

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, January 26, 1942, at 12:45 p.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 January 24, 1942, were approved unanimously.

Memorandum dated January 22, 1942, from Mr. Nelson, Assistant Secretary, recommending that Miss Mary Alice Sullivan be appointed substitute nurse, with compensation at the rate of \$6.00 per day, it being contemplated that Miss Sullivan will be called only when the full-time nurse is absent on account of sick or annual leave.

Approved unanimously.

Letter to Mr. Nardin, Chairman of the Federal Reserve Bank of St. Louis, reading as follows:

"Referring to your letter of January 19, 1942, the Board of Governors approves, effective January 1, 1942, the payment of salaries to your representatives at the Little Rock and Memphis Branches as indicated below:

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<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
J. A. Links	Federal Reserve Agent's Representative, Little Rock Branch	\$2,700
J. P. Goldschmid	Federal Reserve Agent's Representative, Memphis Branch	2,980"

Approved unanimously.

Letter to Mr. Woolley, Secretary of the Federal Reserve Bank of Kansas City, reading as follows:

"Referring to your letter of January 16, 1942, the Board of Governors approves the reappointment of Messrs. R. L. Gray, D. Bruce Forrester, Ed S. Miller, Thomas McNally, and Mason L. Thompson as members of the Industrial Advisory Committee for the Tenth Federal Reserve District, to serve for terms of one year each beginning March 1, 1942."

Approved unanimously.

Letter to Mr. Caldwell, Chairman of the Federal Reserve Bank of Kansas City, reading as follows:

"Referring to your letter of January 16, 1942, the Board of Governors approves the payment of salaries, as fixed by your Board of Directors, for the period January 15, 1942, to May 31, 1942, to officers of the Oklahoma City Branch as indicated below:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
R. L. Mathes	Cashier	\$4,800
L. B. Davenport	Assistant Cashier	3,300

"It is noted in your letter that salaries for all other officers of your Bank and Branches have been fixed by your Board of Directors at the rates existing on December 31, 1941, for the period January 1, 1942, to May 31, 1942."

Approved unanimously.

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Letter to the board of directors of the "Dundee State Bank", Dundee, New York, stating that, subject to conditions of membership numbered 1 to 3 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 New York.

Approved unanimously, for transmission through the Federal Reserve Bank of New York.

Letter to the board of directors of "The Peru Trust Company", Peru, Indiana, stating that, subject to conditions of membership numbered 1 to 6 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 Chicago.

Approved unanimously, together with a letter to Mr. Young, 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 Peru Trust Company', Peru, Indiana, 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 Director, Department of Financial Institutions for the State of Indiana for his information.

"The losses shown in the report of examination for membership amounted to \$2,760.14 and the bank had an

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"unallocated valuation reserve in excess of \$10,000 against loans. It is felt that the matter of obtaining the allocation of a sufficient portion of the reserve to the specific items classified is more properly an administrative matter rather than a matter requiring a condition of membership. Therefore, a condition of membership to require such allocation has not been prescribed.

"Since it is understood that in the State of Indiana trust funds deposited in the banking department of a bank are preferred claims in the event of liquidation of the bank, you are authorized, in accordance with the general authorization previously granted by the Board, to waive compliance with condition of membership numbered 6 until further notice.

"The trust examiner comments at some length on the bank's policy with respect to fees charged, and he seems rather of the opinion that the policy is not entirely equitable. It is assumed of course that the Reserve Bank will follow this matter and see that any practices which may be open to question are discontinued."

Letter to the board of directors of the "O'Bannon Banking Company", Buffalo, Missouri, stating that, subject to conditions of membership numbered 1 to 3 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 St. Louis.

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

"The Board of Governors of the Federal Reserve System approves the application of the 'O'Bannon Banking Company', Buffalo, Missouri, 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

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"your files and the other of which you are requested to forward to the Commissioner of Finance for the State of Missouri for his information.

"As pointed out in the presentation memorandum, recent dividend payments appear rather generous, but it is understood that before the bank completes its membership the management will be required to satisfy the Reserve Bank that a reasonable dividend policy will be followed."

It was suggested that the Board authorize the payment of the cost of luncheons served in the Board's dining room today to Drs. C. C. Balderston and W. H. Newman, of the Wharton School of the University of Pennsylvania, who were in attendance at the Chairmen's Conference at the request of the Chairmen.

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

W. C. ...
Chairman.