

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, April 18, 1946, at 10:30 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. Szymczak
Mr. Draper
Mr. Evans

Mr. Carpenter, Secretary
Mr. Morrill, Special Adviser
Mr. Thurston, Assistant to
the Chairman

As stated in the minutes of the meeting of the Board on April 17, 1946, Mr. Vardaman was absent on official business.

The action stated with respect to each of the matters hereinafter referred to was taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on April 17, 1946, were approved unanimously.

Letter to "The First National Bank of Kalispell," Kalispell, Montana, reading as follows:

"This refers to the resolution adopted on October 9, 1945, by the board of directors of your bank, signifying the bank's desire to surrender its right to exercise fiduciary powers heretofore granted to it.

"The Board, understanding that your Bank has never accepted or undertaken the exercise of any trust, has issued a formal certificate to your Bank certifying that it is no longer authorized to exercise any of the fiduciary powers covered by the provisions of section 11(k) of the Federal Reserve Act, as amended. This certificate is enclosed herewith.

"In this connection, your attention is called to the fact that, under the provisions of section 11(k)

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"of the Federal Reserve Act, as amended, when such a certificate has been issued by the Board of Governors of the Federal Reserve System to a national bank, such bank (1) shall no longer be subject to the provisions of section 11(k) or the regulations of the Board of Governors of the Federal Reserve System made pursuant thereto, (2) shall be entitled to have returned to it any securities which it may have deposited with the State authorities for the protection of private or court trusts, and (3) shall not exercise hereafter any of the powers granted by section 11(k) without first applying for and obtaining a new permit to exercise such powers pursuant to the provisions of section 11(k)."

Approved unanimously.

Letter to Honorable Maple T. Harl, Chairman of the Federal Deposit Insurance Corporation, Washington, D. C., reading as follows:

"The Board of Governors has received a letter from President Young of the Federal Reserve Bank of Chicago with further reference to the borrowings of Mr. A. T. Donhowe at the Council Bluffs Savings Bank, Council Bluffs, Iowa, which was the subject of your letter of March 14, 1946, and the Board's reply dated April 2, 1946.

"President Young advises that the matter of his failure to report his liability to the Council Bluffs Savings Bank was taken up with Mr. Donhowe who stated that he was under the impression that it was not the type of liability referred to in Section 22(g) of the Federal Reserve Act, as amended. After explanation, however, Mr. Donhowe readily admitted his liability and, in a letter to President Young, stated that he would make due report at the next board meeting of the City State Bank, Ogden, Iowa, advising Mr. Young when the report is actually made.

"For your further information the following is quoted from President Young's letter:

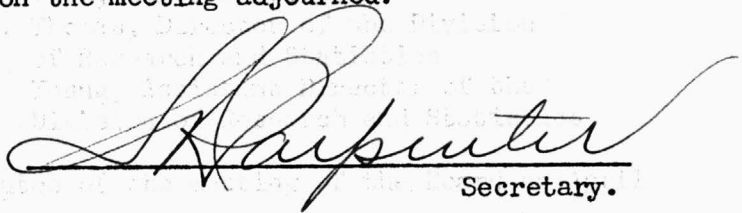
"In February of this year the matter of salary taken out of the Ogden bank was discussed with Mr. Donhowe by one of our represent-

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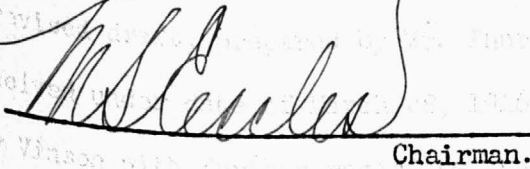
"atives and he stated at that time, as reflected in a memorandum now in your files, that some salary adjustments would be made. At that time he indicated that his purchase of the controlling interest in the Ogden, Iowa bank was not for speculative purposes but rather for investment, and that it was his plan to have his son become active in the management of the bank on what he considers a permanent basis. Mr. Donhowe again confirmed that statement in our conversation with him this week."

Approved unanimously.

Thereupon the meeting adjourned.


Secretary.

Approved:


Chairman.