Twenty-second Annual Report

Federal Reserve Bank of New York

For the Year Ended December 31, 1936

Second Federal Reserve District

CONTENTS

FEDERAL RESERVE BANK
OF NEW YORK

March 12, 1937.

To the Stockholders of the
Federal Reserve Bank of New York:

In previous years the annual report of this bank has been in the form of a report by the Federal Reserve Agent to the Board of Governors of the Federal Reserve System. Owing to changes in the organization of the bank during the past year, its annual report will hereafter take the form of a report by the president to the stockholders.

The twenty-second annual report, which is submitted herewith, contains a brief review of some of the outstanding developments in banking and in the money market—and of related developments in business—during the year 1936, as well as a report on the operations of the bank and changes in its directors and officers.

GEORGE L. HARRISON,
President.

Twenty-second Annual Report
Federal Reserve Bank of New York

During 1936 member banks had to adjust their operations to large movements in the supply of funds and to smaller but, nevertheless, substantial changes in demand for credit. Of first importance, was a further accumulation in this district and throughout the country of bank reserves, which reached larger amounts than ever before, with consequent pressure upon the banks to find employment for the increasing volume of available funds. Second, was a widening of the demand for credit, as business recovery broadened and became more vigorous. Early in the year the tendency was toward increased use of bank credit to finance security transactions, accompanying a strong rise in corporation profits and in stock prices. Subsequently there was a considerable expansion in business demands for bank credit and to some extent an increase in the demand for new business capital, while borrowing by the Federal Government tended to diminish. A third important development was the virtual completion of the "reflation" of the money supply which had suffered a drastic reduction between 1930 and 1933. Demand deposits in this district and elsewhere rose to higher levels than ever before, and the aggregate volume of bank deposits and currency rose somewhat above the previous maximum reached in 1928 and 1929.

An outgrowth of these developments was a series of steps taken to prevent excessive expansion of bank credit in the future. In the spring, control over the volume of credit used in the stock market was strengthened, partly through the issuance by the Board of Governors of the Federal Reserve System of a new regulation governing the amount of credit that can be extended by member banks against securities registered on National securities exchanges for the purpose of carrying or trading in such securities, and partly through increases in the margins which security brokers are required to obtain against their customers' purchases of securities. In August the Board of Governors made the first use of the power granted to it by the Banking Act of 1935 to raise reserve requirements of member banks; required reserves were increased by 50 per cent as a means of reducing excess reserves and thereby reducing the base for further expansion of bank credit. This action had the effect of reducing excess reserves from a peak of about

$1,350,000,000 in this district and about $3,100,000,000 in the country as a whole just before the middle of August, to about $650,000,000 in this district and $1,800,000,000 for the entire country on August 16. Subsequently there was a renewed growth of excess reserves in this district and elsewhere, and near the end of the year further action by the Federal Reserve System to reduce excess reserves of member banks was again under consideration.* In the latter part of November excess reserves of member banks had risen somewhat above $850,000,000 in this district, and to about $2,250,000,000 in the United States as a whole, and further increases appeared to be in prospect after the year end.

The great majority of member banks in this district so handled their available funds that they were in a position readily to meet the increases in reserve requirements announced by the Board of Governors. Most of the "country" banks had ample funds on deposit either in their reserve accounts with the Federal Reserve Bank or in balances carried with city correspondent banks, so that it was unnecessary for them to liquidate earning assets or to borrow in order to meet the higher reserve requirements. The large New York City banks had not only to meet higher reserve requirements, but were called upon, between the middle of July and the middle of August, to repay to correspondent banks approximately $140,000,000 of funds previously placed on deposit with them by such banks, and at the year end it appeared likely that a further increase in reserve requirements would result in further withdrawals of funds from the New York City banks by their correspondent banks. Practically all of the large New York banks, however, had more than ample supplies of secondary reserves in the form of call loans, bankers acceptances, Treasury bills, and other readily marketable securities to meet increases in their own reserve requirements and also to meet withdrawals of funds by correspondent banks.

Another measure taken to limit the credit base, and thus to supplement measures for the prevention of excessive credit expansion, was the adoption by the Treasury, in December, of

*On January 31, 1937 the Board of Governors announced a further increase of 33 1/3 per cent in the percentages of reserves which member banks are to be required to maintain against their deposits, one-half of the increase to take effect on March 1, 1937 and one-half on May 1, 1937. The Board's statement included an estimate that the volume of excess reserves for all member banks in the United States would be reduced to about $500,000,000 after the full increase in reserve requirements became effective on May 1.

a program of offsetting the effects of gold inflows on bank reserves. The "Tripartite Agreement" which was simultaneously announced on September 26 by the United States,* France, and England, and which was subsequently adhered to by Belgium, Switzerland, and Holland, was an important development in the direction of greater monetary stability in the international field, but did not have the effect of checking the flow of gold to the United States from abroad.

There had been some expectation that devaluation of the currencies of the gold bloc countries, which was announced simultaneously with the agreement, would be followed by a repatriation of European funds that had previously come to this country, and an accompanying outflow of gold from the United States. Owing largely, however, to a sustained movement of foreign capital to New York for investment in American securities, there continued to be a heavy movement of gold to the United States after the adoption of the agreement. It was announced late in the year that possible means of checking the inflow of foreign capital were to be studied, and in the meantime the Treasury program of offsetting the effect of further gold inflows on bank reserves, became operative. By this means, together with the action taken by the Board of Governors in increasing member bank requirements, important progress was made in the direction of bringing the Reserve System within the range of effective contact with the money market. The limitation of excess bank reserves did not involve abandonment of the easy money policy that has been followed in recent years, but relieved the banks of pressure to employ funds in ways that might later lead to difficulties.

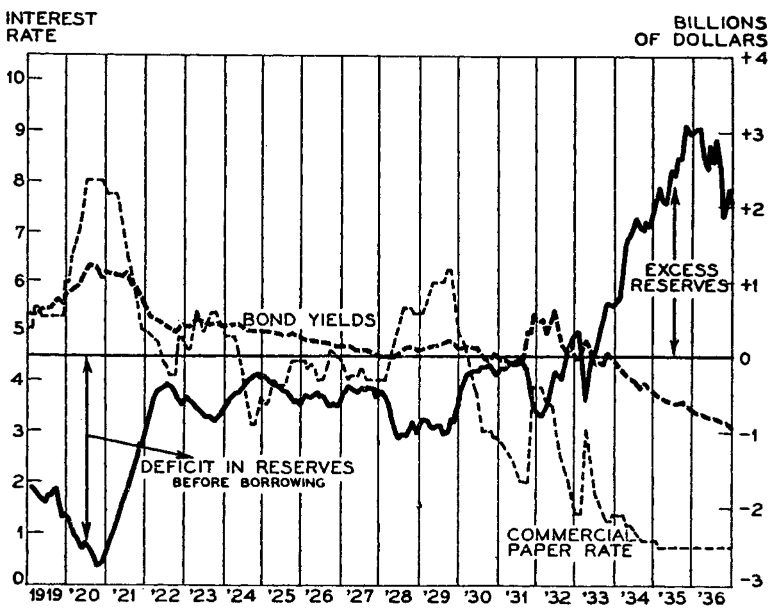
Developments in the Money Market and Banking Situation in 1936

The dominant influence in the money market during the past year, as in the two preceding years, was the extraordinary accumulation of bank reserves in excess of current requirements. At the end of December 1936 the total reserves held by all member banks in this district amounted to $2,943,000,000, as compared with an average of less than $2,400,000,000 in the

*Under this agreement a Treasury regulation was released on October 13 providing for reciprocal gold dealings between this country and other members of the group. The Federal Reserve Bank of New York, as fiscal agent for the United States, was assigned by the Treasury the function of executing transactions in foreign exchanges and gold for the Treasury.

entire country in 1928 and 1929. For the country as a whole the total amount of member bank reserves at the end of 1936 was $6,606,000,000.

