

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, December 28, 1940, at 11:30 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Szymczak
Mr. McKee
Mr. Davis
Mr. Draper

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 27, 1940, were approved unanimously.

Letter to the Federal Deposit Insurance Corporation, reading as follows:

"Pursuant to the provisions of section 12B of the Federal Reserve Act, as amended, the Board of Governors of the Federal Reserve System hereby certifies that The Stock Exchange Bank of Caldwell, Summer County, Kansas, Caldwell, Kansas, became a member of the Federal Reserve System on December 27, 1940, and is now a member of the System. The Board of Governors of the Federal Reserve System further hereby certifies that, in connection with the admission of such bank to membership in the Federal Reserve System, consideration was given to the following factors enumerated in subsection (g) of section 12B of the Federal Reserve Act:

1. The financial history and condition of the bank,
2. The adequacy of its capital structure,
3. Its future earnings prospects,

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- "4. The general character of its management,
5. The Convenience and needs of the community to be served by the bank, and
6. Whether or not its corporate powers are consistent with the purposes of section 12B of the Federal Reserve Act."

Approved unanimously.

Memorandum dated December 28, 1940, from Mr. Smead, Chief of the Division of Bank Operations, which referred to the action taken by the Board on December 23, 1940, approving proposed transfers from surplus (Section 7) to reserves for contingencies by the Federal Reserve Banks of New York, Cleveland, Richmond, Atlanta, Minneapolis, Kansas City, and San Francisco, and submitted requests from the Federal Reserve Banks of Boston, Philadelphia, St. Louis, and Dallas for authority to make the following transfers from surplus (Section 7) to reserves for contingencies. The memorandum recommended that these transfers be approved:

- Boston: An amount not exceeding profits on Government securities during 1940.
- Philadelphia: \$1,000,000.
- St. Louis: An amount equal to profits on Government securities during 1940.
- Dallas: An amount equal to net earnings added to surplus.

Approved unanimously.

There was presented a letter dated December 20, 1940, from Mr. McReynolds, Secretary of the Advisory Commission to the Council of National

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Defense transmitting the following resolution adopted by the Commission on December 18, 1940:

"WHEREAS, since the first of June 1940, the Board of Governors of the Federal Reserve System has generously made available to the Advisory Commission to the Council of National Defense office space in the Federal Reserve Building, and

"WHEREAS, the occupancy of this space has contributed greatly to the comfort and convenience of the Commissioners in performing their duties, and

"WHEREAS, it is now contemplated that the building which has been under construction for the use of the Advisory Commission will be completed within the next few weeks, thus enabling the Commissioners and their staffs to occupy the same building, now therefore

"BE IT RESOLVED, that the Advisory Commission hereby expresses its indebtedness and gratitude to the Board of Governors for the comfortable quarters and very efficient service which have been furnished to them in the Federal Reserve Building, and

"BE IT FURTHER RESOLVED, that the Commission hereby expresses its appreciation and thanks to Chairman Eccles for his invitation to the Commissioners to continue in these offices, which invitation is reluctantly declined only because of the increased efficiency in discharging the important responsibilities of the defense program which may be achieved through the bringing together of the entire organization in the new Social Security Building."

Unanimous approval was given to the following reply to Mr. McReynolds' letter:

"Chairman Eccles has brought to the attention of the other members of the Board of Governors your letter of December 20, 1940, and the accompanying Resolution of The Advisory Commission to the Council of National Defense in regard to the Commission's occupancy of space in the Board's building.

"The members of the Board of Governors have been glad to be of assistance to the members of the Advisory Commission in this and any other way that would facilitate their important work. We appreciate the difficulties

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"under which the members of the Commission have labored because of their inability to have all of their staff in one place and trust that the Commission will find itself entirely comfortable in its new quarters.

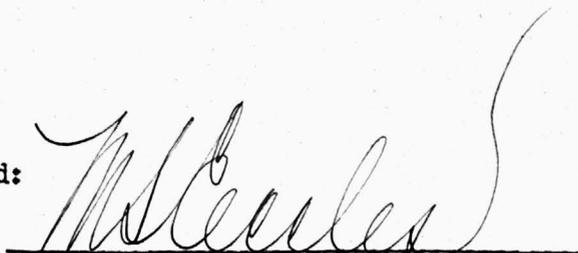
"The Board wishes to renew its assurances to the Commission that it welcomes the opportunity to cooperate not only in the ways that have already been opened but in such other fields as may lie within the ability of the Federal Reserve System."

Thereupon the meeting adjourned.



Assistant Secretary.

Approved:



Chairman.