

**FEDERAL RESERVE BANK  
OF CLEVELAND**

*Twenty-eighth Annual Statement*

Cleveland, Ohio, January 7, 1943

*To the Nonmember Banks of the  
Fourth Federal Reserve District:*

*For the information of your directors and officers there is presented herein a comparative statement of condition of this bank for December 31, 1942, and December 31, 1941, and of earnings and expenses for the past two years. A statement of the distribution of net earnings is also included.*

*That interest in membership in the Federal Reserve System continues is evidenced by the admission of seventeen State banks during the past calendar year. Of these, fourteen are located in Ohio, two in Pennsylvania, and one in West Virginia.*

*May we take this occasion to express to the banks of the Fourth Federal Reserve District our appreciation of the cooperative spirit which they have shown at all times during the past very difficult year, and particularly of the magnificent effort made by the banks in the recent Victory Fund drive. The results in this district were outstanding and we share with them the pride which they must feel in this accomplishment.*

Very truly yours,



President

## COMPARATIVE STATEMENT OF CONDITION

ASSETS	Dec. 31, 1942	Dec. 31, 1941
<b>Cash reserves held by this bank against deposits and note circulation:</b>		
Gold certificates (lodged with the Treasurer of the United States) deposited for account of the Federal Reserve Agent as collateral against Federal Reserve notes issued to this bank.....	\$1,180,000,000.00	\$ 815,000,000.00
Redemption fund in the hands of the Treasurer of the United States for use in redeeming such Federal Reserve notes of this bank as are presented to the Treasury for redemption .....	1,140,222.67	919,411.21
Gold certificates (lodged with the Treasurer of the United States) in the Interdistrict Settlement Fund for the purpose of settling transactions between Federal Reserve banks.....	534,832,513.70	812,213,061.38
Other cash.....	<u>43,579,838.05</u>	<u>23,520,932.18</u>
Total cash reserves.....	1,759,552,574.42	1,651,653,404.77
<b>Bills and Securities:</b>		
Bills discounted:		
Secured by United States Government securities, direct and guaranteed.....	190,000.00	100,000.00
Otherwise secured or unsecured.....	270,971.45	86,924.57
Industrial advances—working capital loans.....	819,846.43	233,254.12
United States Government securities.....	<u>509,453,500.00</u>	<u>223,162,000.00</u>
Total bills and securities.....	510,734,317.88	223,582,178.69
<b>Miscellaneous Assets:</b>		
Federal Reserve notes of other banks.....	2,869,000.00	2,086,500.00
Checks and other cash items in process of collection.....	200,909,306.01	149,176,720.56
Bank premises, less reserves.....	4,326,270.42	4,438,746.33
All other miscellaneous assets.....	<u>8,482,708.99</u>	<u>4,617,844.87</u>
Total miscellaneous assets.....	216,587,285.42	160,319,811.76
<b>Total Assets.....</b>	<u><u>\$2,486,874,177.72</u></u>	<u><u>\$2,035,555,395.22</u></u>

## COMPARATIVE STATEMENT OF CONDITION

LIABILITIES	Dec. 31, 1942	Dec. 31, 1941
<b>Federal Reserve notes in circulation:</b>		
Federal Reserve notes in actual circulation, payable on demand.		
These notes are secured in full by gold certificates, discounted paper, or United States Government securities.....		
	\$1,133,506,500.00	\$ 778,071,820.00
 <b>Deposits:</b>		
Reserve deposits maintained by member banks as legal reserves against the deposits of their customers.....		
	918,239,742.65	919,517,208.89
United States Government deposits carried at this bank for current requirements of the Treasury.....		
	132,278,945.07	72,247,422.50
Other deposits.....		
	<u>141,992,071.45</u>	<u>87,141,064.96</u>
Total deposits.....		
	1,192,510,759.17	1,078,905,696.35
 <b>Miscellaneous Liabilities:</b>		
Deferred items, composed mostly of uncollected checks on banks in all parts of the country. Such items are credited as deposits after the average time needed to collect them elapses.....		
	125,478,131.99	143,847,769.41
All other miscellaneous liabilities.....		
	<u>162,755.93</u>	<u>173,349.05</u>
Total miscellaneous liabilities.....		
	125,640,887.92	144,021,118.46
 <b>Capital and Surplus:</b>		
Capital paid in, which is 50% of amount subscribed and which represents 3% of the capital and surplus of member banks.....		
	14,878,350.00	14,640,150.00
 Surplus:		
(Section 7)—That portion of accumulated net earnings which this bank is legally permitted to retain.....		
	14,766,685.26	14,345,615.04
(Section 13b)—Net amount paid by the Secretary of the Treasury to further the making of working capital loans.....		
	1,007,126.09	1,007,126.09
Reserves for contingencies.....		
	<u>4,563,869.28</u>	<u>4,563,869.28</u>
<b>Total Liabilities</b> .....		
	<u>\$2,486,874,177.72</u>	<u>\$2,035,555,395.22</u>
 Commitments to make industrial advances.....		
	\$ 387,086.87	\$ 1,042,797.74

