

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, August 12, 1936, at 10:45 a. m.

PRESENT: Mr. Ransom, Vice Chairman  
Mr. Broderick  
Mr. Szymczak  
Mr. McKee  
Mr. Davis

Mr. Morrill, Secretary  
Mr. Carpenter, Assistant Secretary

It was stated that it is now estimated that the excess reserves of member banks on August 12, 1936, will be approximately \$3,150,000,000, as compared with the estimate of about \$3,400,000,000 made on July 14, 1936, when the Board announced the increase in reserve requirements.

The reasons for the difference in the two estimates were pointed out and it was agreed to include the following statement in the text of the weekly statement of condition of the Federal reserve banks which will be released to the press tomorrow afternoon:

"Member bank reserve balances on August 12 were estimated at approximately \$3,150,000,000 in excess of legal requirements. Owing to considerable repayments to the Treasury by the Reconstruction Finance Corporation and to the deposit of the proceeds of an issue of notes by the Commodity Credit Corporation, Treasury balances held on deposit with the Federal Reserve banks have not decreased as much in recent weeks as was expected on July 14 when the Board announced the increase in reserve requirements. As a consequence the increase in member bank reserve balances has been temporarily smaller than was estimated at the time. According to present indications excess reserves of member banks after the increased requirements go into effect on August 15 will be between \$1,700,000,000 and \$1,750,000,000 rather than \$1,900,000,000, as was previously estimated."

Consideration was then given to each of the matters hereinafter

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referred to and the action stated with respect thereto was taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on August 11, 1936, were approved unanimously.

Telegram to Mr. Delano, Federal Reserve Agent at the Federal Reserve Bank of Richmond, reading as follows:

"Fry's letter August 8. Board accepts resignation of Robert L. Shepherd as Acting Assistant Federal Reserve Agent at your bank, effective as of close of August 15, 1936. Board also approves bonds executed under date of August 8, 1936, by Messrs. Robert L. Shepherd and Terrice C. Gibson as Assistant Federal Reserve Agent and Alternate Assistant Federal Reserve Agent, respectively. Please advise whether you have any objection to the Board sending the bonding company involved the usual letter stating that it is understood that such company is under no further obligation on the bond executed on November 12, 1935, by Mr. Shepherd as Acting Assistant Federal Reserve Agent and on the bond executed on November 20, 1934, by Mr. Fry as Assistant Federal Reserve Agent, for any acts committed by them subsequent to the date as of which their services in such capacities are terminated."

Approved unanimously.

Letter to the board of directors of the "Markesan State Bank", Markesan, Wisconsin, stating that, subject to the conditions of membership numbered 1 to 6 contained in the Board's Regulation H, and the following special conditions, 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:

- "7. Such bank shall make adequate provision for depreciation in its banking house and furniture and fixtures.

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- "8. Prior to admission to membership, such bank, if it has not already done so, shall charge off or otherwise eliminate estimated losses of \$2,392.60, as shown in the report of examination of such bank as of July 13, 1936, made by an examiner for the Federal Reserve Bank of Chicago."

Approved unanimously, together with a letter to Mr. Schaller, 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 'Markesan State Bank', Markesan, Wisconsin, for membership in the Federal Reserve System, subject to the conditions prescribed in the inclosed letter which you are requested to forward to the board of directors of the institution. Two copies of such letter are also inclosed, one of which is for your files and the other of which you are requested to forward to the Commissioner of Banking of the State of Wisconsin, for his information.

"The report of examination of the bank as of July 13, 1936, indicates that no formal resolution has been adopted by the directors establishing a trust department and that there is no trust committee or designated official as trust officer. It is assumed that you will satisfy yourself that proper steps will be taken to bring the operations of the trust department into conformity with approved procedure."

Thereupon the meeting adjourned.

Chester Morrie  
Secretary.

Approved:

Donald Hanson  
Vice Chairman.