

Thirty-fifth Annual Report

FEDERAL RESERVE BANK OF ATLANTA

1949





*Main Floor Entrance to Bank Building
Federal Reserve Bank of Atlanta
Atlanta, Georgia*

Thirty-fifth Annual Report

**FEDERAL RESERVE BANK
OF ATLANTA**

*for the
Year Ended December 31, 1949*



**FEDERAL RESERVE BANK
OF ATLANTA**

February 28, 1950

*To the Member Banks of the
Sixth Federal Reserve District:*

It is a pleasure to present to you the Thirty-fifth Annual Report of the Federal Reserve Bank of Atlanta. I take the opportunity to acknowledge the splendid co-operation that the member banks gave us in discharging our responsibilities during 1949. The Report is designed to serve as a means of furnishing you with information regarding our activities and as a handbook for your guidance in communicating with us on any of our operating procedures.

Although its name identifies it with the city of Atlanta, I wish to emphasize that our institution truly represents the District in its entirety. We welcome the opportunity to serve the member banks, wherever they may be located.

In behalf of our entire organization, I extend a cordial personal invitation to all bankers in the District to visit with us and to observe our operations.

Very truly yours,

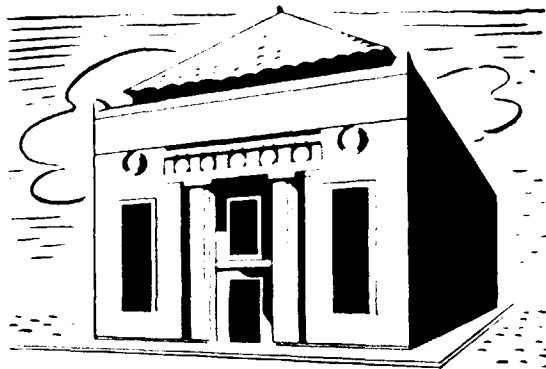
W. S. McLARIN, JR.,
President

TABLE OF CONTENTS

	PAGE
REVIEW OF BANKING DEVELOPMENTS	9
Business Background	10
Member Bank Financial Condition	14
Changes in Membership in the Sixth District	16
Growth in Par Banking	18
REVIEW OF BANK OPERATIONS	21
Capital Stock Issues	22
Discount and Credit	24
Currency and Coin	24
Check Clearing and Collection	26
Custodian and Fiscal Agent for the Commodity Credit Corporation	27
Custodian and Fiscal Agent for the Reconstruction Finance Corporation	29
Consumer Instalment Credit	29
Fiscal Agency and Securities	31
Bank Examination	33
Legal Affairs	35
Bank and Public Relations	36
Operations Survey Service	38
Research Department	38
Personnel	40
Appointments, Elections, and Official Staff Changes	42
DIRECTORS AND OFFICERS	45
FINANCIAL AND VOLUME REPORTS	53

REVIEW OF BANKING DEVELOPMENTS

*Birmingham Branch
Federal Reserve Bank
of Atlanta*



SIXTH FEDERAL RESERVE DISTRICT

YEAR OF PROGRESS

by

**Member Banks of the
District**

The member banks in the Sixth District ended 1949 in a highly liquid financial condition and with satisfactory earnings. Substantial gains were reported in total resources, with the volume of loans and of investments in United States Government obligations increasing moderately. Total deposits rose only slightly; gains in demand deposits barely offsetting decreases in time deposits. In spite of slightly larger dividend payments for 1949 over 1948, the banks added substantially to their capital structures.

These results were achieved on the basis of a business background that was characterized by general weakening tendencies as the year opened and by a strong upsurge of activity as the year closed. Although changes in deposits, loans, and investments corresponded generally with the changes in business activity, they also responded to actions of the monetary, credit, and fiscal authorities.

Business Background

The year began on a general note of pessimism and apprehension. Declining prices seemed to be in prospect, for the monthly indexes of price movements had been dropping since the preceding autumn. Industrial production had weakened in December 1948 from its postwar peak in October and November. The volume of bank

loans had been dropping, and consumer credit outstandings took a disconcerting dip in January. There were fears that the familiar chain-reaction series of depression steps was beginning to appear: a stoppage of consumer buying, factory shutdowns, widespread unemployment, diminishment of purchasing power, business failures, price collapse, and eventual stagnation.

What seemed to give reality to these depression fears was the general expectation that some measure of postwar downward adjustment in business was inevitable. It was reasoned that as prices got too high, consumers would quit buying, and many observers believed that prices had reached the point where just such reaction was in order. There was apprehension that private construction would decline so rapidly that planned public construction could not make up the gap. There was fear that the steel, automobile, and housing industries, the three principal supports to a high level of production, would necessarily experience a sharp contraction as the year developed. Some were skeptical of the ability of the Government to maintain its price-support commitments on agricultural production.

Through the first half of the year, these expectations of contraction in the economy were supported by actual developments in numerous sectors of the District economy. Textiles, lumber, and paper, which represent the principal manufacturing industries of the region, were in a decided slump. Decreases in manufacturing employment, accordingly, were quite pronounced. By July such employment for the District was down 9 percent from the corresponding month of 1948. Alabama showed a decline of 13 percent and Tennessee reported one of 11 percent. This growing unemployment had a very sobering effect upon business sentiment.

In spite of declining manufacturing activity and growing unemployment, retail sales activity in the first half of the year held fairly close to that of the corresponding period of 1948. There were marked declines in sales of furniture, household appliances, and jewelry. But these were offset by increases in sales of automobiles, food, drugs, and motor fuel. Yielding to fears of further business recession, however, many businessmen sharply reduced their inventories. With or-

ders from the distributors falling off, manufacturers reduced their output accordingly.

Banking activity in the District reflected these deflationary developments. Business loans at the commercial banks contracted in volume. This contraction in large measure reflected the lower dollar volume of inventories, lower prices, decreased sales volume of some distributors, and direct pressure by loan officers upon borrowers to reduce inventories. Deposits, too, declined from the high level of the preceding autumn, thus furthering anxiety about the depth and length of the downward swing of the business cycle.

What was happening to business activity in the District was largely occurring throughout the country. Employment, consumer buying, industrial production, construction, and other indicators of business activity were still at high levels but generally below those of 1948. A gradual and orderly decline appeared to be taking place.

The decline was orderly because of a number of cushioning factors. Government spending continued at a very high rate, notably for veterans' benefits and European economic and armament aid. Holdings of liquid assets remained extraordinarily high. Farm price supports prevented any substantial decline in prices of the major crops. Unemployment compensation payments bolstered the purchasing power of those who became unemployed. Price concessions and new vigor in sales promotions tended to maintain retail selling. Consumer demand for new automobiles kept the automobile industry operating at a record rate of production.

Federal Reserve authorities recognized the moderate weakening in the business outlook that faced the country in the early months of 1949. From a policy of restraining inflation, which governed their actions in 1948, System authorities changed to a policy of assuring credit and monetary ease.

The change in policy was followed by a series of actions in the monetary and credit field. Restrictions on the use of consumer installment credit were modified by successive steps in March and in April. Margin requirements on listed-security trading and borrowing were reduced on March 30, 1949. In addition, on June 28, 1949, came

the announcement from the Federal Open Market Committee of a change in policy. This announcement implied a program of easier money conditions and a continuance of the high liquidity that characterized the country's banking system. Implementing the new program was the series of actions, extending from May to September, by which member bank reserve requirements were reduced 4 percentage points on net demand deposits and 2½ percentage points on time deposits.

Whatever may have been the principal contributing factors, the month of July marked a turning point in the economy of the District and the nation. The forces of expansion gained a slight margin of strength over the forces of contraction. Economic activity entered an expansionary phase which continued for the remainder of the year, except for extensive labor stoppages in the steel and coal industries.

The change in the District was impressive. In midsummer, textile mills generally called back their laid-off workers. They increased the number of hours worked and added extra shifts. The iron and steel industries in the Birmingham area began operating on an expanded scale. The lumber and paper industries also experienced renewed activity.

By the end of the year, the textile mills were operating at near-capacity levels, and the heavy industries of the area were at work on a large volume of accumulated orders. Retail trade was also flourishing, with notable gains occurring in the sales of furniture stores, household appliance stores, and jewelry stores. A brisk Christmas trade enabled the department stores to end the year with only a slight loss in sales volume compared with that of the preceding year. Construction activity was generally at boom levels. Residential construction in key areas of the District, in fact, had broken all previous records. Although the employment situation at the close of the year had shown marked improvement over the situation at midyear, manufacturing employment was still considerably below that of the end of 1948. In short, District business had weathered the 1949 recession with a minimum of damage and confidently looked forward to a continuation of the recovery into the first half of 1950.

Businessmen of the District were in position to face the developments of 1950 with a good measure of confidence. The upsurge in manufacturing activity was expected to carry well into the new year, responding to the added stimulus of the distribution of National Service Life Insurance dividends. Retail sales offered every prospect of continuing at satisfactory levels for some months.

In contrast to the recovery in business was the loss in agriculture. Prices of agricultural products were generally lower and costs of production were higher. The cotton crop proved to be a disappointment; in the District states cotton production was off 26 percent. Cotton production in Mississippi was down 38 percent; in Alabama, 28 percent; and in Georgia, 15 percent. Chiefly responsible for these declines were the ravages of the boll weevil. The damage was somewhat spotty, however; some farmers produced almost normal crops and other near-by farmers experienced almost total failures. Most of the country banks in the cotton sections, as a consequence, had some 1949 cotton-crop loans to carry over into the 1950 crop year.