## COMPARISON OF EARNINGS AND EXPENSES

For the years 1942 and 1941

	1942	1941
<b>Current Earnings:</b>		
Discounted bills.....	\$ 3,073.92	\$ 2,364.21
Industrial advances.....	19,800.12	14,708.63
Commitments to make industrial advances.....	6,279.32	10,350.39
United States Government securities.....	4,872,023.65	4,031,178.51
All other.....	73,854.49	65,292.46
Total current earnings.....	4,975,031.50	4,123,894.20
<b>Total Operating Expenses</b> (including normal depreciation on bank premises).....		
	5,036,390.38	3,354,291.09
Less reimbursements for certain Fiscal Agency and other expenses.....	1,976,744.91	462,972.10
Net Operating Expenses.....	3,059,645.47	2,891,318.99
Assessments for expenses of Board of Governors.....	160,273.46	168,820.99
Cost of Federal Reserve currency.....	387,044.64	300,294.59
Total current expenses.....	3,606,963.57	3,360,434.57
<b>Current Net Earnings</b> .....	1,368,067.93	763,459.63
<b>Additions to Current Net Earnings:</b>		
Profits on sales of United States Government securities.....	333,825.68	132,273.24
All other.....	3,545.64	23,650.12
Total additions.....	337,371.32	155,923.36
<b>Deductions from Current Net Earnings:</b>		
Retirement System (Interest base adjustment).....	381,490.00	-0-
All other.....	7,481.55	11,158.13
Total deductions.....	388,971.55	11,158.13
Net deductions.....	51,600.23	
Net additions.....		144,765.23
<b>Net Earnings</b> .....	\$ 1,316,467.70	\$ 908,224.86

### DISTRIBUTION OF NET EARNINGS

Paid United States Treasurer (Section 13b).....	\$ 6,847.76	\$ 15,457.87
Dividends paid.....	888,549.72	869,941.54
Surplus (Section 7).....	421,070.22	22,825.45
<b>Total</b> .....	\$ 1,316,467.70	\$ 908,224.86

**FEDERAL RESERVE BANK OF CLEVELAND**  
**DIRECTORS AND OFFICERS—1943**

**DIRECTORS**

G. C. BRAINARD, Chairman  
R. E. KLAGES, Deputy Chairman

Term  
Expires

**CLASS A**

H. B. McDOWELL, President, The McDowell National Bank of Sharon, Sharon, Pa.....	1943
F. F. BROOKS, President, First National Bank at Pittsburgh, Pittsburgh, Pa.....	1944
B. R. CONNER, President, The First National Bank of Ada, Ada, Ohio.....	1945

**CLASS B**

R. P. WRIGHT, Secretary-Treasurer, The Reed Manufacturing Co., Erie, Pa.....	1943
G. D. CRABBS, Chairman of the Board, The Philip Carey Manufacturing Co., Cincinnati, Ohio.....	1944
T. E. MILLSOP, President, The Weirton Steel Co., Weirton, W. Va.....	1945

**CLASS C**

G. C. BRAINARD, President, The General Fireproofing Co., Youngstown, Ohio.....	1943
A. Z. BAKER, President and General Manager, The Cleveland Union Stock Yards Co., Cleveland, Ohio....	1944
R. E. KLAGES, President, The Columbus Auto Parts Co., Columbus, Ohio.....	1945

**OFFICERS**

M. J. FLEMING, President

F. J. ZURLINDEN.....First Vice President	E. A. CARTER.....Assistant Vice President
W. H. FLETCHER.....Vice President	H. E. J. SMITH.....Assistant Cashier
R. B. HAYS.....Vice President & Secretary	C. J. BOLTHOUSE.....Assistant Cashier
W. F. TAYLOR.....Vice President	C. HARRELL.....Assistant Cashier
C. W. ARNOLD.....Vice President	M. MORRISON.....Assistant Cashier
K. H. MacKENZIE.....Vice President	W. L. FINDEISEN.....Assistant Cashier
A. H. LANING.....Cashier	F. V. GRAYSON.....Auditor

