

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, February 1, 1941, at 11:30 a.m.

PRESENT: Mr. Szymczak
Mr. McKee
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:

Memorandum dated January 30, 1941, from Mr. Nelson, Assistant Secretary, recommending, for the reasons stated in the memorandum, that Florence D. Day be appointed as a stenographer in the Office of the Secretary, with salary at the rate of \$1,800 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.

Letter to the board of directors of the "Glenville Bank", Scotia, New York, stating that, subject to conditions of membership numbered 1 to 3, inclusive, 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

2/1/41

-2-

"it has not already done so, shall charge off or otherwise eliminate estimated losses of \$2,970, as shown in the report of examination of such bank as of December 7, 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 28, 1941, submitting the request of the 'Merchants and Farmers Bank', Portsmouth, Virginia, for a further extension, to July 31, 1941, of the time within which to complete compliance with condition of membership numbered 5, which condition reads as follows:

'5. As soon as practicable, and in any event within six months from the date of admission to membership, such bank shall dispose of any loans which may be secured in whole or in part by its own stock or obtain the substitution of other adequate security for each such loan.'

"According to the information submitted, the bank now holds 63 shares of its own stock as additional collateral to one loan as compared with 676 shares held as collateral to 15 loans at the time the bank was examined for membership in 1938. In making the request for an extension, the Vice President stated that the maker of the note, who is an elderly woman in feeble condition, has other real estate in addition to that pledged with the bank, but that they hesitate to ask her for additional real estate collateral in view of her condition. He also stated that there is now a ready market for the bank stock and that he believes that within six months he can prevail upon the owner to sell the stock and apply the proceeds to her note.

"In view of the circumstances, therefore, and your favorable recommendation, the Board extends to July 31, 1941 the time within which the bank may complete compliance with condition of membership numbered 5 and you are requested to advise the bank accordingly."

Approved unanimously.

2/1/41

-3-

Thereupon the meeting adjourned.

Chesler Morrie
Secretary.

Approved:

Ms. Gynnsak
Member.