

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, April 19, 1941, at 11:45 a.m.

PRESENT: Mr. Eccles, Chairman
 Mr. Ransom, Vice Chairman
 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:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on April 18, 1941, were approved unanimously.

Letter to the board of directors of "The Union Bank of Wildwood, N. J.", Wildwood, New Jersey, 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 appropriate amount of stock in the Federal Reserve Bank of Philadelphia:

- "4. Prior to May 1, 1942, such bank shall take any action which may be necessary to validate the common stock issued by it as a stock dividend on December 31, 1940.
- "5. Prior to admission to membership, such bank, if it has not already done so, shall charge off or otherwise eliminate estimated losses of \$1,900, as shown

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"in the report of examination of such bank as of February 19, 1941, made by an examiner for the Federal Reserve Bank of Philadelphia."

Approved unanimously, together with a letter to Mr. Sinclair, President of the Federal Reserve Bank of Philadelphia, reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of 'The Union Bank of Wildwood, N. J.', Wildwood, New Jersey, 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 Commissioner of Banking & Insurance for the State of New Jersey for his information.

"Condition of membership numbered 4 has been prescribed in the light of discussions by members of the Board's staff and representatives of your bank of the question whether the issuance of common stock by the applicant as a stock dividend on December 31, 1940, was legal in the absence of stockholders' action amending the certificate of incorporation. It is understood that the admission of the bank subject to such condition is satisfactory to your bank. The condition will be satisfied, of course, either by appropriate corrective action by the bank or a satisfactory showing that no action is necessary."

Letter to the board of directors of "The Mont Alto State Bank", Mont Alto, Pennsylvania, 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 Philadelphia.

The letter also contained the following special comment:

"It appears that the bank possesses certain powers

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"which are not being exercised and which are not necessarily required in the conduct of a banking business, such as the power to act as surety in certain circumstances. Attention is invited to the fact that if the bank desires to exercise any powers not actually exercised at the time of admission to membership, it will be necessary under condition of membership numbered 1 to obtain the permission of the Board of Governors before exercising them. In this connection, the Board understands that there has been no change in the scope of the corporate powers exercised by the bank since the date of its application for membership."

Approved unanimously, together with a letter to Mr. Sinclair, President of the Federal Reserve Bank of Philadelphia, reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of 'The Mont Alto State Bank', Mont Alto, Pennsylvania, 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 Secretary of Banking for the Commonwealth of Pennsylvania for his information.

"In the Reserve Bank memorandum submitted with the application the necessity for increased earnings is recognized as the bank's major problem, and it is assumed that the Reserve Bank will follow the situation closely to see that appropriate efforts are made to develop increased earning power."

Letter to the board of directors of "The Bank of Dinwiddie, Incorporated", McKenney, Virginia, 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 Richmond.

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The letter also contained the following special comment:

"It appears that the bank possesses certain powers which are not being exercised and which are not necessarily required in the conduct of a banking business, such as the power to guarantee the payment of bonds. Attention is invited to the fact that if the bank desires to exercise any powers not actually exercised at the time of admission to membership, it will be necessary under condition of membership numbered 1 to obtain the permission of the Board of Governors before exercising them. In this connection, the Board understands that there has been no change in the scope of the corporate powers exercised by the bank since the date of its application for membership."

Approved unanimously, together with a letter to Mr. Leach, President of the Federal Reserve Bank of Richmond, reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of 'The Bank of Dinwiddie, Incorporated', McKenney, Virginia, 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 Commissioner of Banking for the Commonwealth of Virginia for his information.

"Your examiner stated that depreciation of \$546.80 in an issue of defaulted bonds was classified as an estimated loss because of the failure of the bank, in its latest report of condition, to deduct from securities the reserve of \$546.80 which had been established. It has been noted in this connection, however, that, according to the examiner's comments on page 16 of the report of examination, the bank showed the amount of the reserve under 'other liabilities' in the condition report and did not include it in the capital account. The amount of the remaining losses is relatively small. Therefore, the usual condition of membership regarding the elimination of losses has not been prescribed, but it is assumed that proper provision will be made for the remaining amount as a matter of sound banking practice."

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Letter to the board of directors of "The Merchants and Planters Bank", Camden, Arkansas, 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 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 \$2,272.07 as shown in the report of examination of such bank as of March 17, 1941, made by an examiner for the Federal Reserve Bank of St. Louis."

Approved unanimously for transmission through the Federal Reserve Bank of St. Louis.

Letter to Congressman John H. Tolan, Chairman of the Special Committee Investigating the Interstate Migration of Destitute Citizens, reading as follows:

"Your letter of April 7, 1941, requesting that the Board of Governors make the services of Mr. Glazier, a member of the staff of the Board's Division of Research and Statistics, available to your Committee in connection with an investigation of national defense migration was presented to the Board in due course. However, it has been learned that Mr. Glazier has decided to resign his position with the Board of Governors to become a member of the Investigating staff of your Committee. Accordingly, no further action on the matter will be taken by the Board.

"It is understood that some of the work to be covered by your investigation is in a field in which work is being done by the Board's Division of Research and Statistics. If this is the case and the Board can be helpful in making available to your Committee any information which the Division now has or contemplates preparing, the Board will be

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"very glad to place that information at your disposal."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morris

Secretary.

Approved:

W. C. Cawley

Chairman.