

ANNUAL REPORT
OF THE
FEDERAL RESERVE BANK
OF BOSTON

FOR THE YEAR ENDED DECEMBER 31, 1915



WASHINGTON
GOVERNMENT PRINTING OFFICE
1916

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ANNUAL REPORT OF THE FEDERAL RESERVE BANK OF BOSTON.

FREDERIC H. CURTISS, Chairman and Federal Reserve Agent.

Owing to the prevailing low rates for money, due to a large extent to the money released by the new reserve requirements and to the advances made on emergency orders, member banks have found it necessary to rediscount with this bank only to a limited extent, and, therefore, to meet operating expenses the directors of this bank have found it necessary to seek investments in the open market.

Municipal notes, bankers' acceptances, and, to a limited extent, Government bonds have thus far constituted its principal investments.

A retrospect of conditions existing at the time the Federal Reserve Banks began operations, November 16, 1914, should be of interest. There was outstanding in this district on November 16, 1914, about \$31,000,000 of emergency currency, consisting of Aldrich-Vreeland notes and clearing-house certificates. The Boston banks showed a deficit with their reserve agents and only a moderate excess in cash. The comptroller's call of October 31, 1914, showed bills payable and notes rediscounted of about \$6,000,000, most of this being borrowed by the country banks. At the date of that call many of these banks were running below their reserves and the total surplus reserve of the banks in the district was abnormally low. Money rates were high. Demand money to brokers ranged from 5½ to 7 per cent, and the commercial borrower was obliged to pay 6 per cent and even higher for accommodation up to six months. Member banks were restricting their own customers and were out of the market for outside paper.

The Boston Stock Exchange was closed except for dealings through a committee, and only limited transactions were allowed. The associated banks of Boston were paying balances through the Boston clearing-house in clearing-house certificates and bank notes. Within a few days after the opening of the Federal Reserve Bank call money was lending at 4½ to 5 per cent, and commercial paper was moving fairly freely at 5½ to 6 per cent. The new reserve requirements, which went into effect at the date of opening of the bank, were materially felt throughout the district.

OPENING OF THE BANK.

As soon as the board of directors of this bank organized one of their first official actions was the selection of its executive officer, the Governor. After a most careful canvass of eligible men the position was offered to and accepted by Mr. Alfred L. Aiken, at that time president of the Worcester National Bank, Worcester, Mass.

As it was deemed advisable to have a Deputy Governor, Mr. Thomas P. Beal, class A director, and president of the Second National Bank of Boston, at the request of the directors consented to assume that position without compensation until such time as the services of an active officer were required.

Mr. Florrimon M. Howe, assistant cashier of the Old Colony Trust Co., Boston, was chosen cashier of the bank.

Temporary banking rooms were secured at 101 Milk Street and vaults were hired from the New England Trust Co.

The first payment on capital stock was received at the Subtreasury, through the courtesy of Mr. Charles S. Strecker, the assistant treasurer. This payment amounted to \$1,618,924.99 and was practically all received on or before November 2, 1914. The stock of this bank was subscribed in about the following proportions:

Banks in group 1 approximately $76\frac{2}{3}$ per cent.

Banks in group 2 approximately $16\frac{3}{4}$ per cent.

Banks in group 3 approximately $7\frac{1}{10}$ per cent.

Group 1, banks with a capital and surplus over \$250,000; group 2, banks between \$120,000 and \$250,000; group 3, banks under \$120,000.

The first shipment of Federal Reserve notes was also received at the Boston Subtreasury, where they were stored until the permanent vaults were ready for occupancy.

Acting under instructions from the Secretary of the Treasury, this bank was opened for business on November 16, 1914, and the first payment of reserves was received at the Subtreasury. This payment amounted to approximately \$15,000,000, about \$9,300,000 of this being paid in gold, showing that the request of the Federal Reserve Board to member banks that they make this payment in gold met with satisfactory response.

Permanent quarters were later secured at 53 State Street, to which the bank moved on January 1, 1915. These quarters are on the first floor of the Exchange Building, and cover about 4,283 square feet of floor space. These rooms were formerly occupied by a bank and are well adapted to present needs. They furnish adequate space for offices, a directors' room, cages, and space for clerical work. They are rented at an annual rental of \$12,500 and a lease was taken for four years from January 1, 1915. The vaults in this room are modern, well arranged, and adequate for daily needs. In the same building there has been rented from a safe-deposit company vaults formerly occupied by the Boston Clearing House Association, and in these are carried the bank's main reserves. Federal Reserve notes and the gold in the custody of the Federal Reserve Agent are kept in separate safes in the same vault.

INTERNAL ORGANIZATION AND PERSONNEL OF THE BANK.

The bank has a governor, a deputy governor (who is inactive), a cashier, assistant cashier, chief clerk, paying teller, receiving teller, discount clerk, assistant discount clerk, and eight other clerks, including stenographers, a telephone operator, book-keepers, etc. Owing to the exigencies connected with the early opening of the bank, the employees were chosen with emphasis given to their past experience in the position to be filled, and therefore most of them were drawn from the large commercial banks, and the efficiency of these clerks has been an important factor in keeping the staff at a minimum.

The Federal Reserve Agent is in charge of the credit and the statistical department of the bank. He has an assistant, a secretary, and a stenographer. The deputy Federal Reserve Agent, after the early stages of the organization of the bank, apart from his duties as director has been active only in the absence of the Federal Reserve Agent, the department in its present stage of development not requiring the services of two officials.

When the operating force of the bank has at any time had an unusual volume of work put upon it the clerical force of the Federal Reserve Agent's department has been freely used by the bank, and this has helped to keep the clerical force of the bank small. This department has collected a moderate-sized reference library, which has proved of considerable value to the officers of this bank and to member banks.

BY-LAWS.

At a meeting of the board of directors on November 5, 1914, the following by-laws were approved. Since that time two amendments have been made, one adopted on June 3, 1915, and the other on September 2, 1915, both being in regard to the time of directors' meetings:

BY-LAWS OF THE FEDERAL RESERVE BANK OF BOSTON.

ARTICLE 1.—*Directors.*

SECTION 1. Quorum.—A majority of the directors shall constitute a quorum for the transaction of business, but less than a quorum may adjourn from time to time until a quorum is in attendance.

SEC. 2. Vacancies.—As soon as practicable after the occurrence of any vacancy in the membership of the board the chairman of the board shall take such steps as may be necessary to cause such vacancy to be filled in the manner provided by law.

SEC. 3. Meetings.—There shall be a regular meeting of the board every Thursday at 2.30 o'clock p. m. or, if that day be a holiday, on the first preceding full business day. The chairman of the board may call a special meeting at any time and shall do so upon the written request of any three directors or of the governor. Notice of regular and special meetings may be given by mail or by telegraph. If given by mail, such notice shall be mailed at least two days before the date of the meeting. If given by telegraph, such notice shall be dispatched at least one day before the date of the meeting. Notice of any meeting may be dispensed with if each of the directors shall in writing waive such notice.

SEC. 4. Powers.—The business of this bank shall be conducted under the supervision and control of its board of directors, subject to the supervision vested by law in the Federal Reserve Board. The board of directors shall appoint the officers and fix their compensation. The board may appoint legal counsel for the bank, define his duties, and fix his compensation.

SEC. 5. Special committees.—Special business of the bank may be referred from time to time to special committees, which shall exercise such powers as the board may delegate to them.

SEC. 6. Order of business.—The board may from time to time make such regulations as to order of business as may seem to it desirable.

ARTICLE 2.—*Executive committee.*

SECTION 1. How constituted.—There shall be an executive committee consisting of the governor, the Federal Reserve Agent, and one or more directors chosen from classes A or B; the member or members of the committee chosen by the board shall serve during the pleasure of the board or for terms fixed by it. Not less than three members of the committee shall constitute a quorum for the transaction of business, and action by the committee shall be upon the vote of a majority of those present at any meeting of the committee. The committee shall have power to fix the time and place of holding regular or special meetings and the method of giving notice thereof.

Minutes of all meetings of the executive committee shall be kept by the secretary, and such minutes or digests thereof shall be submitted to the members of the board of directors at its next succeeding meeting. Such minutes shall be read to the meeting if required by any member of the board.

SEC. 2. Powers.—Subject to the supervision and control of the board of directors, as set forth in article 1, section 4, the executive committee shall have the following powers:

- (a) To pass upon all commercial paper submitted for discount.
- (b) To initiate and conduct open-market transactions.
- (c) To make from time to time such changes in the discount rates as may seem best, the same to be reported to the board of directors at the next meeting of the directors following such changes.
- (d) To buy and sell securities.
- (e) To apply for and provide for the security to be pledged against the issuing of such Federal reserve notes as may, in the judgment of the committee or of the board, be necessary for the general requirements of the bank.
- (f) To employ or to delegate to officers of the bank authority to employ clerks and other subordinates and to define their duties and to fix their compensation.
- (g) To approve bonds furnished by the officers and employees of the bank and to provide for their custody.
- (h) In general, to conduct the business of the bank, subject to the supervision and control of the board of directors.

ARTICLE 3.—*Officers.*

SECTION 1. The board of directors shall appoint a governor, a deputy governor, a secretary, and a cashier, and shall have power to appoint such other officers as the board may from time to time determine to be necessary and appropriate for the conduct of the business of the bank. The offices of deputy governor, secretary, and cashier, or any two of them, may be held by one person, in the discretion of the board. The officers chosen by the board shall hold office during the pleasure of the board.

SEC. 2. *Federal Reserve Agent.*—The Federal Reserve Agent, as chairman of the board of directors shall preside at meetings thereof. Copies of all reports and statements made to the Federal Reserve Board shall be filed with the Federal Reserve Agent.

SEC. 3. *Deputy Federal Reserve Agent.*—In the absence or disability of the Federal Reserve Agent his powers shall be exercised and his duties performed by the deputy Federal Reserve Agent.

SEC. 4. *The governor.*—Subject to the supervision and control of the board of directors, the governor shall have general charge and control of the business and affairs of the bank, and he shall be the chairman of the executive committee. He shall have power to make any and all transfers of securities or other property of the bank which may be authorized to be sold or transferred by the executive committee or by the board. The governor shall have power to prescribe the duties of all subordinate officers and agents of the bank where such duties are not specifically prescribed by law or by the board of directors or by the by-laws. The governor may suspend or remove any employee of the bank.