As the accompanying diagram indicates, the continued holding of a large volume of surplus funds by the banks in 1936 had practically no effect on short term money rates, such as the open market commercial paper rate, as yields on short term open market loans and investments were already close to the vanishing point in most cases. Yields on long term securities, however, continued to reflect the pressure of idle funds seeking investment, and declined further to the lowest levels in many years. As the diagram shows, money rates, including bond yields, tend to move inversely with the reserve position of the banks, rising when bank reserves fall, and declining when bank reserves rise.



Reserve Position of Member Banks Compared with Interest Rates

The further decline in yields on long term securities gave added impetus to the refunding of outstanding securities carrying relatively high coupon rates with new securities at much lower interest rates, and also facilitated the raising of new capital by corporations whose business had reached the point of requiring substantial investments in new plants and equipment. In 1936 for the first time in five years, security issues to provide new capital reached fairly substantial amounts, although the volume remained much smaller than in the years before the depression.

At the same time the continued decline in yields obtainable on new investments, and the calling for redemption of outstanding securities that carried relatively high coupon rates, made increasingly difficult the earnings and investment problems of the banks. The reduction in the rate of return from investments tended to put pressure upon the banks to increase the proportion of long term securities in their investment portfolios with a view to maintaining their earnings. Data for 81 State member banks in this district, which were available near the end of 1936, indicated a tendency on the part of New York City banks to lengthen the average maturity of their investment portfolios, but State member banks in other parts of the district, which previously held considerably larger proportions of long term securities, showed no such tendency. The maturity distribution of investments, shown by these data for the banks, is summarized in the following table.

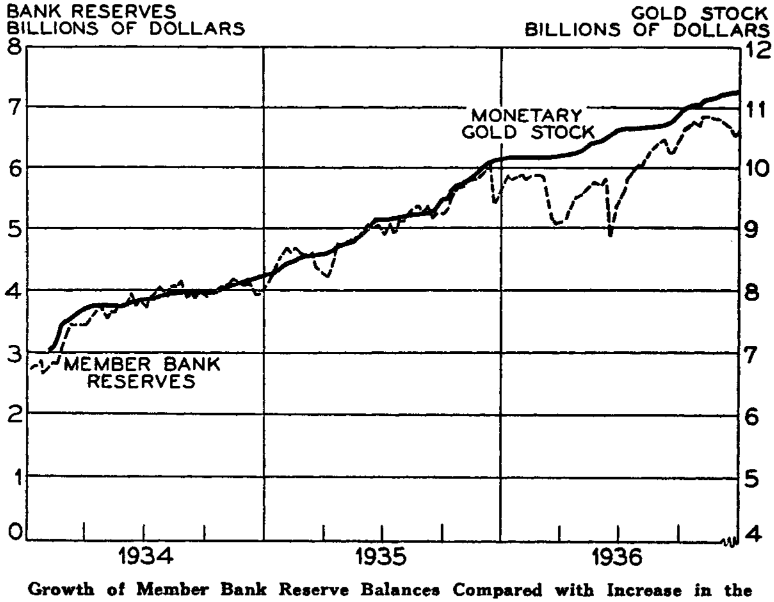
Maturities	Per cent of total investments	
	13 New York City banks	68 Other banks
Less than 5 years	67	45
5 to 10 years	6	12
10 years and over	27	43
All maturities	100	100

A few banks showed a tendency toward unduly heavy concentration of earning assets in long term securities, which might place them in a vulnerable position in the event of a material change in security market conditions, but the majority of the banks limited their long term investments to reasonable proportions in relation to their capital and to the character of their deposit liabilities. Only 9 of the 81 banks had total securities, maturing in ten years or more, equal to more than three times their net sound capital.

The average quality of securities held by the State member banks, and by National banks, in this district is now rather generally higher than a year and a half ago. To some extent the higher ratings of securities now held by the banks may have been due to the effects of business recovery on the position of the companies whose securities are held by the banks, but the factor that was probably of greater importance was the sale of lower grade securities, following the great recovery in their prices during the past few years, and their replacement with securities of higher ratings. The ruling by the Comptroller of the Currency against the purchase by banks* of securities that are distinctly or predominantly speculative was doubtless an influence in the shift to higher grade securities.

Cause of Increased Bank Reserves

The principal cause of the continued increase in member bank reserves in 1936, as in 1934 and 1935, was a heavy inflow of capital to this country from abroad, accompanied by gold shipments to the United States on a large scale. The inflow of foreign capital in 1936 appears to have been impelled by two principal factors: first, the persistence of uncertainties in the European monetary and economic situation and more especially in the European political situation; and, second, the attraction of a rising volume of business and expanding business profits in this country accompanied by substantial increases in the prices of American securities. In 1936, much more largely



Growth of Member Bank Reserve Balances Compared with Increase in the Monetary Gold Stock

*This ruling applies to State member banks as well as to National banks.

than in any other recent year, incoming foreign funds were invested in American securities.

Most of the imported gold was received at New York and, at the outset, had the effect of increasing the reserves of the New York City banks. As in the preceding two years, however, the proceeds were distributed rapidly throughout the country, through Treasury borrowing in the New York market and disbursements of these borrowed funds in other parts of the country. In this way the additional bank reserves became widely distributed and all classes of banks had reserves greatly in excess of their current requirements throughout the year. By the end of July excess reserves of all member banks were equal to more than 100 per cent of their required reserves, an amount far more than enough to meet any probable demands for credit and currency to finance further business recovery.

Subsequent events indicated that the accumulation of bank reserves so far in excess of current requirements had been much greater than was necessary for the maintenance of very low short term money rates and a substantial lowering of long term money rates. Short term rates remained practically unchanged after the Board of Governors increased reserve requirements in August, and the market for long term securities showed only a brief period of hesitancy before resuming the upward movement which had been in progress for some time. The principal effect of the Board's action, therefore, was not to restrict the current availability of money, but rather to limit the potential expansion of credit which might ultimately be based upon the reserves held by the banks.

Almost immediately after the increase in member bank reserve requirements, expansion in the volume of excess reserves was resumed. A temporary factor in this situation was the disbursement of funds from Government balances in the Reserve Banks, which had risen to unusually high levels around the middle of the year. A more important and lasting factor was the continuation of the gold inflow of the preceding two and a half years. This inward movement of gold was accelerated in September when the position of the currencies of the "gold bloc" countries became increasingly uncertain. A rapid acceleration of the gold inflow occurred after the middle of September until gold payments by these countries, at previously existing parities, were suspended on September 26.

For some time prior to this development there had been considerable discussion in this country of the possibility that devaluation of the gold bloc currencies might be followed by a reversal of international capital movements and by a heavy outflow of gold from this country. Instead of such an outflow, however, there was a renewed inflow of capital, largely from or through London, accompanying an accelerated rate of investment in American securities, and a renewed inflow of gold. Part of the gold shipped to New York, during the remainder of the year, represented new gold purchased in the London gold market, and part apparently represented gold released from private hoards in London. To this extent it was not gold taken from current holdings of foreign central banks or monetary authorities.

The effect of this continued movement of gold to this country was a further rise in the excess reserves of member banks which, by the latter part of November, reached a total of about $2,250,000,000, notwithstanding large seasonal withdrawals of currency from the banks and a substantial further increase in the amount of reserves which the banks were required to maintain, due to further expansion in the volume of their deposits.

