

FEDERAL RESERVE BANK OF CHICAGO

PRESIDENT'S REPORT TO DIRECTORS



ACTIVITIES

FOR THE YEAR 1944

PRESIDENT'S REPORT TO DIRECTORS

ACTIVITIES OF THE HEAD OFFICE AND DETROIT BRANCH
During the Year 1944

COMPARATIVE STATEMENT OF EARNINGS AND EXPENSES
Years 1944-1943

COMPARATIVE STATEMENT OF CONDITION
December 31, 1944 - December 31, 1943

and

STATEMENT OF EARNINGS AND EXPENSES - DISPOSITION OF NET EARNINGS
Years 1914-1944 Inclusive

PRESIDENT'S REPORT TO DIRECTORS

ACTIVITIES OF THE HEAD OFFICE AND DETROIT BRANCH
During the Year 1914

COMPARATIVE STATEMENT OF EARNINGS AND EXPENSES
Years 1914-1915

COMPARATIVE STATEMENT OF CONDITION
December 31, 1914 - December 31, 1915

and

STATEMENT OF EARNINGS AND EXPENSES - DISPOSITION OF NET EARNINGS
Years 1914-1915 Inclusive

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1	ACCOUNTING DEPARTMENT:

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ACCOUNTING DEPARTMENT:

Bookkeeping Division functioned 2,503,000 entries during the year 1944 to the accounts of our member banks. This compared with 2,371,000 entries during the year 1943 and reflected an increase of 5.6%, which, for the most part, was due to the handling of transactions involving United States financing and redemptions of War Savings Bonds. The number of active accounts at the end of the year 1944 stood at 802, representing 92% of the total head office territory membership as of that date. This compared with 759, or 89% of the active accounts at the end of 1943.

Federal Reserve Books Division effected 1,919,700 entries during the year 1944 in maintaining accounts with other Federal Reserve Banks and Branches and with our Detroit Branch. This compared with 2,030,000 entries effected during 1943 and represented a decrease of 5.4% over that year.

The decrease in actual number of entries functioned was offset to a considerable degree by a continuation of the conditions experienced in 1943 and 1942, in which the investigation and adjustment of errors in cash letters sent direct to other districts by our member banks constituted a substantial part of the work of the division.

General Books Division functioned 377,400 entries during the year 1944, compared with 334,700 during the year 1943 - an increase of 12.8%, the greater part of which occurred in connection with activities in the account of the United States Treasurer.

BANK EXAMINATION DEPARTMENT:

Record of Examinations

	<u>Number of Banks</u>
Regular - State member banks - Joint with State Examiners	428
Regular - State member banks - Independent	1
Membership - Joint with State Examiners	9
Membership - Independent	18
Follow-up Investigations - Independent	<u>9</u>
Total	<u>465</u>
Trust Departments - State member banks - Joint with State Examiners	127
Trust Departments - Independent	5
Trust Departments - Membership - Joint with State Examiners	4
Trust Departments - Membership - Independent	<u>2</u>
Total	<u>138</u>

BANK EXAMINATION
DEPARTMENT:
(Continued)

All State member banks and their trust departments were examined during the calendar year of 1944 with the exception of the Harris Trust and Savings Bank, Chicago, Illinois, and The Northern Trust Company, Chicago, Illinois. Arrangements had been made to conduct examinations of these two banks but were called off because the State Department could not complete their schedule in order to join us.

Applications for State Bank Membership
Acted upon or in Process

Applications approved - Admitted to membership	21
Applications approved - Incomplete	4
Applications withdrawn	2
Applications pending Washington	1
Applications pending in Chicago on December 31, 1944	5
	<u>33</u>

Changes in State Bank Membership during the Year

Number of State member banks as of December 31, 1943	416
New State members	21
Withdrawn	4
Number of State member banks as of December 31, 1944	<u>433</u>

New State Members - 21

Illinois

Colfax	Peoples State Bank of Colfax
Galesburg	Bank of Galesburg
Mansfield	People's State Bank of Mansfield
Saybrook	State Bank of Saybrook
Windsor	Windsor State Bank

Indiana

Hammond	Mercantile Bank
Milford Junction (P.O.Milford)	Citizens State Bank of Milford
Pierceton	Pierceton State Bank

Iowa

Belmond	First State Bank
Manchester	Farmers & Merchants Savings Bank
Pocahontas	The Commercial State Bank

BANK EXAMINATION
DEPARTMENT:
(Continued)

BANK EXAMINATION
DEPARTMENT:
(Continued)

New State Members

Michigan

East Tawas	The Peoples State Bank of East Tawas, Michigan
Middleville	Farmers State Bank of Middleville, Michigan
Ypsilanti	Ypsilanti Savings Bank

Wisconsin

Brillion	Calumet County Bank
Cleveland	Cleveland State Bank
Delavan	Wisconsin State Bank
Kiel	The Citizens State Bank
Orfordville	Farmers & Merchants Bank of Orfordville
Racine	American Bank and Trust Company
Spring Green	State Bank of Spring Green

Withdrawals - 4

Akron	Indiana	The State Bank of Akron A voluntary liquidation effective September 1, 1944.
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Renwick	Iowa	Renwick Savings Bank A voluntary withdrawal effective October 20, 1944. Objected to reserve requirements and filing reports.
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Holly	Michigan	First State and Savings Bank of Holly A voluntary withdrawal November 30, 1944. Withdrew from System in order to establish a branch in neighboring town.
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Lincoln Park	Michigan	The State Savings Bank of Lincoln Park Consolidated with Ecorse Savings Bank, Ecorse, Michigan on June 3, 1944, un- der charter of the latter institution and under title of Wayne County Bank, which bank on June 12, 1944 changed its title to Ecorse-Lincoln Park Bank. Now operated as a branch of Ecorse- Lincoln Park Bank.
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BANK EXAMINATION
DEPARTMENT:
(Continued)

NATIONAL BANKS

Total number of National banks as of December 31, 1943	538
Additions during the year	4
Withdrawals during the year	4
Total number of National banks as of December 31, 1944	<u>538</u>

Additions - 4

Chicago	Illinois	Lincoln Security National Bank A primary organization.	- 7- 1-44
Mason City	Illinois	Mason City National Bank New organization.	- 10- 3-44
Oak Park	Illinois	Oak Park National Bank A conversion of Prairie State Bank, Oak Park, Illinois (non- member).	- 12-30-44
Palatine	Illinois	Palatine National Bank A primary organization.	- 12- 2-44

Withdrawals - 4

South Bend	Indiana	The City National Bank and Trust Company of South Bend and The Merchants National Bank of South Bend consolidated at the close of busi- ness March 31, 1944. The consolidation was effective under the charter of The City National Bank and Trust Company of South Bend, and under the title of "The National Bank and Trust Com- pany of South Bend."	
Keokuk	Iowa	Keokuk National Bank A voluntary liquidation. Absorbed by Security State Bank, Keokuk (nonmember).	- 10- 3-44
Remsen	Iowa	The First National Bank of Remsen A voluntary liquidation. Absorbed by First Trust & Savings Bank, Remsen (nonmember).	- 2-24-44
Stuart	Iowa	The First National Bank of Stuart A voluntary liquidation. Succeeded by First State Bank, Stuart (nonmember).	- 10- 5-44

BANK RELATIONS DEPARTMENT:

During the calendar year 1944, calls, other than scheduled examinations, were made on National banks, State member banks, State nonmember banks and group meetings, by the Bank Relations Department, examiners and assistant examiners, as follows -

National banks	178
State member banks	113
State nonmember banks	286
Group meetings	25
Conferences	8
Special investigations	<u>16</u>
	<u>626</u>

During the year addresses were made before trade associations, credit associations, bankers associations, credit union associations, finance companies, clubs and various other organizations, as follows -

Credit Department - Regulation V	3
Consumer Credit Department - Regulation W	14
Research Department -	
Addresses at bankers meetings	24
Addresses at other meetings	63
Participation in meetings and conferences	200
Calls on member banks or visits of bankers at the Bank	200
Several thousand inquiries from banks, business firms, Government agencies, etc. were answered.	

BINDERY AND OLD RECORDS DIVISION:

The Bindery Section completed a total of 15,730 cloth bindings of magazines and pamphlets and simple bindings during 1944 - a moderate increase over the 15,000 jobs completed in 1943. The Old Records Section completed another extremely active year, which found our archive space in this building and two outside warehouses 91% absorbed. However, the acquisition of 16,000 square feet of additional storage space at 326 South Wells Street will immediately relieve the congestion and is expected to provide ample space until early 1947 when all our leases expire and a clearer view of the future may be possible.