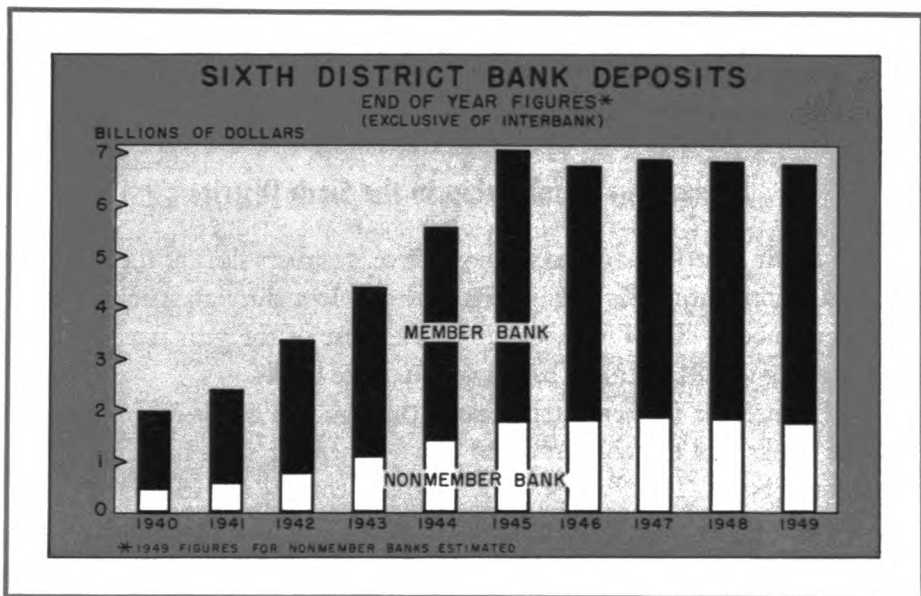
At the beginning of 1950, the outlook for District agriculture was not too unfavorable. Farmers had the assurance that the agricultural price-support program would be continued for the year. At the same time, they faced the prospect of coping with new acreage controls intended to curtail the production of peanuts, tobacco, and cotton. They realized that as far as cotton was concerned, the acreage controls might not mean much loss in production from 1949. If the boll weevil damage of 1949 is not repeated in 1950, cotton production for the new year may easily show a gain. Because of rising costs of operation and the prospect of moderately declining prices, however, farm income of the District was generally expected to decline in 1950.

Member Bank Financial Condition

The member banks of the District shared in the general recovery movement that took place in the second half of the year. Replenishment of inventories and accelerated business activity led to an active demand for loans. Instalment loans, particularly for automobile pur-

chases, expanded in volume. The reductions in reserve requirements permitted the banks to increase their investments in Government securities. Consequently, at the end of the year the banks found themselves in a financial position very little different from that at the beginning of the year.

Assets and liabilities were moderately larger. Total assets, in fact, reached \$6,118 million, an all-time high. Loans and discounts rose from \$1,546 million to \$1,611 million, representing 26.3 percent of total assets at the end of the year as compared with 25.5 percent at the end of 1948. Holdings of United States Government obligations increased from \$2,255 million to \$2,372 million or from 37.1 per-



cent to 38.8 percent of total assets. Total deposits amounted to \$5,712 million, against \$5,698 million at the end of 1948. Demand deposits were \$4,633 million, a gain of \$27 million for the year, and time deposits were \$1,078 million, a decrease of \$13 million. Total operating earnings amounted to \$146 million, compared with \$137

million in 1948, a gain of 6 percent. Interest on United States Government obligations accounted for 25.3 percent of the total and interest on loans accounted for 47.2 percent. Net operating earnings were \$54 million, compared with \$50 million for 1948. Net profits after all charges, including taxes on net income, amounted to \$34 million for 1949, against \$27 million for 1948, a gain of 25.9 percent.

Moderate increases in dividend payments were made. Cash dividends declared on stock were 8 percent higher for the year, amounting to \$11.7 million, against \$10.8 million for 1948.

The capital position of the member banks was further improved. Total capital accounts rose to \$363 million from \$339 million, a gain of 7 percent. Capital stock accounts were increased by \$2.2 million, surplus accounts by \$11.6 million, profits accounts by \$6.1 million, and other capital accounts by \$4.3 million.

Changes in Membership in the Sixth District

The Sixth District had a net gain of five members during the year 1949, representing six admissions and one loss through merger of two members. Total membership at the close of the year was 351, consisting of 281 national banks and 70 state banks.

The increase in membership came through the admission of five state banks and the conversion of one nonmember state bank into a national bank. The five new state bank members are identified as follows:

<i>Date of Admission</i>	<i>Name of Bank</i>	<i>Location</i>	<i>Deposits December 31, 1949</i>
January 3	Central State Bank	Calera, Alabama	\$ 757,859
January 10	Childersburg State Bank	Childersburg, Alabama	1,159,014

July 5	The Peachtree Trust Company	Atlanta, Georgia	\$ 1,134,212
December 27	Alabama City Bank of Gadsden, Alabama	Gadsden, Alabama	3,262,830
December 27	Washington Loan and Banking Company	Washington, Georgia	2,841,284

The nonmember state bank that converted into a national bank was The Richland Bank, Pulaski, Tennessee. On January 3, 1949, it became the First National Bank of Pulaski. This bank on December 31, 1949, had deposits of \$3,463,688.

Two other member banks exchanged state charters for national charters, thus involving no change in membership. The DeKalb State Bank, Doraville, Georgia, became the DeKalb National Bank of Brookhaven on January 21, 1949. It had deposits of \$1,229,688 at the end of the year. The Lake Charles Bank and Trust Company, Lake Charles, Louisiana, became the Gulf National Bank at Lake Charles on February 1, 1949. On December 31, 1949, its deposits amounted to \$13,731,619.

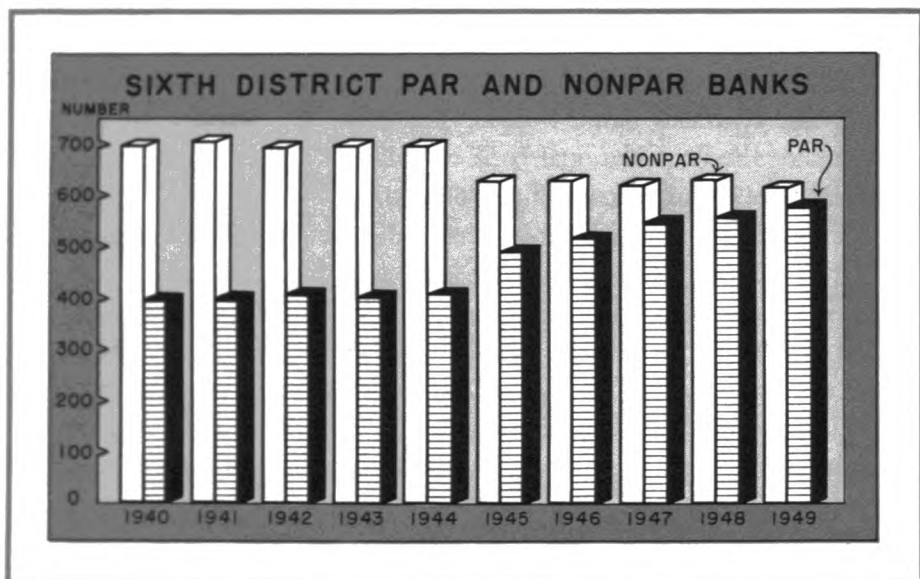
The only loss in membership in 1949 came through the merger of the Capital National Bank in Jackson with the Jackson-State National Bank on February 22, 1949, under the title of the First National Bank of Jackson, Jackson, Mississippi. The new institution had deposits of \$64,233,962 on December 31, 1949.

On July 1, 1949, the Farmers and Merchants Bank, "Inc.," Brewton, Alabama, a member bank, and the Citizens Bank, a nonmember bank, merged under the title, Citizens-Farmers & Merchants Bank, Brewton, Alabama. This member bank had deposits of \$3,560,211 on December 31, 1949.

The First Savings & Trust Company of Tampa, Tampa, Florida, changed its name to the Marine Bank & Trust Company, Tampa, Florida, effective July 1, 1949. This state bank member had deposits of \$11,550,608 on December 31, 1949.

Growth in Par Banking

A further growth in the number of par banks took place in 1949. At the end of the year, there were 1,191 banks in the District, of which 576 were on the Par List. The number includes 281 national



banks, 70 state member banks, and 225 state nonmember banks. There was a gain of five in the total number of banks in the District and a gain of twenty in the number on the Par List.

