

FOURTEENTH ANNUAL REPORT

of the

FEDERAL RESERVE AGENT

of the

NINTH FEDERAL
RESERVE DISTRICT

to the

FEDERAL RESERVE BOARD



Covering the Calendar Year
—1928—

Federal Reserve Bank of Minneapolis,
Office of the Federal Reserve Agent,
Minneapolis, Minn., February 15, 1929.

To Governor R. A. Young,
Federal Reserve Board,
Washington, D. C.

Sir:

In conformity with our custom, I have the honor to submit herewith the Fourteenth Annual Report of the Federal Reserve Agent of the Federal Reserve Bank of Minneapolis, relating to operations during the twelve months which ended December 31, 1928.

Respectfully submitted,

J. R. MITCHELL,
Federal Reserve Agent.

REPORT
OF THE
FEDERAL RESERVE AGENT
AT MINNEAPOLIS
1928

BANKING, AGRICULTURAL AND BUSINESS CONDITIONS

In the Ninth Federal Reserve District, the year 1928 was a year of progress along the lines of readjustment to the changed economic background which has prevailed since war times. With farm income this year about as large as last year, business was nevertheless able to show an increase over a year ago, and in some cases to establish new high records for all time. The chief reason for this seeming anomaly was that short-time debt had been reduced materially and a larger proportion of farm income could therefore be spent locally in payment for goods and services.

The most convincing evidence that readjustment to post-war conditions made progress in 1928 was furnished by the records of decreasing bankruptcies and failures. This decrease continued for the second year and the number of failures in 1928 was the smallest since 1922.

The banks of the district experienced a year of improvement with the single exception that prices of investment securities held by many banks were lower than a year ago. In December 1928, deposits of country member banks were 5 per cent higher than a year ago, and were fully as high as the average which appears to have been established for the post-war years. In other words, a satisfactory recovery occurred from the slump in deposits of 1926 and the first half of 1927. Country bank loans did not increase during the year and in 1928 were at the lowest level since 1916. Investment holdings of country banks were the largest in history, and borrowings from other banks were small.

The reduction in country bank loans without a corresponding decrease in country bank deposits bears witness to the fact that the short-term debt situation in the district had improved. Outside of the larger cities, deposits exceeded loans by 73 per cent. This situation has never existed heretofore in the fifteen years for which records have been compiled. In the pre-war years of 1913 and 1914, deposits exceeded loans in the rural portion of the district by only 15 to 20 per cent.

Probably the most significant change in country banking is the trend which has taken place towards fewer and larger banking units. The number of country banks in the district decreased from 3,853 at the peak in 1920 to 2,503 on the date of the October call in 1928. The average amount of

deposits per country bank on October 3 was over \$500,000, the largest amount on record. To show the extent of this change one needs only to recall the situation in 1913, when there were 2,900 country banks, with average deposits of only \$200,000. The growth in the size of banking units means a great deal to the district in the potential diversification of assets, in improvement of bank management and earnings and in stability of deposits.

City banks in the district held larger deposits during the first two-thirds of 1928 than in the corresponding portion of 1927. In the last third of 1928, deposits were almost exactly equal to the volume held in 1927. A larger demand for loans by customers existed throughout 1928 than in 1927, and investment holdings were also larger throughout 1928 than in the preceding year. In April 1928, borrowings by city banks from this Federal Reserve Bank increased considerably and during the remainder of the year the general level of borrowings by these banks was higher than in any year since 1923.

Agriculture has increased its acreage in crops in this district steadily since 1920. In Minnesota, North Dakota, South Dakota and Montana the 1928 crop acreage for the eight most important crops was 55,225,000 acres. This represented an increase of nearly 1 million acres over 1927 and an increase of 7 million acres over 1919, when the expansion due to war time conditions was at its peak.

The cash paid to this district as a result of 1928 farming operations was in the neighborhood of 1 billion dollars. This was about the average for the last six years. As usual, there was a mixture of favorable and unfavorable developments in the farming situation. The most favorable development was the new high level reached by dairy income in 1928. This industry is not yet as important in the district as is small grain farming, but in the last six years its growth has set it definitely ahead of the hog industry in point of total cash receipts.

Another bright spot in the farming picture was the range cattle and sheep business. Feeder steers, which are the principal source of revenue from the livestock ranges, have brought high prices throughout 1928, although in the late fall some decrease in prices occurred. The production of lambs and wool was increased in 1928 and the products were sold without any reduction in price being forced from the high levels of the past few years.

A third favorable feature in the farmers' year was the production of satisfactory crops of feed grain. The corn crop was larger than in 1927 and much better distributed throughout the territory. The barley crop was the largest on record.