SEC. 5. *The deputy governor.*—In case of the absence or disability of the governor his powers shall be exercised and his duties discharged by the deputy governor, and in case of the absence or disability of the deputy governor, the board shall appoint from the directors a governor pro tem. The duties of the deputy governor shall otherwise be such as may be prescribed by the board of directors or by the governor. In case the board shall deem that the business of the bank requires the appointment of one or more assistant deputy governors it shall have authority to appoint such assistant deputy governor or governors and shall prescribe and define his or their duties.

SEC. 6. *The secretary.*—The secretary shall keep the minutes of all meetings of the board and of all committees thereof. He shall have custody of the seal of the bank, with power to affix same to certificates of stock of the bank, and by authority of the board or the executive committee to such other instruments as may from time to time be required. The board of directors may, in their discretion, appoint a secretary pro tem or empower one or more officers to affix the seal of the bank to certificates of stock or other instruments. The secretary shall perform such other duties as may from time to time be prescribed by the board of directors, the executive committee, or the governor.

SEC. 7. *The cashier.*—The cashier and at least one other officer designated by the board of directors shall have the joint custody of all moneys, investments, and securities of the bank, subject to such rules as the board may adopt. He shall perform such other duties as may be assigned to him from time to time by the executive committee, the board of directors, or the governor.

ARTICLE 4.—*Certificates of stock.*

SECTION 1. *Signature.*—All certificates of stock, or payment of or on account of stock subscriptions, shall be signed by the governor or a deputy governor and the secretary or cashier, or such other officers as may be prescribed by the board, and such certificates shall bear the corporate seal.

ARTICLE 5.

SECTION 1. *Business hours.*—The bank shall be open for business for such hours as the directors may from time to time determine.

ARTICLE 6.—*Amendments.*

These by-laws may be amended at any regular meeting of the board by a majority vote of the entire board: *Provided, however,* That a copy of such amendment shall have been delivered to each member at least 10 days prior to such meeting.

Adopted by the Board of Directors of the Federal Reserve Bank of Boston on November 5, 1914.

The following amendment was favorably acted upon at the directors' meeting of June 3, 1915:

Before the word "Thursday," section 3, line 1, of the by-laws, insert the word "alternate"; after the word "Thursday," insert the words "beginning June 24," so that the section will read:

"There shall be a regular meeting of the board every alternate Thursday at 2:30 o'clock p. m., beginning June 24, or if that day be a holiday, on the first preceding full business day. The chairman of the board may call a special meeting at any time and shall do so upon the written request of any three directors or of the governor. Notice of regular and special meetings may be given by mail or by telegraph. If given by mail, such notice shall be mailed at least two days before the date of the meeting. If given by telegraph, such notice shall be dispatched at least one day before the date of the meeting. Notice of any meeting may be dispensed with if each of the directors shall in writing waive such notice."

The following amendment was favorably acted upon September 2, 1915.

Article 1, section 3, line 2, after the word "at," strike out the words "2:30 o'clock p. m.," and substitute therefor the following: "Such time as may be fixed by the board," so that that portion of section 3, as amended will read as follows:

"Sec. 3. *Meetings.*—There shall be a regular meeting of the board every alternate Thursday at such time as may be fixed by the board, or if that day be a holiday on the first preceding full business day," etc.

DIRECTORS AND EXECUTIVE COMMITTEE.

During the first eight months the board of directors met every week, the executive committee meeting on the same day. The amendment to the by-laws of June 3, mentioned above, provided that the directors should meet every alternate Thursday, and thereafter both the executive committee and the directors' meetings were held every two weeks. The records show that 47 meetings of the board have been held, with an average attendance of about 8 directors. The executive committee has met 52 times, with an average attendance of 4 members.

The executive committee consists of the governor of the bank, who is chairman, the chairman of the board of directors, and three other members of the board. It has been found expedient to have the class A and class B directors representing group 1 serve on this committee continuously, both being Boston directors, the other two class A directors serving during alternate periods.

Records are kept of the executive committee meetings. All rediscounts for member banks and investments made are approved, and matters pertaining to the policy and conduct of the bank are discussed by that committee. The records of these meetings are read and the action of the committee confirmed at each meeting of the board of directors.

At each meeting of the board of directors a statement of the condition of the bank and a detailed record of all transactions in the way of loans and investments is presented to the directors. While the officers of the bank are in more frequent consultation with the two Boston directors, every director is in close touch with the bank's affairs, and gives careful attention and thought to the development of its usefulness.

ADVISORY COUNCIL.

The board of directors, after careful consideration of the provisions of the Federal Reserve Act regarding the functions and conception of the Federal reserve advisory council, decided to appoint a banking official not connected with this bank as an officer or director as a member of that council. On October 16, 1914, the directors chose Mr. Daniel G. Wing, president of the First National Bank of Boston, as the member of the Federal advisory council from this district for the term ending December 31, 1915. Mr. Wing accepted this position and has served without compensation other than allowances for ordinary traveling expenses. He has thus far attended every meeting of the advisory council, and after each meeting has appeared before the board of directors of this bank by invitation and informed it of the deliberations and conclusions arrived at by that council.

DISCOUNT RATES.

Rates of discount were established by the board of directors, and went into effect as follows:

	10 days.	30 days.	60 days.	90 days.	Over.
Nov. 16.....		6	6	6	
20.....		5½	6	6	
Dec. 17.....		5	5½	6	
30.....		4½	5	5	
Feb. 3.....		4	4	4½	
June 18.....		4	4	4½	5
July 1.....	3	4	4	4½	5
Aug. 6.....	3	4	4	4	5

The directors in establishing rates for the longer-time paper have had in mind the out-of-town banks. These rates have been established based on prevailing rates in the outlying districts, so that assistance could be furnished without causing undue inflation. As the money market became more normal and reserves began to accumulate in the centers, rates were maintained, as it was felt that the Boston banks, owing to their large amount of unemployed funds, would probably meet any rate established by this bank, and that a further reduction of rates might affect the general money market.

While member banks have been slow to avail themselves of the privilege of rediscounting with this bank, this is due to a considerable extent to the general belief that the process is a slow one and surrounded by much formality. Banks that have rediscounted, however, find that such is not the case, and are using that privilege whenever necessary. There is no delay in crediting a bank with its rediscounts. The governor and chairman pass on paper as presented.

The 10-day rate was established to meet the needs of those banks that carry as a secondary reserve the demand street loans of brokers, that the services of this bank might be called upon for temporary use, instead of those loans being called. In normal times it is expected that banks will use this short-time privilege, and that this rate will follow very closely the current demand rates in Boston.

A commodity rate of 3½ per cent was established on September 24, 1915, but as yet no loans of a character warranting special rates have appeared in this district.

A similar situation arises in the matter of trade acceptances. The trade acceptance in use at the present time has the character to a large extent of the ordinary two-name paper offered for rediscount.

This bank has rediscounted for 29 member banks since the inauguration of the system. These rediscounts have amounted to \$2,386,922.80. The following table shows these distributed by months:

Month.	Number of applications.	Amount.
1914		
November.....	3	\$26,577.81
December.....	9	273,577.56
1915		
January.....	9	126,243.68
February.....	8	139,595.96
March.....	15	178,153.04
April.....	22	325,652.53
May.....	21	191,338.78
June.....	22	247,359.11
July.....	21	201,668.11
August.....	15	73,847.61
September.....	17	91,294.35
October.....	9	54,546.98
November.....	12	176,799.34
December.....	18	184,188.54
Total.....		2,386,922.80

Highest point, July 2, 1915, \$436,545.87.

During November and December, 1914, 10 banks rediscounted, and during the year 1915, 28 banks rediscounted, of which 9 had rediscounted in 1914.

FEDERAL RESERVE NOTES.

This bank has issued \$10,520,000 Federal Reserve notes in the following denominations:

5's.....	\$3, 620, 000
10's.....	4, 680, 000
20's.....	640, 000
50's.....	600, 000
100's.....	980, 000

These notes have all been issued against rediscounts or indorsed bankers' acceptances, and the bank has reduced its liability by a deposit of gold. Mutilated notes have been canceled and returned to the extent of \$500,000, as follows: 5's, \$260,000 10's, \$210,000; 50's, \$10,000; 100's, \$20,000.

The demand for these notes has come for the most part from Boston member and nonmember banks, and as their issuance has not drained the bank's gold reserve, but instead has mobilized additional gold in the hands of the Federal Reserve Agent, it has been deemed a wise policy and one giving additional strength to the bank's position. The application for notes and the pledging of collateral in each case has been approved by the executive committee. All gold held by the Federal Reserve Agent for the redemption of Federal Reserve Notes is carried in gold order certificates running in favor of the Federal Reserve Bank or Federal Reserve Agent of Boston. There has been received from the Comptroller of the Currency \$16,360,000 in Federal Reserve Notes, as follows:

5's.....	\$5, 080, 000
10's.....	5, 920, 000
20's.....	1, 760, 000
50's.....	1, 600, 000
100's.....	2, 000, 000

These notes have been carried, together with the gold certificates held by the agent, in separate safes in the bank's vaults, in the State Street safe deposit vaults located beneath the banking rooms of the Federal Reserve Bank.

Access to the bank vaults requires the presence of three officers and access to the Federal Reserve Agent's safes requires the Federal Reserve Agent and one other.

It has been intimated by member banks that the demand for \$50 and \$100 notes has been for the use of mutual savings banks. The demand for \$10 notes can partly be traced to the fact that \$10 gold certificates have been used for pay roll and other counter requirements in this district, and the Federal Reserve note has no doubt replaced much of this class of currency.

In order to meet any unusual demand for currency a supply of Federal Reserve notes of this bank amounting to \$45,000,000 has been printed, a generous supply being carried always on hand in Boston by the Federal Reserve Agent, ready for issuance. As these notes are estimated to cost \$0.00959 per note, this has been a heavy expense to the bank, but as the supply will probably cover several years' necessities the cost will be distributed over that period. Each time notes are issued the cost is charged by the bank as a current expense.

Satisfactory results have been obtained in cleaning and laundering soiled notes at a very small cost.