BUILDING DEPARTMENT:

The need for additional space continued during 1944, although not at the tempo of 1943 when fourteen separate leases for about 62,000 square feet were entered into. Only two leases, totalling 37,000 square feet, were made during 1944. One, in the Insurance Exchange Building, took approximately 21,000 square feet for the use of the Issuing Agents and Sales Analysis Sections of the Government Bond Department. This lease, like others made for the Government Bond Department, has a clause permitting cancellation by six months' prior notice on and after eighteen months. The other lease involved around 16,000 square feet in a warehouse at 326 South Wells Street for the storage of old records. This additional storage capacity is designed for estimated needs through early 1947, at which time the lease terminates. It is hoped there will then be a clearer view on which to base plans for future old record storage provision.

Tabulated below are owned and rented quarters as of January 1, 1945:

<u>Owned</u>	<u>Square Feet</u>
230 South LaSalle Street	243,963 *
<u>Rented</u>	
120 South LaSalle Street	83,246
166 West Jackson Boulevard	13,600
175 West Jackson Boulevard	20,945
(Insurance Exchange Building, South)	
725 South Wells Street (Warehouse)	6,000
523 South Plymouth Court (Warehouse)	7,191
326 South Wells Street (Warehouse)	16,278
Security Trust Building, Indianapolis, Indiana	<u>198</u>
Total	<u>391,421</u>

* The Federal Reserve Bank Building contains 307,138 square feet, the difference 63,175, being rented on term leases to four tenants.

War time restrictions, as outlined in War Production Board's Order L-41, continued to confine alterations to those dictated by utility or improved working conditions for employees. Of the former, the only example is the enlargement of the Directors' Room to a capacity of one hundred people, and, of the latter, the extending of floor covering and acoustical treatment in limited amounts, the equipping of several lounge rooms for women employees, and the installation of a music system - all in cooperation with the departments concerned.

BUILDING DEPARTMENT:
(Continued)

Ideas for post war renovation are being kept alive by informal conversations among officers and building key men. As it becomes timely, the main outlines of a renovation plan can promptly be placed in the hands of the architects and engineers.

CAFETERIA:

There were 687,031 meals served in our cafeteria and dining rooms during 1944, against 660,433 in 1943. This was a daily average of 2,298 in 1944, against 2,188 for the year 1943. Included in these figures are light lunches served in the late afternoon and evening, which numbered 519 daily during 1944, against 450 daily for 1943.

Total cafeteria receipts were \$145,379.01. Meals provided at the expense of the bank totaled 8,415, of which 1,447 were served to business guests of our officers, and 6,968 were served to bank employees on the occasions of our 30th Anniversary Dinner on November 16, the annual complimentary Christmas Dinner, and in connection with the sponsor program and departmental conferences.

In spite of the rise in prices, we continue to serve the special cafeteria luncheon, which includes meat, potatoes, or other vegetable, bread, butter, dessert, and beverage, for 25 cents. This year we absorbed \$38,868.20, or 21.1%, of the expense, against \$25,629.91, or 15.9%, in 1943.

To produce a restful atmosphere, the employees' dining room was redecorated with wall paper and Venetian blinds, and a contract has recently been signed for the supplying of music by wire during meals.

CASH DEPARTMENT:

The dollar value of currency paid out during the year 1944 amounted to \$2,428,013,000 as compared with \$2,183,623,500 during the year 1943 - an increase of 11%.

The number of pieces of currency paid out during the year 1944 amounted to 405,949,900 as compared with 398,046,486 during 1943 - an increase of 2%.

The dollar value of currency received and counted during the year 1944 amounted to \$2,030,378,372 as compared with \$1,823,521,756 during 1943 - an increase of 11%.

The number of pieces of currency received and counted during the year 1944 amounted to 392,812,450 as compared with 381,221,759 during 1943 - an increase of 3%.

CASH DEPARTMENT:
(Continued)

The dollar value of coin paid out during the year 1944 amounted to \$50,553,062 as compared with \$47,297,304 during 1943 - an increase of 7%.

The number of pieces of coin paid out during the year 1944 amounted to 641,472,086 as compared with 534,033,255 during 1943 - an increase of 20%.

The dollar value of coin received and counted during the year 1944 amounted to \$36,043,315 as compared with \$34,690,327 during 1943 - an increase of 4%.

The number of pieces of coin received and counted during the year 1944 amounted to 323,457,622 as compared with 366,846,083 during 1943 - a decrease of 12%.

The dollar value of coin received from the Mint during the year 1944 was \$16,250,000 as compared with \$12,827,000 during 1943 - an increase of 27%.

The number of pieces of coin received from the Mint during the year 1944 amounted to 340,000,000 as compared with 161,475,000 during 1943 - an increase of 111%.

CHECK DEPARTMENT:

This department handled 37,724,128 City Checks during the year 1944, with a dollar value amounting to \$33,523,104,000, which is an increase of 12.55% in City Checks handled and 10.97% in the dollar value of City Checks handled compared with the year 1943.

The number of Country Checks handled was 132,647,312, with a dollar value of \$20,277,356,000, which is an increase of 5.65% in Country Checks handled and 11.36% in the dollar value of Country Checks handled, compared with the year 1943.

38,013,272 Government Checks were handled, with a dollar value of \$15,418,031,000, which is an increase of 52.75% in Government Checks handled and 13.37% in the dollar value of Government Checks handled compared with the year 1943.

Total number of checks handled for the year 1944 was 208,384,712, with a dollar value of \$69,218,491,000, which is an increase of 13.28% in total checks handled and 11.61% in dollar value of total checks handled compared with the year 1943.

**CODES AND
TELEGRAMS DIVISION:**

During 1944, 1,014,738 telegrams were handled through the Chicago relay office of the Federal Reserve Leased Wires System (the Chicago "Turret") as against a total of 866,158 for the year 1943 - an increase for 1944 of 17.2% over 1943.

During 1944, 163,388 telegrams were handled by the Codes and Telegrams Division of the Federal Reserve Bank of Chicago, as against a total of 156,978 for the year 1943 - an increase of 4.1% for 1944 over 1943.

COLLECTION DEPARTMENT:

The number of City items handled during the year 1944 was 41,210, compared with 47,925 during 1943 - a decrease of 14.01%.

The number of Country items handled during the year 1944 was 220,646, compared with 252,304 during the year 1943 - a decrease of 12.55%.

The number of Coupon and Security transactions handled during the year 1944 was 138,299, compared with 149,325 during the year 1943 - a decrease of 7.38%.

**CONSUMER CREDIT
DEPARTMENT:**

During 1944 the books and records of 3,466 dealers and vendors have been reviewed in order to determine the extent of conformance of their credit transactions to the provisions of Regulation W and approximately 8,200 inquiries concerning the Regulations (through correspondence, telephone, and personal interview) have been answered. In addition, 1,276 new licenses were issued under the Regulation. The bank, acting under the authority contained in Section 12(m) of the Regulation, notified eight department store Registrants that they were permitted to adopt systems of cycle billing.

All communities in this District with a population of 2,000 or over have been visited by an investigator at least once since the inception of Regulation W and the records of a representative number of merchants have been reviewed. Out of 3,466 investigations conducted during the year 1944 (sales organizations for the most part), 1,819 disclosed a total of 7,035 violations. A total of 288,195 credit transactions were reviewed in the investigations. Detailed reports covering each investigation or reinvestigation were prepared and are kept on file.

Two hundred and seventy-three towns were visited by Regulation W investigators during this past year, 57

CONSUMER CREDIT
DEPARTMENT:
(Continued)

for the first time, and a definite and accelerated trend from credit to cash sales was noted in nearly every instance. A large majority of Registrants have urged that Regulation W be continued in the post-war period.

Disciplinary action taken in connection with 52 apparently willful violators has been confined to letters to the Registrants involved but in 33 cases conferences were held with the Registrants (21 at the Head Office and 11 at the Detroit Branch); one conference was held at a Registrant's place of business (Sheboygan, Wisconsin) since he pleaded that the trip to Chicago would be of great inconvenience.

Thirteen talks on Regulation W were conducted by the Consumer Credit Department; seven by the Head Office and six by the Detroit Branch. The meetings were arranged by various associations in order that their members could have clarified any problems they might have concerning the Regulation. A part of the meetings was generally devoted to a question and answer period.

The number of Registrants as of December 31, 1944 was 35,074.

DISBURSING DEPARTMENT:

The operations of this department steadily increased during the year due to a general expansion of activities throughout the bank, particularly in connection with Fiscal Agency work, and the added function of prepaying emergency expenses incurred by the State War Finance Committees in this district on account of War Loan Drives.

Expense items covering bank operations, for a total of \$5,904,737.37, were functioned during the year, as compared with \$5,118,717.70 for the previous year - an increase of 15.4%.

Fiscal Agency expense charges functioned, including War Finance Committees, for which monthly vouchers were submitted to 30 Governmental agencies or subsidiaries, totaled \$5,197,341.26, as compared with \$4,478,848.48 for the previous year - an increase of 16%.