Nonmember state banks added to the Par List in 1949 were the following:

ALABAMA

Peoples Exchange Bank	Beatrice
Watkins Banking Company	Faunsdale
Peoples Bank of Frisco City	Frisco City
Citizens Bank	Geneva
Monroe County Bank	Monroeville

Peterman State Bank
Canebrake Loan & Trust Co.
Planters & Merchants Bank
Farmers & Merchants Bank

Peterman
Uniontown
Uniontown
Waterloo

FLORIDA

Citizens Bank of Clermont
First Bank of Clewiston
Peoples State Bank of Groveland
Tallahassee State Bank
Bank of Zephyrhills

Clermont
Clewiston
Groveland
Tallahassee
Zephyrhills

GEORGIA

Citizens Bank of DeKalb
Citizens Bank
Bank of Toccoa

Avondale Estates
Hapeville
Toccoa

Although the number of banks in the District on the Par List has shown a consistent growth in recent years, the District still has more nonpar banks than any other Federal Reserve District. Six of the Districts, in fact, have all banks on the Par List, namely, the Districts of Boston, New York, Philadelphia, Cleveland, Chicago, and San Francisco. The Minneapolis District has almost as many nonpar banks as does the Atlanta District. The St. Louis District has 337 nonpar banks; the Richmond District, about 200; the Dallas District, about 100; and the Kansas City District, only 9.

REVIEW OF BANK OPERATIONS

*Jacksonville Branch
Federal Reserve Bank
of Atlanta*



SIXTH FEDERAL RESERVE DISTRICT

OPERATING ACTIVITIES **of the** **Federal Reserve Bank** **of Atlanta**

Activities for the year were governed by the Bank's statutory authority. This authority embraces three principal categories of functions. One category is related to banks and banking, in which fall such services as the holding of deposits of member banks, the safe-keeping of securities, the supplying of currency and coin, and the offering of discount and credit facilities. A second category comprises the work performed by the Bank as fiscal agent, depository, and custodian for the United States Treasury and other Government units. The third category includes the activities of the Bank in carrying out the credit policies and general supervisory powers of the Board of Governors of the Federal Reserve System and associated authorities.

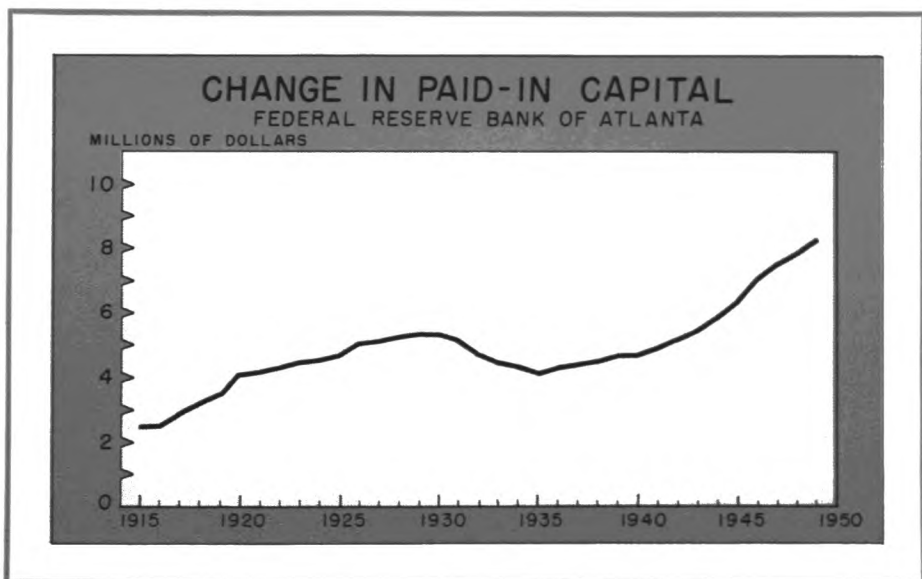
Some of these responsibilities are regulatory in nature. Others are essentially service activities. These responsibilities were discharged on the basis of the utmost co-operation and good will on the part of all concerned. The varied nature of this work is described in the following sections.

Capital Stock Issues

At the close of the year, the paid-in capital stock of the Bank, owned wholly by the member banks, amounted to \$8.2 million, the largest

amount since the founding of the Bank. During the year, capital stock amounting to \$23,550 was issued to new member banks, and other member banks acquired additional capital amounting to \$342,100.

In accordance with the Federal Reserve Act, the Bank pays dividends out of its earnings to the member banks. Such dividends are limited to 6 percent per annum on the paid-in capital stock. Accruals during the year amounted to \$485,448, compared with \$465,488



during 1948. Although dividends are thus distributed by the Federal Reserve Banks, the Banks are not operated for the purpose of making a profit. On the contrary, they are essentially service organizations and derive no income from principal service functions to member banks, such as the clearing and collection of checks and the supplying of currency and coin. The income which accrues to the Federal Reserve Banks is now derived primarily from their holdings of Government securities.

Discount and Credit

Sections 10b and 13 of the Federal Reserve Act govern the lending powers of the Federal Reserve Banks. Under the regulations of the Board of Governors of the Federal Reserve System, a Federal Reserve Bank may make advances to member banks on their promissory notes secured by United States securities, eligible paper, or other acceptable assets and rediscount eligible paper. The Banks are also authorized to extend credit to established industrial and commercial businesses, including banks, by direct loans or commitments or in conjunction with member banks or other financial institutions. These powers enable the Federal Reserve System to safeguard the strength and stability of the dual banking system as it has developed in the United States.

Commercial banks in recent years have maintained a high degree of liquidity with more than ample resources. They have not had to use the discount and credit facilities of the Federal Reserve Banks to any great degree. During 1949, for example, this Bank made only 203 advances, accommodating 37 member banks to the extent of \$265 million. The peak of member bank borrowing was reached on March 23, when \$17.9 million was outstanding. This amount had declined to \$30,000 at the end of the year.

Currency and Coin

The amount of Federal Reserve notes which the Bank put into circulation declined slightly during the year. The total of these notes in actual circulation on the last business day of the year was \$1,291 million, compared with \$1,329 million for the corresponding day of 1948, a net decrease of \$38 million for the year.

The volume of currency and coin handled by the main office and branches changed moderately from that of the previous year. Receipts of currency and coin from commercial banks amounted to \$1,456 million, a decrease of \$9 million from the preceding year. Payments of currency and coin to banks amounted to \$1,158 mil-

lion, an increase of \$20 million over those payments of 1948. The number of pieces of currency received and counted during 1949 was 261 million, one million more than the number during 1948. The number of pieces of coin received and counted was 297 million, an increase of 44 million pieces.

An important task of the Currency and Coin Department is that of sorting currency received by the Bank. Three principal purposes are served in this operation.

One purpose is to sort the currency according to its condition. Bills fit for further circulation are separated from those that are unfit. This separation is designed to keep the currency in circulation free of badly worn or soiled bills. It can be accomplished only by careful scrutiny of the currency coming into the Bank. Currency determined to be unfit for further circulation and subsequently re-deemed during the year amounted to \$514 million.

A second objective in currency sorting is to withdraw from circulation in the Sixth District the notes of other Federal Reserve Banks. The Federal Reserve Act provides that no Federal Reserve Bank may pay out notes issued through another Reserve Bank, under penalty of a tax of 10 percent of the face value of the notes so paid out. Accordingly, the notes of the other eleven Federal Reserve Banks are sorted out and are either returned to the Bank of issue or, if unfit for further circulation, are sent to the Treasurer of the United States to be retired. Notes of other Federal Reserve Banks received and sorted out by the department during the year amounted to \$503 million.

The third objective of currency sorting is to detect counterfeit currency. Counterfeiting took a decided spurt during 1949. The number of counterfeits received and detected by the currency handlers at the head office and branches far exceeded the number of such notes received in any previous year. The currency sorters detected a total of 873 counterfeit notes, which amounted to \$11,523. Counterfeit notes in the denomination of \$10 were the most frequently encountered. Currency is sorted in such a manner that the identity

of the depositor can usually be determined. During the year, only 29 counterfeits could not be traced to the depositor. On these notes the Bank experienced a loss of \$330.



Check Clearing and Collection

The most noteworthy development in check clearing and collection activity was the continued expansion in the volume of work handled. The total number of checks cleared during 1949 was 131,235,000. The number cleared in 1948, which marked the previous high in volume, was 122,097,000.

The Bank continues its efforts to expedite the prompt payment of all checks cleared. It utilizes air mail and air express services in all instances where such services will reduce the collection time and facilitate the handling of checks by the receiving banks.

Another step towards faster collection of checks has been taken with the development of the uniform routing symbol on checks of par remitting banks. The plan for the use of this symbol was first presented to the banks in 1945 through the co-operation of the American Bankers Association and the Federal Reserve Banks.

The uniform symbol is in the form of a fraction which is designed to be shown in the upper right corner of a bank check. Use of this symbol permits faster sorting and greater efficiency in handling checks through the Federal Reserve System.

Studies of the percentage of par checks in circulation bearing the uniform symbol reveal a consistent growth. The initial survey at the end of 1946 indicated that 25 percent of such checks bore the symbol. In December of 1949 the percentage had grown to 67. The latest survey indicated that 74 percent of all par checks payable in the Sixth District had the routing symbol printed in the recommended location. This percentage was the highest of any Federal Reserve District except those served by the Federal Reserve Banks of Boston and New York.

Custodian and Fiscal Agent for the Commodity Credit Corporation

In accordance with a continuing arrangement with the Commodity Credit Corporation, the Bank performed extensive custodian and fiscal agency services for the Corporation. The Corporation, first established in 1933 under a Delaware charter, was granted a Federal charter effective July 1, 1948. It functions primarily in the execution of the agricultural price-support policies of the United States Government. It has chosen to use the facilities of the Federal Reserve Banks and branches in handling cash transactions and in servicing and safekeeping commodity loan notes.