The Subtreasury has furnished facilities for canceling and cutting mutilated notes that have been redeemed and those notes have been forwarded to the comptroller

for destruction. Federal Reserve notes of other Federal Reserve Banks have been received on deposit by this bank and forwarded to the issuing bank as follows:

New York.....	\$954,645
Philadelphia.....	31,690
Cleveland.....	24,315
Richmond.....	69,865
Atlanta.....	29,800
Chicago.....	22,925
St. Louis.....	3,770
Minneapolis.....	20,305
Kansas City.....	12,485
Dallas.....	22,780
San Francisco.....	7,205
Total.....	1,199,785

Notes of this bank have been received from other Federal Reserve Banks as follows:

New York.....	\$232,070
Philadelphia.....	29,750
Cleveland.....	575
Richmond.....	1,440
Atlanta.....	1,255
Chicago.....	7,400
St. Louis.....	3,050
Minneapolis.....	180
Kansas City.....	550
Dallas.....	290
San Francisco.....	6,330
Total.....	282,870

GOVERNMENT BONDS.

This bank has purchased \$1,000,000 United States Government 2's, 1930, at prices ranging from 98½ to 99. The question of purchasing Government securities has been frequently discussed by the directors of this bank. Apart from the fact that each year this bank may be called upon to purchase its pro rata of such securities presented for purchase by member banks under the provisions of the Federal Reserve Act, various arguments have been presented against the purchase of such bonds for investment.

OPEN-MARKET OPERATIONS.

In order to meet its operating expenses this bank has been a large purchaser of bankers' acceptances and city and town notes.

On February 18, 1915, the directors of this bank voted to establish a rate of not less than 2 per cent and not more than 4 per cent for the purchase of bankers' acceptances. It has purchased acceptances at rates varying from 2 per cent to 3 per cent. The following table shows the purchases by months:

Month.	Number of purchases.	Amount.
1915.		
February.....	3	\$340,317.18
March.....	9	1,030,278.09
April.....	11	549,853.94
May.....	9	643,209.30
June.....	10	572,516.55
July.....	20	1,063,620.68
August.....	20	1,063,486.29
September.....	14	781,224.78
October.....	21	1,791,963.05
November.....	21	3,348,051.89
December.....	31	2,920,804.84
Total.....		14,105,326.59

It is the custom of New England cities and towns, especially in Massachusetts, to issue short-time notes in anticipation of taxes, to be paid from the current taxes. These municipal warrants form a most attractive investment, a default in payment being practically unknown. Under regulations of the Federal Reserve Board this bank has purchased \$8,247,535.85 of these warrants, as shown by the following table:

Month.	Number of purchases.	Amount.
1915.		
January.....	5	\$555,000.00
February.....	3	320,000.00
March.....	8	306,840.00
April.....	13	635,000.00
May.....	20	658,200.00
June.....	20	731,000.00
July.....	17	433,000.00
August.....	12	1,144,000.00
September.....	18	748,000.00
October.....	7	339,000.00
November.....	23	1,706,575.27
December.....	16	670,920.58
Total.....		8,247,535.85

These have been purchased at prices ranging from 2 per cent to 3½ per cent. The prevailing prices have been somewhat higher than in past years, due to purchases by Federal Reserve Banks and low money rates. These town notes are readily convertible, there being a good demand for them from savings banks and trustees.

THE HANDLING OF CHECKS.

There is no problem that has been given more careful study by the officers of this bank than that of the handling of checks for its member banks. In this particular district, owing to the highly developed system which has been operated for several years by the Boston Clearing House Association, the necessity for this bank to develop a collection system of its own, so far as the handling of intradistrict checks is concerned, was not so imperative as in most of the other districts, for through that medium a very large percentage of checks on New England banks, member and nonmember, are being handled at par. The need of member banks is largely for the handling of interdistrict checks, which not only form a large percentage of the total amount of checks they receive, but most of which are subject to a collection charge under the Boston Clearing House rules, member banks carrying accounts in other cities—principally Albany and Philadelphia—in order to collect these checks at par. The development of this interdistrict clearing is naturally dependent upon the development of the clearing systems in other districts.

In connection with the opening of the Federal Reserve Banks this bank advised its members that it would receive on deposit for immediate credit checks drawn on any Federal Reserve Bank and checks drawn by member banks on member banks in Boston only. This practice was continued until the collection system was inaugurated on June 15, 1915.

On November 13, 1914, the Federal Reserve Bank of Boston was elected a limited member of the Boston Clearing House Association, and on November 18, 1914, began to clear its Boston checks. From that date on the Boston banks made clearing-house settlements by checks drawn on this bank, a policy which still continues and which has done away with the payment of money in clearing-house transactions and the necessity of carrying through the streets large sums of currency to and from the clearing house. The method by which this is accomplished is as follows: Boston banks having debit balances against the clearing house each day draw their check in favor of the clearing-house manager, who in turn opens a temporary account in the Federal Reserve Bank. These checks he deposits each day and draws his checks in favor of banks gaining or having a credit balance.

On June 15, 1915, this bank inaugurated the voluntary clearing system generally adopted by the Federal Reserve Banks, a system of immediate debit and immediate credit for intradistrict checks. Forty-three banks joined this system at the outset, and since that time nine additional banks have joined and two withdrawn from the system, making the present number 50, as shown by the following list:

CITY OR TOWN AND NAME OF BANK.

Attleboro, Mass., First National Bank.	Manchester, N. H., Amoskeag National Bank.
Bellows Falls, Vt., National Bank of.	Manchester, N. H., Merchants National Bank.
Boothbay Harbor, Me., First National Bank.	Marlboro, Mass., First National Bank.
Boston, Mass., Boylston National Bank.	Marlboro, Mass., Peoples National Bank.
Boston, Mass., Commercial National Bank.	Millbury, Mass., Millbury National Bank.
Boston, Mass., First National Bank.	Montpelier, Vt., First National Bank.
Boston, Mass., Fourth Atlantic National Bank.	New Bedford, Mass., Mechanics National Bank.
Boston, Mass., Merchants National Bank.	Newburyport, Mass., Merchants National Bank.
Boston, Mass., National Union Bank.	New Haven, Conn., First National Bank.
Boston, Mass., Old Boston National Bank.	North Bennington, Vt., First National Bank.
Boston, Mass., Old Colony Trust Co.	Northborough, Mass., Northborough National Bank.
Boston, Mass., Peoples National Bank of Roxbury.	Norwood, Mass., Norwood National Bank.
Boston, Mass., Second National Bank.	Plymouth, Mass., Plymouth National Bank.
Boston, Mass., Webster & Atlas National Bank.	Portsmouth, N. H., First National Bank.
Bridgeport, Conn., First Bridgeport National Bank.	Providence, R. I., National Exchange Bank.
Chelsea, Mass., Broadway National Bank.	Quincy, Mass., Mount Wollaston National Bank.
Claremont, N. H., Claremont National Bank.	Springfield, Mass., Chicopee National Bank.
Clinton, Conn., Clinton National Bank.	Springfield, Mass., Springfield National Bank.
Danbury, Conn., Danbury National Bank.	Ware, Mass., Ware National Bank.
Gloucester, Mass., Cape Ann National Bank.	Westfield, Mass., Hampden National Bank.
Greenfield, Mass., First National Bank.	Windsor, Vt., State National Bank.
Greenwich, Conn., Greenwich National Bank.	Worcester, Mass., Merchants National Bank.
Haverhill, Mass., First National Bank.	Worcester, Mass., Worcester National Bank.
Hudson, Mass., Hudson National Bank.	
Holyoke, Mass., Park National Bank.	
Hopkinton, Mass., Hopkinton National Bank.	
Lynn, Mass., Manufacturers National Bank.	

The largest number of checks handled in one day was 1,803, on October 18, 1914, and the smallest number 226, on June 15, 1915. The average number of items daily was as follows:

July, 1,023; August, 1,030; September, 1,045; October, 1,205; November, 1,255; December, 1,202. The average amount of these checks daily has been as follows:

July, \$1,064,297.36; August, \$977,795.84; September, \$1,090,206.51; October, \$2,010,813.44; November, \$2,901,186.54; December, \$2,290,814.11.

With the inauguration of this collection system the bank changed its previous schedule in reference to checks on Federal Reserve Banks taking for immediate credit drafts drawn by member banks upon the principal banks in New York, Albany, and Philadelphia, as well as drafts drawn upon the Federal Reserve Banks of New York and Philadelphia. Checks on the following Federal Reserve Banks are received on a deferred basis.

Federal Reserve Bank of Richmond, two days after receipt.

Federal Reserve Bank of Cleveland, two days after receipt.

Federal Reserve Bank of Chicago, two days after receipt.

Federal Reserve Bank of St. Louis, two days after receipt.

Federal Reserve Bank of Atlanta, three days after receipt.

Federal Reserve Bank of Minneapolis, three days after receipt.

Federal Reserve Bank of Kansas City, three days after receipt.

Federal Reserve Bank of Dallas, four days after receipt.

Federal Reserve Bank of San Francisco, six days after receipt.

With the opening of the Federal Reserve Banks, the Boston Clearing House Association passed a resolution to amend section 2 of its rules and regulations to read as follows:

"SEC. 2. For all items collected for account of the Governments of the United States, the State of Massachusetts, or the city of Boston, for New England checks collectible at par through the Boston Clearing House, and for items payable in the cities of New York, Providence, Albany, Troy, Jersey City, Newark, Hoboken, Bayonne, Philadelphia, and Baltimore, and for all items (whether such items are collected through the Federal Reserve Bank of Boston or otherwise) which the Federal Reserve Bank of Boston shall have notified the manager of the Boston Clearing House Association that it will receive from its members for immediate credit at par, the charges shall in all cases be discretionary with the collecting bank, and shall not be governed by the provisions of these rules and regulations."

Although all member banks were invited to enter the clearing system no efforts were made on the part of this bank's officers to influence member banks to join, the character of the business of the banks in New England, especially that of banks outside of Boston being such that after careful study it was concluded that these banks would have difficulty in maintaining balances to meet their checks. The country bank has been accustomed to count as reserve checks sent to its reserve correspondent as soon as those items were mailed, and balances with those correspondents being counted as reserve by the country banks as shown by their own books, and not as shown by the books of the collecting bank, although even the record of the latter bank would include uncollected checks. Furthermore, a practice has developed of allowing the out-of-town bank to remit for its own checks, and therefore the country bank has been accustomed to handle its business under the prevailing practice, the burden of carrying the uncollected checks falling on the reserve correspondent, the country bank carrying compensating balances to reimburse it.

