

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, December 21, 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 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 20, 1940, were approved unanimously.

Letter to the board of directors of the "Camillus Bank", Camillus, New York, 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 New York:

- "4. Prior to admission to membership, such bank, if it has not already done so, shall charge off or otherwise eliminate estimated losses of \$1,573, as shown in the report of examination of such bank as of October 26, 1940, made by an examiner for the Federal Reserve Bank of New York."

Approved unanimously, together with  
a letter to Mr. Harrison, President of the

12/21/40

-2-

Federal Reserve Bank of New York, reading  
as follows:

"The Board of Governors of the Federal Reserve System approves the application of the 'Camillus Bank', Camillus, New York, 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 Superintendent of Banks for the State of New York for his information.

"It is assumed that your office will follow the matter of the bank's bringing the savings account listed on page 16 of the report of examination for membership into conformity with the provisions of law and the Board's regulations."

Letter to the board of directors of the "Peoples and Union Bank", Lewisburg, Tennessee, stating that, subject to conditions of membership numbered 1 to 6 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 Atlanta.

The letter also contained the following special comment:

"It appears that the bank possesses certain powers which are not being exercised and which are not necessarily required in the conduct of a banking and trust business, such as the powers to guarantee the payment of bonds and mortgages owned by others and to guarantee titles to real estate. Attention is invited to the fact that if the bank desires to exercise any powers not actually exercised at the time of admission to membership, it will be necessary under condition of membership numbered 1 to obtain the permission of the Board of Governors before exercising

12/21/40

-3-

"them. In this connection, the Board understands that there has been no change in the scope of the corporate powers exercised by the bank since the date of its application for membership."

Approved unanimously, together with a letter to Mr. Parker, President of the Federal Reserve Bank of Atlanta, reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of the 'Peoples and Union Bank', Lewisburg, Tennessee, 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 Superintendent of Banks for the State of Tennessee for his information.

"It is assumed that your office will follow the matter of the bank's bringing into conformity with the provisions of law and the Board's regulations the savings accounts listed on page 16 of the report of examination for membership.

"The documents submitted with the bank's application as Exhibit IV include copies of the bank's Charter of Incorporation and certain amendments thereto, each certified by the Register of Marshall County, Tennessee. However, they do not include certificates of State officials which a limited search of the Tennessee statutes indicates may have been necessary to make the amendments effective, and there is no evidence that copies of all amendments have been submitted. Accordingly, the application has been approved with the understanding that you are satisfied that the bank's Charter of Incorporation has been duly amended as indicated by the documents submitted and that there have been no other amendments."

Letter to the board of directors of the "Home Savings Bank", Milwaukee, Wisconsin, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H, the Board

12/21/40

-4-

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.

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 'Home Savings Bank', Milwaukee, Wisconsin, 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 Banking for the State of Wisconsin for his information.

"Since the estimated losses classified in the report of examination for membership are reported to have been charged off during the examination, the usual condition of membership regarding the elimination of losses has not been prescribed.

"In view of the questions which have been raised by the supervising examiner for the Federal Deposit Insurance Corporation with respect to the policies of the management, and the transaction referred to in Mr. Young's letter of December 10, it is assumed that the Reserve Bank will follow the situation closely until any doubts concerning policies, character, and ability of the management have been resolved."

Letter to the board of directors of the "American Falls Bank, Inc.", American Falls, Idaho, 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 San Francisco.

12/21/40

-5-

Approved unanimously, together with a letter to Mr. Day, President of the Federal Reserve Bank of San Francisco, reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of the 'American Falls Bank, Inc.', American Falls, Idaho, 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 Idaho for his information.

"It has been noted that the Reserve Bank has some misgivings as to the ability of the bank to conduct its operations profitably in view of the unfavorable experience of banks which formerly operated in the community, the limited availability of loans of sound quality, and the prospective earning power, but has recommended approval of the application in view of the fact that the bank is an insured bank and is in a strong cash, asset, and capital position. In the circumstances, it is expected that, as a matter of course, the Reserve Bank will follow the situation closely and endeavor through careful and constructive supervision to assist the bank in all appropriate ways.

"It appears that the bank has on deposit with a non-member bank an amount greatly in excess of that permitted under section 19 of the Federal Reserve Act. It is assumed that you have advised the bank concerning this matter and will follow its correction. In view of the large amount involved, please notify the Board concerning the action taken."

Letter to Mr. Paulger, Chief of the Division of Examinations of the Board of Governors, reading as follows:

"Paragraph number 7 of section 5240 of the United States Revised Statutes (section 21 of the Federal Reserve Act), as amended, provides that the Board of Governors of the Federal Reserve System, at least once each year, shall order an examination of each Federal Reserve Bank.

12/21/40

-6-

"In accordance with this provision of the law, the Board orders that at least one examination of each of the twelve Federal Reserve banks be made during the year 1941, and the Board authorizes and directs you to institute and conduct such examinations at such time or times as may seem advisable in your judgment."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie  
Secretary.

Approved:

W. S. [Signature]  
Chairman.