Turning to unfavorable developments, the outstanding instance was the shrinkage in prices for cash grains, due to

the large world crop, and the lower prices for potatoes which accompanied the large domestic crop of 1928. This development caused much distress because producers in many cases had little income left after paying the cost of threshing and marketing. However, as a business factor the fact must be considered that the large crop meant large revenues to threshermen and railroads and to those who derive commissions from storing and handling grain. Cash flowing into the district as a result of grain and potato sales from the 1928 crop was only about 20 per cent less than in the fall of 1927.

Another unfavorable development in farming was that the 1928 crop of hogs was the smallest in several years. While hog prices were not below the average of the post-war years and there was sufficient corn for feeding, the total revenue from the sale of hogs was not as large as the revenue produced from this source a year ago. However, in some counties where in 1927 corn had to be imported for feeding purposes, the net returns from hog raising operations were more favorable in 1928 than in 1927.

The third unfavorable aspect of the farming situation was that land prices continued to be low. There is, as yet, only an imperfect adjustment of farming to conditions which have prevailed since the war. Individual farmers, thru the use of machinery or advanced farming technique or some other resourcefulness, have been making good incomes. They have paid their short-term indebtedness and in many cases their mortgage debt as well, and have maintained their deposits in banks. Other farmers, often in the same community with prosperous farmers, have been making a bare livelihood or have been losing ground.

The general volume of business showed improvement over 1927. Debits to individual accounts at seventeen cities established a new high record for all time during 1928. The country check clearings index also established a new high record in 1928 for the years during which these figures have been available. In more detail, increases in 1928 over 1927 were shown in miscellaneous freight carloadings, flour production, copper output, life insurance sales, country lumber sales and wholesale trade in hardware and shoes. Decreases occurred in city department store sales, securities sales and wholesale trade in groceries. In general, country business conditions showed more improvement in 1928 than city business conditions. In the last few months of 1928, the volume of building in the larger cities increased over the volume a year ago.

OPERATIONS OF MINNEAPOLIS FEDERAL RESERVE BANK IN 1928

A. General Survey

The earning assets of the bank fluctuated between a low point of about 31 million dollars, reached on March 7, and a high point of about 50 million dollars, reached on Novem-

ber 14, as indicated by the weekly published balance sheets of the bank. Loans to member banks were lowest on March 7 and amounted to \$1,591,000 on that date. The high point of loans to member banks occurred on October 17 and the total reached \$19,307,000. This total is exclusive of discounts for the Federal Intermediate Credit Bank of St. Paul, which borrowed continuously from this bank throughout the last five months of 1928. Borrowings by this Intermediate Credit Bank fluctuated between 2 million dollars and \$500,000 during these months.

Borrowings by city banks constituted the greater portion of discounted bills during the year. After borrowing only small amounts in the early weeks of the year, the city member banks which report weekly to this office increased their borrowings from the Federal Reserve Bank to over 12 million dollars on May 2. After this date there was a decline until the middle of July. Borrowings by these banks were then increased to a high point on October 17, after which an almost continual decline occurred until the end of the year. Country member banks reduced their borrowings in the early weeks of the year to the lowest point in the post-war years, the total declining to about 1½ million dollars on March 28. After this date borrowings increased to a minor peak on May 23, and reached the highest point of the year, \$4,251,000, on August 29. Since that time there has been some reduction in country member bank borrowings from this bank, but the reduction has not been as great as in other recent years.

Federal reserve notes in circulation reached the low point of the year, according to weekly published figures, on August 29 when notes in circulation amounted to \$53,273,000. The highest figure was \$66,373,000, reached on December 26. Member bank reserve accounts decreased during the first five months of the year to a low point of \$49,613,000 on May 29, 1928. During the fall months a rapid increase occurred, and the high point of the year, amounting to \$56,721,000, was reached on October 17, 1928.

The net effect of these changes upon our balance sheet for the year ending December 31, 1928, as compared with December 31, 1927, was as follows: Cash reserves increased 11 million dollars; bills discounted increased about 2½ million dollars; total earning assets decreased 6 million dollars; Federal reserve notes in actual circulation increased 4 million dollars; member bank reserve deposits increased 1 million dollars; the ratio of total cash reserves to deposits and Federal reserve note liabilities combined increased from 65.1 per cent to 71.6 per cent.

This bank did not borrow from or lend to any other Federal reserve bank during 1928.

The discount rate of the bank remained at 3½ per cent from September 13, 1927 to February 7, 1928, when it was increased to 4 per cent. The discount rate was later increased to 4½ per cent on April 25, 1928.