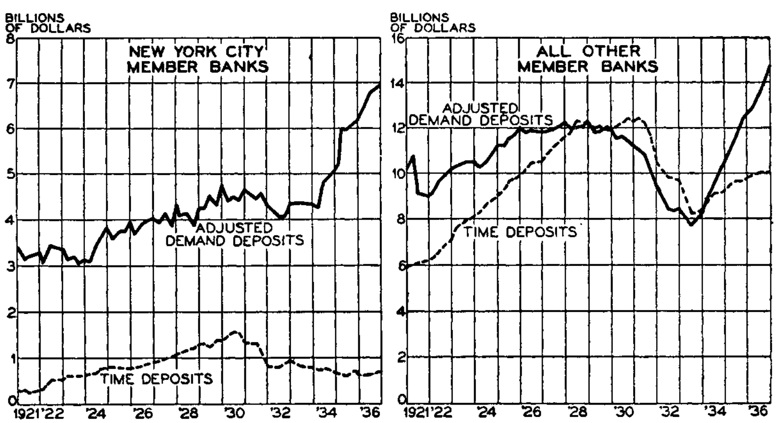
Near the end of the year, therefore, an increasing amount of attention was directed to the consideration of means of preventing gold imports from causing further increases in bank reserves, and there was also renewed discussion of the advisability of further action by the Federal Reserve System to reduce the existing volume of excess reserves in member banks. On November 21, the Chairman of the Board of Governors of the Federal Reserve System made an announcement, following meetings of the Federal Advisory Council, the Presidents of the Federal Reserve Banks, and the Federal Open Market Committee, indicating that in view of the fact that there had been a continued and substantial increase in member bank reserves, since the action of the Board of Governors raising reserve requirements, effective August 16, the Board was again giving careful consideration to the situation "with a view to taking such action at such time as appears to be necessary in the public interest."

On December 21 the Secretary of the Treasury issued a statement which indicated that the Treasury would undertake to offset the effect of further additions to the gold stock upon the volume of member bank reserves. The announcement stated, "this will be accomplished by the sale of additional public debt obligations, the proceeds of which will be used for the purchase of gold, and by the purchase or redemption of outstanding obligations in the case of movements in the reverse direction."

The need for such measures in a period of vigorous business recovery is contrary to all precedent. Ordinarily in the past idle banking funds have been absorbed fairly early in the course of recoveries from depressions, and by the time recovery was well advanced money rates have shown a decided rise, reflecting chiefly increased business demands for credit and currency. The unusual reserve position of the banks and extraordinarily low money rate levels during the current recovery period have not been due to any lack of expansion in the amount of currency and credit, although until recently the principal demand for credit was from the Government, rather than from industry.

Expansion of Deposits and Currency

As the accompanying diagram indicates, the volume of adjusted demand deposits in member banks has risen to substantially higher levels than ever before, especially in New York City but also in the principal cities in other parts of the country, an increase due in large measure to credit expansion and gold imports. Deposits in "country" banks have not risen so high, relative to the levels of earlier years as in city banks, but the increase during the past three years, about 80 per cent, has

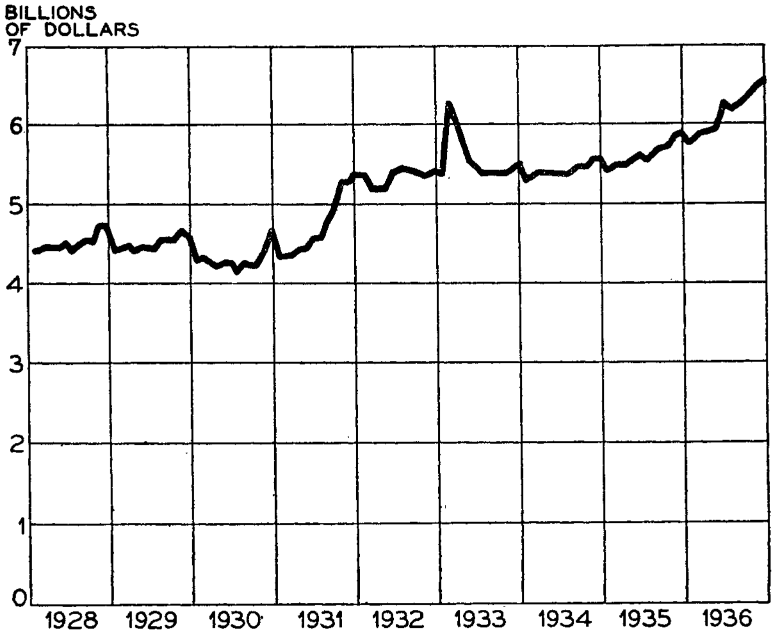


Adjusted Demand Deposits and Time Deposits of Member Banks in New York City and of all Other Member Banks in the United States

been even more rapid than in New York and other principal cities. As the diagram also indicates, however, time deposits still remain considerably below the predepression levels. The rapidity of the increase in deposits and the fact that the increase has been so largely in demand deposits, has caused an extraordinarily rapid increase in the reserve requirements of member banks since 1933. Exclusive of the effect of the increase in percentages of reserve requirements, which was put into effect by the Board of Governors in August 1936, the increase in reserve requirements of member banks has amounted to approximately $600,000,000 in this district and $1,300,000,000 in the country as a whole since the middle of 1933. In addition, the volume of currency outstanding outside the Treasury and the Federal Reserve Banks, has increased by approximately $1,000,000,000 since the middle of 1934.

Following completion of the program of open market purchases of Government securities by the Federal Reserve System in 1933, the total amount of excess reserves held by all member banks in the country amounted to about $800,000,000, and it seems clear that the increase in the demand for currency and bank credit during the past three years would have resulted in a radically different money rate situation in 1936 had it not been for the very large additions to the supply of reserve funds held by member banks, which have resulted chiefly from the heavy inflow of gold from abroad. In view of the magnitude of the gold movement, however, it became evident in 1936 that unless and until action was taken by the Federal Reserve System to reduce greatly the volume of excess reserves held by the banks, increasing business demands for credit and currency could not have their usual effects on money market conditions, and the usual restraining influence on undue credit expansion would be lacking.

One unusual aspect of the increase in the demand for money during the past three years is that the demand has been much more largely for currency than at any other time since 1920, excluding the currency hoarding period from the end of 1930 to the spring of 1933. It appears that the tendency of many years for the use of currency to diminish in proportion to the use of checks has been reversed, at least temporarily. The rapid increase in the amount of currency outstanding since 1934 undoubtedly is attributable, in part, to business recovery, but only in part, as the amount outstanding in the latter part of



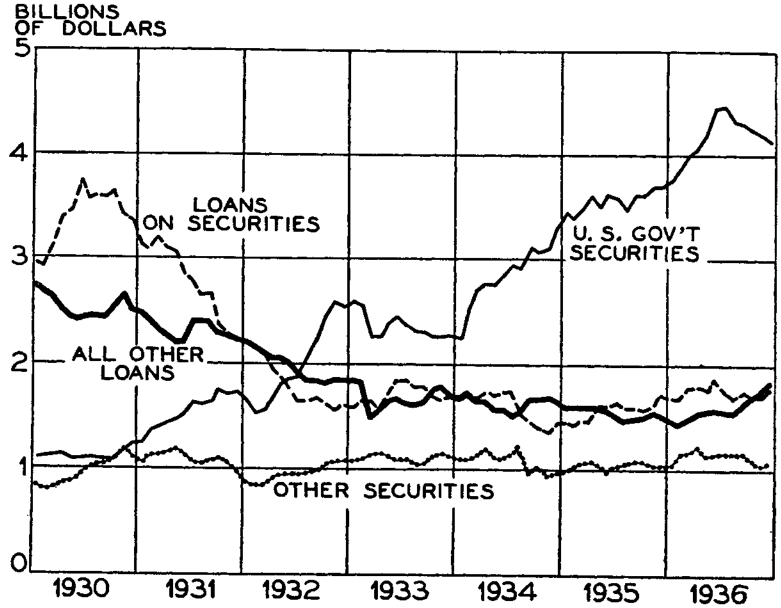
Money in Circulation in the United States (End of month figures)

1936 was approximately one-third higher than in 1929. There are apparently a number of reasons for this reversal of the tendency of predepression years to use bank deposits to an increasing extent, in place of currency. Among the reasons that have been advanced to explain this phenomenon are the rather general adoption by banks of service charges on hitherto unprofitable accounts, the elimination of interest payments on demand deposits, and the reduction of interest payments on time deposits.