**MEMBER, FEDERAL ADVISORY COUNCIL**

B. G. HUNTINGTON, President, The Huntington National Bank of Columbus, Columbus, Ohio

**COUNSEL**

SQUIRE, SANDERS & DEMPSEY

**INDUSTRIAL ADVISORY COMMITTEE**

<p>W. W. WITHINGTON, Vice President The American Fork &amp; Hoe Company, Cleveland, Ohio</p> <p>D. C. SWANDER, President The Columbian Vise and Mfg. Company, Cleveland, Ohio</p>	<p>H. R. NEFF, President The George S. Rider Company, Cleveland, Ohio</p> <p>H. P. LADDS, President The National Screw and Manufacturing Company, Cleveland, Ohio</p>
<p>C. F. HOOD, President The American Steel and Wire Company of New Jersey, Cleveland, Ohio</p>	

# FEDERAL RESERVE BANK OF CLEVELAND

## DIRECTORS AND OFFICERS—1943

(Continued)

### CINCINNATI BRANCH OF FEDERAL RESERVE BANK OF CLEVELAND

#### DIRECTORS

	Term Expires
FRANCIS H. BIRD (Chairman), Professor of Commerce, University of Cincinnati, Cincinnati, Ohio.....	1943
BUCKNER WOODFORD, Vice President and Cashier, Bourbon-Agricultural Bank & Trust Co., Paris, Ky. .	1943
B. J. LAZAR, Managing Director.....	1943
F. A. BROWN, Agriculturist, Chillicothe, Ohio.....	1944
J. G. GUTTING, President, The Second National Bank of Cincinnati, Cincinnati, Ohio.....	1944

#### OFFICERS

B. J. LAZAR.....	Managing Director
H. N. OTT.....	Cashier
R. G. JOHNSON.....	Assistant Cashier
P. J. GEERS.....	Assistant Cashier

### PITTSBURGH BRANCH OF FEDERAL RESERVE BANK OF CLEVELAND

#### DIRECTORS

ROBERT E. DOHERTY (Chairman), President, Carnegie Institute of Technology, Pittsburgh, Pa.....	1943
CLARANACE STANLEY, President, The Union Trust Company of Pittsburgh, Pittsburgh, Pa.....	1943
J. W. KOSSIN, Managing Director.....	1943
E. B. HARSHAW, Vice President and Cashier, The Grove City National Bank, Grove City, Pa.....	1944

#### OFFICERS

J. W. KOSSIN.....	Managing Director
A. G. FOSTER.....	Cashier
J. A. SCHMIDT.....	Assistant Cashier
R. J. STEINBRINK.....	Assistant Cashier

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### MEMBER BANKS IN OPERATION IN FOURTH DISTRICT, DECEMBER 31, 1942

	State	National	Total
Kentucky.....	7	51	58
Ohio—Cincinnati territory.....	23	91	114
Ohio—Cleveland territory.....	127	150	277
Pennsylvania.....	29	195	224
West Virginia.....	4	8	12
	190	495	685

## NEW MEMBER BANKS IN 1942

The Farmers and Merchants' State and Savings Bank, Montpelier, Ohio  
The Union Savings & Trust Co., Warren, Ohio  
The Farmers State Bank, of Englewood, Ohio, Englewood, Ohio  
The Bank of Mount Eaton Company, Mount Eaton, Ohio  
The Peoples Banking Company of Lewisburg, Lewisburg, Ohio  
The Twin Valley Bank, West Alexandria, Ohio  
The First State Bank of West Manchester, West Manchester, Ohio  
The Commercial and Savings Bank of Millersburg Ohio, Millersburg, Ohio  
The Pickerington Bank, Pickerington, Ohio  
Citizens' Bank of Follansbee, Follansbee, W. Va.  
The Citizen's Bank, Cardington, Ohio  
First Jeannette Bank and Trust Company, Jeannette, Pennsylvania  
The Colonial Savings Bank, Fremont, Ohio  
The Farmers & Citizens Bank, Tiro, Ohio  
The Whitehouse State Savings Bank, Whitehouse, Ohio  
William Penn Bank of Commerce, Pittsburgh, Pennsylvania  
The Citizens Banking Company, Perrysburg, Ohio

Seventeen banks, large and small, scattered through three States, were admitted to membership in the Federal Reserve System in the Fourth Federal Reserve District during the past calendar year. This movement evidences a further appreciation that State banks, irrespective of size or location, may benefit through the advantages which membership in the System affords.

We shall be glad to discuss with representatives of qualified banks, at any time, the desirability of membership and the advantages which it will afford to you, and through you to your customers.