

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, December 2, 1944, at 10:30 a.m.

PRESENT: Mr. Eccles, Chairman  
 Mr. Szymczak  
 Mr. McKee  
 Mr. Draper  
 Mr. Evans

Mr. Morrill, 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 December 1, 1944, were approved unanimously.

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

"In accordance with the request contained in your letter of November 27, 1944, the Board approves the appointment, effective January 1, 1945, of Thomas Victor Varnedoe, at present an assistant examiner, as an examiner for the Federal Reserve Bank of Atlanta. Please advise us as to the salary rate."

Approved unanimously.

Letter to the board of directors of the "North Side Bank", Lebanon, Pennsylvania, 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

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System and for the appropriate amount of stock in the Federal Reserve Bank of Philadelphia. The letter also contained the following special comment:

"It has been noted that the bank has surrendered its fiduciary powers and that steps are being taken to have the few accounts now being administered transferred to succeeding fiduciaries. It has been noted also that the bank may possess certain powers which are not being exercised and which are not necessarily required in the conduct of a banking business, such as the power to act as surety in certain circumstances. Attention is called to the fact that if the bank should desire in the future to resume the exercise of fiduciary powers or to exercise any powers not actually exercised at the time of admission to membership, it will be necessary under condition of membership numbered 1 to obtain the permission of the Board before doing so. In this connection the Board understands that there has been no change in the scope of corporate powers exercised by the bank since the date of its application for membership."

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

"The Board of Governors of the Federal Reserve System approves the application of the 'North Side Bank', Lebanon, Pennsylvania, 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 Secretary of Banking for the Commonwealth of Pennsylvania, for his information.

"It is assumed that you will follow the matter of the bank's bringing into conformity with the provisions of law and the Board's regulations the savings accounts listed on page 16(1) of the report of examination for membership."

Letters to the "Gordon State Bank", Gordon, Nebraska, and the

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"First State Bank", Morton, Texas, 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.

Letter to Mr. McLarin, President of the Federal Reserve Bank of Atlanta, reading as follows:

"There is enclosed a copy of a letter received by the Board from Mr. R. L. Hagaman, Jr., Vice President and Trust Officer of the Jackson-State National Bank, Jackson, Mississippi, dated November 17, 1944, requesting advice as to whether such bank as trustee of an estate could invest funds of the estate in common stock of the bank to be issued at an early date to replace preferred stock which will be retired. It is stated that a few shares of the bank's common stock, along with other assets in a trust account, came to the bank as an original inventory item from the executor of the decedent's estate and are legally held, and that the bank is fully authorized to invest in such securities as are thought to be suitable for the trust.

"Section 11(a) of Regulation F provides that funds held by a national bank as fiduciary shall not be invested in stock of the bank. The fact that some shares of the bank's common stock are already legally held among the assets of the trust account would seem to offer no reason for making an exception to this principle. Furthermore, the bank's authority to invest in any securities thought suitable would not relieve the bank from criticism, if not actual liability, if the bank should invest additional funds of the trust estate in such common stock and the market value thereof subsequently should become materially lower.

"It will be appreciated if you will advise Mr. Hagaman in accordance with the views above expressed. A copy of

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"this letter has been furnished the Comptroller of the Currency for his information."

Approved unanimously.

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

"There is attached for your information a galley proof of Form F.R. 34, 1945 edition, now in the hands of the printer.

"It will be noted that provision has been made for the signing of the statements submitted to the Board on this form. It is contemplated that the statement shall be signed by the person directly responsible for its preparation.

"Delivery of the supply of forms for 1945 is expected to be made at an early date."

Approved unanimously.

Letter to Mr. W. T. McKeown, Chief, Finance Subdivision, Farm Credit Administration, United States Department of Agriculture, Kansas City, Missouri, reading as follows:

"This will acknowledge receipt of your letter of November 28, in which you ask whether it will be agreeable to the Board to have consolidated Federal Farm loan bonds and coupons state on their face that they are payable at any Federal Reserve Bank as well as at any Federal Land Bank.

"Since consolidated Federal Intermediate Credit Bank debentures now provide on their face for their payment at the office of any Federal Intermediate Credit Bank or at any Federal Reserve Bank or branch thereof, and since consolidated Federal Land Bank bonds and coupons are now payable at the Federal Reserve Banks and branches, the Board sees no reason why the fact that they are so payable should not be so stated on their face provided the use of such language is agreeable to the Treasury Department."

Approved unanimously.

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Thereupon the meeting adjourned.

Robert Morrie  
Secretary.

Approved:

W. S. ...  
Chairman.