

9

ELEVENTH ANNUAL REPORT
of the
FEDERAL RESERVE AGENT
of the
NINTH FEDERAL
RESERVE DISTRICT
to the
FEDERAL RESERVE BOARD



Covering the Calendar Year
1925

Federal Reserve Bank of Minneapolis
Office of Federal Reserve Agent,
Minneapolis, Minn., January 18, 1926.

To Governor D. R. Crissinger,
Federal Reserve Board,
Washington, D. C.

Sir:

In conformity with your letter of December 7, 1925, I have the honor to submit herewith the Eleventh Annual Report of the Federal Reserve Agent of the Federal Reserve Bank of Minneapolis, relating to operations during the twelve months which ended December 31, 1925.

Respectfully submitted,

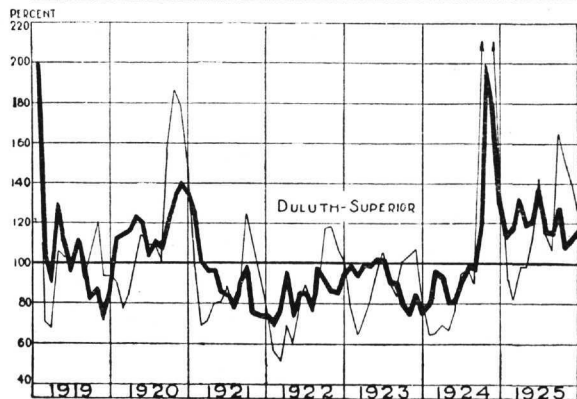
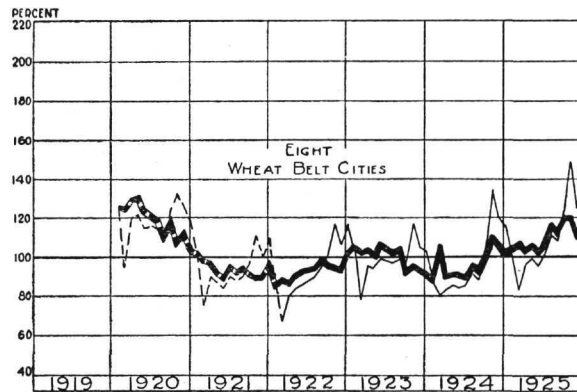
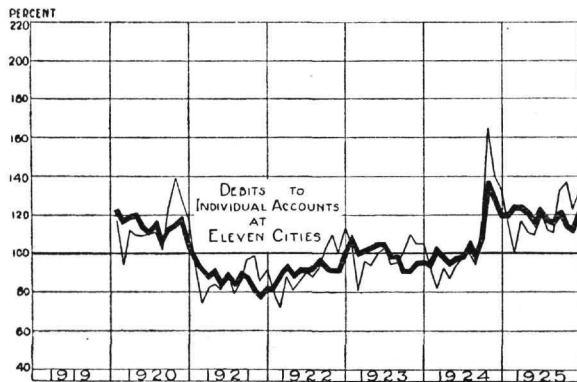
J. R. MITCHELL,
Federal Reserve Agent.

REPORT
OF THE
FEDERAL RESERVE AGENT
AT MINNEAPOLIS
1925

AGRICULTURAL AND BUSINESS CONDITIONS

The year 1925 witnessed the spending of the remainder of the proceeds of the crop of 1924 and the advent of a smaller crop selling at a lower average price. The year opened with considerable latent purchasing power in the hands of agricultural producers, which was of assistance to business in this district in the early months of the year. The exercise of this purchasing power created by the crop of 1924 was especially noticeable in larger shipments of agricultural implements in the first half of the year, heavier sales of lumber by retail yards scattered throughout the district during the first nine months of the year, and larger valuation of building permits throughout practically the whole year.

General business activity during the first nine months of the year, as measured by check payments through banks, was on a level approximately 20 per cent above the same months in the preceding year. This increase was occasioned by the higher prices prevailing for agricultural products, as well as by the larger volume of agricultural production. Business became particularly active in April, and the improvement was very general in all lines of activity in June, while business confidence in the latter month was at the high point of the year. Business continued active throughout July and August because of this confidence and the results of the earlier expansion of business, although the uncertainty regarding the prospective crops became rather pronounced in August. The new crop came to market in unprecedented volume in September. However, producers held unusually large quantities of grain on storage tickets and deferred final sales until later months. The failure of foreign purchasers to take as large a fraction of this year's crop as in the preceding year resulted in a weakening of prices of wheat and rye, and prices of the feed grains fell when it became apparent there would be an ample supply for all domestic needs. The realization that the cash crops of 1925 would have a volume approximately three-fourths of that in 1924 and that prices, although more largely on a domestic consumption basis than in the preceding year, would average less, was



Debits to Individual Accounts at Banks in Cities of the Ninth Federal Reserve District. Heavy curve represents figures adjusted to eliminate seasonal changes; light curve represents actual, or unadjusted, figures. The "Eleven Cities" include Minneapolis, St. Paul, Duluth, Superior, and seven others reporting to us since 1920.

the occasion of a definite turning point in business conditions in the month of October. This was aided by the abnormally cold weather which prevailed, retarding the grain movement. Early winter retail buying was practically completed during October, and the slump in general business occasioned both by the poorer crops and weather conditions, continued into November, and did not cease until the weeks of Christmas buying arrived.

The unfavorable circumstances pertaining to the crop situation were somewhat mitigated by very favorable conditions with reference to livestock, the prices of which were higher than those prevailing last year. The increased value of the livestock moved did not fully equalize the loss in volume and price for the crops as compared with the preceding year.