The transactions handled by the Bank for the Corporation originate with the three field offices which the Corporation maintains in the Sixth District. These offices are the New Orleans Cotton Office, the Atlanta Area Fiscal Office, and the GFA (Georgia, Florida, Alabama) Peanut Association at Camilla, Georgia.

The CCC Custodian Department is maintained for handling these transactions at the head office. The work volume varies in accordance with crop and price movements, and personnel requirements are affected accordingly. At the high point of activity, the department employed 56 people; at the low point, it employed 31 people.

With respect to its CCC Custodian operations, the department began the year with holdings of 1948 cotton-crop loans in the face amount of \$112 million, secured by 709,570 bales of cotton. Receipts of additional notes, during the remainder of the 1948 program year, increased the total of notes received to a face amount of \$152 million, supported by 988,167 bales of cotton. A total of \$122 million in certificates of interest was issued to bank lending agents, who preferred the notes in lieu of cash payment.

A major new task was that of handling the moving of 269,770 bales of cotton, necessitated by a shortage of storage space at the original warehouses. This movement of cotton involved the recording of additional cash disbursements on the individual notes covering transportation and handling charges.

The cotton producers' loans under the 1948 cotton-loan program matured on July 31, 1949. Of the 988,167 bales taken into the loan program, repayments totaled only 145,215 bales, or 14.6 percent of the total. Practically all of the remainder, or 842,952 bales, were liquidated by pooling and transferring the notes to the regional office at New Orleans.

Considerable activity in the form of transfers and purchases of certificates of interest accompanied the servicing of the 1948 program. On the July 29, 1949, maturity date, the Bank disbursed to certificate holders \$49.3 million, representing principal and interest on all outstanding certificates.

Activity in connection with the 1949 cotton program promises to be substantially less than that with the 1948 program. The first offerings for the new program were received on August 29, 1949. By the end of the year, the total face amount of notes received amounted to \$35 million, supported by 232,162 bales of cotton. Under the new program, co-operative association loans were received for the first time. It was necessary to install an entirely new and separate procedure for handling such loans, thus materially increasing the work load of the department. All loan advances were made promptly on the date set by the New Orleans Cotton Office. Certificates of interest in the amount of \$29 million were issued upon request of lenders who preferred the investment in lieu of cash payment.

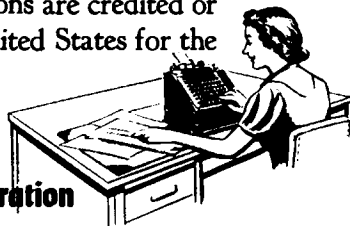
The Bank and its branches also handled an extensive volume of work for the Atlanta Area Fiscal Office. The CCC Custodian Department of the Bank in 1949 paid 12,045 drafts in the amount of \$7.7 million. These drafts were drawn by authorized representatives of the Department of Agriculture in connection with the Irish potato, sweet potato, corn, wheat, barley, oats, soybean, and cottonseed purchase programs and the farm storage facilities loan program. When received from banks, such drafts were handled in the same manner as transit check cash letters.

The agency operations at the head office were supplemented by operations at three of the branch offices of the Bank. The Nashville

Branch serviced receipts and disbursements in connection with the Corporation's wool program. The New Orleans Branch handled disbursements and collections for the Corporation's New Orleans office. The Jacksonville Branch functioned disbursements and receipts in connection with the 1949 peanut program.

Service for the GFA Peanut Association is limited in scope. Individual commercial banks serve as fiscal agents for the Commodity Credit Corporation in connection with the peanut-loan program. Debits and credits arising from this relationship, however, are eventually cleared through the Federal Reserve Bank as fiscal agent and custodian. At the end of each day, these transactions are credited or debited to the account of the Treasurer of the United States for the account of the Commodity Credit Corporation.

Custodian and Fiscal Agent for the Reconstruction Finance Corporation



No change in the relationship between the Bank and the Reconstruction Finance Corporation occurred during the year. The Bank continued to accept deposits from the loan agencies of the Corporation for credit to its account with the Treasurer of the United States. It issued Treasury checks for the account of the Corporation upon receipt of properly authorized disbursement schedules.

Service of certain loans by the Bank was continued for which the accounting responsibility had not been transferred to the loan agencies. The Bank continued to hold in safekeeping for the RFC negotiable securities, notes, mortgages, and related supporting documents.

Consumer Instalment Credit

On June 30, 1949, the Bank discontinued its consumer instalment credit department. The department had been established the previous September to administer the consumer instalment credit regulations in the District under the direction of the Board of Governors of the Federal Reserve System. Discontinuance of the department

coincided with the lapse of the temporary provision in the Congressional Joint Resolution of August 1948, which had provided for the regulations. At the peak of its activity, the department employed ten field investigators and five clerical assistants. It registered 12,454 instalment credit grantors and conducted 4,923 compliance checks.

Charged as it is by statute with important responsibility for maintaining suitable national credit and monetary conditions, the Federal Reserve System has recognized the utility of consumer credit controls as an adjunct to its other monetary and credit powers. Greater economic stability is the objective of such controls. When production is at its maximum, requirement of higher down payments and shorter maturities may help to relieve pressure toward higher prices. When production is declining, lower down payments and longer maturities may encourage the revival of consumer buying.

This flexibility of application of the consumer instalment credit controls was availed of by the Board of Governors during the early part of 1949. With the appearance of deflationary tendencies in the economy, the Board promptly modified its restrictions. Effective March 7, 1949, Regulation W was amended to permit maturities of twenty-one months instead of fifteen or eighteen months as originally required on instalment credit obligations. Effective April 27, 1949, it again amended the Regulation, extending the maturities to twenty-four months, reducing down payments to 10 percent on listed articles other than automobiles, and raising the exemption amount to \$100 on individual articles.

With the termination of the regulation of consumer instalment credit and with the recovery movement that began in the economy in midyear, the volume of such credit expanded rapidly. This credit rose from \$9.1 billion at the end of June, when consumer credit controls were permitted to lapse, to \$10.9 billion at the end of 1949. Much of the new volume of instalment credit was being extended on a basis which many regarded as unsound.

When the question of an extension beyond June 30, 1949, of the authority to regulate consumer instalment credit was being considered by the Congress, the Board of Governors recommended such

an extension. While there are differences of opinion as to the desirability of this authority, by and large the revival of consumer credit regulation in August 1948 was accepted by businessmen and bankers of the Sixth District with little or no protest. They recognized that the restrictions offered a rallying point for holding the extension of credit on a sound basis, and many have regretted the subsequent termination.

Fiscal Agency and Securities



Operations for the Fiscal Agency and Security functions were nearly the same in volume as in 1948, with the exception of the processing of issues of Armed Forces Leave Bonds and the redemption of United States Savings Bonds. The issuance of leave bonds was transferred from the Armed Forces Finance Officers to the Treasury Department in Washington. Savings bond redemptions, Series A-E, amounted to \$248 million and to 4,231,933 pieces. The face value of such bonds redeemed was 31 percent less than that of 1948 and 45 percent less than that of 1947. At the end of the year, there were 1,293 authorized paying agents.

Issues of United States Savings Bonds of all series amounted to 2,133,937 pieces with a maturity value of \$284 million. Compared with the preceding year, there was a slight increase in the number of pieces and a decrease of approximately 18 percent in the maturity value. Approximately 72 percent, or \$205 million, of the amount issued was handled by issuing agents. At the end of the year, there were 1,343 authorized issuing agents.

Savings bonds can be reissued only by the Federal Reserve Banks or the Treasury Department. Reissues are effected to correct errors that might cause the owners difficulty in redeeming the bonds at or before maturity. Reissues are also made to eliminate the names of deceased co-owners, to distribute estates, and to show changes in names of co-owners and beneficiaries. The head office and branches processed 198,252 pieces with a maturity value of \$39 million. The number of pieces processed represented an increase of 6 percent over the number processed in 1948.

New Treasury issues handled by the head office and branches totaled \$1,214 million, consisting of 52,905 pieces. The Treasury Department exercised the call privilege on five issues of bonds. Eight issues of certificates of indebtedness and one issue of Treasury notes became due during the year. The holders of all issues, called and matured, were granted the privilege of exchange. With the exception of the weekly offerings of Treasury bills, the Treasury did not have a cash offering of marketable securities. The total amount of bills allotted by the Atlanta and New Orleans offices was \$417 million. Facilities were installed at the Birmingham, Jacksonville, and Nashville Branches to issue bills beginning January 1, 1950.

The Bank and its branches act as custodians of securities for member banks and as custodians of securities deposited for municipal and governmental purposes, such as holders of collateral for public moneys and bankruptcy funds, and collateral for penal or performance bonds of the Forestry Service or the Commissioner of Internal Revenue. On December 31, 1949, there were 796 banks in the District which were qualified as depositaries of public moneys under the provisions of Treasury Department Circular No. 92, for the purpose of maintaining Treasury Tax and Loan Accounts, formerly known as War Loan Deposit Accounts.

As a service to the general public, the Federal Reserve Banks are authorized to hold United States Savings Bonds in custody for individuals. On December 31, 1949, the Bank and its branches held 260,513 pieces with a maturity value of \$28 million.

This Bank serves as fiscal agent of the Treasury in the exchange, transfer, and redemption of Treasury issues. During the year 42,338 bonds were processed for exchange or transfer, amounting to \$1,215 million. There were received for redemption 63,008 pieces, amounting to \$996 million.