Increased Business Demand for Credit

An important change in the character of the expansion in bank credit and bank deposits has occurred within the past year. Gold imports continued to contribute substantially to the volume of bank deposits, but whereas from the middle of 1933 to the middle of 1936 Government borrowing and expenditures constituted the largest single factor in the growth of bank assets and deposit liabilities, in the latter half of 1936 business borrowing took the lead as the most important factor in credit expansion. Holdings of Government securities by the weekly reporting New York City member banks, in fact, showed some reduction between the end of June and the end of December, as the first of the accompanying diagrams indicates. The volume of commercial loans in this district, however, after starting in February at a level somewhat below that of a year previous, rose nearly $500,000,000 and closed the year at a level more than $400,000,000 higher than a year previous, an increase of 32 per cent. In other districts also the increase, while not proportionately as rapid as in the Second District, was substantial, amounting to nearly 23 per cent, and the total increase for all weekly reporting member banks in the principal cities of the country amounted to nearly $900,000,000.

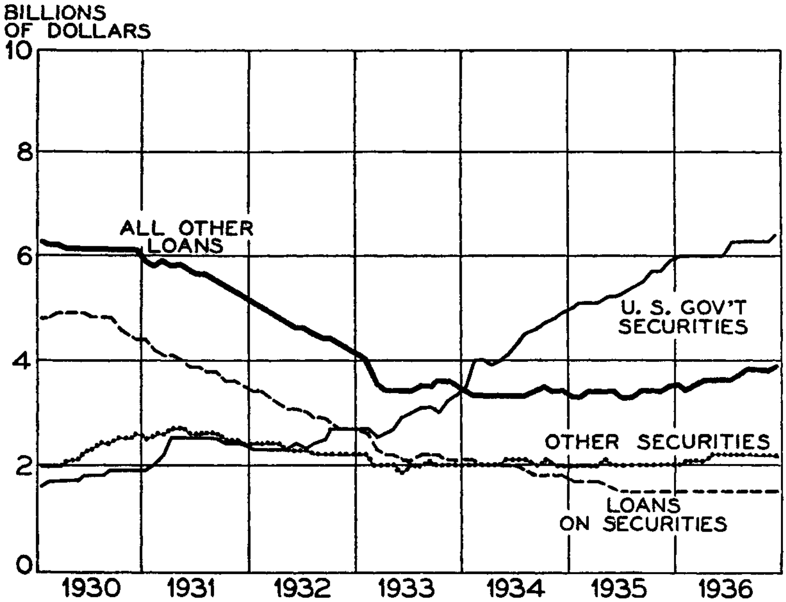
One reason that has been advanced for this increase in commercial loans is the growth of term financing of sales of automobiles and other merchandise to consumers. For the weekly reporting banks in the principal cities, however, this type of credit appears to have been a minor factor, as banks such as the large New York City institutions apparently did not add greatly to their holdings of finance company paper in 1936, such paper having been sold more largely to banks in smaller localities and to other investing institutions. The principal factor in the increase in commercial loans appears to have been the rising volume of business transactions, and the consequent increases in the amount of funds required for purchases of ma-



Principal Groups of Earning Assets of Weekly Reporting Banks in New York City

terials, payroll expenditures, and the carrying of inventories of finished merchandise. Rising commodity prices in the latter months of the year were probably a factor also, as the rise in prices was reported to have stimulated advance purchases of materials and finished goods. Coupled with the resulting increase in requirements for working capital, there were large increases in dividend distributions toward the end of the year, which were attributed to the new tax on undistributed corporate income, and which had the effect of reducing cash holdings of business organizations.

Notwithstanding the substantial advance in security prices during the year, which in the past would ordinarily have been accompanied by a considerable expansion in the volume of loans on securities, reports from member banks in this district and in the country as a whole indicated comparatively little increase in security loans during 1936. Toward the close of 1935 there was a tendency toward expansion in the volume of loans on securities, and on January 24, 1936, the Board of Governors announced an increase, effective February 1, 1936, in margin requirements on loans made by brokers and dealers in securities. By this change the sliding scale margin requirement which varied from 25 to 45 per cent of the market value of securities,



Principal Groups of Earning Assets of Weekly Reporting Banks in 100 Leading Cities Outside New York City

depending upon the extent of the increase in market value of each particular security since July 1, 1933, was changed to a maximum of 55 per cent and a minimum of 25 per cent of current market value. It was estimated that this change caused an increase from 45 per cent to 55 per cent of current market value in the margin requirement for stocks in which two-thirds of the trading was done on the New York Stock Exchange. On March 26, 1936, the Board of Governors issued Regulation "U", effective May 1, 1936, regulating loans by banks for the purpose of purchasing or carrying stocks registered on National securities exchanges, and an accompanying supplement prescribed a margin requirement of 55 per cent of market value for all stocks offered as collateral for such loans, except in the case of specified classes of loans. At the same time, the Board issued a Supplement to Regulation "T", governing extensions of credit by brokers and dealers in securities, effective April 1, 1936, which specified a margin requirement of 55 per cent of current market value for all securities registered on National securities exchanges, except in the case of specified classes of loans. This uniform percentage replaced the sliding scale for margin requirements based upon the extent of the rise in market value of individual security issues, which had been in effect previously. These various restrictions on security loans appear to have been a factor in preventing any material increase in the total volume of such loans during the remainder of the year.

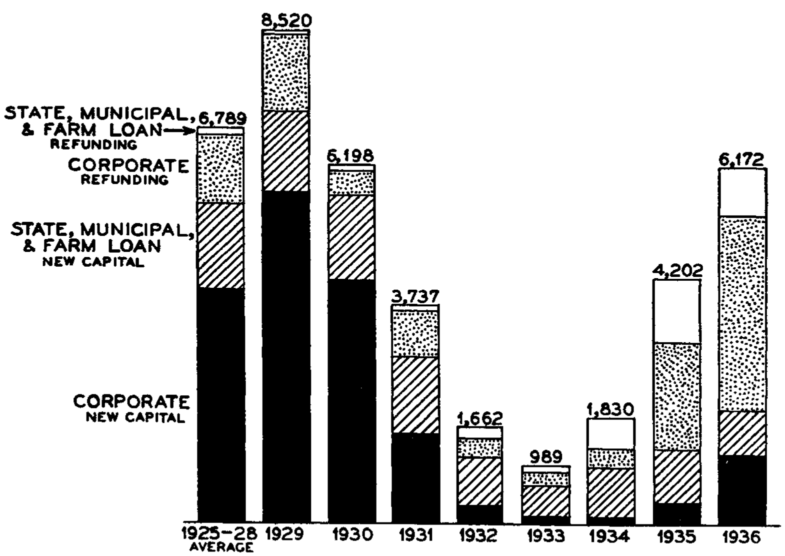
Bank investments in securities other than United States Government obligations showed some tendency to rise during the spring, but thereafter showed only minor fluctuations and at the close of the year were only slightly larger in volume than a year previous, both in this district and elsewhere.

