (3) that the amount in the miscellaneous expenditures classifications of the 1940 and 1941 budgets of the Division of Research and Statistics be increased to provide the necessary funds (estimated at \$190 for 1940 and \$475 for 1941) for the reimbursement of the San Francisco Bank during the extension of Mr. Sherman's assignment. The memorandum stated that Mr. Day, President of the Federal Reserve Bank of San Francisco, had been informed of the proposed extension of Mr. Sherman's assignment and appeared to have no objection to such an arrangement.

Approved unanimously.

Letter to the board of directors of "The Farmers Bank of Mt. Pulaski", Mt. Pulaski, 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 Chicago:

- "4. Such bank shall increase the number of its directors to not less than 5, 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."

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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 Farmers Bank of Mt. Pulaski', Mt. Pulaski, 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.

"In connection with condition of membership numbered 4, it has been noted that the bank has agreed to increase the number of its directors to five at the next annual meeting in January. With the understanding that the matter will be attended to at that time, the Board will not object to the admission of the bank to membership with only four directors.

"Since the amount of estimated losses shown in the report of examination for membership is relatively small, the usual condition of membership requiring elimination of losses has not been prescribed. It is assumed, however, that proper provision for losses will be made as a matter of sound banking practice.

"In order that our files may be complete, it is requested that you forward a copy of the form of capital debenture issued to the Reconstruction Finance Corporation by this bank."

Letter to the board of directors of the "Northern Bank", Milwaukee, Wisconsin, 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 Chicago:

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- "4. At the time of admission to membership, such bank shall have a paid-up and unimpaired capital of at least \$200,000."

Approved unanimously, for transmission through the Federal Reserve Bank of Chicago.

Letter to the Presidents of all Federal Reserve Banks, reading as follows:

"As you know the procedure adopted by the Federal Reserve Banks for uniform treatment of employees called for military service provides that, upon receiving evidence that an employee called to military service has taken out National Service Life insurance, the Bank will reimburse him for the cost of premiums on such insurance for his period of military service in a principal amount up to (a) the multiple of \$500 which is equal to or next above the equivalent of two years' salary, or (b) \$5,000, whichever is less.

"Inasmuch as amounts payable in this connection will be relatively small, it is believed that it would be preferable to make a single payment in any given case unless the period of military service is in excess of one year. We are advised that each person taking out National Service Life insurance will receive an insurance policy which can be presented to the Federal Reserve Bank at the time request is made for reimbursement for National Service Life insurance premiums.

"If in the case of those who return to the Bank's employ, or those who do not return, your bank wishes to obtain evidence that premiums were paid for the entire period for which reimbursement is requested, it is suggested that you communicate with the Board's Division of Bank Operations which will be glad to obtain from the Veterans Administration information as to the actual amount of premiums paid and the period covered by such premiums. This information may be obtained, if desired, at or about the time of the expiration of service or when a request for reimbursement is received. In each instance, in order to insure proper identification, the full name of the insured, the branch of the service, and

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"any numbers incident to service or the insurance that are available should be furnished. If the number of the policy is not known, information as to the effective date of the insurance, if available, is desirable."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morice
Secretary.

Approved:

W. Steeles
Chairman.