

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, January 21, 1941, at 11:30 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

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 January 17, 1941, were approved unanimously.

Memorandum dated January 15, 1941, from Mr. Smead, Chief of the Division of Bank Operations, recommending, for the reasons stated in the memorandum, that Miss Catherine E. Hopping be appointed as a stenographer in the Division of Bank Operations, with salary at the rate of \$1,440 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed satisfactorily the usual physical examination.

Approved unanimously.

Memorandum dated January 16, 1941, from Mr. Goldenweiser, Director of the Division of Research and Statistics, submitting the resignation of Michael Marsh as an economic assistant in the Division

1/21/41

-2-

of Research and Statistics, effective as of the close of business on January 17, 1941, and recommending that the resignation be accepted as of that date. The memorandum stated that a letter had been written to Mr. Marsh in accordance with the action taken by the Board at its meeting of January 14, 1941.

The resignation was accepted.

Letter dated January 18, 1941, to Mr. Day, President of the Federal Reserve Bank of San Francisco, reading as follows:

"The Board of Governors approves the changes in the personnel classification plan of the Federal Reserve Bank of San Francisco as requested in your letter of January 2, 1941. It is assumed that the salary of Mr. Agnew will be included in 'officers' salaries' in all reports forwarded to the Board of Governors as was the salary of Mr. R. T. Hardy when he occupied the position of Auditor although he was not considered an officer by the Directors of your Bank.

"In eliminating the position of Attorney, the page covering this position will of course become obsolete, and, in order to preserve the numerical sequence of the pages, a new page 51 has been prepared which will be placed in the Board's copy of your personnel classification plan. A duplicate copy of page 51 is enclosed for your use.

"When submitting future changes in the personnel classification plan which involve the cancelation of page numbers, it will be appreciated if pages similar to the one enclosed are forwarded to the Board."

Approved unanimously.

Bond in the amount of \$10,000 executed under date of January 1, 1941, by Frank J. Lewis as Federal Reserve Agent at the Federal Reserve Bank of Chicago.

Approved unanimously.

1/21/41

-3-

Letter to the board of directors of "The Saratoga State Bank", Saratoga, Indiana, stating that, subject to conditions of membership numbered 1 to 6, inclusive, 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 Chicago.

The letter also contained the following special comment:

"It has been noted that the bank has outstanding common capital stock of \$25,000, which is in excess of the figure at which the stock is shown on the books of the bank. In this connection, the Board feels that the bank should, as soon as practicable, take such action within its power as may be necessary to cause the common stock to be shown at its par value. Such adjustments may be effected through conservation of earnings of the bank, through reduction of its outstanding common capital stock, if and when such a reduction may be accomplished under the applicable provisions of State law, or through such other means as may be within the power of the bank."

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 Saratoga State Bank', Saratoga, Indiana, 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 Director, Department of Financial Institutions, for the State of Indiana for his information.

"Since it is understood that in the State of Indiana trust funds deposited in the banking department of a bank

1/21/41

-4-

"are preferred claims in event of liquidation of the bank, you are authorized, in accordance with the general authorization previously granted by the Board, to waive compliance with condition of membership numbered 6 until further notice.

"It is assumed of course that your office will follow the matter of the formal designation of a trust officer."

Letter to "The American National Bank of Pensacola", Pensacola, Florida, reading as follows:

"The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers, and grants you authority to act, when not in contravention of State or local law, as trustee and registrar of stocks and bonds, the exercise of all such rights to be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

"This letter will be your authority to exercise the fiduciary powers granted by the Board pending the preparation of a formal certificate covering such authorization, which will be forwarded to you in due course."

Approved unanimously.

Telegram dated January 18, 1941, to Mr. Peyton, President of the Federal Reserve Bank of Minneapolis, reading as follows:

"Although Bank Shares Incorporated did not hold general voting permit at end of 1940 it is assumed you have requested it to file annual report on Form F. R. 437. Desirable to obtain such report in order that Board may have information from corporation similar to that obtained from all other holding company affiliates to which Board has granted voting permits. It is suggested that if you have not already done so you request that corporation's annual report be supplemented by inclusion of balance sheet of new corporation immediately after purchase of assets of old corporation, balance sheet of old corporation immediately prior to transfer of its assets, and income statement and surplus analysis of old corporation for period from January 1, 1940, to dissolution."

Approved unanimously.

1/21/41

-5-

Memorandum dated January 16, 1941, from Mr. Wingfield, Assistant General Counsel, recommending that there be published in the February issue of the Federal Reserve Bulletin statements in the form attached to the memorandum with respect to the following subjects:

Amendment of Regulation U; and

Rules of Securities and Exchange Commission  
Concerning the Hypothecation of Customers'  
Securities by Brokers or Dealers.

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie  
Secretary.

Approved:

W. C. C. C.  
Chairman.