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July 1941
A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, June 19, 1941, at 11:00 a.m.

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

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

"The Board of Governors approves the changes in the personnel classification plan of your Head Office and Baltimore Branch as requested in your letter of June 17, 1941."

Approved unanimously.

Letter to Mr. Stroud, First Vice President and General Counsel of the Federal Reserve Bank of Dallas, reading as follows:

"The Board of Governors approves the changes in the personnel classification plan of the Federal Reserve Bank of Dallas and the San Antonio Branch as requested in your letter of June 14, 1941."

Approved unanimously.

Memorandum dated June 17, 1941, from Mr. Wingfield, Assistant General Counsel, recommending that there be published in the

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July issue of the Federal Reserve Bulletin statements in the form attached to the memorandum with respect to the following subjects:

Limitations Upon Investments in Common Trust Fund by Two or More Trusts Having Same Remainderman;

Executive Order and Regulations on Transfers of Property of Foreign Countries and their Nationals; and

General Licenses Issued by the Secretary of the Treasury.

Approved unanimously.

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

"This refers to your letter of May 31, 1941, submitting the request of the 'Security State Bank and Trust Company', Ralls, Texas, for permission to exercise the fiduciary powers it holds under the provisions of its charter and of State law.

"It appears from the report of examination of the bank, made as of March 31, 1941, that since the previous examination it has inadvertently accepted two small trust accounts in violation of its so-called 'general condition of membership' which reads as follows:

'That except with the approval of the Federal Reserve Board there shall be no change in the general character of your assets or broadening in the functions now exercised by you, such as will tend to affect materially the standard now maintained and required as a condition of membership.'

"It also appears that about eight years ago the bank accepted a guardianship of very nominal amount, which was subsequently closed out, but that no other violation

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"occurred in the intervening years until the two accounts now in question were accepted. It does not appear that the bank's officers have had any particular training or experience in fiduciary matters, other than general banking and business experience, which would qualify them to operate a trust department, nor does it appear that the bank has prospects for a sufficient volume of trust business to justify the establishment of a properly equipped trust department or the employment of personnel qualified by training and experience to engage generally in fiduciary activities.

"In the circumstances, the Board will interpose no objection to the bank continuing to administer the two trust accounts it now holds, but the Board is reluctant to act on the application for permission to engage generally in fiduciary activities unless more satisfactory information is received as to the bank's need for trust powers and its qualifications for acting in fiduciary capacities.

"As you know, the assumption of trust business, even on a limited scale, entails definite responsibilities which may become serious. While the desire of many banks to handle trust matters primarily as an additional service to their customers is recognized, it is felt that they should not undertake to do so until they are equipped to handle trust accounts in such manner as to reduce to the minimum the risks inherent in such business.

"Please advise the bank of the Board's position with respect to its application."

Approved unanimously.

Telegram to Mr. Force, Chairman of the Federal Reserve Bank of San Francisco, stating that, subject to the condition set forth in the telegram, the Board of Governors authorizes the issuance of a general voting permit, under the provisions of Section 5144 of the Revised Statutes of the United States, to the "First Security Corporation of Ogden", Ogden, Utah, entitling such organization to vote

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the stock which it owns or controls of the "First Security Bank of Idaho, National Association", Boise, Idaho, at all meetings of shareholders of such bank, and that the period within which a permit may be issued pursuant to the authorization contained in the telegram was limited to thirty days from the date of the telegram unless an extension of time was granted by the Board. The condition contained in the telegram upon which the permit was authorized was as follows:

"Prior to issuance of general voting permit authorized herein, applicant shall execute and deliver to you in duplicate an agreement in the same form as that which applicant executed on August 15, 1939, as condition to issuance of permit dated August 25, 1939."

The telegram also asked that, in order to eliminate any possible question concerning authority of the applicant's officers, because the resolution set forth in Exhibit C of the application was adopted prior to the previous application, the applicant be requested to furnish as soon as practicable two certified copies of the resolution of its board of directors ratifying all action taken by its officers in obtaining the permit authorized in the telegram.

Approved unanimously.

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

"Reference is made to your letter of June 14, 1941, submitting for consideration under the provisions of condition of membership numbered 8 a proposed expenditure

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"by 'The Wilmington Savings & Trust Company', Wilmington, North Carolina, of approximately \$35,000 for the purpose of enlarging its banking quarters.

"In accordance with your recommendation, the Board approves the proposed expenditure for such purpose, and you are requested to advise the bank accordingly."

Approved unanimously.

Letter to Mr. Young, President of the Federal Reserve Bank of Chicago, reading as follows:

"The Board has received from the Federal Deposit Insurance Corporation a copy of a letter dated May 26, 1941, written by Mr. Nichols, of that Corporation, to the president of the Holland State Bank, Holland, Michigan, regarding the large amount of its funds placed with other banks on certificates of deposit. A copy of the letter is enclosed for your information.

"It will be appreciated if you will advise us as to what extent this practice is followed by member banks in your district, to what extent member banks in your district are soliciting deposits from other banks, what position the Reserve Bank and the various State authorities have taken with respect to the practice, and to what extent the F.D.I.C. is undertaking, by direct approach and otherwise, to discourage the practice on the part of national and State member banks as well as on the part of insured non-member banks."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

Donald Ransom
Vice Chairman.