

1-4-42

## Organization of the Examination and Supervisory Work

### Washington Office

A chief Federal bank supervisor, with such staff as would be necessary to:

- a. Assist in working on policy matters.
- b. Review reports of examinations to see that the supervisory work is being properly done in the field.
- c. Review and submit recommendations on applications for purchases of preferred stock, purchases of assets, etc., and other matters requiring action by Washington.
- c. Administration of personnel.

### Field Offices

#### Organization

a. A district Federal bank supervisor stationed at each Federal Reserve Bank charged with the responsibility for the examination of the insured banks in the district - national, State member, and insured nonmember - and of keeping them in good condition. He would have such assistant district Federal bank supervisors, Federal bank examiners, assistant Federal bank examiners, and clerical staff as needed.

b. The examiners would be assigned to sub-districts as is the present practice with the national bank examiners and F.D.I.C. examiners, and there might be sub-supervisory offices at some of the Federal Reserve branches.

c. The members of the examining staff would be appointed from Washington with the idea that they were career-men and would be moved from one district to another and promoted as circumstances warranted. Clerical personnel could be obtained locally.

#### Functions

a. Examination and regular supervisory matters, correspondence, etc., would be handled by the district Federal bank supervisor.

b. Analysis and review of reports of examination would be made by the staff of the district Federal bank examiner, and such analyses and reviews would be available to the appropriate officers and employees of the Reserve Banks.

c. Charters of national banks, admissions of State banks to membership and to insurance, mergers, approval of branches, etc., would be granted or approved by the district Federal bank supervisor upon concurrence by the executive committee or other appropriate committee of the Reserve Bank in accordance with regulations and policies established by Washington. (As an alternative, charters of national banks and admissions to insurance might require specific approval by Washington.) If the district Federal bank supervisor and the Reserve Bank committee do not concur in the action to be taken in any case, the matter should be submitted to Washington. In case an application is turned down, an applicant should have the right of appeal to Washington.

d. Hearings for the termination of insurance or membership in the System would be conducted in the district offices and the matter submitted with the recommendation of the district Federal bank supervisor and the appropriate committee of the Reserve Bank for final action by Washington.

e. Purchases of preferred stock; purchases of assets or extension of loans in order to minimize losses. These should be effected only upon approval by Washington after the matter has been submitted with the recommendation of the district Federal bank supervisor and the appropriate committee of the Reserve Bank. (Arrangements would provide for prompt action by Washington in emergencies.)

1942

PROPOSED DIVISIONAL ORGANIZATION OF A JOINT STAFF TO SERVE  
THE BOARD OF GOVERNORS - DIRECTORS OF THE F.D.I.C.

<u>Division</u>	<u>Serving</u>		
	<u>Open Market Committee</u>	<u>Board of Governors</u>	<u>F.D.I.C.</u>
Secretary	x	x	x
Legal	x	x	x
Research and Statistics	x	x	x
Supervision of Insured Banks		x	x
Supervision of Reserve Banks		x	
Selective Credit Control		x	
Treasurer & Fiscal Agent		x	x
Liquidation			x
Auditor		x	x

1942

ESTIMATED ANNUAL COST OF FEDERAL BANK SUPERVISION

	<u>Personnel</u>	<u>Expenses</u>
Bureau of the Comptroller of the Currency (exclusive of currency functions) (Expenses year ended 6/30/41; personnel as of 10/31/41.)	1,311 <u>1/</u>	\$4,546,000
Reimbursed by banks -		
Account national bank examining service.....		\$3,509,000
Account Insolvent National Bank		
Division salaries	643,000	
Account general expenses	120,000	
Federal Deposit Insurance Corporation		
Personnel as of 12/31/40.	1,927	
Administrative expenses and other charges 1941		3,695,000
Deposit insurance losses and expenses 1941 <u>2/</u>		2,145,000 <u>2/</u>
Federal Reserve		
Board of Governors		
(Budget expenditures, 1941; personnel as of 12/31/41.)	461	1,745,000
Federal Reserve Banks - Examination Departments (Expenses, 1941; personnel as of 1/1/42.)	<u>332</u>	<u>1,318,000</u>
TOTAL	<u>4,031</u>	<u>\$13,449,000</u> <u>3/</u>