As the reserves of the country banks are to be ultimately transferred to the Federal Reserve Banks, the Federal Reserve Banks must furnish its members with the facilities which they are receiving from their reserve correspondents. While the physical handling of items, both time and demand, is a large one, it is not insurmountable, for

that means simply men and machines. The expense will be heavy, but there is little question but that a saving can be made over the present existing methods, and under the Federal Reserve Act this expense can be prorated among the member banks.

On the other hand, as the checks pertain to the reserves of the out-of-town member banks the problem is a more serious one.

On November 10, 1915, the Boston Clearing House passed the new schedule of collection charges appended hereto, which showed a substantial reduction. There is no question but that most of these changes were brought about by the facilities offered by the Federal Reserve Banks through the gold settlement fund, and by the collection system inaugurated in the clearing houses in other cities which are based to quite an extent on the facilities given by other Federal Reserve Banks. The problems involved in the handling of checks arise largely in connection with the out-of-town banks, especially as it pertains to their reserves, and in this connection it would appear that there was need for amendments to the Federal Reserve Act.

PUBLICITY.

Each month the Federal Reserve Agent has furnished for the Federal Reserve Bulletin a report on conditions in New England. In this connection information, opinions, and statistics have been furnished freely by the merchants in the different lines of trade, and by the local bankers, and this service and cooperation has been most helpful. The officers of the bank have furnished the local newspapers from time to time with such details of its operation as they felt would be of interest to the public at large. Rates of discount established by the bank appear each day in these papers. During the past year addresses have been made before State banking associations and before many trade associations, it being thought a matter of the greatest importance to have the bankers and merchants not only familiar with the details of the Federal Reserve System, but to have them interested in the work the bank is doing and the progress being made in the development of the system. The public apparently know very little about the new banking system or its purpose and every effort should be made to give them authentic information.

RELATIONS BETWEEN THE FEDERAL RESERVE BANK OF BOSTON AND ITS MEMBER BANKS.

Owing to the unusual condition existing in the money market, and to the fact that the reserve city banks offer facilities to the country banks which this bank has not yet developed, more particularly in connection with the collection of checks and other items, the latter banks have carried only their minimum reserve requirements with this bank and have used its facilities only to a limited extent. The relations between country bank officials and the officials of this bank have been most cordial. While many of the banks in this district are borrowing, most of them find it much more convenient to go to their correspondent bank and borrow, either in the form of a demand loan, with or without collateral, or against a certificate of deposit.

The comptroller's calls on the several dates show the total borrowings of member banks in the district as compared with their rediscounts with this bank, as follows:

	Total borrowed.	Borrowed, F. R. B.
Dec. 31, 1914.....	\$4,738,416	\$105,000
Mar. 1, 1915.....	4,047,708	234,681
May 1, 1915.....	3,909,796	410,723
June 30, 1915.....	4,284,445	270,441
Sept. 2, 1915.....	3,398,858	190,849
Nov. 10, 1915.....	2,985,406	131,725

The officials of the city banks on the other hand are apparently satisfied with the progress made in the development of this bank's functions. While but few of the Boston banks have rediscounted with us, almost all have intimated that should occasion arise they would do so. Furthermore, several Boston banks have entered into the acceptance business to a large extent, and the assistance that this bank has given in the matter of rates and market for acceptances has done much to bring it into favor with those banks. The Boston banks have also used this bank to a large extent in exchange transactions, and the services offered by the gold settlement fund have been used almost exclusively by those banks.

Thus far Boston banks have received more benefits from this bank than have the other banks in this district. A possible exception to this is in Aroostook County, Me., where, owing to an unusual situation surrounding the principal industry, the potato crop, banks have relied on this bank to a considerable extent to carry them through a trying period. The moral effect of having the Federal Reserve Bank of Boston stand behind them was not only appreciated by those banks, but enabled them to handle their business much more satisfactorily and to finance themselves without having to call upon this bank to an undue extent for rediscounts or without embarrassing their customers.

THE ATTITUDE OF STATE BANKS TOWARD THE FEDERAL RESERVE SYSTEM.

The trust companies in this district, at least those doing a commercial business, are watching with interest the operations of this bank, and several are inclined to enter the Federal Reserve System.

The relations between the officials of this bank and those of the State institutions have been most satisfactory, and frequent interchange of ideas and the cooperation received by these officials have been most helpful.

The board of directors have appointed a committee consisting of the governor, the Federal Reserve Agent, and one director to examine and pass on the condition of State banks applying for membership in the system. The class B director, group 1, is the third member of this committee in the case of trust companies located in Boston, and the class A director, group 1, on trust companies outside of Boston.

On the recommendation of the above committee the Federal Reserve Board admitted the Old Colony Trust Co. to membership on August 14, 1915. This trust company subscribed for 7,200 shares of stock, making payment of \$360,000, being 50 per cent of its subscription, on August 24, 1915, and on the same day transferred to this bank \$2,600,000 reserves.

In connection with the application of State banks for admittance to the Federal Reserve System, the assistance and cooperation of the Massachusetts banking department has been of great assistance, and the relations between the officials of this bank and those in that department are most cordial.

BANKERS' ACCEPTANCES.

New England imports a large volume of hides and wool from South America and cotton and jute from the Orient and other sections of the world. These shipments in the past have been financed through credits drawn on European centers. Since the opening of the Federal Reserve Banks these foreign trade transactions have been financed to a large extent through dollar credits drawn on this country and the acceptances arising therefrom have found a ready market in the Federal Reserve Banks. Several of the member banks in this district have entered this new field of finance and the Federal Reserve Bank of Boston has used every effort to further and develop that business, not only by buying a large amount of that class of paper,

but also through furnishing favorable forward discount rates to assist in protecting its member banks. The following member banks have entered this field:

1. First National Bank, Boston, Mass.
2. Fourth-Atlantic National Bank, Boston, Mass.
3. Merchants National Bank, Boston, Mass.
4. National Shawmut Bank, Boston, Mass.
5. Old Colony Trust Co., Boston, Mass.
6. Second National Bank, Boston, Mass.
7. Merchants National Bank, Worcester, Mass.

Under special permission of the Federal Reserve Board the First National Bank, of Boston, and the National Shawmut Bank, of Boston, have been given authority to accept up to 100 per cent of their capital and surplus. It is of interest to note that the former bank has reported the largest amount of acceptances of any member bank of the Federal Reserve System.

GOLD SETTLEMENT FUND.

The inauguration of the gold settlement fund in Washington is one of the most important developments of the Federal reserve system, and its influence has been felt by the banks in the district in facilitating the handling of domestic exchange, arising for the most part in connection with the collection of checks outside of the district. While this settlement fund has been used for the most part by the city banks, it has enabled those banks to collect the checks of the out-of-town banks with less expense. The influence of this fund has also been shown in the recent regulation on checks adopted by the Boston Clearing House Association and other associations.

Since the inauguration of this clearing fund between the Federal Reserve Banks this bank has handled for its member banks without cost to them about \$267,000,000 of exchange, only having to transfer \$680,000 of gold to the fund after the initial deposit.

ELECTION.

An election was held between November 16, 1915, and December 1, 1915, for the selection of a class A and a class B director. The retiring directors represented group 3, and, therefore, only banks in that group had the right to vote for their successors. Group 3 consists of 145 of the smaller banks in the district, and of that number only 60 banks certified district reserve electors. Only a moderate amount of interest was taken in the election and only three candidates were nominated for each class. Of the 60 electors only 52 voted. A majority of the votes cast were for the outgoing directors, Mr. Arthur M. Heard, of Manchester, N. H., class A, and Mr. Charles G. Washburn, of Worcester, Mass., class B, who therefore were declared reelected.

MEMBER BANKS.

When the Federal Reserve Bank of Boston commenced business on November 16, 1914, it had 439 member banks. Soon after this the Island Pond National Bank, Island Pond, Vt., joined the system, and on June 18, 1915, the First National Bank, Van Buren, Me., which had just been organized, joined. On August 24, 1915, the Old Colony Trust Co., Boston, Mass., also became a member, making a total of 442 banks.

During the first year the following nine banks have gone into liquidation and withdrawn from the system, leaving 433 member banks in this district:

Charter Oak National Bank, Hartford, Conn., consolidated with Phoenix National Bank, Hartford, Conn.

Pacific National Bank, Lawrence, Mass., consolidated with Merchants Trust Co., Lawrence, Mass.

Aetna National Bank, Hartford, Conn., consolidated with Hartford National Bank, Hartford, Conn.

National Union Bank, Woonsocket, R. I., consolidated with Woonsocket Trust Co., Woonsocket, R. I.

Winthrop National Bank, Boston, Mass., consolidated with ~~Merchants~~ National Bank, Boston, Mass.

New Haven County National Bank, New Haven, Conn., consolidated with New Haven Bank, N. B. A., New Haven, Conn.

Lynn National Bank, Lynn, Mass., consolidated with Lynn Safe Deposit & Trust Co., Lynn, Mass.

First Ward National Bank, Boston, Mass., and Mutual National Bank, Boston, Mass., formed Metropolitan Trust Co., Boston, Mass.

The capital stock of this bank has been increased 6,044 shares since the original payment was made on November 2, 1914. Through the admission of the Old Colony Trust Co. of Boston and the readjustment of the capital and surplus of member banks 9,359 additional shares have been issued to member banks at par. Through the liquidation of member banks and changes in capital and surplus 3,315 shares have been surrendered.

FIDUCIARY POWERS.

Under date of February 15, 1915, the Federal Reserve Board issued its circular inclosing regulations covering the granting of special permission to national banks to perform certain fiduciary functions under section 11 (k) of the Federal Reserve Act.

Thus far the applications of the following banks have been approved by the Federal Reserve Board:

TRUSTEE, EXECUTOR, ADMINISTRATOR, AND REGISTRAR OF STOCKS AND BONDS.

CONNECTICUT.

1915.

- Mar. 22. Middletown National Bank, Middletown.
- 22. Second National Bank, New Haven.
- 22. Manufacturers National Bank, Waterbury.
- Apr. 29. National Bank of Norwalk, Norwalk.
- May 8. National Tradesmens Bank, New Haven.
- 8. Merchants National Bank, New Haven.
- July 26. Yale National Bank, New Haven.
- Aug. 20. City National Bank, South Norwalk.
- 26. City National Bank, Bridgeport.

MASSACHUSETTS.

