

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, November 19, 1942, at 11:00 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 November 18, 1942, were approved unanimously.

Memorandum dated November 17, 1942, from Mr. Smead, Chief of the Division of Bank Operations, submitting the resignation of Mrs. Aili L. Jarvenpa as a clerk-stenographer in that Division, to become effective as of the close of business on November 19, 1942, and recommending that the resignation be accepted as of that date.

The resignation was accepted, with the understanding that an amount equal to 2 days and 25 minutes of unearned leave will be deducted from Mrs. Jarvenpa's last salary check.

Telegram to Mr. Y. Frank Freeman, Vice President of Paramount Pictures, Inc., Hollywood, California, reading as follows:

"Board of Governors of the Federal Reserve System has appointed you director of the Los Angeles Branch of the Federal Reserve Bank of San Francisco for the unexpired portion of term ending December 31, 1943, and will be pleased to have your acceptance by collect telegram."

Approved unanimously.

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Letter to Mr. George J. Knox, Superintendent of Banks, San Francisco, California, reading as follows:

"Reference is made to your telegram of October 21, 1942, and previous correspondence with regard to the action of the Board of Governors on July 10, 1942, in denying the application for the establishment of branches at Temple City and Alhambra, by the First Trust and Savings Bank of Pasadena, which is controlled by Transamerica Corporation through the ownership of a majority of the capital stock.

"When your Chief Deputy, Mr. William J. Murphy, was in Washington on July 2, 1942, this matter was discussed with him at some length. He explained to us your position, and it has been our understanding that he conveyed to you the Board's position in this matter.

"On August 17, 1942, Mr. A. P. Giannini, Chairman of the Board of Directors of Transamerica Corporation, wrote a letter to the Board with respect to its action on the application. There is enclosed for your information a copy of the Board's reply stating the Board's position.

"The Board greatly appreciates the policy which you have pursued of requiring banks to be insured, by membership in the Federal Reserve System or otherwise, before you issue licenses to begin operations, and the cooperation which we have always received from your office. We were also pleased to have the opportunity of discussing our mutual problems with Mr. Murphy and shall be glad to discuss them with you at any time."

Approved unanimously, together  
with the following letter to Mr. T.  
W. Smith, President of the First  
Trust and Savings Bank of Pasadena:

"Reference is made to your letter of August 17, the Board's acknowledgment thereof on August 29, and your letter of November 12, 1942, with regard to the action of the Board of Governors on July 10, 1942, in denying the application for the establishment of branches at Temple City and Alhambra by the First Trust and Savings Bank of Pasadena, which is controlled by Transamerica Corporation through the ownership of a majority of the capital stock.

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"On August 17, 1942, also Mr. A. P. Giannini, Chairman of the Board of Directors of Transamerica Corporation, wrote a letter to the Board with respect to its action on the application. There is enclosed for your information a copy of the Board's reply to Mr. Giannini's letter. As you may know, Mr. George J. Knox, Superintendent of Banks for the State of California, also evidenced his interest in your bank's application for branches and communicated with the Board in regard thereto. There is enclosed also a copy of the Board's reply to Mr. Knox. It is felt that these replies adequately set forth the Board's position in the matter."

In connection with the above matter, unanimous approval was also given to letters transmitting copies of the above letters to the Chairman of the Federal Deposit Insurance Corporation, the Comptroller of the Currency, and the President of the Federal Reserve Bank of San Francisco.

Memorandum dated November 18, 1942, from Mr. Cagle, Assistant Chief of the Division of Examinations, recommending, for the reasons stated in the memorandum, that the Board approve the following inscription on the front page of the report of examination for use by the Federal Reserve Banks:

**"THIS REPORT OF EXAMINATION IS STRICTLY CONFIDENTIAL**

"This report of examination has been made by an examiner selected or approved by the Board of Governors of the Federal Reserve System for use in the supervision of the bank. This copy of the report is the property of the Board of Governors and is furnished to the bank examined for its confidential use. Under no circumstances shall the bank, or any of its directors, officers, or employees disclose or make public in any manner the report or any portion thereof.

"The information contained in this report is based upon the books and records of the bank, upon statements made to the Examiner by directors, officers, and employees, and upon information obtained from other sources believed to be reliable and presumed by the Examiner to be correct.

"It is desired that each director, in keeping with his responsibilities both to depositors and to stockholders,

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"thoroughly review the report. In making this review, it should be kept in mind that an examination is not the same as an audit, and this report should not be considered to be an audit report."

The memorandum stated that the above inscription was satisfactory to the office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation, that it was understood that at the next revision or printing of their respective examination reports each agency would adopt the inscription with only such changes as were necessary to incorporate their respective names, and that steps to revise the trust report at this time had been abandoned.

The memorandum also recommended that the Board approve the following letter to the Chairman of the Federal Deposit Insurance Corporation, together with a similar letter to the Comptroller of the Currency:

"There is enclosed a specimen copy of the front cover of report of examination for use by the Federal Reserve Banks, containing the new inscription which has been worked out by representatives of the Federal Deposit Insurance Corporation, the Comptroller of the Currency, and the Board. It is understood that this inscription has been approved by the Federal Deposit Insurance Corporation and the Comptroller of the Currency and that at the next revision or printing of your report form you will adopt this inscription with only such changes as are appropriate to substitute the Federal Deposit Insurance Corporation for the Board of Governors.

"Upon this understanding, the Board is adopting the inscription as it appears on the attached specimen front cover of report of examination as new supplies are needed for the several Federal Reserve Banks."

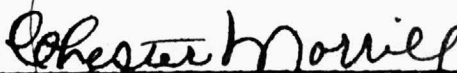
Approved unanimously.

Thereupon the meeting adjourned.

Approved:



Chairman.



Secretary.