B. Earnings and Expenses

The gross earnings of this bank during 1928 were \$1,710,000, as compared with \$1,390,000 in 1927. Current expenses during 1928 were \$1,000,000, as compared with \$1,049,000 in 1927. The current net earnings during 1928 were \$710,000, as compared with \$341,000 in 1927. Miscellaneous additions to current net earnings in 1928 amounted to \$332,000, and deductions from current net earnings amounted to \$427,000, leaving final net earnings available for dividends, surplus and franchise tax of \$615,000, as compared with \$296,000 in 1927. In 1928, dividends totaling \$181,203 were declared at the rate of 6 per cent per annum on our paid-in capital stock, and paid to member banks. There was transferred to surplus account \$43,350. The remainder, amounting to \$390,151, was paid to the United States Government as a franchise tax.

C. Departmental Statistics of Volume Including the Helena Branch

The Transit, or Check Collection Department, handled 24,874,000 items during 1928, amounting to \$4,591,766,000, as compared with 24,238,000 items during 1927, amounting to \$4,277,152,000.

The Collection Department received 296,000 items during 1928, amounting to \$146,219,000, as compared with 263,000 items during 1927, amounting to \$127,400,000.

The Currency Department received and counted 39,464,000 bills, amounting to \$208,262,000 in 1928, as compared with 39,970,000 bills, amounting to \$213,292,000 in 1927. This department also received and counted 10,056,000 coins, amounting to \$4,036,000 in 1928, as compared with 11,794,000 coins, amounting to \$3,852,000 in 1927.

The Vault Custody Department in its service of safekeeping of securities, handled 103,414 bonds during 1928, as compared with 113,782 bonds in 1927. This department cut and forwarded to the owners of the securities, or turned over to other departments for collection or credit, 158,618 coupons during 1928, as compared with 154,771 coupons during 1927. On December 31, this department was holding for member banks \$144,000,000 of securities for safekeeping or pledged against government deposits, or as collateral to bills payable.

Transfers of funds made for member banks, including those made for the 5 per cent Redemption Fund, numbered 69,000, totaling \$2,957,404,000 during 1928, as compared with 62,000, totaling \$2,734,981,000 during 1927.

The Discount Department served 224 member banks during 1928. In 1927, 275 member banks were served. During 1928, 23,773 notes were discounted, amounting to \$625,358,000, as compared with 10,027 notes, amounting to \$141,031,000 in 1927.

Of the discounted and rediscounted notes held by this bank on December 31 of the last three years, the geographical distribution was as follows:

(000's omitted)

| | 1928 | 1927 | 1926 |
|---|---------|---------|---------|
| Minneapolis and St. Paul | \$1,935 | \$ 89 | \$1,000 |
| Other Minnesota | 686 | 633 | 1,162 |
| Montana | 213 | 21 | 48 |
| North Dakota | 348 | 318 | 440 |
| South Dakota | 446 | 640 | 999 |
| Wisconsin | 199 | 88 | 201 |
| Michigan | 168 | 116 | 188 |
| Federal Intermediate Credit Bank of St. Paul | 500 | 0 | 0 |
| Total | \$4,495 | \$1,905 | \$4,038 |

Bills drawn in dollars and foreign currencies which were purchased by this bank in the open market during 1928 numbered 6,804, amounting to \$69,343,000, as compared with 6,514, amounting to \$75,219,000 in 1927. Bills purchased from other Federal Reserve Banks during 1928 numbered 1,297, amounting to \$25,309,000, as compared with 1,121, amounting to \$22,921,000 in 1927.

FISCAL AGENCY FUNCTIONS

Issues, redemptions or exchanges of various United States Government securities, including Treasury Savings Securities redeemed at this office or received from Postmasters after redemption by them, numbered 224,045 pieces and amounted to \$149,551,218, as compared with 181,529 pieces, amounting to \$170,657,000 in 1927.

Included in the above figures for 1928 are the Third Liberty Loan Bonds which matured on September 15. Of these, 22,920 pieces totaling \$13,359,450 submitted in 3,476 applications were exchanged for other issues on or before September 15. The greater part of the Third Liberty Loan Bonds, numbering 99,615 in coupon form, amounting to \$18,-189,400, and 25,682 in registered form, amounting to \$6,-031,350 were submitted in 16,765 applications for redemption. These figures are comparable with those of the Second Liberty Loan Bonds, which were called for redemption in 1927 and of which there were redeemed that year 59,699 in coupon form, amounting to \$14,679,250 and 17,939 in registered form, amounting to \$4,966,350 submitted in 11,851 applications.

In May, the Treasury Department made public announcement of its willingness to purchase Third Liberty Loan Bonds direct from individual holders at a price of 100-8/32 and accrued interest. In accordance with the terms of this announcement, 76 purchases, amounting to \$456,750 were made for the Government. In June, 141 purchases of these bonds, amounting to \$673,500 at 100-2/32 and accrued interest were

also made. Again in July and August, additional purchases amounting to \$2,613,250 submitted in 1,168 applications were made at not exceeding 100-1/32 and accrued interest. Altogether, 1,385 purchases totaling \$3,743,500 were made for the Government of Third Liberty Bonds during 1928, as compared with 422 purchases amounting to \$1,196,050 of the Second Liberty Bonds in 1927.