- Mar. 15. First National Bank, Boston.
- 18. National Shawmut Bank, Boston.
- 22. Merchants National Bank, Boston.
- 22. Second National Bank, Boston.
- 22. Union Market National Bank, Watertown.
- 22. Worcester National Bank, Worcester.
- 26. Peoples National Bank, Boston.
- 26. Merchants National Bank, Salem.
- 26. Merchants National Bank, Worcester.
- Apr. 3. National Mahaiwe Bank, Great Barrington.
- 3. Norwood National Bank, Norwood.
- 12. City National Bank, Holyoke.
- 20. First National Bank, Haverhill.
- 20. First National Bank, Webster.
- 22. Chicopee National Bank, Springfield.
- 24. Crocker National Bank, Turners Falls.
- 29. Home National Bank, Holyoke.

1915.

- May 8. Massasoit-Pocasset National Bank, Fall River.
8. Mechanics National Bank, New Bedford.
10. Peoples National Bank, Marlboro.
June 1. Agricultural National Bank, Pittsfield.
July 26. Northampton National Bank, Northampton.
Aug. 26. First National Bank, Marlboro.
26. Pittsfield National Bank, Pittsfield.
Sept. 10. Cape Ann National Bank, Gloucester.
13. Greylock National Bank, Adams.
Dec. 1. Holyoke National Bank, Holyoke.

NEW HAMPSHIRE.

- Apr. 3. Claremont National Bank, Claremont.
12. Strafford National Bank, Dover.
20. First National Bank, Concord.
20. Keene National Bank, Keene.

RHODE ISLAND.

- Mar. 26. Aquidneck National Bank, Newport.

VERMONT.

- May 5. Peoples National Bank, Brattleboro.
8. Citizens National Bank, Poultney.
Oct. 21. First National Bank, Brandon.
Dec. 1. Welden National Bank, St. Albans.

TRUSTEE, EXECUTOR, AND ADMINISTRATOR.

CONNECTICUT.

- Mar. 22. First National Bank, Wallingford.

NEW HAMPSHIRE.

- Mar. 18. Merchants National Bank, Dover.
May 10. Indian Head National Bank, Nashua.

TRUSTEE, EXECUTOR, AND REGISTRAR OF STOCKS AND BONDS.

- Apr. 12. First National Bank, Portland, Me.
Oct. 6. Norway National Bank, Norway, Me.

TRUSTEE, AND REGISTRAR OF STOCKS AND BONDS.

NEW HAMPSHIRE.

- June 7. Ashuelot National Bank, Keene.
July 13. Citizens National Bank, Newport.
14. Wolfeboro National Bank, Wolfeboro.
Aug. 2. Amoskeag National Bank, Manchester.
Sept. 10. Mechanicks National Bank, Concord.

TRUSTEE.

- May 6. Old Lowell National Bank, Lowell, Mass.

REGISTRAR OF STOCKS.

- Mar. 22. Essex National Bank, Haverhill, Mass.

REGISTRAR OF STOCKS AND BONDS.

- Sept. 21. City National Bank, Danbury, Conn.

In none of the New England States is there any statutory provision expressly authorizing national banks to act as trustee, executor, administrator, and registrar of stocks and bonds except Vermont. In Vermont the legislature of 1915 passed an act expressly authorizing national banks to act as executor, trustee, and administrator. New Hampshire recently passed an act forbidding banks to act as executor or administrator. The question as to whether this act applies to national banks as well as trust companies is now pending before the New Hampshire Supreme Court.

A committee, composed of the governor, the chairman, and the cashier, have passed upon the applications of member banks for powers under section 11 (k) of the Federal Reserve Act. In the case of each application this committee has scrutinized carefully both the resources and management of the applying bank before making its report. The committee makes its report to the board of directors, who make, through the chairman, a recommendation to the Federal Reserve Board based upon the report of that committee. The granting of these privileges has been greatly appreciated by member banks.

In determining the standing of these banks, the cooperation and assistance afforded by Mr. James D. Brennan, chief national-bank examiner of this district, has been of much value.

CREDIT NEEDS OF THE DISTRICT.

This is a savings district for the most part, and banking capital is in excess of the demands of local business. Therefore banks are obliged to seek investments in the open market. Commercial paper should constitute more of the investments of the commercial bank, especially of the country bank. The country bank's experience, however, in purchasing outside paper has not been very satisfactory, and this has led those banks to invest more and more in a poorer grade of bonds yielding a high per cent of income. These investments, in many cases, have not proved satisfactory, and many banks show a heavy shrinkage in their bond accounts.

The development of a credit department and its use by member banks is a subject that has been given careful consideration. Thus far the work in the credit department has been limited largely to the compiling of statistics and credit information on member banks and State banks applying for membership. The credit departments of the Boston banks have been of much assistance and have been frequently used in checking up the makers of notes offered for rediscount.

Every effort should be made by reserve banks to see that proper safeguards surround the commercial notes purchased by member banks through note brokers. It would seem advisable to standardize, as far as possible, the form of statement furnished by the broker to banks buying paper in the open market and that such statements should be certified to by outside accountants, and in the case of the larger borrowers that notes be registered by some responsible agent. This bank has furnished to its member banks a simple form of statement to be used in obtaining credit information from depositors and has recommended the forms adopted by the American Bankers' Association as a standard form when more detailed information was deemed necessary.

The provision of the Federal Reserve Act allowing member banks under certain restrictions to invest in farm mortgages has been exercised to but a limited extent by banks in this district, farm lands in New England not furnishing for the most part attractive security for loans. There is, however, in many of the country districts a demand for real-estate loans. If the Federal Reserve Act could be amended so that in lieu of the farm loan member banks outside of reserve cities could invest a certain portion of their time deposits in loans against improved local real estate, perhaps at 60 per cent of the assessed value of the land and buildings, member banks have stated they would avail themselves of that privilege, and could invest more of their surplus money locally and with greater safety.

COOPERATION BETWEEN FEDERAL RESERVE BANKS.

This bank has purchased about \$4,886,000 municipal notes, which it has distributed among the other Federal Reserve Banks. In matters pertaining to exchange between it and the other Federal Reserve Banks, this bank has allowed those exchanges to take a normal course and has not made any profit on such transactions. The board of directors voted to purchase from other Federal Reserve Banks a considerable block of rediscounts provided those banks found it necessary to rediscount.

RELATIONS BETWEEN THE GOVERNOR AND FEDERAL RESERVE AGENT.

The relations between the governor and the Federal Reserve Agent from the beginning have been those of partners rather than of officers in a corporation, both realizing that the ultimate success of the Federal Reserve Bank of Boston should be their first thought. Both have shared in the responsibilities and tried to direct the bank's policy for the greatest benefit of the commerce and member banks in this district. While the Federal Reserve Agent has had charge of the credit department and statistical work, his organization has been easy of access and freely used by the officers of the bank. On the other hand, the banking staff has assisted the Federal Reserve Agent's department in collecting statistics, in handling unfit Federal Reserve notes, and this service has been given freely when needed. There has been cooperation at all times between the banking department and the department of the Federal Reserve Agent.

EFFECT OF RATES OF DISCOUNT FIXED BY THE FEDERAL RESERVE BANK ON MONEY RATES IN THIS DISTRICT.

The opening of the Federal Reserve Bank of Boston on November 16, 1914, had a marked effect upon the then existing money rates in this district, especially so in the large centers. This, however, was caused more through the release of cash formerly held by member banks as reserve than by the establishment of discount rates by this bank.

Within a few days after the opening of the bank rates were reduced anywhere from 1 to 2 per cent and the banks in the large centers were more inclined to extend accommodation to their own customers, and the demand rate on brokers' loans was equally materially reduced. The establishment of the lower rates from time to time affected the rates paid by the country bank on its borrowings, for the Boston banks, wishing to retain the loans of the out of town banks, met those rates and the country banker has been able to borrow money during the past year probably lower than he ever has before.

On the other hand, the exceptionally large reserves in the centers have no doubt been a factor in the reducing of rates. During the past 12 months the country banks have been borrowing on an average of about \$4,000,000, and as this bank has only rediscounted on an average about \$200,000 of that amount that fact is apparent.

The following table shows that trend of rates in this district since November, 1914:

	1914		1915											
	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May.	June.	July.	Aug.	Sept.	Oct.	Nov.	Dec.
Call money.....	6-7	4½-5½	4-5½	3½-4	3	3	3	3	3	3	3	3	3	3
Time money, 6 months or less.....	6-7	5-6	4-5	4-4½	3½-4½	3½-4½	3½-4½	3½-4½	3½-4½	3½-4½	3½-4½	3½-4½	3½-4½	3½-4½
Year money.....	6	5½	5	4½	4½	4½	4½	4½	4½	4½	4½	4½	4½	4½
Acceptances.....			2½-2½	2-2½	2-2½	2-2½	2-2½	2-2½	2-2½	2-2½	2-2½	2-2½	2-2½	2-2½
Town notes.....	4	3½-4	3-3½	3-3½	3-3½	3-3½	3-3½	3-3½	3-3½	3-3½	3-3½	3-3½	3-3½	3-3½
Between banks.....	6	5½-6	4-5	3½-4	3½-4	3½-4	3½-4	3½-4	3-4	3-4	3-4	3-4	3-4	3-4

DISTRICT PROBLEMS.

The influence of the new reserve requirements, which became operative at the time the Federal Reserve Bank opened, is a subject which is worth studying. Reference to the subject of reserves has been made elsewhere in this report, especially as it refers to the problem surrounding the collection of checks and its influence in the retiring of emergency circulation.

Thus far, for the most part, the reduction in the new reserve requirements has been of little help to the out-of-town bank.

On the other hand, the Boston banks, Boston being the only reserve city in this district, have been able to reduce their reserves nearer the minimum. The releasing of these reserves and the release of reserves in central reserve cities, especially New York and Chicago, have produced a surplus in bank reserves which has greatly depressed the money market, producing low rates, which have reacted against the country bank.

Another problem, which is not perhaps peculiar to this district is so important that mention should be made of it, is the practice of allowing high rates of interest by banks on open accounts and time deposits. While competition for business has brought this practice about and will cause its continuation, still especially in the case of the out-of-town bank it weakens the bank's condition, these banks feeling obliged to invest their funds in loans and securities of a lower grade than good banking practice would warrant in order to show a profit on those accounts. This question of interest paid on accounts pertains likewise to the State institutions, and cooperation between State banking departments and the officers of the Federal Reserve System would seem advisable.

