

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, January 20, 1942, at 10:30 a.m.

PRESENT: 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 January 19, 1942, were approved unanimously.

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

"Referring to your letter of January 7, 1942, it is noted that at a meeting of the Board of Directors of the Federal Reserve Bank of Boston, held on that date, all officers of your Bank, with the exception of the President and First Vice President, were reappointed to serve during the year 1942.

"Regarding the reappointment of Associate Counsel the Board of Governors approves the payment of a retainer fee to Mr. Phillips Ketchum at the rate of \$2,400 per annum for the period January 1, 1942, to April 30, 1942, which is to the same date as that for which the payment of officers' salaries has been approved. This is in accordance with the procedure set forth in the Board's letter, S-312, and it is assumed that when approval is requested for the payment of officers' salaries for the year beginning May 1, 1942, a request will be included

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"for the payment of a retainer fee for counsel for the same period.

"The Board of Governors also approves the reappointment of Messrs. Winthrop L. Carter, Carl P. Dennett, Paul A. Draper, and Edward M. Graham as members of the Industrial Advisory Committee for the First Federal Reserve District, to serve for terms of one year each, beginning on March 1, 1942.

"In view of the recent appointment of Mr. Albert M. Creighton as a Class C Director of your Bank, it is assumed that he will resign as a member of the Industrial Advisory Committee.

"It is noted that Mr. Charles E. Spencer, Jr., President of The First National Bank of Boston, was reappointed as a member of the Federal Advisory Council to represent the First Federal Reserve District during the year 1942."

Approved unanimously.

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

"Reference is made to the application of 'The First National Bank of El Campo', El Campo, Texas, for authority to act as trustee and executor, which was transmitted to the Board with your letter of January 3, 1942, and to the recommendation of your executive committee that the application be granted.

"It is noted that the bank inadvertently accepted an appointment as co-trustee without having authority to act in any fiduciary capacity, and that the primary purpose of its application is to correct this situation. It appears that it is intended, for the present at least, that the administration of the trust is to be largely in the hands of one of the individual co-trustees and that, during the approximately four months period between the date of appointment and the date of the latest examination by a national bank examiner, the bank had not assumed fully its responsibilities under the trust instrument as dictated by sound corporate fiduciary practice. This seems especially pertinent as the trusteeship in question appears to have possible complications in administration which could easily involve the bank in more than ordinarily serious problems.

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"Aside from the one trusteeship in question, it does not appear that the bank has any trust business immediately available to it, or that there is any important demand locally for a corporate fiduciary. Neither does it appear that the official personnel of the bank has any training or experience in fiduciary business other than that gained by occasionally acting individually in a trust capacity, or by advising their customers in such matters, and it seems unlikely that, if granted trust powers, the bank would ever acquire sufficient trust business to warrant it in maintaining adequate records and trained personnel, which are so essential to avoid or minimize the risks inherent in the administration of trusts.

"The good condition and management of the applicant bank have been duly considered, but in view of the situation outlined in the preceding paragraphs, which is based on the information submitted by you, and that contained in the report of examination of November 25, 1941, the Board is unwilling to grant the permission requested. Unless you have some additional facts having an important bearing upon this case, please advise the applicant bank accordingly."

Approved unanimously.

Memorandum dated January 12, 1942, from Mr. Carpenter, Assistant Secretary, submitting drafts of entries covering policy actions taken by the Board during the year 1941, for inclusion in the record maintained by the Board in accordance with the provisions of the last paragraph of section 10 of the Federal Reserve Act.

The drafts of entries were approved unanimously.

Thereupon the meeting adjourned.

Cohester Morrie
Secretary.

Approved:

Donald D. ...
Vice Chairman.