This Agency also handled during 1928, 6,201 orders for the purchase of Government securities and 6,193 resales of Government securities totaling \$87,437,150. In addition, either delivery or payment, or both, was handled for banks and trust companies on 744 transactions in Government securities amounting to \$48,627,500. There were also 578 transactions of miscellaneous general market securities aggregating \$2,853,221. Altogether, of these various transactions, there were 13,716 totaling \$138,917,871, as compared with 13,768 transactions totaling \$155,229,160 in 1927.

Including short-term Government securities which were transferred by wire, delivery of 41,035 pieces totaling \$103,-109,513 was made on purchase and resale transactions for other than our own account, as compared with 38,308 pieces totaling \$80,432,050 in 1927. In addition, on exchange transactions such as denominational exchange, the exchange of coupon for registered securities, etc. 33,535 pieces were delivered amounting to \$26,687,150, as compared with 30,999 pieces amounting to \$23,961,550 in 1927.

This Agency handled subscriptions, allotments, payments and security deliveries in this district on ten offerings of United States Government issues during 1928 as compared with eight offerings during the preceding year. In such operations during 1928, 7,478 individual subscriptions contained in 4,984 different applications were received. The amount allotted on these subscriptions was \$58,327,000. During 1927, \$61,578,100 was allotted on subscriptions.

The Fiscal Agency operated by us for the Government also redeemed 809,698 Government and Federal Land Bank coupons amounting to \$10,126,000 during 1928, as compared with 1,009,976 coupons amounting to \$9,919,000 during 1927.

ACTIVITIES OF THE FEDERAL RESERVE AGENT'S OFFICE

A. Federal Reserve Note Issues

Since the organization of this Federal Reserve Bank there have been received by the Federal Reserve Agent from the Comptroller of the Currency \$435,700,000 of new Federal reserve notes, and during the same period there has been issued by the Federal Reserve Agent to the Bank \$422,961,000 of new Federal reserve notes. Meanwhile, the Federal Reserve Bank "retired", or returned to the Federal Reserve Agent \$125,123,000 of currency fit for reissue and reissues of such fit-for-use notes totaled \$122,333,000. Federal reserve

notes were redeemed and destroyed at Washington since the organization of this Bank totaling \$347,593,480. The total of the notes issued by the Federal Reserve Agent to the Bank, as shown above, less the amount returned to the Agent and the amount returned to Washington for destruction, are designated as "outstanding."

On December 31, 1928, the amount of notes outstanding was \$72,577,520, and the Federal Reserve Agent held \$15,529,000 of new and fit-for-use notes. Of this total outstanding (\$72,577,520) there was "in circulation" \$65,273,850, and the amount of notes held by our paying tellers here and in the Branch Office at Helena combined and the amount of mutilated Federal reserve notes forwarded for redemption totaled \$7,303,670.

During 1928, the Federal Reserve Agent and his assistants received \$30,480,000 of new Federal reserve notes from the Comptroller of the Currency at Washington and \$7,540,000 of fit-for-use notes from our paying tellers. The issues of new and fit-for-use notes totaled \$40,015,000, as compared with \$36,694,500 during the preceding year. The amount of Federal reserve notes outstanding with this Federal Reserve Bank increased from \$66,910,555 to \$72,577,520 between December 31, 1927 and December 31, 1928.

As collateral security for the Federal reserve notes outstanding with the Federal Reserve Bank, there was held by the Agent on December 31, 1928 \$47,920,520 in the form of gold coin and gold certificates in vault or on deposit with the Federal Reserve Board, \$4,216,000 in eligible paper and \$21,792,000 in purchased bills, compared with \$49,728,000 in gold and \$19,944,000 in eligible paper and purchased bills on December 31, 1927.

B. Membership

At the close of the year, there were 719 member banks operating in this district, as compared with 735 member banks at the beginning of the year. There was a net loss of 11 national banks and 5 state banks. The total membership (banks in operation only) at the close of 1928 was divided into 663 national banks and 56 state banks. The new members are:

| Name of Bank | Town | No. of Shares Subscribed |
|-----------------------------------|-------------------------|-----------------------------|
| Jackson National Bank in | Jackson, Minn. | 30 |
| First National Bank in | Lakefield, Minn. | 18 |
| St. Paul National Bank of | St. Paul, Minn. | 75 |
| First National Bank of | Winnebago, Minn. | 21 |
| Steele County National Bank of .. | Finley, N. D. | 18 |
| Brookings National Bank of | Brookings, S. D. | 33 |
| Lake Norden National Bank of ... | Lake Norden, S. D. | 17 |
| First National Bank of | Bangor, Wis. | 53 |
| Iron Exchange Bank of | Hurley, Wis. | 68 |
| National Bank of Commerce of ... | Superior, Wis. | 162 |

