

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, February 15, 1941, at 11:30 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. Szymczak
Mr. McKee
Mr. Davis

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 February 14, 1941, were approved unanimously.

Letter to Mr. Parker, President of the Federal Reserve Bank of Atlanta, reading as follows:

"In response to your letter of February 11 on the subject, this is to advise you that the Board will interpose no objection to the designation of Examiner R. M. Stephenson as the Trust Examiner for your bank."

Approved unanimously.

Letter to the board of directors of the "Cicero State Bank", Cicero, 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 conditions, the Board approves the bank's application for membership in the Federal Reserve System and for the

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appropriate amount of stock in the Federal Reserve Bank of New York:

- "4. Prior to admission of such bank to membership, the proposed elimination of the liability for directors' contributions, and the proposed increase in capital stock as a means to such elimination, all as contemplated in an agreement executed December 10, 1940, by the directors, shall have been accomplished, and counsel to the Federal Reserve Bank of New York shall have been satisfied as to the legal aspects of such accomplishment.
- "5. Prior to admission to membership, such bank, if it has not already done so, shall charge off or otherwise eliminate estimated losses of \$1,021, as shown in the report of examination of such bank as of October 30, 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 the board of directors of "The Killbuck Savings Bank Company", Killbuck, Ohio, stating that, subject to conditions of membership numbered 1 to 3, 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 Cleveland.

Approved unanimously for transmission through the Federal Reserve Bank of Cleveland.

Letter to the board of directors of the "Iowa Trust & Savings Bank", Estherville, Iowa, stating that, subject to conditions of membership numbered 1 to 3, inclusive, contained in the Board's Regulation H and the following special conditions, the Board approves the bank's

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application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of Chicago:

- "4. Such bank shall increase the number of its directors to not less than five, the minimum number required in the case of all member banks under the provisions of Section 31 of the Banking Act of 1933, as amended.
- "5. At the time of admission to membership, such bank shall have a paid-up and unimpaired capital of at least \$50,000."

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 'Iowa Trust & Savings Bank', Estherville, Iowa, 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 Banking for the State of Iowa for his information.

"If practicable, the increase in the number of directors required by condition of membership numbered 4 should be effected prior to admission of the bank to membership. However, the Board will not object to the admission of the bank with only four directors provided steps will be taken promptly to increase the number to five. It has been noted in this connection that the examiner was informed that the vacancy on the board would be filled shortly."

Letter to the board of directors of the "State Bank of Farina", Farina, Illinois, 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

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appropriate amount of stock in the Federal Reserve Bank of St. Louis:

- "4. Prior to admission to membership, such bank, if it has not already done so, shall charge off or otherwise eliminate estimated losses of \$672, as shown in the report of examination of such bank as of January 9, 1941, made by an examiner for the Federal Reserve Bank of St. Louis."

Approved unanimously for trans-
mission through the Federal Reserve
Bank of St. Louis.

Letter to Mr. West, Vice President of the Federal Reserve Bank
of San Francisco, reading as follows:

"This refers to your letter of January 30, 1941, with enclosures, requesting the Board's views with respect to the question whether a deposit carried by the First State Bank of LaCrosse, LaCrosse, Washington, in the name of Inland Empire Rural Electrification, Inc., may properly be classified as a savings deposit within the meaning of the Board's Regulation Q.

"It is understood that Inland Empire Rural Electrification, Inc., is a nonprofit organization and that its purpose apparently is to effect a reduction in the cost of electricity used by its members. It is noted also that according to the cashier of the First State Bank of LaCrosse the organization has no capital stock; that it has received a direct loan from the Government the proceeds of which have been used to build lines for distribution of electric power; and that the organization's entire earnings are applied to expenses and to the retirement of this loan.

"Regardless of the fact that Inland Empire Rural Electrification, Inc., may not be operated for profit, it does not appear that the organization is operated primarily for 'religious, philanthropic, charitable, educational, fraternal or other similar purposes, within the meaning of the definition of a 'savings deposit' contained in Regulation Q. Accordingly, it is the view of the Board that a deposit of Inland Empire Rural Electrification, Inc., may not properly be classified as a savings deposit under the Regulation."

Approved unanimously.

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Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

W. C. Miller
Chairman.