DISCOUNT AND CREDIT
DEPARTMENTS:

Guarantees under Regulation V.

Effective September 11, 1944, Regulation V was revised so as to make available termination protection, pursuant to the intent of the Contract Settlement Act of 1944,

DISCOUNT AND CREDIT
DEPARTMENTS:
(Continued)

approved July 1, 1944. During the year 1944, 478 applications for guarantees were received at the Head Office, amounting in the aggregate to \$470,257,323, of which 59 applications were for termination guarantees aggregating \$37,913,081. 450 guarantees were issued during the year in connection with loans aggregating \$544,576,081. Aside from the new applications functioned during the year 1944, there were outstanding, as of January 1, 1944, 419 guarantees aggregating \$601,559,149. All outstanding guarantees require periodic reviews, both from the standpoint of progress being made by the borrower and to determine whether the financing institution is conforming with the requirements specified in the guarantee agreement. Each new application required special study, analysis, preparation of and recommendations with respect to appropriate terms. In some instances, it was necessary to make plant investigations. During the year 387 guarantees were terminated as the result of payment of loans guaranteed, development of new guarantees to supersede the previous guarantees, or because the guarantee was no longer necessary on account of completion of contracts. Guarantee fees collected during the year for credit to the Guarantors aggregated \$1,985,242, and commitment fees collected aggregated \$212,415, making total guarantee and commitment fees collected \$2,197,658. Our expenses incident to handling the Regulation V activities aggregated \$191,809.

Advances to Member Banks

During the year 51 advances were made to member banks on their own notes, aggregating \$55,380,000, secured by Government bonds.

Miscellaneous

Complete individual credit files are maintained with respect to each guaranteed loan. Interim financial statements and operating figures are made available to us, all of which data is carefully analyzed with a view to detecting any unfavorable trends. Appropriate action is taken in all cases with a view to protecting the Guarantors and the financing institutions.

Credit files are also maintained on approximately 100 brokerage concerns to which our Collection Department delivers securities from time to time under trust receipts. The Credit Department advises the Collection Department as to the maximum trust receipt privileges which should be accorded to the various concerns.

FEDERAL RESERVE
NOTE ISSUE DEPARTMENT:

Federal Reserve Notes received from Washington by the Federal Reserve Agent amounted to \$1,532,300,000 during the year 1944 - an increase of 59.4% compared with the amount received in the year 1943.

Federal Reserve Notes issued to the Federal Reserve Bank of Chicago, by the Federal Reserve Agent during the year 1944 amounted to \$1,098,570,000 - an increase of 23% compared with the amount issued in the year 1943.

CAPITAL STOCK

	<u>Paid-In Capital</u>	<u>No. of Members</u>
December 31, 1944	\$19,598,700	971
December 31, 1943	<u>17,915,750</u>	<u>954</u>
Increase	<u>\$ 1,682,950</u>	<u>17</u>
New members		25
Memberships terminated		8
Number of adjustments in stock holdings due to increases in capital and surplus		713
Number of adjustments due to decreases in capital and surplus		18

FILES DEPARTMENT:

In the General Files 1,800,000 pieces were received, indexed, sorted, and filed. This material was received from both bank and fiscal agency operations conducted at the main bank building. A new sorting method, which employs a large number of 'flat' sorters, enables several times the previous number of clerks to quickly put the day's volume of material into such order that urgent needs for reference to the previous day's work can be satisfied before the final filing stage has been reached.

FOREIGN FUNDS
CONTROL DIVISION:

The following are details of fiscal agency operations for the Treasury Department handled by the Foreign Funds Control Division during 1944:

FOREIGN FUNDS
CONTROL DIVISION:
(Continued)

GOVERNMENT BOND
DEPARTMENT:
(Continued)

License applications received	4,920
License applications forwarded to Washington	614
License applications acted on by the Federal Reserve Bank of Chicago	4,306
Reports on Form TFR-300 of all foreign- owned property subject to the jurisdiction of the United States, received	149
Reports on Form TFR-300 forwarded to Washington	149
Reports on Form TFR-500, relating to property in foreign countries in which on May 31, 1943, persons subject to the jurisdiction of the United States had an interest, received	6,434
Reports on Form TFR-500 forwarded to Washington	6,434

	<u>Number of Mailings</u>	<u>Mailing List</u>	<u>Total of Pieces</u>
Public Documents	20	3,200	64,000
The Proclaimed List of certain Blocked Nationals	15	3,250	48,750
Special Blocked Nationals	44	16 (84 pieces)	3,696
Miscellaneous			3,200

GOVERNMENT BOND
DEPARTMENT:

Operations for the year show an increase re-
flected in the handling of savings bonds for
redemption, the processing of subscriptions
and applications in connection with the sale
and issuance of securities covering the Fourth,
Fifth and Sixth War Loan Drives, and the serv-
icing of 4,550 Issuing Agents in connection
with the sale of Series E War Savings bonds.

The dollar value of subscriptions and applica-
tions to the three War Loan Drives in 1944, ex-

GOVERNMENT BOND
DEPARTMENT:
(Continued)

clusive of sales to commercial banks for their own accounts, are as follows:

	<u>Sales</u>	<u>Quota</u>
Fourth War Loan Drive	\$2,652,000,000	\$2,013,000,000
Fifth War Loan Drive	3,207,600,000	2,414,000,000
Sixth War Loan Drive	3,241,400,000	2,176,000,000
Totals	<u>\$9,101,000,000</u>	<u>\$6,603,000,000</u>

(Figures indicated above represent sales covering the entire states of the district, and are not merely the figures in the seventh district.)

To expedite the payment of savings bonds of Series A through E presented for payment, incorporated banks and trust companies numbering 2,294 have been qualified for this service in the 7th district. This operation was effective October 2, 1944.

Comparative figures for 1944 with the year 1943 follow:

	<u>NEW ISSUES</u>		<u>Percentage of Change</u>
	<u>1944</u>	<u>1943</u>	
Number of subscription and application forms received	993,000	1,200,000	-17%
Estimated number of subscribers involved	1,540,500	1,682,500	- 8%
Amount of subscriptions and applications received	\$27,875,765,000	\$23,670,750,000	+18%
Amount of subscriptions and applications allotted	\$17,928,514,000	\$12,904,640,000	+39%

SERIES E WAR SAVINGS BONDS SALES
BY ISSUING AGENTS

Number of Pieces	31,414,000	25,998,000	+21%
Maturity Value	\$1,751,271,000	\$1,399,654,000	+25%

GOVERNMENT BOND
DEPARTMENT:
(Continued)

GOVERNMENT BOND
DEPARTMENT:
(Continued)

	<u>1944</u>	<u>1943</u>	<u>Percentage of Change</u>
<u>U. S. SAVINGS BONDS REDEEMED</u>			
Number of Pieces			
By Paying Agents	5,200,000	-0-	+100%
By F.R.B.	<u>10,679,000</u>	<u>7,878,000</u>	+ 36%
Total Pieces	15,879,000	7,878,000	+102%
\$25 pieces (included in above)	13,282,000	6,811,000	+ 95%
Redemption Value			
By Paying Agents	\$140,186,000	-0-	+100%
By F.R.B.	<u>330,553,000</u>	<u>\$229,857,000</u>	+ 44%
Total Redemp- tion Value	\$470,739,000	\$229,857,000	+105%
Number of Checks Issued	3,443,000	3,540,000	- 3%

REDEEMED - OTHER BONDS/NOTES/
CERTIFICATES/BILLS

Number of Pieces	562,000	483,000	+ 16%
Maturity Value	\$10,776,888,000	\$7,904,687,000	+ 36%

COUPONS REDEEMED

Number of Pieces	2,086,000	2,279,000	- 8%
Dollar Value	\$87,447,000	\$118,164,000	- 26%

DENOMINATIONAL EXCHANGES
MARKETABLE ISSUES

Pieces Received	96,000	93,000	+ 3%
Pieces Issued	90,000	88,000	+ 2%
Maturity Value	\$1,158,299,000	\$741,000,000	+ 56%

GOVERNMENT BOND
DEPARTMENT:
(Continued)

GOVERNMENT BOND
DEPARTMENT:
(Continued)

	<u>1944</u>	<u>1943</u>	<u>Percentage of Change</u>
<u>C.P.D. TRANSFERS</u>			
Pieces Received	40,600	36,000	+13%
Maturity Value	\$2,746,111,000	\$1,909,605,000	+44%
Pieces Issued	26,200	21,000	+25%
Maturity Value	\$1,646,749,000	\$1,194,676,000	+38%
<u>WAR LOAN DEPOSIT ACCOUNT</u>			
Number of Qualified Depositaries	1,606	1,436	+12%
Depositary Bank Balances (December 31)	\$2,457,642,000	\$1,199,900,000	
<u>BOND CUSTODIAN</u>			
Number of Pieces Received from Treasury Department	35,361,000	32,494,000	+ 9%
Number of Pieces Prepared for Delivery	32,810,000	28,365,000	+16%
<u>INCOMING SECURITY MAIL</u>			
Number of Pieces of Mail Received	2,651,500	2,674,000	- 1%
<u>SHIPPING AND DELIVERY</u>			
Number of Pieces Shipped	33,119,000	28,780,000	+15%