The volume of coupons paid, representing coupons forwarded for payment and clipped from direct United States Government obligations, was 7 percent lower than for 1948. The Treasury Department has issued certificates of indebtedness without coupons for the past few years and this practice has reduced the volume of coupons. Cou-

pons paid, including those clipped from bonds of agencies and instrumentalities of the United States, amounted to approximately \$30 million and were in excess of 535,000 pieces.

An important service performed for member banks by the Bank was the purchase and sale, including the clearance, of United States Government securities in the open market. During 1949 this Bank handled 6,634 such transactions, representing \$1,383 million in maturity value. This service was performed without charge to the banks, except for the small fee which the Treasury Department charged for transferring securities by wire.

The United States Treasury Department announced a change effective January 1, 1950, for the reporting and depositing of income tax withheld and employer's tax and employee's tax on wages paid pursuant to the Federal Insurance Contributions Act. The change in procedure will result in material savings to the Treasury Department. The retirement as of February 28, 1950, of the 2 percent depositary bonds, second series, will effect a saving of approximately a million dollars a year. Operating savings will accrue, too, from the use of a punch-card form of receipt that can be processed on tabulating machines.

All banks and trust companies, formerly qualified as depositaries for Federal taxes, will be required to requalify as depositaries for Federal taxes under the terms of the new Treasury Department Circular No. 848. Banks which are also qualified as special depositaries of public moneys under the terms of Department Circular No. 92 may accept tax payments from employers and make payment to the Reserve Bank by credit in the Treasury Tax and Loan Account.

Bank Examination

All state member banks in the District, including their trust departments, were examined at least once during the year 1949. The examinations were conducted in accordance with established procedures as to scope. A summary of these examinations and investigations is presented in the following tabulation:

	<i>Independent Examinations</i>		<i>Joint Examinations With State or Federal Agencies</i>	
	1949	1948	1949	1948
State member banks	36	29	34	33
Membership examinations of state banks	2	3	0	3
Holding company affiliates	0	0	1	1
Applications for membership by new state bank organizations	1	0	2	1
Applications to organize national banks	0	0	3	5
Applications to exercise trust powers by national banks	<u>0</u>	<u>2</u>	<u>0</u>	<u>0</u>
	39	34	40	43

There was one development of interest with regard to bank examinations. It involved a change in the terminology and, to some extent, in the procedure observed by the three Federal supervisory agencies with regard to classification of assets and appraisal of investment securities. As of July 15, the captions of the classification units, namely, II, III, and IV were abandoned and the captions Substandard, Doubtful, and Loss, respectively, were adopted.

The designations for appraisal of investment securities were not changed, but new procedures were outlined.

Group I securities are defined as marketable obligations in which the investment characteristics are not distinctly or predominantly speculative. This group includes general market obligations in the four highest grades, and unrated securities of equivalent value. Neither appreciation nor depreciation in Group I securities is to be taken into account in figuring net sound capital of the bank.

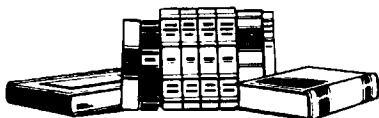
Group II securities are defined as those in which the investment characteristics are distinctly or predominantly speculative. This group includes general market obligations, in grades below the four highest, and unrated securities of equivalent value. Under the re-

vised procedure, securities in Group II are to be valued at the market price and 50 percent of the net depreciation is to be deducted in computing the net sound capital of the bank.

The revised procedure did not effect any changes in the classification and appraisal of securities in Group III and Group IV. Group III consists of securities in default. Group IV consists of stocks.

Bankers generally have welcomed the changes. To a good many of them, the Roman numeral captions II, III, and IV were not as impressive or meaningful as the captions Substandard, Doubtful, and Loss. For purposes of discussions with the management of the affairs of the bank under examination, the examiners have found the revised procedure a significant improvement over the old procedure.

Legal Affairs



The Bank was involved in a minimum of litigation. It was made a party defendant in two cases, and answers were prepared and filed by the legal staff. One of the cases was a suit to quiet title to a parcel of real estate in Florida in which the Bank formerly had an interest. The other case was an action in the United States District Court in Mississippi to determine ownership of the proceeds of a collection item handled by the New Orleans Branch. The Bank was also indirectly involved in a suit in South Carolina in the State Court. The question in this case was whether a certain remittance made by a South Carolina bank for a check forwarded by this Bank for collection constituted a final payment of the check under the laws of South Carolina.

Prior to the enactment of Chapter 94 of the Public Acts of Tennessee, 1949, the legal staff participated in numerous discussions with representatives of the Tennessee Bankers Association, the Treasurer and the Attorney General of Tennessee concerning this law. The Act authorizes the Bank and certain commercial banks in Tennessee to hold in safekeeping securities pledged to the State Treasurer.

Numerous written and oral opinions were rendered by the legal

staff on operating and administrative problems. Among such problems were those concerning the admission of new banks to membership in the System, amendments to charters of state member banks, and the granting of trust powers to national banks. The staff also prepared, analyzed, and passed upon numerous contracts, documents, and leases of real estate in which the Bank and its branches were interested.

Bank and Public Relations

The Bank continued its program of cultivating closer relationships with bankers throughout the District and of participating actively in the promotion of the economic progress of the region. The provision of improved and expanded services to member banks was the paramount objective of the program.

Representatives of the Bank and its branches made a special effort to meet and talk with officers of every commercial bank in the District. They wished to obtain personal assurance that the Bank was giving the best possible service to its member banks. They solicited suggestions for improvement of the Bank's facilities and services. They developed information regarding the views and attitudes of the commercial bankers on bank problems, both local and national. With the exception of a few unincorporated banks and small savings banks, every bank in the District was visited by these representatives, and many banks were visited more than once. The number of such visits totaled 1,522 for the year, 634 of which were to member banks and 888 to nonmember banks.

In furtherance of the program, representatives of the Bank endeavored to attend all of the principal banker gatherings in the District. All of the annual State Bankers Associations Conventions were thus attended, namely, those of the Alabama Bankers Association at Montgomery on May 13-14, the Florida Bankers Association at Miami on April 9-12, the Georgia Bankers Association at Augusta on April 13-15, the Louisiana Bankers Association at Biloxi on April 24-26, the Mississippi Bankers Association at Biloxi on May 17-18, and the Tennessee Bankers Association Convention

at Nashville on May 10-11. Officers of the Bank were also in attendance at a substantial number of the group meetings of the Bankers Associations of the six states and at the various meetings of the Public Relations Committee of the Alabama Bankers Association.

The Bank through its branches served as co-sponsor of a number of meetings held throughout the District. Sponsored by the Alabama Bankers Association, with the assistance of the Birmingham Branch, the Third Alabama Bankers Study Conference was held at the University of Alabama, Tuscaloosa, August 7-10.

Through the agricultural economists in its Research Department and other representatives, the Bank actively co-operated in organizing and promoting banker-farmer meetings. These meetings were worked out jointly with the agricultural committees of the various state bankers associations and the extension services of the state agricultural colleges. The purpose of these meetings was to acquaint bankers with the problems of a changing agriculture so that they might facilitate desirable shifts from less economic to a more economic use of agricultural resources.

All together, twenty-one such banker-farmer meetings were held, and, of course, the discussion themes varied with local problems. In Alabama, the meetings were at Tuscaloosa, Anniston, Huntsville, and Auburn. The primary objective of these meetings was to emphasize the production of higher corn yields per acre. In Florida, four group meetings were held—two at Gainesville and one each at Greenwood and Ona. In these meetings, the primary theme was improvement in pasturage and forestry practices.

Meetings in Georgia, at Tifton and Athens, were held for the purpose of conducting farm credit schools. In Louisiana, the meetings at DeRidder, Franklinton, and Opelousas were concerned with forestry practices. In Mississippi, the conferences at Union, Poplarville, and Wesson were also devoted to forestry matters. And finally, in Tennessee, the five meetings at Athens, Carthage, Johnson City, Nashville, and Tullahoma were devoted to general agricultural problems.

The bank and public relations program included other activities

designed to promote public understanding of the purposes, policies, and operations of the Federal Reserve System. Representatives of the Bank made numerous speeches and informal talks, before audiences aggregating 7,500 people. Various luncheon meetings were held at the Bank and its branches, at which banking problems were considered. Tours of the Bank and branches were conducted for bankers, businessmen, and college and high school students.

Operations Survey Service

In keeping with its primary role as a service institution, the Bank has inaugurated a new survey service. It now offers, without cost to its members, a complete survey and analysis of bank operating procedures and methods. Such surveys include a thorough study of service charges and internal operations of the smaller banks. A detailed cost analysis is made of each operation, enabling the bank to compare its own costs with those of a typical bank of like size. Analysis is also made of service charges, and studies are made of systems, machines, and banking forms.

The Federal Reserve Bank's analyst made surveys of twenty-four individual commercial banks. These surveys proved to be of great value; most banks recognize the worth of a cost analysis and a knowledge of current developments in operational matters. The larger banks are able to keep abreast through their own trained personnel, but the smaller banks, working under limitations of both time and personnel, are not always in a position to make the needed studies. The Federal Reserve Bank is always happy to assist the smaller banks that are limited in this respect. Upon request of a member bank, the service is available as promptly as the working schedule of the analyst permits.