The marked strength in prices of Government and corporation bonds, especially during the latter half of 1936, apparently reflected investments by investing institutions, such as life insurance companies, and by other investors, in view of the fact that the investment holdings of the weekly reporting member banks showed a tendency to decline somewhat during that period instead of increasing further. The demand from sources other than the reporting member banks, however, was in sufficient volume to carry yields on high grade bonds to the lowest levels in many years, and in some cases to the lowest levels on record. Yields on Aaa corporation bonds which, during the decade preceding 1930, averaged 4½ per cent or better most of the time, declined in the latter part of 1936 to a point where new long term issues of high grade bonds yielding between 3 and 3¼ per cent were sold readily.

New Security Issues

These conditions, as was pointed out earlier in this report, stimulated refunding of bonds carrying higher coupon rates, in view of the substantial savings of interest which could be obtained, and such operations occurred in very large volume during the year.

The strength of the security markets also facilitated the flotation of new securities for the purpose of providing business organizations with additional capital. New capital issues had been in unusually small volume for five years, but the further substantial increase in business volume and in business profits, during 1936, led to increased investments in plants and equipment by a number of industries. Such expenditures were made partly out of currently available funds, but, especially in the latter part of the year, they were made in increasing volume out of the proceeds of new security issues. The total amount of new capital obtained by business in this manner was about three



Offerings of Domestic Securities in 1936 Compared with Preceding Years (Commercial and Financial Chronicle data—investment trust issues excluded; in millions of dollars)

times as large in 1936 as in 1935, but remained far below the totals for years prior to 1931, as the preceding diagram indicates.

Among the industries which made large new investments in plants and equipment during 1936 were the automobile industry, the steel industry, and the railroads. Orders for machine tools rose in 1936 to the highest levels since 1929, and the volume of orders in the closing month of the year was the largest for any month on record. Orders for railroad rolling stock also increased very substantially and were in the largest volume in several years. Public utility expenditures on plant and equipment remained considerably below predepression levels, but showed a tendency to expand during the year.

Capital expenditures of these types were an important factor in the further substantial recovery in business activity during 1936. Industries producing nondurable goods, which were already operating at fairly high levels, increased their production somewhat further during the year, but in general the industries producing durable goods showed by far the greater expansion. In addition to increased capital expenditures by business organizations, the durable goods industries were stimulated also by further recovery in private expenditures for residential construction. At the close of the year further expansion along these lines appeared to be in prospect, and, with rising wages and material costs, there appeared to be also the prospect of further expansion in business demands for credit and capital.

The Foreign Exchanges and Gold Movements

The most important event in the foreign exchange markets in 1936 was the abandonment by France, Holland, and Switzerland of the gold parities of their currencies which they had hitherto vigorously defended during the depression. Holland and Switzerland had been the last remaining countries whose currencies had not been devalued since the World War.

These devaluations, coming after three years of intermittent pressure on the gold bloc exchanges, were accompanied by the development of a more orderly system of international exchange than any that has prevailed since the abandonment of the gold standard by England in 1931. On September 26, the French Government announced the abandonment of the franc gold parity established eight years before, and the Governments of the United States, England, and France joined in a declaration of principles, referred to as the "Tripartite Agreement", pledging themselves "to maintain the greatest possible equilibrium in the system of international exchange" and inviting the co-operation of other nations to that end.

To implement the agreement, the Secretary of the Treasury of the United States issued a statement effective October 13, permitting the sale of gold for immediate export to, or for earmark for, the stabilization funds of other nations which likewise offered to sell gold to the United States. England and France were listed on October 13 by the Secretary as countries qualifying to purchase gold in the United States under the Secretary's requirements. Thereafter, upon the adherence of Holland, Switzerland, and Belgium to the declaration of principles embodied in the Tripartite Agreement, those nations also were so listed.

The devaluation of the gold bloc came as the culmination of prolonged weakness in the currencies of France, Holland, and Switzerland, in which the French franc played the pivotal role in 1936. The franc was strong against the dollar in the first quarter of the year as a result of a temporary outflow of short term banking funds from the United States which made the dollar weak vis-a-vis all European currencies, but was weak against sterling from the middle of January. The weakness of the franc against sterling was prevented for a time from having its full effect on exchange quotations by a 40 million pound

CLOSING CABLE RATES AT NEW YORK

Exchange on	Par March 1, 1933	1936 January 1-September 25 inc. High	1936 January 1-September 25 inc. Low	1936 December 31
Belgium	.1390	.1710	.1683	.1685
Denmark	.2680	.2265	.2202	.2192
England	4.8666	5.0713	4.9300	4.9100
France	.0392	.066938	.065819	.0467
Germany	.2382	.4082	.4006	.4024
Holland	.4020	.6878	.6742	.5476
Italy	.0526	.0807	.0784	.0527
Norway	.2680	.2548	.2478	.2468
Sweden	.2680	.2614	.2532	.2532
Switzerland	.1930	.3309	.3230	.2298
Canada	1.0000	1.0050	.9937	1.0002
Argentina	.4245	.3381*	.3286*	.3273*
Brazil	.1196	.0861*	.0859*	.0868*
Uruguay	1.0342	.8050*	.8000*	.8000*
Japan	.4985	.2965	.2875	.2825
India	.3650	.3830	.3729	.3720
Shanghai	....	.3031	.2913	.2981
Hongkong	....	.3343	.3119	.3075

*Official rates; 1933 parity for Argentina represents paper peso.

sterling credit raised by France in London in February and March, when loans to finance the continued French budget deficit could not readily be obtained in Paris. After the payment of the final instalment of this loan on March 26, however, the continued outflow of funds from Paris to London sent sterling quotations higher.

The gold drain from France, which had been proceeding continuously on a comparatively small scale from January to March, was accelerated at the beginning of April, and again in May and June, accompanying political and economic disturbances in France. The rise in sterling quotations as funds flowed from Paris to London, induced British and other holders of London funds to move balances to New York, with the result that a considerable part of the gold exports from France after the end of March came to the United States. From the end of March to the middle of June the gold stock of the Bank of France fell by $770,000,000, of which $335,000,000 came to the United States.

Pressure on the franc subsided in the latter part of June and in July, but in August and September there was renewed heavy pressure on the franc, with capital moving from Paris to London and New York. The quotation for sterling at New York, after rising above $5.00 in early June, stayed above that figure during July and August, and advanced to $5.06-$5.07 in September, despite a heavy movement of funds from London to New York. From August 7 to September 25, the Bank of France lost $320,000,000 in gold, the greater part of which was shipped to New York, and as the gold outflow from France was

GOLD MOVEMENTS BY COUNTRIES
(In thousands of dollars)

Country	Exports to	Imports from	Net
Canada	53	72,705	72,652
China and Hongkong	....	9,387	9,387
Colombia	....	11,927	11,927
Ecuador	....	3,379	3,379
England	....	172,410	172,410
France	17,180	585,215	568,035
Holland	3,765	73,946	70,181
India	....	79,754	79,754
Mexico	570	40,663	40,093
Philippines	....	21,513	21,513
Russia	....	11,502	11,502
Switzerland	....	7,431	7,431
All Other	....	45,217	45,217
Total	21,568	1,135,049	1,113,481

greatly accelerated on the days just preceding the devaluation of the franc, $93,900,000 of this gold arrived in this country after devaluation had taken place. The guilder and the Swiss franc were under similar pressure during this period, and Holland and Switzerland lost gold to London and New York.