INDUSTRIAL AND AGRICULTURAL SITUATION.

The general industrial situation in this district at the time this bank began business was unsatisfactory, due to quite an extent to circumstances connected with the European struggle. Mills were running only a proportion of their capacity, and, owing to the prevailing high rates of money and the unsettled condition in staple products, general business was marking time. Orders for foreign consumption, however, were arriving in increasing amounts, and these orders for boots, shoes, leather, arms, ammunition, woolen goods, and machinery have been the principal stimulus to business for the greater part of the past year. Early in the fall, however, domestic orders began to appear, especially from the South and West, and our mills began to feel the effect of the falling off of foreign-made goods. While emergency orders are still an important factor in some centers, general business has shown a steady improvement from domestic trade, and on the whole every line, with but a very few exceptions, reports good business. Labor is apparently well employed all over the States, and especially in agricultural districts is hard to obtain. The dye situation, which affects the textile trade, has been getting more and more serious and has restricted the production of certain goods.

While New England is largely a manufacturing district, agriculture plays quite an important factor in the outlying sections. A year ago, with the exception of the potato crop, the general run of farm products was good and brought fair prices. The foot-and-mouth disease was heavily felt in the spring in certain sections where farmers have relied on carrying over stock for spring market. The season of 1915 on the whole has been unsatisfactory for the farmer, the early rainy weather, together with the unseasonable spring and summer months, has brought rather poor returns from most of the crops, especially the hay crop, which is an important one in New England. On the other hand, the potato crop in Maine, where it is the most important factor, has been unusually good and prices for that commodity range high. The farmers relying on that crop will probably more than make up for their losses last year.

EARNINGS AND EXPENSES.

Not until January 9, 1915, when the tentative regulation of the Federal Reserve Board on the purchase of town warrants was received, was this bank in a position to invest any of its money, with the exception of a limited amount of notes rediscounted for its member banks. The release on February 12, 1915, of Circular 5 of that board enabled this bank to buy bankers' acceptances, and these two classes of loans have formed the greater part of its investments throughout the year.

During the period of organization the expenses were heavy. On June 30, 1915, therefore, an operating loss of \$26,243.80 was shown. In addition to that its share of the expenses of the Federal Reserve Board, its organization expense, and the cost of preparing a large supply of Federal Reserve notes created an expense of \$56,562.70, this expense to be distributed over several years and charged off as earnings warrant.

It is the custom of this bank to count as income only actual interest and discount earned, unearned income being carried in a separate account and transferred from day to day as earned to current income. On June 30, 1915, this bank showed unearned income of \$23,550.83, or an amount nearly equal to the operating loss.

While the demand for rediscounts from member banks has not increased, investments in acceptances, town warrants, and Government bonds during the second half of the year have been such that the earnings for that period make a much more satisfactory showing, the surplus for the second period being practically enough to take care of the operating loss of the first eight months.

LINE OF DEVELOPMENT.

The past year has been one of development. The officers and directors of the bank have had no precedents to guide them. They have been blazing a new trail, and, although each step has had to be carefully thought out, progress has been steadily made. The problems of this bank have been so different from those of the ordinary commercial bank that past experience and training have been of little help in solving them. Each problem as it came up has had to be carefully analyzed and solved only after the most careful study and inquiry into all conditions affecting it. It has been the aim of the officers and directors of this bank to put it in operation and to carry on its business with as little disturbance to the financial machinery of this district as possible. Its development has not been forced, but has come naturally, adjusting its policy to present banking conditions and making innovations slowly and with due care. It has been its aim to conserve its resources in such shape as to make them available should occasion arise when member banks should need its services.

APPENDIX.

BOSTON CLEARING HOUSE ASSOCIATION.

[Collection schedule, January, 1914.]

FOR NEW ENGLAND.

Free.—All items on Providence, R. I., and checks on banking institutions remitting at par through the Boston Clearing House.

One-tenth of 1 per cent.—All other New England items (exceptions noted below).¹

OUTSIDE NEW ENGLAND.

Discretionary.—All items on Albany, N. Y.; Baltimore, Md.; Bayonne, N. J.; Hoboken, N. J.; Jersey City, N. J.; Newark, N. J.; New York, N. Y.; Philadelphia, Pa.; and Troy, N. Y.

¹ One-twentieth of 1 per cent.—Caribou, Fort Fairfield, Fort Kent, Houlton, Mars Hill, Presque Isle, Van Buren, and Washburn in State of Maine.

One-tenth of 1 per cent.—All items on Canada, Delaware, District of Columbia, Illinois, Indiana, Iowa, Kentucky, Maryland, Michigan, Minnesota, Missouri, New Jersey, New York, Ohio, Pennsylvania, Virginia, West Virginia, and Wisconsin.

One-fourth of 1 per cent.—All items on Alabama, Arizona, Arkansas, California, Colorado, Florida, Georgia, Idaho, Indian Territory, Kansas, Louisiana, Mississippi, Montana, Nebraska, Nevada, New Mexico, North Carolina, North Dakota, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Texas, Utah, Washington, and Wyoming.

No charge less than 10 cents.

CHARGE POINTS NOVEMBER, 1914.

[Showing points that have gone on par list since that date.]

BOSTON CLEARING HOUSE.

FOREIGN DEPARTMENT.

Checks on banking institutions, as listed below, will be received on deposit subject to a discount of one-tenth or one-twentieth of 1 per cent as stated, under the rules and regulations adopted by the Clearing House Association.

VERMONT.

One-tenth of 1 per cent.

Barton Savings Bank & Trust Co.
Bethel, National White River Bank.
Bradford National Bank.
Bristol, First National Bank.
Burlington, Howard National Bank.
Burlington, City Trust Co.
Burlington, Merchants National Bank.
Burlington Trust Co.
Burlington, Chittenden County Trust Co.
Chelsea, National Bank of Orange County
Chester, National Bank of.
Danville, Caledonia National Bank.
Derby Line, National Bank of.
Enosburg Falls Savings Bank & Trust Co.
Enosburg Falls, First National Bank.
Essex Junction, Essex Trust Co.
Fairhaven, Allen National Bank.
Fairhaven, First National Bank.
Hardwick, Granite Trust Co.
Hardwick Savings Bank & Trust Co.
Hyde Park, Lamoille County National Bank.
Island Pond National Bank.
Ludlow Savings Bank & Trust Co.
Lyndonville National Bank.
Manchester Center, Factory Point National Bank.
Middlebury National Bank.
Middletown Springs, L. & A. Y. Gray.
Montpelier National Bank.
Morrisville, Union Savings Bank & Trust Co.
Newport, National Bank of.
Newport, Orleans Trust Co.¹
North Bennington, First National Bank.
Northfield National Bank.
Northfield Savings Bank.
North Troy, Valley Savings Bank & Trust Co.
Orleans, Central Savings Bank & Trust Co.

Poultney, First National Bank.
Poultney, Citizens National Bank.
Proctor Trust Co.
Proctorsville, National Black River Bank.
Randolph National Bank.
Richford Savings Bank & Trust Co.
Rutland, Clement National Bank.
Rutland, Killington National Bank.
Rutland, Rutland County National Bank.
Rutland, Rutland Trust Co.
Springfield, First National Bank.
St. Albans, Welden National Bank.
St. Albans, Franklin County Savings Bank.
St. Albans, Peoples Trust Co.
Swanton Savings Bank & Trust Co.
Vergennes, National Bank of.
West Rutland Trust Co.
White River Junction, First National Bank of.
White River Junction, Hartford Savings Bank & Trust Co.
Winooski, Champlain Trust Co.
Woodstock National Bank.

MAINE.

One-twentieth of 1 per cent.

Caribou, Aroostook Trust Co.
Caribou National Bank.
Fort Fairfield National Bank.
Fort Fairfield, Frontier Trust Co.
Fort Kent Trust Co.
Houlton, Farmers National Bank.
Houlton, First National Bank.
Houlton Trust Co.
Mars Hill Trust Co.
Presque Isle National Bank.
Presque Isle, Merchants Trust & Banking Co.
Van Buren Trust Co.
Van Buren, First National Bank.
Washburn, Aroostook Trust Co.

¹ Have gone on par list since Nov. 16, 1914.

NEW HAMPSHIRE.

One-tenth of 1 per cent.

Berlin National Bank.
 Berlin Guaranty Trust Co.
 Colebrook, Farmers & Traders National Bank.
 Colebrook National Bank.
 Conway National Bank.
 Groveton, Coos County National Bank.
 Lancaster National Bank.
 Lancaster Trust Co.
 Lisbon Savings Bank & Trust Co.
 Littleton National Bank.
 North Conway Loan & Banking Co.
 Whitefield Bank & Trust Co.

Wolfborough, National Bank.
 Woodsville National Bank.

CONNECTICUT.

One-tenth of 1 per cent.

Ansonia National Bank.¹
 Darien, Home Bank & Trust Co.¹
 Derby, Birmingham National Bank.¹
 Mystic River National Bank.
 Norwalk, Fairfield County National Bank.
 Norwalk, Central National Bank & Peoples Trust Co.
 Seymour Trust Co.¹
 Shelton Trust Co.¹
 Thomaston National Bank.

C. A. BUGGLES, *Manager.*

NOVEMBER, 1914.

CHARGE POINTS, NOVEMBER 16, 1915.

BOSTON CLEARING HOUSE ASSOCIATION.

NOVEMBER 16, 1915.

At a special meeting of the Boston Clearing House Association, held to-day, the "Rules and regulations regarding collections" were amended to make discretionary the following additional points:

1. Checks on points receivable upon deposit at par by Federal Reserve Banks in the cities of Boston, New York, and Philadelphia from their respective member banks.
2. Checks on banks and trust companies in the States of New York and New Jersey receivable upon deposit at par by members of the New York Clearing House Association.
3. Checks on Federal Reserve Banks, provided that the credit of interest upon such checks shall be delayed in accordance with the schedule of deferred credit adopted by the Federal Reserve Bank of Boston.
4. Items on Chicago and St. Louis.
5. Drafts drawn upon insurance companies and mutual savings banks located in New England.

The "Rules and regulations regarding collections" as amended now read as follows:

SECTION 1. These rules and regulations shall apply to all members of the association, and to all banks or trust companies or others clearing through such members. The parties to which the same so apply are hereinafter described as collecting banks.

