

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, October 3, 1944, at 10:30 a.m.

PRESENT: Mr. Ransom, Vice Chairman
Mr. McKee
Mr. Draper
Mr. Evans

Mr. Morrill, Secretary
Mr. Bethea, 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 September 26, 1944, were approved unanimously.

The minutes of the meetings of the Board of Governors of the Federal Reserve System held on September 27, 28, 29, 30, and October 2, 1944, were approved and the actions recorded therein were ratified unanimously.

Letter to the "Citizens Fidelity Bank and Trust Company", Louisville, Kentucky, reading as follows:

"The Board is glad to learn that you have completed all arrangements for the admission of your bank to the Federal Reserve System and takes pleasure in transmitting herewith a formal certificate of your membership.

"It will be appreciated if you will acknowledge receipt of this certificate."

Approved unanimously.

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

"This refers to Mr. Diercks' letter of September 18, 1944, with regard to the application of the 'Community State Bank', Avilla, Indiana, for permission to exercise fiduciary powers.

"In view of the information submitted, and in accordance with Mr. Diercks' recommendation, the Board of Governors of the Federal Reserve System grants the applicant bank permission, under the provisions of its condition of membership numbered 1, to act as trustee, executor, administrator and guardian. The Board's approval is given subject to acceptance by the bank of the following standard conditions prescribed in connection with the admission to membership of State banks exercising fiduciary powers:

1. Such bank shall not invest funds held by it as fiduciary in stock or obligations of, or property acquired from, the bank or its directors, officers, or employees, or their interests, or in stock or obligations of, or property acquired from, affiliates of the bank.
2. Such bank, except as permitted in the case of national banks exercising fiduciary powers, shall not invest collectively funds held by the bank as fiduciary and shall keep the securities and investments of each trust separate from those of all other trusts and separate also from the properties of the bank itself.
3. If funds held by such bank as fiduciary are deposited in its commercial or savings department or otherwise used in the conduct of its business, it shall deposit with its trust department security in the same manner and to the same extent as is required of national banks exercising fiduciary powers.

"Since it is understood that in the State of Indiana trust funds deposited in the banking department of a bank are preferred claims in event of liquidation of the bank,

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"you are authorized, in accordance with the general authorization previously granted by the Board, to waive compliance with condition of membership numbered 3 herein until further notice.

"You are requested to advise the Community State Bank, Avilla, Indiana, of the Board's action, and to obtain an appropriate resolution of the board of directors of the bank accepting the conditions listed above and forward a certified copy thereof to the Board."

Approved unanimously.

Letter to the Presidents of all the Federal Reserve Banks reading as follows:

"For your information there is enclosed a copy of a memorandum received from the Navy Department, dated September 30, 1944, signed by Commander Donald P. Welles, Chief of Finance Division, rescinding the Navy Department memorandum of September 2, 1944, a copy of which was enclosed with the Board's Letter, S-787, dated September 9, 1944, regarding the June 1, 1944 standard amendment to the April 6, 1943 form of guarantee agreement."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

Ronald Pearson
Vice Chairman.