NUMBER OF BANKS IN OPERATION IN THE NINTH FEDERAL RESERVE DISTRICT

December 31, 1927, and December 31, 1928

| | National | | State Members | | Non-Members | | Total | |
|----------------------------------|----------|------|---------------|------|-------------|-------|-------|-------|
| | 1927 | 1928 | 1927 | 1928 | 1927 | 1928 | 1927 | 1928 |
| Michigan | 39 | 39 | 9 | 8 | 30 | 31 | 78 | 78 |
| Minnesota | 281 | 278 | 15 | 13 | 874 | 816 | 1,170 | 1,107 |
| Montana | 72 | 70 | 24 | 22 | 111 | 109 | 207 | 201 |
| North Dakota | 141 | 133 | 2 | 1 | 378 | 342 | 521 | 476 |
| South Dakota | 96 | 96 | 9 | 9 | 308 | 303 | 413 | 408 |
| Wisconsin | 45 | 47 | 2 | 3 | 197 | 194 | 244 | 244 |
| Ninth Federal Reserve Dist. | 674 | 663 | 61 | 56 | 1,898 | 1,795 | 2,633 | 2,514 |

C. Examination of Banks

During 1928, 80 credit investigations, examinations and special investigations were made by the Federal Reserve Agent's Examiners. In the examination work this year, the examiners and their assistants traveled in the aggregate 31,765 miles and examined banks with total resources of \$115,426,560.

In addition to the information obtained from the Federal Reserve Examiners, 1,282 reports of examination of national banks were received from the Chief National Bank Examiner of this district, and 16 reports of examination of state member banks were received from the various state banking departments. There were four calls for reports of condition of national banks and four calls for state member banks during the year. Also two semi-annual statements of earnings and dividends were required from all member banks. Reports of condition and of earnings and dividends, totaling approximately 4,400 were received, verified and filed.

D. Applications for Fiduciary Powers

National banks have continued to apply for trust powers under Section 11-K of the Federal Reserve Act. Applications received and approved by the Federal Reserve Board during 1928 include the following:

| Name of Bank | Location | Date Approved | Capital | Powers |
|----------------------------|---------------------|---------------|-----------|---------|
| Citizens National Bank | Houghton, Mich. | 5-18-28 | \$100,000 | Limited |
| Gogebic National Bank | Ironwood, Mich. | 12-21-28 | 100,000 | Limited |
| Midway National Bank | St. Paul, Minn. | 12- 7-28 | 200,000 | Full |
| First National Bank | West Concord, Minn. | 2-14-28 | 50,000 | Full |
| Winona Nat'l & Savings Bk. | Winona, Minn. | 7-27-28 | 200,000 | Full* |
| U. S. National Bank | Deer Lodge, Mont. | 3- 5-28 | 100,000 | Limited |
| National Bk. of Montana | Helena, Mont. | 3-22-28 | 250,000 | Full |
| Security National Bank | Sioux Falls, S. D. | 4-24-28 | 250,000 | Full |
| First National Bank | Yankton, S. D. | 8-24-28 | 50,000 | Limited |
| National Bk. of Commerce | Superior, Wis. | 2-27-28 | 150,000 | Full |

*Trust powers confirmed after change of name.

E. Reviews of Agricultural and Business Conditions

During the year, twelve monthly reviews were prepared for the Federal Reserve Board and later published, containing a total of 99 pages of printed material. The number printed in December 1928 was 6,450, as compared with 6,425 in December 1927.

A summary of national business conditions prepared by the Federal Reserve Board was included in each issue.

A number of special studies were published in the monthly reviews during the year as follows:

The Effect of Farm Income on the Volume of Building in the District. (January 28).

Statistical Summary of the Years 1923-1927, Inclusive, in the Ninth Federal Reserve District. (January 28).

Real Estate Activity in Hennepin and Ramsey Counties, 1924-1927. (February 28).

Crop Acreages and Production and the Farm Value of Cash Crops, 1910-1927. (Supplement to February 28 issue).

The Agricultural Outlook for 1928 and Planting Intentions on March 1, 1928. (March 28).

Banking During 1927 and General Survey of the Year. (March 28).

Bankruptcies Among Farmers in Minnesota, North Dakota, South Dakota and Montana, 1910-1927. (April 28).

Seasonal Changes in Country Bank Demand for Federal Reserve Credit. (April 28).

The Effect of Easter on Currency Movements at the Minneapolis Federal Reserve Bank. (May 31).

Motor Vehicle Registrations in Minnesota, North Dakota, South Dakota and Montana, 1915-1927. (May 31).

Freight Commodity Statistics of the Northwestern Region. (June 28).