SEC. 2. The charges shall be discretionary with the clearing bank and shall not be governed by the provisions of these rules and regulations upon the following items:

- a. All items collected for account of the Governments of the United States, the Commonwealth of Massachusetts, or the city of Boston.
- b. New England checks collectible at par through the Boston Clearing House.
- c. Checks which Federal Reserve Banks in the cities of Boston, New York, and Philadelphia shall give notice that they will receive upon deposit at par from their respective member banks.
- d. Checks on banks and trust companies in the States of New York and New Jersey receivable upon deposit at par by members of the New York Clearing House Association.
- e. Checks drawn upon any Federal Reserve Bank: *Provided*, That the credit of interest upon such checks shall be delayed in accordance with the schedule of deferred credit adopted by the Federal Reserve Bank of Boston.
- f. Items payable in the cities of New York, Providence, Albany, Troy, Jersey City, Newark, Hoboken, Bayonne, Philadelphia, Baltimore, Chicago, and St. Louis.
- g. Drafts drawn upon insurance companies and mutual savings banks located in New England.

SEC. 3. For all items payable at any point in New England, excepting—

- a. Items on the city of Providence, R. I.,
- b. Checks collectible at par through the Federal Reserve Bank of Boston,

¹ Have gone on par list since Nov. 16, 1914.

c. Checks on those banking institutions which pay checks on themselves sent through the clearing house by remitting therefor promptly on receipt thereof, without charge, checks on some member of the Boston or New York Clearing House, or upon some banking institution clearing through some such member; and

d. Drafts drawn upon insurance companies and mutual savings banks located in New England,

the collecting bank shall charge not less than one-tenth of 1 per cent of the amount of the items respectively, and in no case less than 10 cents upon any one item, but all such items received from any one depositor or correspondent on the same day may be added together and treated as one item for the purpose of fixing the amount to be charged.

Until further notice from the clearing house committee, section 3 of the rules and regulations regarding collections outside the city of Boston is modified by the addition of the following:

"Should any banking institution in New England pay checks on itself sent through the clearing house by remitting therefor promptly on receipt thereof, with a charge of one-twentieth of 1 per cent, checks on some member of the Boston or New York clearing house, or upon some banking institution clearing through some such member, the collecting bank shall charge not less than one-twentieth of 1 per cent of the amount of the items, respectively, and in no case less than 10 cents upon any one item; but all such items received from any one depositor or correspondent on the same day may be added together and treated as one item for the purpose of fixing the amount to be charged."

SEC. 4. For all items received (except those on Federal Reserve Banks and on the points declared discretionary in sec. 2), payable at points in Delaware, District of Columbia, Indiana, Illinois, Iowa, Kentucky, Maryland, Michigan, Minnesota, Missouri, New Jersey, New York, Ohio, Pennsylvania, Virginia, West Virginia, Wisconsin, and Canada, the collecting bank shall charge not less than one-tenth of 1 per cent of the amount of the items, respectively, and in no case less than 10 cents upon any one item; but all items described in this section received from any one depositor or correspondent on the same day may be added together and treated as one item for the purpose of fixing the amount to be charged.

SEC. 5. For all items (except those on Federal Reserve Banks) payable at points in Alabama, Arizona, Arkansas, California, Colorado, Florida, Georgia, Idaho, Indian Territory, Kansas, Louisiana, Mississippi, Montana, Nebraska, Nevada, New Mexico, North Carolina, North Dakota, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Texas, Utah, Washington, and Wyoming, the collecting bank shall charge not less than one-quarter of 1 per cent of the amount of the items, respectively, and in no case less than 10 cents upon any one item; but all items described in this section received from any one depositor or correspondent on the same day may be added together and treated as one item for the purpose of fixing the amount to be charged.

SEC. 6. The charges herein specified are in all cases to be collected at the time of deposit or not later than the 10th day of the following calendar month. No collecting bank shall directly or indirectly allow any abatement, rebate, or return for or on account of such charges, or make in any form any compensation therefor.

SEC. 7. In case any member of the association shall learn that these rules and regulations have been violated by any of the collecting banks, it shall immediately report the facts to the chairman of the clearing house committee, or, in his absence, to the manager of the clearing house. Upon receiving information from any source that there has been a violation of the same, said chairman, or, in his absence, said manager, shall call a meeting of the committee. The committee shall investigate the facts, and determine whether a formal hearing is necessary. In case the committee so concludes, it shall instruct the manager to formulate charges and present them to the committee. A copy of the charges, together with written notice of the time and place fixed for hearing regarding the same, shall be served upon the collecting bank charged with such violation, which shall have the right at any hearing to introduce such relevant evidence and submit such argument as it may desire. The committee shall hear whatever relevant evidence may be offered by any person and whatever arguments may be submitted, and shall determine whether the charges are sustained. In case it reaches the conclusion that they are, the committee shall call a special meeting of the association and report thereto the facts with its conclusions. If the report of the committee is approved by the association, the collecting bank charged with such violation shall pay to the association the sum of \$1,000; and in case of a second violation of these rules and regulations any collecting bank may also, in the discretion of the association, be excluded from using its privileges directly or indirectly, and, if it is a member, expelled from the association.

CHARLES P. BLINN, Jr., *Secretary.*

BOSTON CLEARING HOUSE ASSOCIATION.

[List No. 2. December 6, 1915.]

Banks outside of New England upon which the charge is discretionary:

All items on the cities of—

Albany, N. Y.
 Baltimore, Md.
 Bayonne, N. J.
 Chicago, Ill.
 Hoboken, N. J.
 Jersey City, N. J.

Checks upon the following banks:

Federal Reserve Banks—

Atlanta, Ga.
 Chicago, Ill.
 Cleveland, Ohio.
 Dallas, Tex.
 Kansas City, Mo.
 Minneapolis, Minn.

All items on the cities of—Continued.

Newark, N. J.
 New York, N. Y.
 Philadelphia, Pa.
 St. Louis, Mo.
 Troy, N. Y.

Federal Reserve Banks—Continued.

New York, N. Y.
 Philadelphia, Pa.
 Richmond, Va.
 St. Louis, Mo.
 San Francisco, Cal.

DELAWARE.

Delmar, First National Bank.

Seaford, First National Bank.

NEW JERSEY.

Allentown, Farmers National Bank.
 Arlington, First National Bank.
 Asbury Park, Asbury Park & Ocean Grove Bank.
 Asbury Park, Asbury Park Trust Co.
 Asbury Park, Seacoast National Bank.
 Atlantic City, Boardwalk National Bank.
 Atlantic City, Marine Trust Co.
 Bayonne, all items.
 Bellevue, First National Bank.
 Berlin, Berlin National Bank.
 Bernardsville, Bernardsville National Bank.
 Blackwood, First National Bank.
 Blairstown, First National Bank.
 Bloomfield, Bloomfield National Bank.
 Bloomfield, Bloomfield Trust Co.
 Bloomfield, The Watsessing Bank.
 Boonton, Boonton National Bank.
 Bound Brook, Bound Brook National Bank.
 Bound Brook, First National Bank.
 Caldwell, Caldwell National Bank.
 Caldwell, Citizens' National Bank.
 Camden, Camden National Bank.
 Camden, Camden Safe Deposit & Trust Co.
 Camden, First National Bank.
 Carlstadt, Carlstadt National Bank.
 Clayton, Clayton National Bank.
 Clifton, Clifton Trust Co.
 Clinton, Clinton National Bank.
 Closter, Closter National Bank.
 Cranford, Cranford Trust Co.
 Dunellen, First National Bank.
 East Orange, East Orange Bank.
 East Orange, Essex County Trust Co.
 East Orange, People's Bank.

East Orange, Savings, Investment & Trust Co.
 Edgewater, First National Bank.
 Edgewater, Northern New Jersey Trust Co.
 Elizabeth, Elizabethport Banking Co.
 Elizabeth, Elizabeth Trust Co.
 Elizabeth, National State Bank.
 Elizabeth, Union County Trust Co.
 Englewood, Citizens' National Bank.
 Englewood, Palisades Trust & Guaranty Co.
 Englishtown, First National Bank.
 Flemington, Flemington National Bank.
 Flemington, Hunterdon County National Bank.
 Fort Lee, First National Bank.
 Freehold, National Freehold Banking Co.
 Garfield, First National Bank.
 Glen Ridge, Glen Ridge Trust Co.
 Guttenberg, First National Bank.
 Hackensack, Hackensack National Bank.
 Hackensack, Hackensack Trust Co.
 Hackensack, Peoples National Bank.
 Hackettstown, Hackettstown National Bank.
 Hackettstown, Peoples National Bank.
 Haddon Heights, Haddon Heights National Bank.
 Harrison, West Hudson County Trust Co.
 Hoboken, all items.
 Hope, First National Bank.
 Jersey City, all items.
 Lakewood, People's National Bank.
 Lyndhurst, First National Bank.
 Manasquan, Manasquan National Bank.
 Matawan, Farmers & Merchants National Bank.