INVESTMENT DEPARTMENT:

U. S. SECURITIES PURCHASED

<u>Transactions</u>		<u>A m o u n t s</u>		
<u>1944</u>	<u>1943</u>	<u>1944</u>	<u>1943</u>	
3662	3201	Member Banks and Others	\$ 161,061,250	\$ 83,704,170
200	168	Other Federal Reserve Banks	10,610,650	3,538,025
22	13	Retirement System	12,635,000	19,850,000
-	31	System Open Market Acct.	-	122,026,000
<u>2082</u>	<u>1478</u>	Repurchase Agreement	<u>10,534,855,000</u>	<u>7,396,884,000</u>
<u>5966</u>	<u>4891</u>		<u>\$10,719,161,900</u>	<u>\$7,626,002,195</u>

OTHER SECURITIES PURCHASED

23	38	Member Banks and Others	\$ 142,000	\$ 266,500
<u>1</u>	<u>39</u>	Retirement System	<u>200,000</u>	<u>1,575,000</u>
<u>24</u>	<u>77</u>		<u>\$ 342,000</u>	<u>\$ 1,841,500</u>

U. S. SECURITIES SOLD

5230	5356	Member Banks and Others	\$ 84,339,400	\$ 64,988,225
394	194	Other Federal Reserve Banks	6,102,000	1,789,875
8	3	Retirement System	7,310,000	7,300,000
-	-	System Open Market Account	-	-
1357	949	Repurchase Agreement	7,452,878,000	5,278,589,000
<u>987</u>	<u>547</u>	Repurchase Agreement (Matured)	<u>2,955,551,000</u>	<u>1,645,567,000</u>
<u>7976</u>	<u>7049</u>		<u>\$10,506,180,400</u>	<u>\$6,998,234,100</u>

OTHER SECURITIES SOLD

68	129	Member Banks and Others	\$ 304,500	\$ 328,050
-	1	Other Federal Reserve Banks	-	20,000
<u>54</u>	<u>11</u>	Retirement System	<u>2,284,000</u>	<u>528,000</u>
<u>122</u>	<u>141</u>		<u>\$ 2,588,500</u>	<u>\$ 876,050</u>

LEGAL DEPARTMENT:

The activities of this Department have continued to expand during the past year, primarily as a result of the large volume of Regulation V Loan Agreements reviewed and Guarantee Agreements and Supplements thereto prepared for this Bank as

LEGAL DEPARTMENT:
(Continued)

Fiscal Agent for the War and Navy Departments; also, by reason of the increasing number of legal questions arising under the War Manpower, Selective Service, Salary Stabilization, Fair Labor Standards, and Withheld Tax Regulations. Moreover, the development and establishment of the Federal Reserve Share-the-Loss program, which has been centered at this Bank, has entailed a considerable amount of additional legal work.

Other legal matters handled by this Department include the following: examination and approval of all applications for membership, applications of national banks to exercise fiduciary powers and all documents evidencing changes in the corporate status of state bank and trust companies; extensive correspondence with member banks concerning regulations and rulings of the Board of Governors and other legal matters; correspondence with and preparation of legal memoranda for Board of Governors; examination and approval of leases for additional space in other buildings; legal questions involved in purchase of site for addition to the Detroit Branch; protesting of real estate tax rates and quadrennial assessment on our Bank building; negotiation of revised fiscal agency contracts with Commodity Credit Corporation and Reconstruction Finance Corporation; numerous questions relating to our safekeeping and check clearing operations, and to our fiscal agency functions for the Treasury Department and RFC; questions in connection with our administration of Regulation W and Foreign Funds Control regulations; and, claims arising under our Bankers Blanket Bond.

Several members of this Department are also engaged in a variety of administrative activities in the Bank. An Assistant Counsel has been assigned to the Detroit Branch to take immediate charge of its extensive legal matters.

MAIL DIVISION:

A slight recession in number of pieces of mail received and dispatched took place this year to break the run of increases to which we have become accustomed in the past several years. Increase in postage and express company rates, forced substitution of United States mail facilities for points no longer reachable by express due to war time conditions, and heavier pieces of outgoing mail caused the postage and express expense to run counter to the piece trend.

MAIL DIVISION:
(Continued)

Reimbursable postage showed a sizable increase, to reflect the increasing services being performed for Governmental agencies.

	<u>1944</u>	<u>1943</u>	<u>Decrease</u>	<u>Percent</u>
Total pieces received	3,091,624	3,276,724	185,100	5.02
Total pieces dispatched	8,778,106	9,224,033	445,927	5

MEMBER BANK
ACCOUNTS DIVISION:

Analyses reflected 267 assessable deficiencies in reserves of 200 member banks (Head Office territory) for computation periods ending in the year 1944. Penalties covering these deficiencies amounted to \$5,576.75 and were assessed in accordance with regulations. Comparative figures for computation periods ending in the year 1943 reflected 192 deficiencies in the accounts of 122 member banks, involving assessments totalling \$3,349.66. The maximum number of penalties assessed against any one bank during 1944 was 7 (in one instance) as against seven (in one instance) for 1943.

The reserves of all member banks in the Seventh District for the year 1944, adjusted on the basis of semi-monthly periods, reflected a maximum excess over requirements of \$188,000,000, or 10.48% for the period July 1 - 15, and a minimum excess of \$120,000,000, or 6.68% for the period April 16 - 30. Maximum and minimum excess reserves over requirements for the year 1943 were \$343,000,000, or 22.67%, and \$156,000,000, or 8.79%, and occurred during the periods of April 16 - 30 and December 1 - 15, respectively.

OFFICE MACHINE REPAIRS:

The usual service was maintained by this division throughout the year on a substantially increased amount of purchased and rented mechanical equipment in use in the bank and fiscal agency divisions. This work was carried on under conditions similar to those existing during 1943, which included the improvising of parts by our mechanics in instances where replacements could not be secured from the suppliers.

PERSONNEL DEPARTMENT: Since September 1, 1940, 351 employees have left to enter military service - 318 men and 33 women.

During the year of 1944:

1,107 persons were hired and 1,264 left our employ, a net decrease of 157.

48 loans were granted to 45 employees totaling \$5,008.50. As of December 31, 1944, there were outstanding 35 loans to 30 employees, totaling \$2,760.67.

129 students were enrolled in a typing class. Classes were conducted for 4 hours each Saturday morning.

Arrangements were made to train pages in a similar manner.

Training Within Industry

The following in-plant courses were conducted in 1944:

Job Instruction Training:

These classes were given in five sessions of two hours each and covered the period January 3 to February 11, 1944, inclusive. One hundred thirty employees completed the course satisfactorily.

Job Relations Training:

These classes were given in five sessions of two hours each and covered the period February 28 to April 14, 1944, inclusive. One hundred sixty nine employees completed the course satisfactorily.

Job Methods Training:

These classes were given in five sessions of two hours each and covered the period July 24 to December 15, inclusive. Seventy two completed the course satisfactorily.

American Institute of Banking

During 1944, there were 195 class (including January and September enrollments) enrollments in A. I. B. courses. Of this number, all but 43 of the courses were taken by women of the Bank.

The Medical Department made 1,585 physical examinations and administered approximately 38,000 treatments to employees.

The Education Program was established during the year; its purpose is to encourage enrollment of employees in worthwhile study courses outside of business hours.

PERSONNEL DEPARTMENT:
(Continued)

Employees as of:	Men	Women	Total	Annual Salaries
December 31, 1944	862	2,102	2,964	\$5,489,732.00
% of Total	29%	71%		
December 31, 1943	915	2,206	3,121	\$5,323,629.00
% of Total	29.3%	70.7%		

PLANNING DEPARTMENT: During the year this department made a survey of the overall handling of redeemed War Bonds, both in the Treasury Department and in the Federal Reserve Banks. The result of this survey was the development of a routine under which tabulating cards now being punched in the Federal Reserve Banks would become the numerical registers of the Bureau of the Public Debt. At the present time, these cards are destroyed after the Banks have used them to run their lists of redeemed bonds as the registers of the Bureau are being posted manually. Such a plan, if adopted, would result in a substantial saving of manpower (several hundred employees) in one of the Bureau's most critical routines; also a considerable saving in manpower in the Federal Reserve Banks. Complete details were submitted to the Treasury, and are now being studied by their technical staff.