On September 26, the French Government announced its intention to devalue the franc by a percentage ranging from 25.19 to 34.35 per cent of its 1928 gold value, after the approval of the French Parliament had been obtained, and at the same time made public the terms of the Tripartite Agreement with England and the United States. The following day, similar action with respect to the guilder and the Swiss franc was taken, the permissive range of devaluation in the latter case being about the same as that of the French franc, while the Dutch authorities set no new parity or range of depreciation. The maximum and minimum quotations within which the new valuations of the French and Swiss exchanges were to be fixed, in terms of dollars, were 4.35 to 4.96 cents for the French franc and 21.38 to 24.19 cents for the Swiss franc, as compared with previous parities of 6.63 and 32.67 cents, respectively.

The Belgian Government on the same day endorsed the aims of the Tripartite Agreement, but declared that it would in no way modify its policy of the previous year and a half. On April 1, 1936, it had made definitive its provisional devaluation of one year before; it provided for redeemability of the belga on a gold basis at a parity of 16.95 cents, or 28 per cent below that previously fixed in October 1926, and abolished the Exchange Equalization Fund.

On October 5, the gold content of the Italian lira was reduced 40.94 per cent by decree of the Government, thus approximately restoring the pre-1934 relationship of the dollar and lira of 5.26 cents per lira. On October 9, the Czechoslovak Parliament approved legislation authorizing a second devaluation of the koruna within a range of 13.30 to 18.68 per cent, following a devaluation of 16⅔ per cent in February 1934.

Following the devaluation of the currencies of gold bloc and other countries, the pound sterling declined in terms of dollars, during the last quarter of 1936, from the high level it had reached in late September, reaching a low of $4.87-$4.88 in early November, after which it advanced to $4.91. The decline was due in part to seasonal sterling weakness, but more largely to repatriation of Dutch and Swiss funds and exceptionally heavy buying of American securities by holders of sterling who sold sterling for dollars in order to pay for security purchases. These security purchases, which had increased markedly prior to the gold bloc devaluation, reached their peak in the following six weeks. After mid-November the security buying was in diminished volume, and a return flow of short term banking funds to England, brought about by seasonal hardening of rates in the London money market, and by a decline in the forward discount on sterling, sustained the pound at a slightly higher level.

The guilder fluctuated rather widely in the final quarter of the year, finally settling, during December, at a level of approximately 54.76 cents, which represents a depreciation of about 19½ per cent from its former gold parity. The French franc and the Swiss franc were comparatively steady around 4.66 cents and 23 cents, respectively.

Following the devaluation of the gold bloc currencies, gold continued to flow to this country from Europe. From October 1 to December 31, a total of approximately $400,000,000 came to this country from abroad, but of this amount $119,300,000 represented gold exported from France and Holland prior to devaluation. A considerable part of the remainder represented gold acquired in England accompanying heavy purchases of securities in this market by foreign buyers.

CHANGES IN THE MONETARY GOLD STOCK
(In millions of dollars)

	Jan. 1-Dec. 31, 1936
Shipments:	
Imports	1,135.0
Exports	21.6
Net Imports	1,113.4
Gold earmarked here for foreign account:	
New earmarkings	112.6
Release from earmark	33.8
Net earmark	78.8
Other factors, including newly mined domestic gold and scrap gold	97.8
Total addition of gold to monetary stock	1,132.4

Foreign Relations

During 1936, the Federal Reserve Bank of New York, in behalf of all twelve Federal Reserve Banks, maintained accounts for thirty-nine foreign banks of issue and for the Bank for International Settlements. Included in this number is a new account, opened during the year with the approval of the Board of Governors of the Federal Reserve System, in the name of the Central Reserve Bank of El Salvador. Balances maintained by foreign correspondents with this bank rose from $28,935,000 at the end of 1935 to $98,620,000 at the close of 1936.

The short term loans extended to a foreign central bank, outstanding in the amount of $350,000 at the close of 1935, were repaid in full in the spring of 1936. During the autumn of 1936 this bank, acting in behalf of all Federal Reserve Banks, extended to foreign correspondents further short term loans against deposits of gold as collateral, in order to meet their requirements for dollar exchange. The balance of such loans outstanding at the end of the year was $300,000.

The credits extended jointly by a group of central banks and the Bank for International Settlements, to the National Bank of Hungary, in 1931, and consolidated for a period of three years from October 18, 1933, as reported in the Nineteenth Annual Report of this bank, were renewed for a further period of nine months to expire on July 18, 1937. The participation of the Federal Reserve Banks in these credits, as of the end of 1936, was $2,506,524, following repayment of $15,746 during the past year.

This bank, in its own behalf and in behalf of the other Federal Reserve Banks, reduced its balances abroad from an aggregate amount equivalent to $665,000 to an amount equivalent to $220,000, of which $96,000 was repayable in dollars and the remainder was repayable in foreign currencies. The total holdings of commercial bills denominated in foreign currencies were also reduced from $4,656,000 to $3,089,000, inclusive of the Hungarian credit referred to above. Of this remaining amount $2,963,000 was repayable in dollars.

Membership Changes in 1936

At the end of 1936, the number of member banks in this district was 789, a net decrease of four for the year. During the year, eight members combined with other members, one member combined with a nonmember, and one National bank was succeeded by a newly chartered State bank, making a total loss of ten members. The admission of six State banks and trust companies reduced the net loss, however, to four members. There were no insolvencies and no withdrawals during the year. The ratio of member banks to all commercial banks and trust companies in this district, at 75 per cent, again reached a new high since the establishment of the System in 1914. The accompanying tables show the classification of all chartered banks in the district and indicate the nature in membership changes during the year.

Number of Member and Nonmember Banks in Second Federal Reserve District at End of Year

	December 31, 1936			December 31, 1935		
Type of Bank	Members	Non-Members	Per Cent Members	Members	Non-Members	Per Cent Members
National Banks	619	0	100	626	0	100
State Banks*	55	131	30	54	135	29
Trust Companies	115	137	45	113	144	44
Total	789	268	75	793	279	74

*Excludes Savings banks.

Changes in Federal Reserve Membership in Second District During 1936

Total membership beginning of year....................................	793
Increases: (a)	
Admission of State banks and trust companies......................	6
Total increases	6
Decreases:	
Member banks combined with other members.........................	8
Member banks combined with nonmembers	1
National banks succeeded by newly chartered member State banks......	1
Total decreases	10
Net decrease	4
Total membership end of year..	789

(a) In addition to figures shown in this table, two nonmembers were absorbed by members during the year.

Operating Statistics

Financial Statement

As the statement of condition below indicates, the earning assets of this bank showed some reduction during the past year, due chiefly to a reduction in total Government security holdings incident to a reallocation of the Government security portfolio between the twelve Federal Reserve Banks. Discounts and bills bought in the open market, which had previously been reduced to small amounts, declined even further in 1936 to the lowest levels in twenty years. Industrial advances, representing loans of working capital to industries under legislation enacted in 1934, showed some net reduction, as repayments on loans previously made exceeded new advances during the year.