- Millville, Mechanics National Bank.
 Montclair, Bank of Montclair.
 Montclair, Essex National Bank.
 Montclair, Essex Title Guaranty & Trust Co.
 Montclair, First National Bank.
 Montclair, Montclair Trust Co.
 Moorestown, Moorestown National Bank.
 Morristown, American Trust Co.
 Morristown, First National Bank.
 Morristown, Morristown Trust Co.
 Morristown, National Iron Bank.
 Mount Holly, Union National Bank.
 Netcong, Citizens National Bank.
 Newark, all items.
 New Brunswick, National Bank of New Jersey.
 New Brunswick, New Brunswick Trust Co.
 New Brunswick, Peoples National Bank.
 Nutley, Bank of Nutley.
 Orange, Orange National Bank.
 Orange, Second National Bank.
 Passaic, Hobart Trust Co.
 Passaic, Merchants Bank.
 Passaic, Passaic National Bank.
 Passaic, Passaic Trust & Safe Deposit Co.
 Passaic, Peoples Bank & Trust Co.
 Paterson, Citizens Trust Co.
 Paterson, First National Bank.
 Paterson, German-American Trust Co.
 Paterson, Hamilton Trust Co.
 Paterson, Paterson National Bank.
 Paterson, Paterson Safe Deposit & Trust Co.
 Paterson, Second National Bank.
 Paterson, Silk City Safe Deposit & Trust Co.
 Pedricktown, First National Bank.
 Perth Amboy, First National Bank.
 Perth Amboy, Perth Amboy Trust Co.
 Pitman, Pitman National Bank.
 Plainfield, City National Bank.
 Plainfield, First National Bank.
 Plainfield, Plainfield Trust Co.
 Plainfield, State Trust Co.
 Pompton Lakes, First National Bank.
 Port Norris, First National Bank.
 Princeton, Princeton Bank.
 Ridgefield Park, First National Bank.
 Ridgewood, First National Bank.
 Ridgewood, Ridgewood Trust Co.
 Rockaway, First National Bank.
 Roosevelt, First National Bank.
 Roselle, First National Bank.
 Rutherford, Bergen County Bank.
 Rutherford, Rutherford National Bank.
 Rutherford, Rutherford Trust Co.
 Secaucus, First National Bank.
 Somerville, First National Bank.
 Somerville, Second National Bank.
 South Orange, People's Bank (branch of East Orange).
 South Orange, Savings Investment & Trust Co.
 South River, First National Bank.
 South River, South River Trust Co.
 Spring Lake, First National Bank.
 Summit, First National Bank.
 Summit, Summit Trust Co.
 Swedesboro, Swedesboro National Bank.
 Tenafly, First National Bank.
 Toms River, First National Bank.
 Union, Town of, First National Bank.
 Vineland, Tradesmen's Bank.
 Weehawken (see Union, town of).
 Westfield, National Bank of Westfield.
 Westfield, Peoples National Bank.
 Westfield, Westfield Trust Co.
 West Hoboken, Commonwealth Trust Co.
 West Hoboken, National Bank of North Hudson.
 West New York, N. J. Title Guaranty & Trust Co.
 West Orange, First National Bank.
 Westwood, First National Bank.
 Woodbridge, First National Bank.
 Williamstown, First National Bank.
- NEW YORK.
- Albany, all items.
 Amityville, Bank of Amityville.
 Amityville, First National Bank.
 Amsterdam, First National Bank.
 Astoria, all items.
 Babylon, Babylon National Bank.
 Babylon, Bank of Babylon.
 Bay Shore, First National Bank.
 Bay Shore, South Side Bank.
 Bayside, all items.
 Bronxville, Gramatan National Bank.
 Brooklyn, all items.
 Buffalo, Bank of Buffalo.
 Buffalo, Buffalo Trust Co.
 Buffalo, Central National Bank.
 Buffalo, Commonwealth Trust Co.
 Buffalo, German-American Bank.
 Buffalo, Manufacturers & Traders National Bank.
 Buffalo, Marine National Bank.
 Buffalo, Market Bank.
 Buffalo, Peoples Bank.
 Buffalo, Third National Bank.
 Cazenovia, Cazenovia National Bank.
 College Point, all items.
 Corona, all items.
 Dundee, Dundee National Bank.
 Elmhurst, all items.
 Elmira, Merchants National Bank.
 Elmira, Second National Bank.
 Far Rockaway, all items.
 Farmingdale, Bank of Farmingdale.
 Farmingdale, First National Bank.
 Fleischmanns, Citizens Bank of Griffins' Corner.
 Floral Park, Floral Park Bank.
 Flushing, all items.
 Freeport, First National Bank.
 Freeport, Freeport Bank.
 Geneva, First National Bank.
 Glen Cove, Glen Cove Bank.
 Glen Cove, Nassau Union Bank.
 Glens Falls, First National Bank.

Glens Falls, National Bank of Glens Falls.
 Granville, Washington County National Bank.
 Great Neck, Bank of Great Neck.
 Greenwich, First National Bank.
 Groton, Mechanics Bank.
 Gouverneur, First National Bank.
 Hempstead, First National Bank.
 Hempstead, Hempstead Bank.
 Highland Falls, First National Bank.
 Hoosick Falls, Peoples National Bank.
 Hudson Falls, Peoples National Bank.
 Huntington, Bank of Huntington.
 Huntington, First National Bank.
 Ithaca, First National Bank.
 Ithaca, Tompkins County National Bank.
 Jamaica, all items.
 Lake Placid, Lake Placid National Bank.
 Larchmont, Larchmont National Bank.
 Lawrence, Bank of Lawrence.
 Lockport, National Exchange Bank.
 Lockport, Niagara County National Bank.
 Long Island City, all items.
 Lynbrook, Lynbrook National Bank.
 Mamaroneck, First National Bank.
 Mariners Harbor, all items.
 Mechanicsville, Manufacturers National Bank.
 Middleport, First National Bank.
 Millbrook, Bank of Millbrook.
 Mineola, First National Bank.
 Mineola, Nassau County Trust Co.
 Mount Vernon, First National Bank.
 Mount Vernon, Mount Vernon Trust Co.
 Newburgh, Highland National Bank.
 New Brighton, all items.
 New Rochelle, Huguonot Trust Co.
 New Rochelle, National City Bank.
 New Rochelle, New Rochelle Trust Co.
 New Rochelle, North Avenue Bank.
 New York City, all items.
 Niagara Falls, Niagara Falls Trust Co.
 Niagara, Power City Bank.
 Northport, First National Bank.
 Northport, Northport Trust Co.
 Nyack, Nyack National Bank.
 Nyack, Rockland County Trust Co.
 Ogdensburg, National Bank of Ogdensburg.
 Ossining, First National Bank.
 Ossining, Ossining National Bank.
 Oyster Bay, North Shore Bank.
 Oyster Bay, Oyster Bay Bank.
 Ozone Park, all items.
 Pearl River, First National Bank.
 Peekskill, Westchester County National Bank.
 Perry, First National Bank.
 Philmont, First National Bank.
 Plattsburg, First National Bank.
 Pleasantville, Mount Pleasant Bank.
 Port Chester, First National Bank.
 Port Chester, Mutual Trust Co. of Westchester County.
 Port Jefferson, Bank of Port Jefferson.
 Port Jefferson, First National Bank.
 Port Richmond, all items.
 Port Washington, Bank of North Hempstead.
 Richmond Hill, all items.
 Ridgewood, Ridgewood National Bank.
 Rochester, Traders National Bank.
 Rockaway Beach, all items.
 Rockville Center, Bank of Rockville Center.
 Rockville Center, First National Bank.
 Roslyn, Bank of Hempstead Harbor.
 Rye, Rye National Bank.
 Salem, Peoples National Bank.
 Saranac Lake, Adirondack National Bank.
 Saratoga Springs, Adirondack Trust Co.
 Saratoga Springs, Citizens National Bank.
 Schenectady, Citizens Trust Co.
 Schenectady, Mohawk National Bank.
 Schenectady, Schenectady Trust Co.
 Schenectady, Union National Bank.
 Smithtown Branch, National Bank of Smithtown Branch.
 Southampton, First National Bank.
 Stapleton, all items.
 Stony Brook, Bank of Suffolk County.
 Syracuse, Central City Trust Co.
 Syracuse, City Bank of Syracuse.
 Syracuse, Commercial National Bank.
 Syracuse, First National Bank.
 Syracuse, Merchants National Bank.
 Syracuse, National Bank of Syracuse.
 Syracuse, Salt Springs National Bank.
 Syracuse, Syracuse Trust Co.
 Syracuse, Third National Bank.
 Syracuse, Trust & Deposit Co. of Onondaga.
 Tottenville, all items.
 Troy, all items.
 Tuckahoe, First National Bank.
 Westbury, Bank of Westbury.
 Westhampton Beach, Seaside Bank.
 Whitestone, all items.
 White Plains, Central Bank of Westchester County.
 White Plains, Citizens Bank.
 White Plains, County Trust Co.
 White Plains, First National Bank.
 Woodhaven, all items.
 Yonkers, First National Bank.
 Yonkers, Westchester Trust Co.
 Yonkers, Yonkers National Bank.

PENNSYLVANIA.

Allentown, Allentown National Bank.
 Allentown, Merchants National Bank.
 Allentown, Second National Bank.
 Altoona, First National Bank.
 Altoona, Second National Bank.
 Blue Ball, Blue Ball National Bank.
 Bradford, Bradford National Bank.
 Canton, Farmers National Bank.
 Canton, First National Bank.
 Catawauqua, National Bank of Catawauqua.
 Chambersburg, National Bank of Chambersburg.

<p>Clarks Summit, Abington National Bank. Coatesville, National Bank of Chester Valley. Collegeville, Collegeville National Bank. Coplay, Coplay National Bank. Danville, Danville National Bank. Danville, First National Bank. Duncannon, Duncannon National Bank. Duncannon, Peoples National Bank. Dunmore, First National Bank. East Berlin, East Berlin National Bank. Fawn Grove, First National Bank. Freeland, First National Bank. Girardville, First National Bank. Glenside, Glenside National Bank. Hamburg, First National Bank. Hazleton, First National Bank. Honey Brook, First National Bank. Howard, First National Bank. Huntingdon, First National Bank. Lancaster, Northern National Bank. Lancaster, Peoples National Bank. Landisville, First National Bank. Lansdale, First National Bank. Lehighton, First National Bank. Lemasters, Lemasters National Bank. McConnellsburg, First National Bank. Marietta, Exchange National Bank. Millersville, Millersville National Bank. Milton, Milton National Bank. Mount Joy, First National Bank. Mount Union, First National Bank. Mountville, Mountville National Bank. Nazareth, Nazareth National Bank. Norristown, Peoples National Bank.</p>	<p>North Wales, North Wales National Bank. Philadelphia, all items. Phoenixville, National Bank of Phoenixville. Pottsville, Miners National Bank. Pottsville, Pennsylvania National Bank. Quakertown, Quakertown National Bank. Reading, National Union Bank. Ridgway, Elk County National Bank. Scranton, First National Bank. Scranton, Third National Bank. Scranton, Traders National Bank. Selins Grove, Farmers National Bank. Shippensburg, Peoples National Bank. Tamaqua, First National Bank. Terre Hill, Terre Hill National Bank. Tremont, Tremont National Bank. Troy, Grange National Bank of Bradford County. Waynesboro, Citizens National Bank. Waynesboro, Peoples National Bank. West Chester, First National Bank. West Chester, National Bank of Chester County. Williamsport, First National Bank. Williamsport, West Branch National Bank. York, Central National Bank. York, First National Bank. York, York National Bank.</p> <p style="text-align: center;">VIRGINIA.</p> <p>Richmond, checks on all banks.</p>
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C. A. RUGGLES, *Manager*.