A numerical control was devised and installed for use in connection with redeemed War Bonds. This routine permits the accurate listing of a month's redemptions in one group. Because Treasury Department operations are greatly facilitated by any reduction in the number of transmission groups; and because the probabilities of mechanical performance alone make the accurate listing of several million nine-digit bond serial numbers in one group difficult, this control scheme has been reduced to printed specifications and made available to the Treasury Department and to all Federal Reserve Banks. Research work done in connection with the foregoing revealed certain operational economies, which were put into effect at this Bank and later widely adopted throughout the System at the recommendation of the Treasury Department during the Fiscal Agency Conference held in Cleveland, Ohio, in October, 1944. This procedure enables the Federal Reserve Banks to reduce the sorting of tabulating cards on this particular job by approximately 20% or a total of 500,000,000 digits per year.

The accounting for the handling and sales of War Bonds was transferred during the year to mechanical routines developed by this department, and revision work was also done in connection with the analysis of War Bond sales.

PLANNING DEPARTMENT:
(Continued)

The ledgers of the Accounts and Record Division of the Government Bond Department were transferred to mechanical equipment at the recommendation and under the supervision of the Planning Department.

A table indicating the overtime payments for each five minutes of overtime worked, for each salary bracket, was designed for use in figuring and checking overtime payments in our Employment, Disbursing and Auditing Departments.

As in previous war years, the operation of the Bank's accounting systems was made progressively more difficult by shortages of mechanical equipment and trained personnel; and these difficulties were accentuated by unprecedented volumes of transactions and by the many new operational demands made on the Federal Reserve Banks by the wartime economy. As a result, a substantial portion of this department's effort was directed toward the deficiency servicing of existing systems. In line with current national policy, every effort was made to effect reductions of manpower requirements and to avoid wherever reasonably possible the use of critical mechanical accounting equipment. Development and systems research work continued throughout the year, and substantial additions were made to the backlog of systems revisions now held in abeyance pending the end of the war and the availability of improved equipment and methods.

PURCHASING DEPARTMENT:

During the year 1944 the Purchasing Department issued 10,171 purchase orders, totalling approximately \$861,000, for building and office supplies, printing and stationery, furniture and equipment, and for such other expenses as were necessary to the conduct of our business. These figures compared with 10,353 orders with a dollar value of \$900,000 during 1943, and represent a decrease of 1.8% in the number of orders and 4.4% in the dollar value over that year.

Inventories were maintained at about the same level as in 1943 and prices in general reflected a slight upward trend during the year.

The activities of the related Stock Room, Print Shop, and Addressograph Sections continued at a high level and, as in the year 1943, were particularly affected by Treasury financing and related transactions.

**RATION CHECK
DEPARTMENT:**

This department handled 8,798,778 ration checks during the year 1944 compared with 7,780,588 handled in the eleven month period of February to December, 1943 - an increase of 13.09%.

**R.F.C. and C.C.C.
CUSTODY DIVISIONS:**

These divisions acting as Custodian and Fiscal Agent of the Reconstruction Finance Corporation, its various subsidiaries, and for the Commodity Credit Corporation, made disbursements during the year 1944 aggregating \$2,208,000,000, compared with disbursements totaling \$2,261,000,000 for the year 1943. Receipts during 1944 aggregated \$497,000,000, compared with \$554,000,000 in 1943. The aggregate number of transactions handled during the year 1944 was 5,607,785 compared with 2,898,789 in 1943.

In connection with loans and investments of the Reconstruction Finance Corporation, total disbursements for the year 1944 were \$28,992,000, compared with \$18,396,000 for 1943. Receipts for the year 1944 totaled \$57,255,000, compared with \$30,627,000 in 1943. The increases were largely attributable to transactions on loans to business enterprises engaged in the war effort and liquidation of collateral under the Central Republic Trust Company loan.

Disbursements to encourage production or to provide for stock piling of strategic materials under the programs of Defense Supplies Corporation increased to \$597,603,000 during 1944 from a total of \$330,209,000 during 1943. An increased volume of disbursements under the Alcohol Purchase Program and the Butter and Meat Subsidy Programs accounted for most of the increase. Receipts under these programs totaled \$20,598,000 in 1944 and \$25,778,000 in 1943.

Disbursements for purchases of plant sites, construction of plants, and purchases of equipment for account of Defense Plant Corporation decreased from \$302,454,000 in 1943 to \$106,982,000 in 1944, whereas receipts representing rental collections and sales of equipment, etc., increased from \$25,024,000 in 1943 to \$40,140,000 in 1944.

Transactions for Commodity Credit Corporation were handled under instructions of the Reconstruction Finance Corporation until the close of business August 31, 1944. Beginning September 1, 1944, the Federal Reserve Banks handled these activities directly as Fiscal Agents of Commodity Credit Corporation. Total disbursements for account of Commodity Credit Corpor-

R.F.C. and C.C.C.
CUSTODY DIVISIONS:
(Continued)

ation for the year 1944 amounted to \$1,463,000,000 compared with \$1,594,000,000 for the year 1943. Receipts for the year 1944 were \$365,057,000 compared with \$432,265,000 in 1943. Decreases in the aggregate transactions under the several grain programs, the dairy products purchase programs and lend lease purchases, were partly offset by increased activities in the Dairy Production Draft Program and the War Hemp Industries Program.

Activity under a new program of the Reconstruction Finance Corporation covering the disposal of surplus government property under the Surplus Property Administration was started in the latter part of 1944. This program is expected to be one of the major activities of the Reconstruction Finance Corporation and transactions during the last quarter of 1944 were rapidly increasing in volume although the receipts under this program to the end of 1944 amounted to but \$883,000.

RESEARCH DEPARTMENT:

During 1944 the Research Department continued to place emphasis upon strengthening the work of the Bank as a regional center of economic information and leadership and upon services rendered by the research staff to officers and departments within the Bank.

Issues of Business Conditions during the year contained 48 special articles on industry, agriculture, trade, labor, and finance. Press releases from many of these articles have been used by newspapers and periodicals throughout the country, and some articles were reprinted for mass distribution.

The regular banking, retail trade, and consumer credit statistical series were continued. Pointing the way to greater use of collected data by reporting firms received much attention. Special series included the retail credit survey, the survey of ownership of demand deposits, and the survey of country banker opinion as to farm land values and farm credit conditions.

An inquiry into the impact of the war upon the Chicago industrial area and its postwar problems and prospects is being undertaken in collaboration with the Chicago Committee for Economic Development and the Chicago Association of Commerce.

The research staff made 24 addresses at banker meetings and 63 addresses at other meetings during the year. A meeting of country bankers to discuss agricultural and

RESEARCH DEPARTMENT:
(Continued)

farm credit policies was held at the Bank. Several thousand inquiries for economic data and interpretation from banks, business firms, and Government agencies were answered.

SAFEKEEPING DEPARTMENT:

The total amount of securities received during 1944 was \$35,271,596,575 as compared with \$24,629,101,344 during 1943, an increase of 43%.

Securities released during 1944 amounted to the sum of \$34,601,517,211 as compared with \$23,228,354,261 during 1943, an increase of 49%.

Total securities held at close of business December 31, 1944, amounted to \$5,167,457,677, compared with \$4,497,378,314 as of December 31, 1943, an increase of 15%.

Number of receipts outstanding at close of business December 31, 1944, was 58,551 as compared with 57,240 as of December 31, 1943, an increase of 2.3%.

Number of pieces held at close of business December 31, 1944, was 379,066 as compared with 367,829 as of December 31, 1943, an increase of 3.05%.

Number of coupons detached from securities on coupon maturity dates was 860,288 as compared with 761,571 on December 31 of the respective years 1944 and 1943, an increase of 13%.

Total amount of coupons detached and credited as of December 31, 1944, amounted to \$87,471,200 as compared with \$61,578,696 as of December 31, 1943, an increase of 42%.

TELEPHONE DIVISION:

Outgoing calls increased from an average of 28,000 per month in 1943 to 28,800 in 1944. 449 terminals were in operation in December, 1944, as compared with 419 at the close of the year 1943. 19 public telephones located in convenient places throughout the bank's quarters materially reduced the traffic of employees' personal calls and aided in keeping our lines free for bank business.

**WAR BOND CUSTODY
DEPARTMENT:**

During 1944 United States Savings bonds received for the men in service amounted to \$25,713,295, rep-

WAR BOND CUSTODY
DEPARTMENT:
(Continued)

representing 582,251 transactions. There were released from custody \$4,573,110, representing 41,966 transactions. Total amount held at close of business December 31, 1944, was \$34,168,085, represented by 784,370 safekeeping receipts outstanding.

United States Savings bonds received for custody from the public during 1944 amounted to \$9,450,900, representing 29,204 transactions. Withdrawals from public custody during the year amounted to \$3,125,000, representing 8,112 transactions. Total amount held as of December 31, 1944, was \$39,303,424, represented by 72,305 safekeeping receipts outstanding. The public safekeeping division had a steady growth throughout the year.

