A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, December 18, 1940, at 10:55 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice 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 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 16, 1940, were approved unanimously.

The minutes of the meeting of the Board of Governors of the Federal Reserve System with the Presidents of the Federal Reserve Banks and representatives of the Federal Advisory Council held on December 17, 1940, were approved unanimously.

Letter to Mr. Fleming, President of the Federal Reserve Bank of Cleveland, reading as follows:

"Reference is made to your letter of December 9 requesting the Board's approval of the payment of an amount equal to six months' salary, $960, to Mr. Charles R. Banister, Loan Unit Clerk in the R.F.C. Custodian Department, on his separation from the service of your Bank on January 31, 1941, and the payment of a like
"amount to the Retirement System for the purpose of supplementing his retirement allowance.

"It is understood from your letter that the separation of Mr. Banister from the service of your Bank is primarily because of a physical impairment. Under the circumstances, the Board will interpose no objection to the proposed payment of an amount equal to six months' salary to Mr. Banister and of a like amount to the Retirement System for the purpose of supplementing his retirement allowance."

Approved unanimously.

Letter to the board of directors of the "First State Bank of Olmsted", Olmsted, Illinois, 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 'First State Bank of Olmsted', Olmsted, 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.

"According to the examiner's answer to the question on the subject at the top of page 16 of the report of examination, time and savings accounts are being handled in accordance with the provisions of the Board's Regulation
"Q, and it is assumed therefore that the $25,000 account of the State Treasurer is not a 'savings deposit'. You will note, however, that the account is listed as a savings account on page D(1) of the confidential section of the report and that the amount is included in the total of savings deposits in the officer's statement on page 1(a).

"The comments in your presentation memorandum and the report of examination regarding the indebtedness of the president and vice president who are members of the discount committee and the question of whether they are executive officers of the bank within the meaning of the Board's Regulation 0 have been noted. If you and your Counsel are satisfied, after consideration of all of the pertinent factors, including the Board's letter S-242 dated December 11, 1940, that the two officers are not executive officers within the meaning of the Regulation, the Board has no objection to your so advising the bank."

Memorandum dated December 14, 1940, from Mr. Wingfield, Assistant General Counsel, recommending that there be published in the January issue of the Federal Reserve Bulletin statements in the form attached to the memorandum with respect to the following subjects:

 Procedure Under Assignment of Claims Act of 1940;

 Inactive Vice President Participating in Operating Management of Bank as Executive Officer; and

 General Licenses Issued by the Secretary of the Treasury.

Approved unanimously.
Thereupon the meeting adjourned.

Chester Morris
Secretary.

Approved: [Signature]

Chairman.