(In thousands of dollars)

Assets	Dec. 31, 1936	Dec. 31, 1935
Gold certificates on hand and due from U. S. Treasury	$3,438,991	$3,320,993
Redemption Fund—Federal Reserve notes	1,435	1,792
Other cash	64,811	54,360
Total reserves	$3,505,237	$3,377,145
Bills discounted:		
Secured by U. S. Government obligations, direct or fully guaranteed	$ 655	$ 832
Other bills discounted	491	2,198
Total bills discounted	$ 1,146	$ 3,030
Bills bought in open market	$ 1,100	$ 1,738
Industrial advances	5,958	7,741
U. S. Government securities:		
Bonds	$ 130,269	$ 55,908
Treasury notes	356,035	498,307
Treasury bills	158,939	187,668
Total U. S. Government securities	$ 645,243	$ 741,883
Total bills and securities	$ 653,447	$ 754,392
Due from foreign banks	$ 84	$ 265
Federal Reserve notes of other banks	8,799	5,483
Uncollected items	241,482	166,040
Bank premises	10,134	10,781
All other assets	30,576	27,956
Total assets	$4,449,759	$4,342,062

The principal changes in the liabilities of the bank were a further substantial increase in the Federal Reserve notes of this bank in circulation, accompanying a general rise in the amount of currency outstanding, and a further increase in member bank reserves deposited with this bank. The paid-in capital of the bank was reduced slightly accompanying reductions in the capitalization of some member banks, but the surplus account showed a small increase, and reserves for losses and contingencies were also increased somewhat.

(In thousands of dollars)

Liabilities	Dec. 31, 1936	Dec. 31, 1935
Federal Reserve notes in actual circulation	$ 921,697	$ 807,718
Deposits:		
Member bank—reserve account	$2,942,652	$2,747,431
U. S. Treasurer—General Account	108,703	330,925
Foreign bank	35,745	10,542
Other deposits	96,584	165,156
Total deposits	$3,183,684	$3,254,054
Deferred availability items	$ 223,480	$ 160,139
Capital paid in	50,591	51,006
Surplus (Section 7)	51,474	50,825
Surplus (Section 13b)	7,744	7,744
Reserve for losses and contingencies	9,260	8,849
All other liabilities	1,829	1,727
Total liabilities	$4,449,759	$4,342,062
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	85.4%	83.1%
Commitments to make industrial advances	$ 8,424	$ 9,948

Income and Disbursements

Gross earnings for 1936 were $10,537,000 or $2,594,000 less than for 1935, partly because of a continued decline during the year in yields on Government securities, and partly because of a somewhat smaller volume of loans and investments. Net expenses showed a reduction, largely due to a general policy of economy and to a larger amount of reimbursement from the Treasury and other Government agencies for services rendered. Current net earnings were increased by a profit of $2,889,000 on

Government securities sold, while deductions for depreciation, assessments, and reserves amounted to $2,288,000 leaving net earnings of $3,699,000. Regular dividends of $3,037,000 were paid to member banks and $648,000 was added to surplus.

Data of income and disbursements for the year 1936, with comparable figures for 1935, are given in the table below.

PROFIT AND LOSS ACCOUNT

FOR THE CALENDAR YEARS 1936 AND 1935

(In thousands of dollars)

	1936	1935
Earnings	$ 10,537	$ 13,131
Net expenses	7,441	7,936
Current net earnings	$ 3,096	$ 5,195
Additions to current net earnings:		
Profit on sales of Government securities	$ 2,889	$ 2,678
All other	2	82
Total additions	$ 2,891	$ 2,760
Deductions from current net earnings:		
Reserve for contingencies	$ 413	$ 1,349
Special reserves and charge-offs on bank premises	505	1,079
Prior service contributions to retirement system	638	632
Assessment for building for Board of Governors	729	369
All other	3	190
Total deductions	$ 2,288	$ 3,619
Net earnings	$ 3,699	$ 4,336
Paid United States Treasurer (Section 13b)	$ 14	$ 64
Dividends paid	3,037	3,411
Transferred to surplus (Section 7)	648	861

1935 figures have been revised to conform with 1936 report.

VOLUME OF OPERATIONS

Accompanying the increase in general business activity, the volume of checks, currency, and coin handled increased further during the past year. The total volume of bills discounted and purchased by the Federal Reserve Bank of New York, however, declined in 1936 to a smaller volume than in any year since 1915, reflecting the large amount of excess reserves held by most member banks.

Operations for the Treasury were unusually heavy during the year because of the payment of the soldiers' bonus through the issue of Adjusted Service bonds, together with checks for odd amounts under $50, to each veteran. Out of a total of 5,475,000 pieces of direct obligations of the United States Government handled in 1936, 4,567,000 pieces or 83 per cent were Adjusted Service bonds. The number of United States Government coupons paid decreased although the dollar amount increased, indicating a reduction in the amount of securities of the smaller denominations outstanding.

	1936	1935
Number of Pieces Handled		
Bills discounted:		
Applications	1,566	2,072
Notes discounted	4,247	5,503
Industrial advances:		
Notes discounted	370	273
Commitments	88	112
Bills purchased in open market for own account†	1,388	1,932
Currency received and counted	642,563,000	612,567,000
Coin received and counted	1,047,007,000	1,018,339,000
Checks handled	188,225,000	163,755,000
Collection items handled:		
United States Government coupons paid*	4,921,000	5,653,000
All other	2,176,000	2,271,000
Issues, redemptions, and exchanges by fiscal agency department:		
United States Government direct obligations	5,475,000	1,728,000
All other	816,000	1,595,000
Transfer of funds	240,000	255,000
Amounts Handled		
Bills discounted	$104,683,000	$130,732,000
Industrial advances:		
Notes discounted	2,171,000	8,567,000
Commitments	4,225,000	8,820,000
Bills purchased in open market for own account	9,072,000	11,984,000
Currency received and counted	3,024,013,000	2,918,512,000
Coin received and counted	107,714,000	103,281,000
Checks handled	69,504,991,000	62,516,767,000
Collection items handled:		
United States Government coupons paid*	447,095,000	399,612,000
All other	2,246,038,000	2,176,684,000
Issues, redemptions, and exchanges by fiscal agency department:		
United States Government direct obligations	16,457,943,000	20,052,189,000
All other	1,614,138,000	1,848,951,000
Transfer of funds	31,329,928,000	31,061,836,000

†Includes number purchased by this bank for System account.

*Includes coupons from obligations guaranteed by the United States.

Changes in Directors and Officers

The designation of J. Herbert Case, by the Board of Governors of the Federal Reserve System, as Chairman of the Board and Federal Reserve Agent at this bank, expired April 30, 1936. Effective on the same date, Mr. Case resigned as a Class C director, in order that he might become a general partner in the firm of R. W. Pressprich and Company, New York.

On June 17, 1936, the Board of Governors of the Federal Reserve System appointed Owen D. Young, Chairman, General Electric Company, New York, N. Y., a Class C director to fill the unexpired portion of the term ending December 31, 1937, and as Deputy Chairman of the Board of Directors for 1936; he was redesignated Deputy Chairman for the year 1937.

At a regular election in the autumn of 1936, William F. Ploch, President, The National City Bank of Long Beach, Long Beach, N. Y., was elected by member banks in Group 3 as a Class A director for a term of three years beginning January 1, 1937, to succeed Cecil R. Berry, of Waverly, N. Y., whose term expired December 31, 1936; Robert T. Stevens, President, J. P. Stevens & Co., Inc., New York, N. Y., was reelected by member banks in Group 3 as a Class B director for a term of three years beginning January 1, 1937.

In January 1937, the Board of Governors of the Federal Reserve System appointed Beardsley Ruml, Treasurer, R. H. Macy & Company, Inc., New York, N. Y., a Class C director for the unexpired term ending December 31, 1938.

The Directors of this bank appointed Fred J. Coe, President, Power City Trust Company, Niagara Falls, N. Y., a director of the Buffalo Branch for a term of three years, beginning January 1, 1937, to succeed George F. Rand, Buffalo, N. Y., whose term expired December 31, 1936.

The Directors of this bank reappointed Robert M. O'Hara as Managing Director of the Buffalo Branch for the year 1937.