The Growing Use of the Combine Harvester and Five Cardinal Principles of Successful Combine Operation. (July 27).

The Use Made of Investable Funds by 117 Representative Country Banks, based on a special questionnaire covering conditions on June 30, 1928. Investable funds were divided into loans to customers, call loans and commercial paper, bonds and securities, cash and "due from banks". (July 27).

Country Check Clearings as a Business Index. (August 28).

Ninth District Banking Position, June 30, 1928. (September 29).

Country Banking in the Ninth Federal Reserve District, 1913-1928. (September 29).

Regional Subdivisions of the Country Check Clearings Index. (October 29).

Country Lumber Records, 1920-1928. (November 30).

F. General Service

There is a demand that this Federal Reserve Bank furnish speakers for various public meetings, and that they describe the operations of the Federal Reserve System and

its relation to agriculture, commerce, industry and finance: In response to this demand during the year 1928, officials and representatives of this Bank addressed 53 different groups, with a total attendance of 8,740 persons, as compared with 55 addresses and an attendance of 8,646 in 1927. Two radio addresses were delivered during 1928. In addition, many requests were received through personal calls or letters for specific information regarding the banking system, all of which have been met with such information as could be obtained from our library and office files. During the year 1928, the number of volumes in our library increased from 1,266 to 1,351, not including pamphlets, bound periodicals or annual reports. The number of newspapers and periodicals received was practically unchanged and was comprised chiefly of those having current interest and permanent value for reference purposes.

CHANGES IN PERSONNEL

In the annual fall elections, Mr. P. J. Leeman was re-elected to succeed himself as Class A director and Mr. P. N. Myers was re-elected Class B director to succeed himself, both serving for terms of three years, beginning January 1, 1929. Mr. Geo. W. McCormick was reappointed Class C director by the Federal Reserve Board to succeed himself for another term. At the end of the year the Federal Reserve Board reappointed Mr. J. R. Mitchell as Chairman of the Board of Directors and redesignated Curtis L. Mosher and F. M. Bailey as Assistant Federal Reserve Agents for the year 1929. The Federal Reserve Board forwarded notice of the reappointment of Mr. Homer P. Clark as Deputy Chairman of the Board for 1929. The Board also redesignated Mr. O. S. Powell as representative of the Federal Reserve Agent in the receipt and issue of Federal reserve notes, the handling of gold coin and gold certificates and in making wire transfers of gold. Mr. Mosher was also reelected Secretary of the Board of Directors.

Late in December the Federal Reserve Board forwarded notice of the reappointment of Mr. C. J. Kelly as Director of the Helena Branch and the Board of Directors of the head office reelected Mr. R. O. Kaufman as a Director, both succeeding themselves, for two year terms.

On December 10, the Board of Directors accepted the resignation of Mr. W. A. Cutler, Jr. as Assistant Cashier of the Helena Branch and elected Mr. A. A. Hoerr as Assistant Cashier of the Helena Branch.

All of the other officers of the bank and Helena Branch were reelected for the year 1929.

The complete staff of the Federal Reserve Bank of Minneapolis and its Helena Branch, including officers, employees and building employees, but excluding temporary help, numbered 314 persons on December 31, 1928, as compared with 340 at the close of the previous year.

*Resources and Liabilities of the Federal Reserve Bank
of Minneapolis*

(In Thousands of Dollars)

RESOURCES

| | Dec. 31, 1928 | Dec. 31, 1927 | Dec. 31, 1926 |
|---|------------------|------------------|------------------|
| Gold with Federal reserve agent | \$ 47,920 | \$ 49,729 | \$ 60,539 |
| Gold redemption fund with United States Treasury... | 2,342 | 1,423 | 2,074 |
| Gold held exclusively against Federal reserve notes.. | \$ 50,262 | \$ 51,152 | \$ 62,613 |
| Gold settlement fund with Federal Reserve Board... | 29,646 | 16,830 | 20,483 |
| Gold and gold certificates held by bank | 5,742 | 5,052 | 6,873 |
| Total gold reserves | \$ 85,650 | \$ 73,034 | \$ 89,969 |
| Reserves other than gold | 2,510 | 4,029 | 3,152 |
| Total reserves | \$ 88,160 | \$ 77,063 | \$ 93,121 |
| Non-reserve cash | 1,392 | 1,223 | 903 |
| Bills discounted: | | | |
| Secured by United States Government obligations | 2,232 | 329 | 658 |
| Other bills discounted | 2,263 | 1,576 | 3,380 |
| Total bills discounted | \$ 4,495 | \$ 1,905 | \$ 4,038 |
| Bills bought in open market | 21,819 | 18,319 | 12,615 |
| United States Government securities: | | | |
| Bonds | 4,519 | 11,678 | 7,569 |
| Treasury notes | 4,619 | 4,411 | 1,841 |
| Certificates of indebtedness | 1,770 | 7,811 | 7,629 |
| Total United States Government securities.. | \$ 10,908 | \$ 23,900 | \$ 17,039 |
| Other securities | 1,635 | 620 | 621 |
| Total bills and securities | \$ 38,857 | \$ 44,744 | \$ 34,313 |
| Uncollected items | 15,830 | 15,162 | 13,543 |
| Bank premises | 2,110 | 2,202 | 2,774 |
| All other resources | 842 | 1,791 | 2,159 |
| Total resources | \$ 147,191 | \$ 142,185 | \$ 146,813 |