The number of receipts at the close of the year represented an increase of approximately 40 per cent over the previous year.

WIRE TRANSFER
DIVISION:

152,228 transfers of funds were made during the year 1944, compared with 145,035 during the year 1943 - an increase of 4.96%.

The dollar value of the transfers made during the year 1944 amounted to \$35,232,170,000, compared with \$34,511,507,000 during the year 1943 - an increase of 2.09%.

WITHHELD TAX
DEPARTMENT:

As at close of business December 31, 1944, there were 1658 banks in District No. 7 qualified as depositaries for "Withheld Taxes". 1515 of these depositaries were located in our head office territory and 143 in the Detroit Branch territory. Here at the head office, depositaries during the year 1944 paid to us 910 millions of dollars, represented by over 475,000 receipts, which were issued by these depositaries to employers for the 20% Withheld Tax deducted from salaries and wages paid to their employees. Offices of the Internal Revenue Department deposited with us at the head office their Certificates of Deposit amounting to approximately 898 millions of dollars, represented by over 472,000 receipts. 1811 receipts were reported by employers as either lost or not received, necessitating the issuance of duplicate receipts by the Withheld Tax Department.

* * * * *

DETROIT BRANCH

1944

Nineteen hundred forty-four has been generally one of increasing volume in many departments of the Branch. It also saw the further extension of activities performed in Detroit.

In June, the Branch established its own legal department by the appointment of an assistant counsel assigned full time. The function of issuing, adjusting and paying interest on 2% Depository Bonds-Second Series for the qualified holders in this territory was transferred from Main Office on August 1. In March, bond stock was received in amount and variety to enable the Branch to give full CPD and DX service. This completed plans made therefor in 1943.

In March, also, the publication of condition of weekly reporting member banks in Detroit was begun. Beginning with the Fifth War Loan Drive in June and for the Sixth War Loan Drive in November and December, the Branch made the statistical compilations and reports for the state of Michigan. This step seemed to be of considerable value to the Drive Chairman for this state.

To get ready to handle the volume expected when commercial banks started cashing war savings bonds in the last quarter of the year, it was necessary to rent approximately 13,000 square feet of additional space in the Transportation Building.

In December, negotiations were completed and approval given for the acquisition of the 90 feet frontage on West Fort Street immediately adjoining the Branch on the east. This step was taken looking to the time when it will be possible to construct a building of sufficient size to house all activities of the Branch under one roof.

A lunch room has been installed on the fourth floor of the Annex at 735 Griswold Street for the employees working there and in the connecting quarters in the Transportation Building. Approximately one-half of our entire staff work in these two buildings.

By permission of the War Manpower Commission, the work week at the Branch was reduced from 48 hours to 44 hours, effective September 29th.

ACCOUNTING-RESERVES

Excess reserves of city banks were maintained at minimum levels.

DETROIT BRANCH

ACCOUNTING-RESERVES:
(Continued)

Country banks continued to maintain substantial excess reserves, but the average percentage was reduced from last year.

	<u>Per Cent of Excess</u>	
	<u>1944</u>	<u>1943</u>
<u>City Banks</u>		
High	2.6%	26.0%
Low	0.5%	0.5%
Average	1.4%	11.4%
Last period of year	1.4%	1.8%
<u>Country Banks</u>		
High	31%	51%
Low	17%	24%
Average	22%	37%
Period ending Dec.15	25%	25%

CASH DEPARTMENT:

			<u>Percentage relation</u>
			<u>to 1943 activity</u>
Currency Deposits -	Number of Notes	85,544,000	No Change
	Amount	\$ 548,761,000	4% Dec.
Currency Payments -	Number of Notes	108,049,000	3% Dec.
	Amount	\$ 815,187,000	6% Dec.
Coin Deposits -	Number of Coins	27,385,000	38% Inc.
	Amount	\$ 2,142,000	46% Inc.
Coin Payments -	Number of Coins	135,785,000	10% Inc.
	Amount	\$ 9,198,000	2.5% Dec.

CHECK DEPARTMENT:

Number of Items -			
City	10,729,000	4.5%	Dec.
Country	15,098,000	.6%	Dec.
Government	<u>6,140,000</u>	<u>42%</u>	Inc.
Total	31,967,000	4%	Inc.
Dollar amount of checks handled	\$ 17,998,143,000	12%	Dec.
<u>Ration Checks O.P.A.</u>			
Items	1,226,000		
Representing	7,351,836,000	(units)	No Change

DETROIT BRANCH

COLLECTION DEPARTMENT:

Activity in this department shows a small decrease from 1943:

Items handled:

1943	-	67,108
1944	-	65,670

City items decreased 4,600 and Country items increased 4,800.

CONSUMER CREDIT:

689 investigations were made in 1944. Eight Disciplinary Conferences were conducted.

DISCOUNT AND CREDIT:

Following several years of virtually no activity, last year several member banks frequently made use of our credit facilities to adjust their reserve positions. This trend to increased borrowing was accelerated in the last quarter, loans in this period numbering 33 as compared to 13 in the first three quarters.

Guaranteed loans were off approximately 30% in number and were less than half in dollar volume.

Loans to member banks:

	<u>1944</u>	<u>1943</u>
No. of banks accommodated	8	1
No. of loans	46	2
Amount	\$354,600,000	\$ 25,000
Outstanding loans at close of year	Ø	Ø

Industrial loans, Section 13b:

	<u>1944</u>	<u>1943</u>
Number	Ø	1
Amount	Ø	\$ 250,000
Outstanding loans at close of year	Ø	Ø

Guarantee Agreements issued - Regulation V:

	<u>1944</u>	<u>1943</u>
Number	74	105
Amount of loans	\$230,905,000	\$529,861,500

DETROIT BRANCH

EXPENSE OF OPERATING DETROIT BRANCH:

	<u>1944</u>	<u>1943</u>
Gross Expense	\$2,208,128	\$1,971,139
Reimbursable Expenses	1,355,488	1,239,623
Net (after adjustment of notary fees)	852,639	731,515
Percent of Gross Recovered	61.4%	62.9%

GOVERNMENT BOND DEPARTMENT:

	<u>1944</u>	<u>Percentage relation to 1943 activity</u>
Market Transactions		
Purchases	40 \$ 628,500	23% Dec.
Sales	26 376,300	20% Inc.
Subscriptions to Government Securities (Marketable Issues)		
Number	7,644	
Amount	\$3,398,684,500	21% Inc.
Savings Bonds & Tax Notes Issued		
Number	512,957	38% Dec.
Amount	\$ 416,030,875	15% Inc.
Savings Bonds Issued by Agents		
Number	15,666,578	7% Inc.
Amount	\$ 499,568,182	16% Dec.
Savings Bonds Shipped to Agents		
Number	15,946,209	9% Inc.
Amount	\$ 689,403,100	15.6% Inc.
Reissues of Savings Bonds & Tax Notes		
Number	105,477	30% Inc.
Amount	\$ 8,475,165	9% Inc.

DETROIT BRANCH

GOVERNMENT BOND DEPARTMENT:
(Continued)

	1944	<u>Percentage relation to 1943 activity</u>
<u>Redemptions -</u>		
Series A to E War Savings Bonds (paid by us)		
Pieces	4,583,153	
Amount	\$ 117,035,475	
Series E War Savings Bonds (received from Banks - last quarter)		
Pieces	2,609,874	
Amount	\$ 64,851,521	
<u>Total</u>		
Redemption Series A to E Inclusive		
Pieces	7,193,027	160% Inc.
Amount	\$ 181,886,996	100% Inc.
Redemption Series F and G		
Pieces	3,882	
Amount	\$ 3,435,000	
Other Bonds, Tax Notes, Bills, Notes and Certificates -		
Amount	\$ 500,790.400	14% Inc.
Coupons Paid	Number 206,977	6% Dec.

PERSONNEL:

On December 31, 1944, personnel of the Branch was comprised of 7 officers and 708 employees. This was an increase of 1 officer and 18 employees over the end of the previous year. In order to hold our own and accomplish this small increase, 508 were hired as 490 were released. Percentage of turnover was 15% less than in the previous year - 1943, 83% - 1944, 67%. Annual basic salaries increased \$91,640. The Training in Industry program was participated in by 77 persons who are in supervisory capacities. 214 certificates were issued on the satisfactory completion of courses.

DETROIT BRANCH

R. F. C. AGENCIES:

Disbursements for the account of the Defense Plant Corporation during 1944 amounted to \$168,000,000. This represents a reduction of \$194,800,000, or approximately 54%, from the amount disbursed during 1943. There was a steady increase in the volume of sales and transfers during the year.

During the year the surplus property disposal program was inaugurated. While the sales to date total only a million dollars, a large volume of transactions is contemplated when hostilities cease.

The last of the closed bank loans was paid in full during the year. This marks the end of a function that began in 1932 and which for a long period represented the major activity of the department.