Research Department

The Federal Reserve System has the statutory function of regulating the supply, availability, and cost of credit to the end that agricul-

ture, commerce, and industry may be provided with a favorable climate within which to develop. The Board of Governors and the officers of the twelve Federal Reserve Banks must accordingly have at their disposal information as complete as possible on the condition of the commercial banks and of all major segments of the business economy. The provision of this data is the major function of the Research Departments of the Reserve Banks and of the Board's Division of Research and Statistics.

In addition to assembling statistical data, the Research Departments study the economic problems of their respective Districts and make their findings public for the guidance of bankers and businessmen in policy formation. They also serve as centers of economic information for member banks and for the general public.

The work of the Research Department of the Bank followed this general pattern. The department carried on the routine collection of banking and business statistics and handled special surveys or calls for information received from the Board of Governors. Statistical reports were received regularly from some 1,427 reporters, including banks, department stores, retail furniture stores, household appliance stores, jewelry stores, and grantors of consumer credit.

The department issued 45,143 copies of releases during the year. These included two weekly releases, fifteen monthly releases, five annual releases, and four other releases appearing at irregular intervals. These releases were sent to a total of 5,256 addressees, of which 1,427 were reporters, 2,271 were member banks, and 1,558 were in the miscellaneous category.

The work of the department in agricultural development was especially noteworthy. An account of this activity is presented in the section devoted to Bank and Public Relations activities.

In addition to the issuance of its various releases, the department issued two monthly publications, the *Monthly Review* and the *Bankers Farm Bulletin*. The *Monthly Review* now has a mailing list of 8,500 and circulates in every state of the Union and in many foreign countries. The *Bankers Farm Bulletin* appeared for the first time in January 1949 and at the close of the year had a mailing list

of approximately 2,500. In 1949, the Bank issued 101,500 copies of the *Monthly Review* and 26,500 copies of the *Bankers Farm Bulletin*.

The department maintains a research library with some 6,600 books catalogued, 616 of which were added in 1949. In addition to the regularly catalogued volumes, there are thousands of pamphlets and releases, arranged by subject in vertical files. The library subscribes to over 200 periodicals and to 20 daily newspapers and answers hundreds of requests for information from within and outside the Bank during the course of the year. Many of these requests come from member banks who also have the privilege of drawing books from the library.

Although the Research Department exists mainly to serve the needs of the Bank and the Board of Governors, it is also meant to serve the member banks. They should look upon it as their own and should feel free to call upon it for whatever services it can perform.

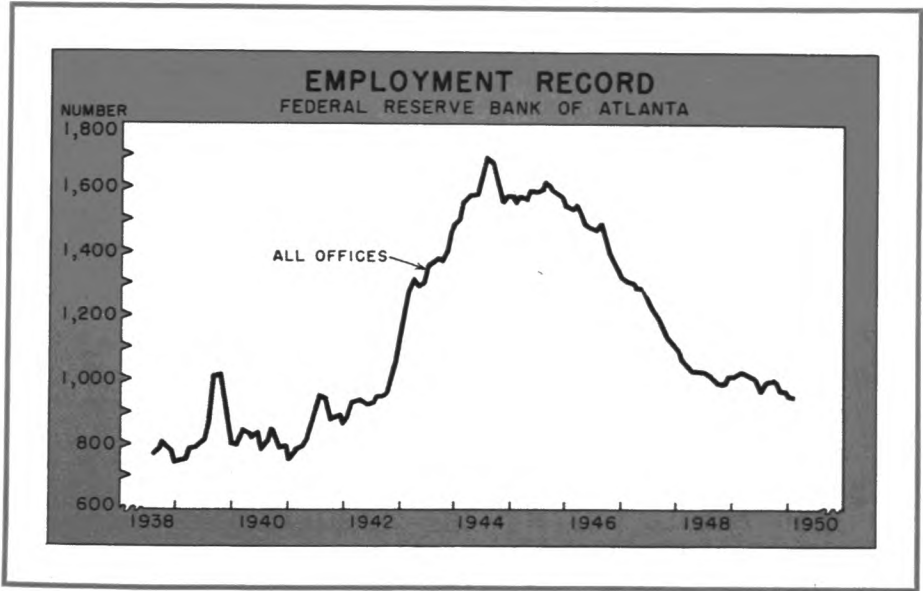
Personnel

In seeking to improve the quality of its service functions, the Bank gives particular attention to employee efficiency. Special attention was given to improvement in standards and to employee training.

The decline in total employment that has been underway since the end of the greatly expanded activity characteristic of the war years continued. At the end of 1949, the total number of employees at the head office and branches was 953, the lowest number since the all-time high of 1,685 reached in July 1944. During the course of the year, there was a net reduction of 75 in the total number of employees; separations numbered 214 and additions, 139. The annual rate of net turnover was reduced to 21.6 percent. There were 140 employees, which is 14.7 percent of the total, who had been in the service of the Bank more than twenty years and of this number, 38 employees, or 4 percent of the total number of employees, had been with the Bank for thirty years or more.

The Retirement System of the Federal Reserve Banks is an

important factor in the personnel program. In May 1949, the rules and regulations governing retirement were amended to provide wider benefits. Also, the retirement allowances paid to those employees who had reached the age of sixty or more at the time of retirement



and whose retirement was effective before the rule changes in May were recalculated under the revised rules and were increased accordingly.

Salary scales are reviewed periodically to keep them in line with the scale of salaries paid by leading employers at the head office and branch cities. On the basis of a salary survey made by the Personnel Department, the minimums and maximums of salary grades were adjusted upward by approximately 5 percent in January 1949.

Attention is given to employee welfare. The Bank services a group life-insurance plan for employees. It pays two-thirds of the cost of a hospitalization and surgical insurance coverage. It maintains employee cafeterias at the head office and at the Birmingham and New

Orleans Branches. It maintains a full-time registered nurse at the head office and at the New Orleans Branch and a part-time nurse at the Birmingham Branch. With the co-operation of the local health officers, the Bank arranges for chest X-ray examinations of all employees. Medical examinations are also furnished to each employee.

The Bank encourages participation in the educational courses offered by the American Institute of Banking by reimbursing the cost of tuition and of textbooks to employees who complete such courses. In 1949, it paid the expenses of eleven officers and department heads at the summer session of the Graduate School of Banking at Rutgers University.

Appointments, Elections, and Official Staff Changes

For the year 1950, the Board of Governors of the Federal Reserve System appointed Frank H. Neely of Atlanta, Georgia, to serve as Chairman of the Board of the Federal Reserve Bank and as Federal Reserve Agent, and Rufus C. Harris of New Orleans, Louisiana, as Deputy Chairman. For the three-year term beginning January 1, 1950, the Board appointed Rufus C. Harris as Class C Director and Branch Directors as follows: Birmingham Branch, Thad Holt of Birmingham, Alabama; Jacksonville Branch, Howard Phillips of Orlando, Florida; Nashville Branch, W. Bratten Evans of Nashville, Tennessee; and New Orleans Branch, E. O. Batson of New Orleans, Louisiana.

For the three-year term beginning January 1, 1950, member banks chose L. R. Driver of Bristol, Tennessee, as their Class A Director and Donald Comer of Birmingham, Alabama, as their Class B Director.

For the three-year term beginning January 1, 1950, the Board of Directors of the Federal Reserve Bank of Atlanta appointed the following Branch Directors: Birmingham Branch, J. B. Barnett of Monroeville, Alabama, and A. M. Shook of Birmingham, Alabama; Jacksonville Branch, N. Ray Carroll of Kissimmee, Florida, and J. E. Bryan of St. Petersburg, Florida; Nashville Branch, T. L. Cathey

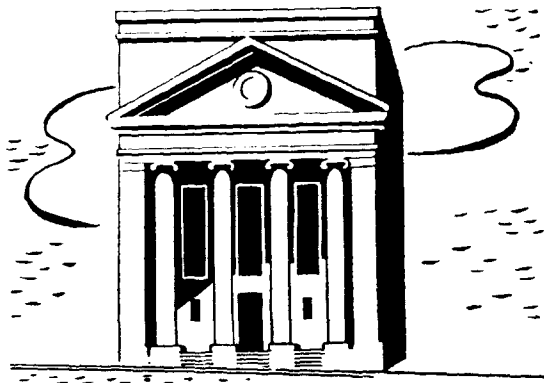
of Lewisburg, Tennessee, and Thomas D. Brabson of Greeneville, Tennessee; New Orleans Branch, Elbert E. Moore of Baton Rouge, Louisiana, and Percy H. Sitges of New Orleans, Louisiana.

The Board of Directors of the Federal Reserve Bank of Atlanta reappointed J. T. Brown, President, The First National Bank of Jackson, Jackson, Mississippi, to serve as member of the Federal Advisory Council for the year 1950. The Board of Directors also reappointed, for the year 1950, the five members of the Industrial Advisory Committee for the Sixth District. The Chairman is John E. Sanford, Vice President, Armour & Company, Atlanta. The other members are George Winship, President, Fulton Supply Company, Atlanta, Georgia; W. W. French, Chairman of the Board, Moore-Handley Hardware Company, Inc., Birmingham, Alabama; Luther Randall, President, Randall Brothers, Inc., Atlanta, Georgia; and I. C. Milner, President, Gate City Mills Company, East Point, Georgia.

There were three changes in the official staff of the Bank. Effective August 1, 1949, J. R. McCravey, Jr., Assistant Vice President, resigned to become associated with the Bank of Forest, Forest, Mississippi, as Vice President. Effective October 1, 1949, W. E. Pike, General Auditor, resigned to accept a position with the First National Bank of Atlanta, Atlanta, Georgia, as Vice President. R. DeWitt Adams, Manager of the Auditing Department, was appointed Acting General Auditor to succeed Mr. Pike.