MEMBER OF FEDERAL ADVISORY COUNCIL

The Board of Directors of this bank appointed Winthrop W. Aldrich, Chairman, The Chase National Bank of the City of New York, New York, N. Y., a member of the Federal Advisory

Council for the Second Federal Reserve District, to serve for the year 1937.

Changes in Officers

On January 3, 1936, Allan Sproul, formerly Assistant to the Governor and Secretary, was appointed Deputy Governor, and resigned as Secretary; Herbert H. Kimball was appointed Secretary of the bank, and Horace L. Sanford was appointed Assistant Secretary; John H. Williams, formerly Economist of the bank, was appointed Deputy Governor; Arthur Phelan, formerly Manager of the Discount Department, was appointed Assistant Deputy Governor; Valentine Willis, formerly Manager of the Collection Department, was appointed Assistant Deputy Governor; and Silas A. Miller, formerly Chief of the Securities Department, was appointed Manager of the Securities Department.

Effective February 1, 1936, E. O. Douglas was appointed Manager of the Collection Department, in addition to his duties as Manager of the Bill Department.

In accordance with provisions of Section 4, paragraph 4, of the Federal Reserve Act, as amended, the Board of Directors of this bank made the following changes in its official staff, effective March 1, 1936:

> George L. Harrison, formerly Governor, was appointed President for a term of five years beginning March 1, 1936, with the approval of the Board of Governors of the Federal Reserve System. Allan Sproul, formerly Deputy Governor, was appointed First Vice President for a term of five years, beginning March 1, 1936; this appointment was also approved by the Board of Governors of the Federal Reserve System. The titles of the following Deputy Governors were changed to Vice President: W. Randolph Burgess, Charles H. Coe, Walter S. Logan, Leslie R. Rounds, Louis F. Sailer, and John H. Williams. The titles of the following Assistant Deputy Governors were changed to Assistant Vice President: J. Wilson Jones, Herbert H. Kimball, L. Werner Knoke, Walter B. Matteson, Arthur Phelan, James M. Rice, and Valentine Willis.

On October 30, 1936, the nonstatutory duties of the Federal Reserve Agent at this bank were transferred to the bank, and responsibility for operations formerly undertaken by the Federal Reserve Agent's function were assumed by the bank under the general direction of the President. As a result of this transfer of operations, the Board of Directors of this bank made the following changes in the official staff: Ray M. Gidney, formerly Assistant Federal Reserve Agent, was appointed Vice President; William H. Dillistin, formerly Assistant Federal Reserve Agent, was appointed Assistant Vice President; Harold V. Roelse, formerly Assistant Federal Reserve Agent and Manager, Reports Department, was appointed Assistant Vice President.

Louis F. Sailer, Vice President of this bank, having reached the retirement age under the Retirement System of the Federal Reserve Banks, retired December 31, 1936. He had served the bank for more than twenty-one years.

Edward L. Dodge, General Auditor of this bank, who had also reached the retirement age, retired December 31, 1936, after a service in the bank of more than sixteen years.

On January 7, 1937, the Directors of this bank appointed L. Werner Knoke, formerly Assistant Vice President, a Vice President; William F. Sheehan, formerly Chief Examiner, was appointed Manager, Bank Examinations Department and Chief Examiner; and George W. Ferguson, formerly Assistant General Auditor, was appointed General Auditor, to succeed Edward L. Dodge, retired.

DIRECTORS AND OFFICERS

DIRECTORS

Class	Group		Term Expires Dec. 31
A	1	George W. Davison, Greenwich, Conn. Chairman, Board of Trustees, Central Hanover Bank and Trust Company, New York, N. Y.	1937
A	2	Edward K. Mills, Morristown, N. J. President, Morristown Trust Company	1938
A	3	William F. Ploch, Long Beach, N. Y. President, The National City Bank of Long Beach	1939
B	1	Thomas J. Watson, Lebanon, N. J. President, International Business Machines Corporation, New York, N. Y.	1937
B	2	Walter C. Teagle, Port Chester, N. Y. President, Standard Oil Company (New Jersey), New York, N. Y.	1938
B	3	Robert T. Stevens, Plainfield, N. J. President, J. P. Stevens & Co., Inc., New York, N. Y.	1939
C		Owen D. Young, Van Hornesville, N. Y., *Deputy Chairman* Chairman, General Electric Company, New York, N. Y.	1937
C		Beardsley Ruml, New York, N. Y. Treasurer, R. H. Macy & Company, Inc., New York, N. Y.	1938
C		Vacancy, *Chairman*	1939

DIRECTORS—BUFFALO BRANCH

	Term Expires Dec. 31
Howard Kellogg, Buffalo, N. Y. President, Spencer Kellogg & Sons, Inc.	1937
Vacancy	1938
Vacancy	1939
William A. Dusenbury, Olean, N. Y. President, First National Bank of Olean	1937
Frank F. Henry, Buffalo, N. Y. Chairman, Washburn Crosby Company, Inc.	1938
Fred J. Coe, Niagara Falls, N. Y. President, Power City Trust Company	1939
Robert M. O'Hara, *Managing Director*	1937

MEMBER OF FEDERAL ADVISORY COUNCIL

Winthrop W. Aldrich

Chairman, The Chase National Bank of the City of New York, New York, N. Y.

OFFICERS

GEORGE L. HARRISON, *President*

ALLAN SPROUL, *First Vice President*
W. RANDOLPH BURGESS, *Vice President*
CHARLES H. COE, *Vice President*
RAY M. GIDNEY, *Vice President*
L. WERNER KNOKE, *Vice President*
WALTER S. LOGAN, *Vice President and General Counsel*
LESLIE R. ROUNDS, *Vice President*

JOHN H. WILLIAMS, *Vice President*

WILLIAM H. DILLISTIN, *Assistant Vice President*
J. WILSON JONES, *Assistant Vice President*
HERBERT H. KIMBALL, *Assistant Vice President and Secretary*
WALTER B. MATTESON, *Assistant Vice President*
ARTHUR PHELAN, *Assistant Vice President*
JAMES M. RICE, *Assistant Vice President*
HAROLD V. ROELSE, *Assistant Vice President*

VALENTINE WILLIS, *Assistant Vice President*

DUDLEY H. BARROWS, *Manager, Personnel Department*
WESLEY W. BURT, *Manager, Accounting Department*
DONALD J. CAMERON, *Manager, Foreign Department*
FELIX T. DAVIS, *Assistant Counsel*
EDWARD O. DOUGLAS, *Manager, Bill Department and Manager, Collection Department*
HERBERT S. DOWNS, *Manager, Bank Relations Department*
EDWIN C. FRENCH, *Manager, Cash Department*
MYLES C. MCCAHILL, *Manager, Service Department*
ROBERT F. MCMURRAY, *Manager, Safekeeping Department*
SILAS A. MILLER, *Manager, Securities Department*
JACQUES A. MITCHELL, *Manager, Credit Department*
HORACE L. SANFORD, *Assistant Secretary*
WILLIAM A. SCOTT, *Manager, Government Bond Department*
WILLIAM F. SHEEHAN, *Manager, Bank Examinations Department (and Chief Examiner)*
TODD G. TIEBOUT, *Assistant Counsel*
WILLIAM F. TREIBER, *Assistant Counsel*
RUFUS J. TRIMBLE, *Assistant Counsel*
CHARLES N. VAN HOUTEN, JR., *Manager, Security Custody Department*
I. WARD WATERS, *Manager, Cash Custody Department*

GEORGE W. FERGUSON, *General Auditor*

OFFICERS—BUFFALO BRANCH

ROBERT M. O'HARA, *Managing Director*
REGINALD B. WILTSE, *Assistant Manager*
HALSEY W. SNOW, *Cashier*
CLIFFORD L. BLAKESLEE, *Assistant Cashier*