There was no material change in the activities of the other subsidiaries or affiliates of the Reconstruction Finance Corporation during the year.

SAFEKEEPING DEPARTMENT:

	<u>Number</u>	<u>Amount</u>	<u>Percentage relation to 1943 activity</u>
Member Banks:			
Receipts Issued	3,724	\$1,211,500,000	11% Inc.
Receipts Released	3,261	856,918,000	25% Inc.
Balance Dec. 31, 1944		519,564,000	215% Inc.
War Savings Bonds:			
Receipts Issued	11,431	\$ 6,751,000	26% Inc.
Receipts Released	2,599	1,348,000	101% Inc.
Balance Dec. 31, 1944		12,763,000	73% Inc.
War Loan Collateral:			
Receipts Issued	282	\$ 233,957,000	13% Inc.
Receipts Released	116	167,614,000	16% Inc.
Balance Dec. 31, 1944		158,672,000	55% Inc.
Special Custodies:			
Receipts Issued	111	\$ 1,931,000	44% Dec.
Receipts Released	113	4,580,000	25% Dec.
Balance Dec. 31, 1944		3,290,000	40% Dec.

DETROIT BRANCH

WAR LOAN DEPOSITARY BANKS:

Deposits	\$ 1,375,648,000
Withdrawals	1,170,088,000
Balance December 31, 1944	462,977,000

WITHHELD TAX:

	<u>Number</u>	<u>Amount</u>
Receipts issued by Depositories	120,391	\$561,120,000
Receipts credited to U.S. Treasurer as Income Tax	120,833	\$577,375,000
Balance December 31, 1944	24,988	\$100,157,000

(Not compared to 1943 as there was only 6 months' activity in that year.)

* * * * *

DISTRIBUTION OF NET EARNINGS:

Paid United States Treasury (Section 15B) \$ 2,713,452

Dividends Paid 1,115,421.66

Transferred to Surplus (Section 7) 6,710,302.07

Surplus January 1 \$26,490,370.72

Transferred to Surplus 6,710,302.07

Transferred from Surplus to Reserves for Contingencies 1,200,000.00

Surplus December 31 \$32,000,672.77

SURPLUS ACCOUNT (Section 7)

FEDERAL RESERVE BANK OF CHICAGO

COMPARATIVE STATEMENT OF EARNINGS AND EXPENSES
Years 1944 and 1943

	1944	1943
EARNINGS	\$14,204,919.31	\$8,738,325.32
EXPENSES:		
Operating Expenses	\$ 5,518,956.74	\$4,794,017.64
Assessment for Board of Governors	285,802.95	294,208.73
Cost of Federal Reserve Currency	<u>952,617.58</u>	<u>762,007.20</u>
Total Net Expenses	<u>\$ 6,757,377.27</u>	<u>\$5,850,233.57</u>
Current Net Earnings	\$ 7,447,542.04	\$2,888,091.75
ADDITIONS TO CURRENT NET EARNINGS:		
Profit on Sales of U. S. Government Securities	\$ 371,579.89	\$4,135,903.91
Other Additions	<u>12,315.23</u>	<u>1,430.59</u>
Total Additions to Current Net Earnings	<u>\$ 383,895.12</u>	<u>\$4,137,334.50</u>
Total Current Net Earnings and Additions to Current Net Earnings	\$ 7,831,437.16	\$7,025,426.25
DEDUCTIONS FROM CURRENT NET EARNINGS:		
Retirement System (Increased Benefits to Members)	\$ -	\$ 986,400.18
Retirement System (Interest Base Adjustment)	<u>-</u>	<u>279,673.00</u>
Total Deductions from Current Net Earnings	<u>\$ -</u>	<u>\$1,266,073.18</u>
Net Earnings	<u>\$ 7,831,437.16</u>	<u>\$5,759,353.07</u>
DISTRIBUTION OF NET EARNINGS:		
Paid United States Treasury (Section 13B)	\$ 5,713.45	\$ 50.21
Dividends Paid	1,115,421.66	993,684.20
Transferred to Surplus (Section 7)	<u>6,710,302.05</u>	<u>4,765,618.66</u>
	<u>\$ 7,831,437.16</u>	<u>\$5,759,353.07</u>

SURPLUS ACCOUNT (Section 7)

Surplus January 1	\$26,490,370.72	\$22,924,752.06
Transferred to Surplus	6,710,302.05	4,765,618.66
Transferred from Surplus to Reserves for Contingencies	<u>-</u>	<u>1,200,000.00</u>
Surplus December 31	<u>\$33,200,672.77</u>	<u>\$26,490,370.72</u>

FEDERAL RESERVE BANK OF CHICAGO
COMPARATIVE STATEMENT OF CONDITION

A S S E T S	December 31, 1944	December 31, 1943
GOLD CERTIFICATES ON HAND AND DUE FROM U. S. TREASURY	\$3,236,811,089.87	\$3,808,383,243.70
REDEMPTION FUND - FEDERAL RESERVE NOTES.	97,906,719.42	19,758,171.97
OTHER CASH	<u>29,840,551.40</u>	<u>40,409,037.39</u>
Total Reserves	\$3,364,558,360.69	\$3,868,550,453.06
BILLS DISCOUNTED	\$ -	\$ -
INDUSTRIAL ADVANCES.	<u>-</u>	<u>4,000.00</u>
Total Bills	\$ -	\$ 4,000.00
U. S. GOVERNMENT SECURITIES	<u>2,881,806,000.00</u>	<u>1,393,993,000.00</u>
Total Bills and Securities	\$2,881,806,000.00	\$1,393,997,000.00
BANK PREMISES.	2,879,402.98	2,947,863.09
FEDERAL RESERVE NOTES OF OTHER BANKS	14,752,000.00	9,905,940.00
UNCOLLECTED ITEMS	361,578,547.39	306,817,379.35
OTHER ASSETS	<u>10,170,872.22</u>	<u>5,823,376.15</u>
Total Assets	<u>\$6,635,745,183.28</u>	<u>\$5,588,042,011.65</u>
L I A B I L I T I E S		
FEDERAL RESERVE NOTES IN ACTUAL CIRCULATION	\$3,978,834,945.00	\$3,163,199,895.00
DEPOSITS:		
Member Bank - Reserve Account	\$2,169,949,572.21	\$1,943,250,348.39
U. S. Treasurer - General Account	27,826,951.39	56,515,396.47
Other Deposits.	<u>148,148,173.06</u>	<u>158,000,534.61</u>
Total Deposits	\$2,345,924,696.66	\$2,157,766,279.47
DEFERRED AVAILABILITY ITEMS	245,947,244.42	210,687,250.22
OTHER LIABILITIES.	<u>927,759.75</u>	<u>671,301.56</u>
Total Liabilities	\$6,571,634,645.83	\$5,532,324,726.25
C A P I T A L A C C O U N T S		
CAPITAL PAID IN.	\$ 19,598,700.00	\$ 17,915,750.00
SURPLUS (Section 7).	33,200,672.77	26,490,370.72
SURPLUS (Section 13B).	1,429,383.78	1,429,383.78
OTHER CAPITAL ACCOUNTS	<u>9,881,780.90</u>	<u>9,881,780.90</u>
Total Liabilities and Capital Accounts	<u>\$6,635,745,183.28</u>	<u>\$5,588,042,011.65</u>

FEDERAL RESERVE BANK OF CHICAGO

CURRENT EARNINGS, CURRENT EXPENSES, CURRENT NET EARNINGS, ADDITIONS TO CURRENT NET EARNINGS,
DEDUCTIONS FROM CURRENT NET EARNINGS, NET EARNINGS AND DISPOSITION OF NET EARNINGS