- 1/ Exclusive of an undisclosed number of employees on the staffs of the 56 receivers engaged in 156 receiverships. According to the hearings on the 1943 appropriation bill, there were 66 field receivers of national banks on June 30, 1941, and their clerks and employees numbered 1,192.
- 2/ No break-down available between losses and personnel and other expenses. According to the 1943 Federal Budget, expenses incident to liquidation activities for year ended June 30, 1941 were \$711,000.
- 3/ This includes an unknown amount of deposit insurance losses referred to above.

1942

SPACE OCCUPIED AND RENT PAID BY THE F.D.I.C.  
AND THE COMPTROLLER OF THE CURRENCY

Figures as to the amount of space occupied in Washington by the F.D.I.C. and the Comptroller of the Currency are not available.

However, on the rough basis of 150 square feet per individual, an estimate would be:

Comptroller of the Currency	62,000 sq. ft.
F.D.I.C.	78,000 sq. ft.

According to the distribution of administrative expenses of the F.D.I.C., office rent paid for the calendar year 1940 amounted to \$249,000, and for the fiscal year ended June 30, 1941, to \$281,000.

The principal Washington offices of the Comptroller of the Currency are located in the Treasury Building, for which, of course, the Bureau pays no rent. Rent payments by the Comptroller of the Currency for the fiscal year ended June 30, 1941 were reported under two items described as "Miscellaneous, rent, etc. -- \$63,500", and "Rent, Division of Insolvent National Banks -- \$64,700".

1942

PERSONNEL OF THE SPECIFIED BANK SUPERVISORY AGENCIES  
(As of the dates indicated)

	<u>F.R.Board</u> <u>12-31-41</u>	<u>F.R.Banks</u> <u>1-1-42</u>	<u>C. of C.</u> <u>10-31-41</u>	<u>F.D.I.C.</u> <u>12-31-40</u>	<u>Total</u>
Board members & their staffs	22			)	
Directors and their aids				23 )	57
Offices of Comptroller and deputy comptrollers			12	)	
Examination divisions					
Washington offices	39		78	40	157
Field forces		332	843	569	1,744
Road force	18				18
Legal	30	*	45	37	112
Secretary	175	*			175
Fiscal Agent	2	*			2
Disbursement division and Chief Clerk's office		*	46		46
Finance and administration				201	201
Research and statistics (incl. Board's Div. of Bk. Operations)	164	*	28	59	251
Security loans	<u>11</u>	<u>*</u>	<u>—</u>	<u>—</u>	<u>11</u>
Washington office	443		209	360	1,012
Field	<u>18</u>	<u>332</u>	<u>843</u>	<u>569</u>	<u>1,762</u>
	461	332	1,052	929	2,774
Liquidation division					
Washington office			203	162	365
Field	<u>—</u>	<u>—</u>	<u>56</u> 1/	<u>836</u>	<u>892</u>
	<u>461</u>	<u>332</u>	<u>1,311</u> 1/2/	<u>1,927</u>	<u>4,031</u>
Total					
Washington office	443		412	522	1,377
Field	<u>18</u>	<u>332</u>	<u>899</u> 1/	<u>1,405</u>	<u>2,654</u>
	461	332	1,311 1/2/	1,927	4,031

\* Figures not shown as the work of such personnel at the Reserve Banks is devoted largely to matters unrelated to bank supervision.

1/ Does not include undisclosed number of employees in the staffs of the 56 receivers engaged in 156 receiverships.

2/ Does not include 28 employees in the Federal Reserve Issue and Redemption Division.