

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, January 8, 1941, at 10:50 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 January 6, 1941, were approved unanimously.

Memorandum dated January 3, 1941, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that, effective January 8, 1941, the Board approve the temporary assignment of Chandler Morse, associate economist in the Division, to the Office of Administrator of Export Control for a period of not to exceed six months to assist in the preparation of special studies relating to possible external economic pressures and controls being made by that Office, with the understanding that the Board will be reimbursed by the Office of Administrator of Export Control for Mr. Morse's salary at the rate of \$5,000 per annum and the Board's contributions made to

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the Retirement System in his behalf during the period of his temporary assignment and that Mr. Morse will continue to pay his own contributions to the Retirement System during the six-month period. There was attached to the memorandum a letter to Chairman Eccles from the Administrator of Export Control formally requesting that the services of Mr. Morse be made available for the six months' period.

Approved unanimously.

Letter to Mr. Rice, Vice President of the Federal Reserve Bank of New York, reading as follows:

"In view of the circumstances set forth in your letter of January 3, 1941, the Board of Governors approves, for a further period from January 9, 1941, to January 31, 1941, the payment of a salary to Mr. Raymond C. Chapin at the rate of \$5,400 per annum, which is in excess of the maximum annual salary provided in the personnel classification plan of your Bank for the position now temporarily occupied by this employee."

Approved unanimously.

Letter dated January 7, 1941, to Mr. Worthington, First Vice President of the Federal Reserve Bank of Kansas City, reading as follows:

"The Board of Governors approves the changes in the personnel classification plans of the Federal Reserve Bank of Kansas City and the Denver Branch as requested in your letter of December 30, 1940."

Approved unanimously.

Letter to the board of directors of "The Bank of Port Jefferson", Port Jefferson, New York, stating that, subject to conditions of member-

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ship 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 aggregating \$7,480, as shown in the report of examination of such bank as of November 14, 1940, made by an examiner for the Federal Reserve Bank of New York."

Approved unanimously for transmission through the Federal Reserve Bank of New York.

Letter to Mr. Fry, Vice President of the Federal Reserve Bank of Richmond, reading as follows:

"Reference is made to your letter of January 2, 1941, submitting certain information regarding the contract and agreement of sale between The Fidelity Trust Company and the Colonial Trust Company, both of Baltimore, Maryland, which became effective as of the close of business December 14, 1940.

"It is understood that The Fidelity Trust Company assumed the deposit liabilities of the Colonial Trust Company, aggregating approximately \$1,950,000, received therefor loans and discounts of \$1,200,000 and cash of \$750,000, and paid the Colonial Trust Company a bonus of \$50,000 for the business. It is understood, further, that the selling bank undertook to transfer its fiduciary business to the buying bank, for which The Fidelity Trust Company agreed to pay up to \$24,000, depending upon the amount transferred.

"It does not appear that the transaction involves any change in the general character of the business of The Fidelity Trust Company or in the scope of the corporate powers exercised by it within the meaning of condition of membership numbered 1. In the circumstances,

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"therefore, the Board will interpose no objection under the condition of membership to the transaction. It is assumed that counsel for the Reserve Bank is satisfied as to the legal aspects of the transaction and that it has been approved by the appropriate State authorities."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

W. A. Steele
Chairman.