EARNINGS and EXPENSES							DISPOSITION of NET EARNINGS					
Year	Current Earnings	Current Expenses	Current Net Earnings	Additions to Current Net Earnings	Deductions from Current Net Earnings	Net Earnings	Dividends Paid	Transferred to Surplus (Section 7)	Paid U.S. Treasury (Section 13B)	Transferred to Surplus (Section 13B)	Franchise Tax Paid U.S.	Balance to Profit & Loss
1914-15	\$ 268,885	\$ 245,584	\$ 23,301	\$ -	\$ 3,210	\$ 20,091	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,091
1916	665,937	237,731	428,206	-	25,000	403,206	361,319	-	-	-	-	41,887
1917	2,083,164	584,069	1,499,095	2,127	269,343	1,231,879	862,259	215,799	-	-	215,799	-61,978
1918	8,481,747	1,478,310	7,003,437	-	198,356	6,805,081	604,635	6,200,446	-	-	-	-
1919	12,012,078	2,450,244	9,561,834	-	985,630	8,576,204	700,807	7,875,397	-	-	-	-
1920	30,303,218	4,164,176	26,139,042	69,307	332,600	25,875,749	792,769	14,688,500	-	-	10,394,480	-
1921	20,382,170	4,734,100	15,648,070	4,826	1,147,779	14,505,117	853,785	2,075,323	-	-	11,576,009	-
1922	6,748,863	4,080,057	2,668,806	572,019	1,835,610	1,405,215	876,203	- 657,289	-	-	1,186,301	-
1923	6,511,359	4,373,024	2,138,335	41,903	1,001,883	1,178,355	904,371	27,398	-	-	246,586	-
1924	5,202,169	3,946,436	1,255,733	27,857	374,467	909,123	909,123	-	-	-	-	-
1925	5,424,663	3,744,039	1,680,624	12,646	571,997	1,121,273	934,016	187,257	-	-	-	-
1926	6,567,043	3,824,437	2,742,606	13,098	501,781	2,253,923	985,959	1,267,964	-	-	-	-
1927	6,167,352	3,887,058	2,280,294	13,061	365,710	1,927,645	1,029,990	897,655	-	-	-	-
1928	8,936,418	3,696,679	5,239,739	11,833	488,143	4,763,429	1,099,761	3,663,668	-	-	-	-
1929	9,889,451	4,092,369	5,797,082	8,050	380,467	5,424,665	1,170,363	3,651,464	-	-	602,838	-
1930	4,834,153	3,805,117	1,029,036	298,510	273,218	1,054,328	1,211,418	- 157,090	-	-	-	-
1931	4,143,601	3,524,401	619,200	263,967	273,272	609,895	1,170,633	- 560,738	-	-	-	-
1932	5,613,671	3,432,693	2,180,978	874,264	812,517	2,242,725	1,029,933	121,279	-	-	1,091,513	-
1933	6,764,554	3,854,009	2,910,545	373,245	1,493,297	1,790,493	858,127	932,366	-	-	-	-
1934	8,152,371	3,551,838	4,600,533	1,611,990	4,808,032	1,404,491	761,334	669,479	-	- 26,322	-	-
1935	6,177,615	3,697,540	2,480,075	951,304	2,660,159	771,220	753,583	-	17,637	-	-	-
1936	4,423,476	3,453,380	970,096	1,526,060	1,563,978	932,178	725,553	153,241	28,354	25,030	-	-
1937	4,575,583	3,199,558	1,376,025	811,188	499,607	1,687,606	763,115	883,370	28,354	12,767	-	-
1938	3,954,026	3,318,002	636,024	1,637,141	1,182,207	1,090,958	791,007	279,031	20,714	206	-	-
1939	4,254,602	3,316,352	938,250	521,313	476,646	982,917	819,532	158,265	5,120	-	-	-
1940	4,831,217	3,471,164	1,360,053	1,530,021	282,100	2,607,974	826,919	1,770,131	10,924	-	-	-
1941	5,089,095	4,227,534	861,561	163,061	157	1,024,465	896,766	100,484	27,215	-	-	-
1942	6,590,508	5,177,403	1,413,105	386,898	602,842	1,197,161	955,508	237,632	4,021	-	-	-
1943	8,738,325	5,850,233	2,888,092	4,137,334	1,266,073	5,759,353	993,684	4,765,619	50	-	-	-
1944	14,204,919	6,757,377	7,447,542	383,895	-	7,831,437	1,115,422	6,710,302	5,713	-	-	-
Totals	\$221,992,233	\$106,174,914	\$115,817,319	\$16,246,918	\$24,676,081	\$107,388,156	\$25,757,894	\$56,156,953	\$ 148,102	\$ 11,681	\$25,313,526	\$ -

Deductions from Surplus (Section 7)

Purchase of F.D.I.C. Stock Year 1934

Transferred to Reserves
for Contingencies
Years 1940, 1942 and 1943

\$19,748,517

3,207,763

22,956,280
\$33,200,673

* Payments from U. S. Treasury
Years 1934 and 1935.

1,417,702*
\$ 1,429,383

FEDERAL RESERVE BANK OF CHICAGO

DEDUCTIONS FROM CURRENT NET EARNINGS, NET EARNINGS AND DISPOSITION OF NET EARNINGS
 CURRENT EARNINGS, CURRENT EXPENSES, CURRENT NET EARNINGS, ADDITIONS TO CURRENT NET EARNINGS

DISPOSITION OF NET EARNINGS

EARNINGS and EXPENSES

Year	Current Earnings	Current Expenses	Current Net Earnings	Additions to Current Net Earnings	Deductions from Current Net Earnings	Net Earnings	Dividends Paid	Transferred to Surplus (Section 7)	Paid U.S. Treasury (Section 128)	Transferred to Surplus (Section 138)	Transferred to Surplus (Section 138)	Balance to Profit & Loss
1914-15	\$ 268,887	\$ 245,384	\$ 23,503	-	\$ 3,210	\$ 20,293	-	-	-	-	-	\$ 20,091
1916	667,277	537,771	129,506	-	25,000	104,506	801,318	-	-	-	-	41,887
1917	8,087,164	584,066	7,503,098	5,127	209,242	7,712,983	602,222	-	-	-	-	-61,278
1918	8,481,747	1,478,210	7,003,537	-	1,087,326	8,090,863	604,672	-	-	-	-	-
1919	12,012,078	2,450,244	9,561,834	-	8,276,204	17,838,038	700,807	-	-	-	-	-
1920	20,202,218	4,184,176	16,018,042	69,207	728,600	16,758,649	782,762	-	-	-	-	-
1921	20,282,170	4,724,100	15,558,070	1,282	1,147,719	16,705,117	822,702	-	-	-	-	-
1922	6,748,822	4,080,027	2,668,795	275,019	1,822,610	1,402,219	276,202	-	-	-	-	-
1923	6,211,222	4,372,024	1,839,198	47,202	1,007,827	1,118,323	304,271	-	-	-	-	-
1924	2,202,169	2,046,426	155,743	27,827	274,427	902,122	902,122	-	-	-	-	-
1925	2,424,662	2,744,022	(319,360)	12,646	271,927	1,127,272	274,016	-	-	-	-	-
1926	6,267,042	2,264,427	4,002,615	12,826	207,781	4,222,222	1,227,222	-	-	-	-	-
1927	6,167,222	2,227,022	3,940,200	12,027	207,710	4,222,222	1,227,222	-	-	-	-	-
1928	8,222,418	2,222,418	6,000,000	17,822	422,422	6,422,422	1,222,422	-	-	-	-	-
1929	9,222,422	4,222,422	5,000,000	8,222	222,422	5,222,422	1,222,422	-	-	-	-	-
1930	4,222,422	2,222,422	2,000,000	1,222	222,422	2,222,422	1,222,422	-	-	-	-	-
1931	4,222,422	2,222,422	2,000,000	222,422	222,422	2,222,422	222,422	-	-	-	-	-
1932	2,222,422	2,222,422	-	222,422	222,422	2,222,422	222,422	-	-	-	-	-
1933	6,222,422	2,222,422	4,000,000	222,422	222,422	4,222,422	222,422	-	-	-	-	-
1934	8,222,422	2,222,422	6,000,000	222,422	222,422	6,222,422	222,422	-	-	-	-	-
1935	6,222,422	2,222,422	4,000,000	222,422	222,422	4,222,422	222,422	-	-	-	-	-
1936	4,222,422	2,222,422	2,000,000	222,422	222,422	2,222,422	222,422	-	-	-	-	-
1937	4,222,422	2,222,422	2,000,000	222,422	222,422	2,222,422	222,422	-	-	-	-	-
1938	2,222,422	2,222,422	-	222,422	222,422	2,222,422	222,422	-	-	-	-	-
1939	4,222,422	2,222,422	2,000,000	222,422	222,422	2,222,422	222,422	-	-	-	-	-
1940	4,222,422	2,222,422	2,000,000	222,422	222,422	2,222,422	222,422	-	-	-	-	-
1941	2,222,422	2,222,422	-	222,422	222,422	2,222,422	222,422	-	-	-	-	-
1942	6,222,422	2,222,422	4,000,000	222,422	222,422	4,222,422	222,422	-	-	-	-	-
1943	8,222,422	2,222,422	6,000,000	222,422	222,422	6,222,422	222,422	-	-	-	-	-
1944	14,222,422	6,222,422	8,000,000	222,422	222,422	8,222,422	222,422	-	-	-	-	-
Totals	\$221,922,222	\$106,174,222	\$115,748,000	\$12,246,222	\$24,622,222	\$107,388,000	\$62,727,222	\$26,222,222	\$148,102	\$11,222	\$22,222,222	\$1,222,222

Deductions from Surplus (Section 7)

Purchase of F.D.I.C. Stock Year 1934 \$19,748,211

Transferred to Reserves for Contingencies Years 1940, 1942 and 1943 \$2,222,222

* Payments from U. S. Treasury Years 1934 and 1935 \$1,417,022

\$2,222,222