LIABILITIES

| | | | |
|---|------------|------------|------------|
| Federal reserve notes in actual circulation..... | \$ 65,274 | \$ 61,224 | \$ 68,891 |
| Deposits: | | | |
| Member bank reserve account..... | 56,067 | 54,836 | 50,946 |
| Government | 1,336 | 1,874 | 1,567 |
| Foreign bank | 176 | 139 | 901 |
| Other deposits | 332 | 274 | 152 |
| Total deposits | \$ 57,911 | \$ 57,123 | \$ 53,566 |
| Deferred availability items | \$ 13,079 | \$ 13,010 | \$ 12,858 |
| Capital paid in | 3,009 | 3,009 | 3,064 |
| Surplus | 7,082 | 7,039 | 7,527 |
| All other liabilities | 836 | 780 | 907 |
| Total liabilities | \$ 147,191 | \$ 142,185 | \$ 146,813 |
| Ratio of total reserves to deposit and Federal re- serve note liabilities combined (per cent)..... | 71.6 | 65.1 | 76.0 |
| Contingent liability on bills purchased for foreign correspondents | \$ 8,722 | \$ 6,863 | \$ 1,806 |

Earnings and Expenses of Federal Reserve Bank of Minneapolis

EARNINGS

| | 1928 | 1927 | 1926 |
|--|---------------------|---------------------|---------------------|
| Discounted bills | \$ 490,752 | \$ 192,216 | \$ 310,424 |
| Purchased bills | 609,535 | 360,293 | 405,511 |
| U. S. Securities | 512,433 | 707,599 | 723,348 |
| Deficient reserve penalties | 7,763 | 13,404 | 16,473 |
| Miscellaneous | 89,821 | 116,519 | 166,577 |
| Total earnings | \$ 1,710,304 | \$ 1,390,031 | \$ 1,622,333 |
| Current expenses | 1,000,474 | 1,048,746 | 1,063,757 |
| Current net earnings | \$ 709,830 | \$ 341,285 | \$ 558,576 |
| Additions to current net earnings | 331,879 | 48,509 | 79,773 |
| Deductions from current net earnings: | | | |
| Bank premises—depreciation | 91,982 | 71,982 | 166,272 |
| Furniture and equipment | 32,026 | 10,784 | 20,870 |
| All Other | 302,997 | 10,951 | 3,174 |
| Total deductions | \$ 427,005 | \$ 93,717 | \$ 190,316 |
| Net earnings available for dividends, surplus and franchise tax | 614,704 | 296,077 | 448,033 |
| Distribution of net earnings: | | | |
| Dividends paid | 181,203 | 180,726 | 187,609 |
| Transferred to surplus account | 43,850 | 11,535 | 26,043 |
| Franchise tax paid U. S. Government..... | 390,151 | 103,816 | 234,381 |

CURRENT EXPENSES

| | | | |
|--|---------------------|---------------------|---------------------|
| Salaries: | | | |
| Bank officers | \$ 117,503 | \$ 129,360 | \$ 135,681 |
| Special officers and watchmen | 29,962 | 28,624 | 25,958 |
| Clerical staff | 350,452 | 357,849 | 357,223 |
| All Other | 65,635 | 79,065 | 80,091 |
| Governors' conferences | 687 | 444 | 568 |
| Federal Reserve Agent's conferences | 587 | 210 | 288 |
| Federal Advisory Council | 1,150 | 1,112 | 824 |
| Directors' meetings | 6,793 | 7,446 | 7,289 |
| Traveling expenses* | 20,146 | 28,058 | 35,222 |
| Assessment for Federal Reserve Board expenses.. | 18,931 | 23,137 | 22,596 |
| Legal fees | 27,839 | 27,494 | 30,701 |
| Insurance (other than on currency and security shipments) | 30,899 | 29,102 | 28,246 |
| Taxes on banking house | 86,306 | 85,643 | 82,713 |
| Repairs and alterations, banking house..... | 7,656 | 9,391 | 4,540 |
| Light, heat and power | 17,370 | 19,562 | 19,762 |
| Rent | 90 | | |
| Telephone | 5,120 | 5,304 | 5,816 |
| Telegraph | 17,817 | 19,972 | 23,277 |
| Postage | 63,880 | 61,876 | 64,373 |
| Expressage | 8,399 | 8,415 | 8,437 |
| Insurance on currency and security shipments.... | 14,163 | 13,391 | 14,091 |
| Printing and stationery | 19,370 | 25,322 | 25,568 |
| Office and other supplies | 19,403 | 19,901 | 19,725 |
| All other expenses | 47,814 | 32,468 | 34,810 |
| Total exclusive of cost of currency | \$ 977,972 | \$ 1,013,146 | \$ 1,027,799 |
| Federal reserve currency (including shipping charges): | | | |
| Original cost | 20,992 | 34,117 | 33,597 |
| Cost of redemption | 1,510 | 1,483 | 2,361 |
| Total current expenses | \$ 1,000,474 | \$ 1,048,746 | \$ 1,063,757 |