DIRECTORS AND OFFICERS

*Nashville Branch
Federal Reserve Bank
of Atlanta*



DIRECTORS FOR 1950

CLASS A

Elected by and representative of member banks

	Group	Term Expires December 31
R. CLYDE WILLIAMS	1	1951
<i>President, The First National Bank of Atlanta, Atlanta, Georgia</i>		
LESLIE R. DRIVER	2	1952
<i>President, The First National Bank in Bristol, Bristol, Tennessee</i>		
GEORGE J. WHITE	3	1950
<i>Chairman and President, The First National Bank of Mount Dora, Mount Dora, Florida</i>		

CLASS B

Elected by member banks and representative of nonbanking interests

ALFRED BIRD FREEMAN	1	1950
<i>Chairman of the Board, Louisiana Coca-Cola Bottling Company, Ltd., New Orleans, Louisiana</i>		
J. A. McCRARY	2	1951
<i>Vice President and Treasurer, J. B. McCrary Company, Inc., Decatur, Georgia</i>		
DONALD COMER	3	1952
<i>Chairman of the Board, Avondale Mills, Birmingham, Alabama</i>		

CLASS C

Appointed by the Board of Governors of the Federal Reserve System

FRANK H. NEELY, Chairman	1950
<i>Chairman of the Board, Rich's Inc., Atlanta, Georgia</i>	
RUFUS C. HARRIS, Deputy Chairman	1952
<i>President, The Tulane University of Louisiana, New Orleans, Louisiana</i>	
PAUL E. REINHOLD	1951
<i>President and Director, Foremost Dairies, Inc., Jacksonville, Florida</i>	

OFFICERS

W. S. McLARIN, JR., *President*

L. M. CLARK <i>First Vice President</i>	V. K. BOWMAN <i>Vice President</i>	S. P. SCHUESSLER <i>Vice President</i>
J. E. DENMARK <i>Vice President</i>	HAROLD T. PATTERSON <i>General Counsel</i>	E. L. RAUBER <i>Director of Research</i>
R. DEWITT ADAMS <i>Acting General Auditor</i>		
J. H. BOWDEN <i>Assistant Vice President</i>	C. R. CAMP <i>Assistant Vice President</i>	
F. H. MARTIN <i>Assistant Vice President</i>	I. H. MARTIN <i>Assistant Vice President</i>	
ROY E. MILLING <i>Assistant Vice President</i>	E. C. RAINEY <i>Assistant Vice President</i>	

Member of Federal Advisory Council

J. T. BROWN
President
The First National Bank of Jackson
Jackson, Mississippi

Industrial Advisory Committee

JOHN E. SANFORD, <i>Chairman</i> <i>Vice President</i> Armour & Company Atlanta, Georgia		
LUTHER RANDALL <i>President</i> Randall Brothers, Inc. Atlanta, Georgia	GEORGE WINSHIP <i>President</i> Fulton Supply Company Atlanta, Georgia	I. C. MILNER <i>President</i> Gate City Mills Company East Point, Georgia
W. W. FRENCH <i>Chairman of the Board</i> Moore-Handley Hardware Company, Inc. Birmingham, Alabama		

Birmingham Branch

DIRECTORS

Appointed by the Board of Governors of the Federal Reserve System

*Term Expires
December 31*

- WM. HOWARD SMITH, *Chairman* 1951
President, McQueen-Smith Farms,
Prattville, Alabama
- THAD HOLT 1952
President and Treasurer, Voice of Alabama, Inc. (Radio Station WAPI),
Birmingham, Alabama
- J. ROY FAUCETT 1950
Senior Partner, Faucett Brothers,
Northport, Alabama

Appointed by the Board of Directors, Federal Reserve Bank of Atlanta

- J. B. BARNETT 1952
President, The First National Bank of Monroeville,
Monroeville, Alabama
- W. C. BOWMAN 1950
Chairman of the Board, The First National Bank of Montgomery,
Montgomery, Alabama
- A. M. SHOOK 1952
President, Security Savings Bank,
Birmingham, Alabama
- D. C. WADSWORTH 1951
President, The American National Bank,
Gadsden, Alabama

OFFICERS

P. L. T. BEAVERS
Vice President and Manager

H. C. FRAZER
Assistant Manager

H. J. URQUHART
Cashier

L. W. STARR
Assistant Cashier

Jacksonville Branch

DIRECTORS

Appointed by the Board of Governors of the Federal Reserve System

*Term Expires
December 31*

- MARSHALL F. HOWELL, Chairman 1950
Director and Secretary-Treasurer, Bond-Howell Lumber Company,
Jacksonville, Florida
- J. HILLIS MILLER 1951
President, University of Florida,
Gainesville, Florida
- HOWARD PHILLIPS 1952
Vice President, Dr. P. Phillips & Sons, Inc.,
Orlando, Florida

Appointed by the Board of Directors, Federal Reserve Bank of Atlanta

- J. E. BRYAN 1952
President, Union Trust Company,
St. Petersburg, Florida
- J. D. CAMP 1951
President and Director, Broward National Bank of Fort Lauderdale,
Fort Lauderdale, Florida
- N. RAY CARROLL 1952
President, First National Bank,
Kissimmee, Florida
- J. W. SHANDS 1950
President and Director, The Atlantic National Bank of Jacksonville,
Jacksonville, Florida

OFFICERS

T. A. LANFORD
Vice President and Manager

T. C. CLARK
Cashier

J. WYLY SNYDER
Assistant Cashier

C. MASON FORD
Assistant Cashier

Nashville Branch

DIRECTORS

Appointed by the Board of Governors of the Federal Reserve System

*Term Expires
December 31*

- | | |
|---|----------------|
| HAROLD C. MEACHAM, Chairman
Farmer,
Franklin, Tennessee | 1951 |
| C. E. BREHM
President, University of Tennessee,
Knoxville, Tennessee | 1950 |
| W. BRATTEN EVANS
President, Tennessee Enamel Manufacturing Company,
Nashville, Tennessee | 1952 |

Appointed by the Board of Directors, Federal Reserve Bank of Atlanta

- | | |
|--|----------------|
| PARKES ARMISTEAD
President, First American National Bank of Nashville,
Nashville, Tennessee | 1951 |
| THOMAS D. BRABSON
President, The First National Bank of Greeneville,
Greeneville, Tennessee | 1952 |
| T. L. CATHEY
President, Peoples and Union Bank,
Lewisburg, Tennessee | 1952 |
| W. H. HITCHCOCK
President, First and Peoples National Bank of Gallatin,
Gallatin, Tennessee | 1950 |

OFFICERS

JOEL B. FORT, JR.
Vice President and Manager

E. R. HARRISON
Cashier

ROBERT E. MOODY, JR.
Assistant Cashier

New Orleans Branch

DIRECTORS

Appointed by the Board of Governors of the Federal Reserve System

	<i>Term Expires December 31</i>
HENRY G. CHALKLEY, JR., <i>Chairman</i>	1950
<i>President, Sweet Lake Land and Oil Company, Inc., Lake Charles, Louisiana</i>	
JOHN J. SHAFFER, JR.	1951
<i>Sugar Planter, Ellendale, Louisiana</i>	
E. O. BATSON	1952
<i>President, Batson-McGehee Company, Inc., Millard, Mississippi</i>	

Appointed by the Board of Directors, Federal Reserve Bank of Atlanta

JAMES C. BOLTON	1951
<i>President, Rapides Bank & Trust Company in Alexandria, Alexandria, Louisiana</i>	
T. J. EDDINS	1950
<i>President, Bank of Slidell, Slidell, Louisiana</i>	
ELBERT E. MOORE	1952
<i>President, Louisiana National Bank of Baton Rouge, Baton Rouge, Louisiana</i>	
PERCY H. SITGES	1952
<i>President, Louisiana Savings Bank & Trust Company, New Orleans, Louisiana</i>	

OFFICERS

E. P. PARIS
Vice President and Manager

M. L. SHAW
Assistant Manager

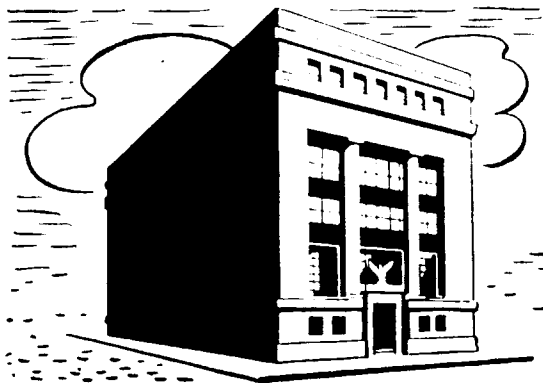
W. H. SEWELL
Cashier

F. C. VASTERLING
Assistant Cashier

L. Y. CHAPMAN
Assistant Cashier

FINANCIAL AND VOLUME REPORTS

*New Orleans Branch
Federal Reserve Bank
of Atlanta*



Currency and Coin Operations Main Bank and Branches

NUMBER OF PIECES RECEIVED AND COUNTED FOR 1949 AND 1948, BY MONTHS

Month	Currency (In Thousands)		Coin	
	1949	1948	1949	1948
January	24,368	23,971	24,704	23,377
February	24,024	22,328	28,478	20,472
March	24,030	23,890	25,953	22,118
April	23,000	22,800	24,802	22,644
May	21,688	22,083	25,067	20,723
June	20,400	19,554	25,798	22,722
July	19,116	20,528	21,114	19,981
August	21,555	21,295	25,945	22,134
September	20,856	20,212	24,363	18,971
October	20,426	19,148	23,564	18,641
November	20,379	20,554	22,966	19,037
December	21,279	23,628	24,088	22,120
Total	261,121	259,991	296,842	252,940