REIMBURSABLE EXPENSES OF FISCAL AGENCY DEPARTMENT

| | | | |
|--------------------------|------------------|------------------|------------------|
| Salaries | \$ 13,640 | \$ 13,038 | \$ 12,270 |
| All other expenses | 6,212 | 6,911 | 5,270 |
| Total | \$ 19,852 | \$ 19,949 | \$ 17,540 |

*Other than those connected with governors' and agents' conferences and meetings of the directors and of the Advisory Council.

**DIRECTORS AND OFFICERS
FEDERAL RESERVE BANK OF MINNEAPOLIS
JANUARY 1, 1929**

DIRECTORS

Class A

| | | | | |
|----------------|-----------|------|-----------|---------------------|
| J. C. BASSETT | - - - - - | 1929 | - - - - - | Aberdeen, S. Dak. |
| KARL J. FARUP | - - - - - | 1930 | - - - - - | Park River, N. Dak. |
| PAUL J. LEEMAN | - - - - - | 1931 | - - - - - | Minneapolis, Minn. |

Class B

| | | | | |
|---------------|-----------|------|-----------|------------------|
| N. B. HOLTER | - - - - - | 1929 | - - - - - | Helena, Mont. |
| JOHN S. OWEN | - - - - - | 1930 | - - - - - | Eau Claire, Wis. |
| PAUL N. MYERS | - - - - - | 1931 | - - - - - | St. Paul, Minn. |

Class C

| | | | | |
|-------------------|-----------|------|-----------|--------------------|
| J. R. MITCHELL | - - - - - | 1929 | - - - - - | Minneapolis, Minn. |
| HOMER P. CLARK | - - - - - | 1930 | - - - - - | St. Paul, Minn. |
| GEO. W. McCORMICK | - - - - - | 1931 | - - - - - | Menominee, Mich. |

OFFICERS

| | | |
|--|---------------------------|-----------------|
| J. R. MITCHELL, Chairman and Federal Reserve Agent. | W. B. GEERY - - - - - | Governor |
| HOMER P. CLARK, Deputy Chairman. | B. V. MOORE - - - - - | Deputy Governor |
| CURTIS L. MOSHER, Secretary, Board of Directors and Assistant Federal Reserve Agent. | HARRY YAEGER - - - - - | Deputy Governor |
| FRED M. BAILEY, Assistant Federal Reserve Agent. | FRANK C. DUNLOP - - - - - | Controller |
| OLIVER S. POWELL, Statistician. | GRAY WARREN - - - - - | Cashier |
| ANDREAS UELAND, Legal Counsel. | L. E. RAST - - - - - | Asst. Cashier |
| SIGURD UELAND, Assistant Counsel. | H. C. CORE - - - - - | Asst. Cashier |
| | HARRY I. ZIEMER - - - - - | Asst. Cashier |
| | A. R. LARSON - - - - - | Ast. Cashier |

MEMBER OF FEDERAL ADVISORY COUNCIL

THEODORE WOLD, Vice President, Northwestern National Bank,
Minneapolis, Minn.

HELENA BRANCH—(MONTANA)

DIRECTORS

| | | | | |
|---------------|-----------|------|-----------|---------------|
| T. A. MARLOW | - - - - - | 1929 | - - - - - | Helena, Mont. |
| HENRY SIEBEN | - - - - - | 1929 | - - - - - | Helena, Mont. |
| R. E. TOWLE | - - - - - | 1929 | - - - - - | Helena, Mont. |
| R. O. KAUFMAN | - - - - - | 1930 | - - - - - | Helena, Mont. |
| C. J. KELLY | - - - - - | 1930 | - - - - - | Butte, Mont. |

OFFICERS

| | | | |
|----------------------------|-------------------|-----------------------|---------------|
| R. E. TOWLE - - - - - | Managing Director | A. A. HOERR - - - - - | Asst. Cashier |
| H. L. ZIMMERMANN - - - - - | Cashier | T. B. WEIR - - - - - | Legal Counsel |