RECEIPTS FROM BANKS AND PAYMENTS TO BANKS FOR 1949 AND 1948,
BY MONTHS

Month	Receipts (In Thousands)		Payments	
	1949	1948	1949	1948
January	\$146,309	\$144,235	\$67,946	\$68,193
February	123,622	119,968	85,021	77,395
March	144,890	138,313	108,498	91,106
April	120,843	122,014	94,459	87,922
May	110,574	105,769	93,832	88,184
June	112,620	110,119	90,621	99,558
July	107,674	110,242	97,142	92,412
August	114,510	106,006	94,404	103,761
September	110,038	113,345	98,211	110,158
October	108,202	114,485	103,466	105,432
November	115,211	124,822	100,245	95,390
December	141,529	156,312	124,421	118,604
Total	\$1,456,022	\$1,465,630	\$1,158,266	\$1,138,115

Reserve Position of Member Banks

SEMIMONTHLY PERIOD ENDED DECEMBER 31, 1949 AND 1948

State	Total Reserves (Millions)		Percent State Reserves to District Reserves		Percent Total Reserves to Required Reserves	
	1949	1948	1949	1948	1949	1948
Alabama . . .	\$111.3	\$147.1	16.6	17.3	108.4	107.1
Florida . . .	145.5	180.0	21.7	21.1	111.8	107.5
Georgia . . .	146.5	187.3	21.9	22.0	105.5	104.7
Louisiana . .	141.3	174.3	21.1	20.5	108.9	109.1
Mississippi . .	22.0	31.9	3.3	3.7	109.5	110.0
Tennessee . .	103.2	131.2	15.4	15.4	110.5	106.8
District . . .	\$669.8	\$851.8	100.0	100.0	108.9	107.1

Comparative Statement

ASSETS	December 31, 1949	December 31, 1948
Gold certificates	\$ 995,700,383.92	\$1,059,483,417.35
Redemption fund—F. R. notes	39,850,752.57	44,407,590.00
Total gold certificate reserves	1,035,551,136.49	1,103,891,007.35
Other cash	21,131,989.40	23,505,882.30
Discounts and advances:		
Secured by U. S. Government obligations direct and guaranteed	30,000.00	35,000.00
Other bills discounted and advances	*2,849,500.00	*7,795,125.00
Total discounts and advances	2,879,500.00	7,830,125.00
U. S. Government securities:		
Bills	258,911,000.00	275,100,000.00
Certificates	336,446,000.00	304,687,000.00
Notes	30,141,000.00	39,633,000.00
Bonds	386,962,000.00	550,320,000.00
Total U. S. Government securities	1,012,460,000.00	1,169,740,000.00
Total loans and securities	1,015,339,500.00	1,177,570,125.00
Due from foreign banks	1,543.52	2,002.06
Federal Reserve notes of other banks	18,865,250.00	19,581,000.00
Uncollected items	211,620,743.98	180,308,861.14
Bank premises (net)	1,523,303.62	1,573,911.11
Other assets	5,498,809.07	7,536,046.74
Total assets	2,309,532,276.08	2,513,968,835.70
LIABILITIES		
Federal Reserve notes in actual circulation	1,290,998,620.00	1,329,271,475.00
Deposits:		
Member bank—reserve account	685,366,469.27	874,451,464.53
U. S. Treasurer—general account	50,492,636.50	75,302,347.75
Foreign	31,184,600.00	26,063,700.00
Other deposits	31,948,301.66	3,938,619.75
Total deposits	798,992,007.43	979,756,132.03
Deferred availability items	182,688,791.71	171,763,347.73
Other liabilities	455,043.24	490,176.86
Total liabilities	2,273,134,462.38	2,481,281,131.62
CAPITAL ACCOUNTS		
Capital paid in	8,239,800.00	7,874,150.00
Surplus (Section 7)	21,193,500.54	20,027,863.59
Surplus (Section 13b)	762,425.68	762,425.68
Reserve for contingencies	6,202,087.48	4,023,264.81
Total liabilities and capital accounts	2,309,532,276.08	2,513,968,835.70
Contingent liability on acceptances purchased for foreign correspondents	430,842.31	136,497.89
Commitments to make industrial loans	None	287,500.00

*Consists solely of foreign loans on gold.

Earnings and Expenses

	1949	1948
Current Earnings:		
Discounts and advances	\$ 110,508.60	\$ 193,434.25
Industrial loans	None	6,209.69
Commitments to make industrial loans	713.55	753.71
U. S. Government securities	16,734,213.52	14,986,851.73
All other	34,512.89	31,450.77
Total current earnings	16,879,948.56	15,218,700.15
Current Expenses:		
Operating expenses	4,344,269.80	4,270,212.96
Less reimbursements for certain fiscal agency and other expenses	903,984.43	980,762.82
Net operating expenses	3,440,285.37	3,289,450.14
Assessment for expenses of Board of Governors	133,800.00	132,681.00
Cost of Federal Reserve currency	519,838.83	487,862.29
Total current expenses	4,093,924.20	3,909,993.43
Current net earnings	12,786,024.36	11,308,706.72
Additions to current net earnings:		
Profit on sales of U. S. Government securities	1,638,434.57	327,610.70
All other	384.59	1,657.23
Total additions	1,638,819.16	329,267.93
Deductions from current net earnings	104,639.48	1,142.37
Net additions	1,534,179.68	328,125.56
Transferred to reserves for contingencies	2,178,867.89	1,992,637.35
Paid U. S. Treasury (Interest on outstanding Federal Reserve Notes)	10,490,251.54	8,260,729.10
Net earnings after reserves and payments to U. S. Treasury	1,651,084.61	1,383,465.83
Dividends paid	485,447.66	465,487.56
Transferred to surplus (Section 7)	1,165,636.95	917,978.27

Member Bank Comparative Statement

(Amounts in thousands of dollars)

ASSETS	December 31, 1949	December 31, 1948
Loans and investments	\$4,412,144	\$4,198,843
Loans (including overdrafts)	1,610,587	1,546,005
U. S. Government obligations, direct and guar- anteed	2,371,976	2,254,680
Obligations of States and political subdivisions	344,381	311,125
Other bonds, notes, and debentures	75,469	77,629
Corporate stocks (including Federal Reserve Bank stock)	9,731	9,404
Reserves, cash, and bank balances	1,622,170	1,796,758
Bank premises owned and furniture and fixtures	55,431	51,303
Other real estate owned	1,490	2,058
Investments and other assets indirectly representing bank premises or other real estate	1,011	748
Customers' liability on acceptances	8,666	6,522
Other assets	17,286	15,358
Total assets	\$6,118,198	\$6,071,590
LIABILITIES		
Demand deposits	\$4,633,481	\$4,606,712
Individuals, partnerships, and corporations	3,179,553	3,197,195
U. S. Government	95,569	69,219
States and political subdivisions	612,612	605,118
Banks in U. S. and foreign countries	694,989	684,227
Certified and officers' checks, cash letters of credit and travelers' checks, etc.	50,758	50,953
Time deposits	1,078,186	1,091,089
Total deposits	5,711,667	5,697,801
Bills payable, rediscounts, and other liabilities for borrowed money	205	35
Acceptances outstanding	11,870	8,379
Other liabilities	30,980	26,163
Total liabilities	\$5,754,722	\$5,732,378
CAPITAL ACCOUNTS		
Capital	\$ 115,713	\$ 113,479
Surplus	164,228	152,627
Undivided profits	59,474	53,376
Other capital accounts	24,061	19,730
Total capital accounts	\$ 363,476	\$ 339,212
Total liabilities and capital accounts	\$6,118,198	\$6,071,590

Changes in Membership 1942-1949

	1942	1943	1944	1945	1946	1947	1948	1949
Membership, beginning of year	317	318	316	317	325	333	340	346
Additions during year:								
Organization of National banks	0	0	4	0	0	3	2	0
Conversion of State banks to National banks*	2	1	3	4	6	1	2	3
Admission of State banks	2	3	3	7	5	6	4	5
Resumption following suspension	0	0	0	0	0	0	0	0
Total additions	4	4	10	11	11	10	8	8
Losses during year:								
Mergers between National banks	0	0	0	0	0	1	0	1
Suspension or insolvency	0	0	0	0	0	0	0	0
Withdrawal of State banks*	1	2	8	1	3	1	1	2
Voluntary liquidation	0	0	1	2	0	1	1	0
Conversion of member to nonmember banks**	2	4	0	0	0	0	0	0
Total losses	3	6	9	3	3	3	2	3
Net change during year	+1	-2	+1	+8	+8	+7	+6	+5
Membership end of year	318	316	317	325	333	340	346	351
National banks	263	260	266	268	274	276	279	281
State banks	55	56	51	57	59	64	67	70

*Includes conversion of State member banks to National banks.

**Includes conversion of National banks to nonmember banks, and absorption of members by nonmembers.

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