The purchasing power deferred by the use of storage tickets during the heavy movement of the month of September, was probably brought out in large part during the month of December, as the year ended with a volume of business approximately on a level with that of a year ago.

A localized study of business conditions in 1925, upon the basis of individual debits, or check payments through banks, in representative cities of this District, indicates that the wheat belt cities and cities containing livestock receiving terminals showed improvement over the preceding year. Urban conditions, based upon general merchandising, or upon the export trade, had a downward tendency, as shown by the accompanying charts.

FINANCIAL CONDITIONS

As a result of larger returns from the crops of 1924, the year opened with noteworthy surplus bank reserves and with unusually large deposits of country banks with city correspondents. In large part, these funds were being held while awaiting expenditure by the agricultural producers or investment by bankers.

The net demand deposits of all member banks in this district declined almost steadily from the beginning of the year to the end of May, and the banks in the larger cities holding correspondent balances consequently experienced a similar decrease in their demand deposits. For all member banks, the demand deposits rose in June, declined in July and rose throughout the remainder of the year; while the twenty-five representative banks in the larger cities reporting to us experienced a somewhat similar gradual gain from the end of May to the end of the year. For the latter group, the total demand deposits at the end of the year were about 30 million dollars less than one year earlier. Time deposits of all member banks exhibited customary seasonal tendencies by rising during the first three months of the year, as a result of realizing on crops shipped or being shipped, by declining from April to August inclusive, during the period when

crops come to market in the smallest volume and expenditure is incurred in connection with the new crop and by rising thereafter to October 28, as a result of new crop marketing, after which little change occurred. The usual small gain was shown at the end of the year as compared with the end of the preceding year.

In connection with loans and investments of the twenty-five city banks which report weekly to this office, it is of interest to note the decline in holdings of commercial paper and loans to customers, other than upon stocks and bonds, during the first seven months of the year, followed by an increase in August and September for crop moving purposes, and a small amount of liquidation in the latter half of December. Investments of these member banks were increased during the year, and loans on stocks and bonds, which rose rapidly during the month of June, were maintained at the June level to the end of the year. The total of loans and investments for these twenty-five banks was 20 million dollars less than at the end of the preceding year.

A spirit of greater confidence was apparent on the part of the investing public than prevailed in the preceding year, because sales of industrial and foreign bonds and of stocks were in much greater proportion as compared with total sales than prevailed in 1924.

OPERATIONS OF MINNEAPOLIS FEDERAL RESERVE BANK IN 1925

A. General Survey

The operations of this bank during 1925, as reflected in the items of the balance sheet covering rediscounts for member banks and reserve deposits of member banks, had a distinctly seasonal character. No change of importance took place between the beginning of the year and the first week in April. Spring borrowing began during the week ending April 15, increasing our rediscounts to a high point of nearly 7 millions in the week ending April 29, and practically all of this loan expansion was liquidated by June 24. Fall borrowing began during the week ending July 22, increasing our rediscounts to a peak of 11½ millions during the week ending August 19, and this expansion was completely liquidated by October 14, although followed by a secondary peak in the week of October 21, which was completely liquidated during the week ending November 10. In this connection, it is important to note that member bank reserve deposits with this institution reached a higher total on October 7 than on any other date between April and the close of the year, thereby fixing this date as the high tide of crop marketing as it affected financial conditions during the year.

Our total earning assets declined slightly during the first month, owing to a reduction in holdings of United States se-

curities, with a corresponding slight gain in our cash reserves. Holdings of United States securities declined slightly during the second month, but were practically unchanged during the remainder of the year, except for a small increase during the last week of December. Holdings of bills bought in the open market increased from February to the last week of September. In consequence, our total cash reserves declined by a corresponding amount during this period between the first week in February and the last week in September. Holdings of such purchased bills dropped steadily throughout October and November, and were increased during the month of December.

The net effect of these changes upon our balance sheet for the year ending December 31, 1925, as compared with a year earlier, was as follows: Bills discounted for member banks declined from $4\frac{1}{2}$ to $3\frac{1}{2}$ millions, holdings of United States securities declined from 26 to 19 millions, and holdings of bills bought in the open market increased from a negligible sum to 19 millions. Total earning assets at the end of the year were 42 millions, as compared with 30 millions at the beginning of the year. Member bank reserve deposits decreased from 56 to 53 millions. Federal reserve notes in circulation decreased from 72 to 70 millions, and cash reserves decreased from 101 to 87 millions.

This bank did not borrow from or lend to any other Federal reserve banks during 1925.

The discount rate of this bank was unchanged throughout the year, at the rate of 4 per cent, effective since October 15, 1924.

B. Earnings and Expenses

The gross earnings of this bank during 1925 were \$1,438,000, as compared with \$1,609,000 in 1924. Current expenses during 1925 were \$1,098,000, as compared with \$1,065,000 in 1924. The current net earnings during 1925 were \$341,000, as compared with \$544,000 in 1924. Miscellaneous additions to current net earnings in 1925 amounted to \$39,000 and deductions from current net earnings amounted to \$145,000, leaving final net earnings available for dividends, surplus and franchise tax of \$235,000, as compared with \$329,000 in 1924. In 1925, dividends totaling \$193,560 were declared at the rate of 6 per cent per annum on our paid-in capital stock, and paid to member banks. There was transferred to surplus account \$4,139. The remainder, amounting to \$37,255, was paid to the United States Government as a franchise tax.

C. Departmental Statistics of Volume Including the Helena Branch

The Transit, or Check Collection Department handled 26,563,000 items during 1925, amounting to \$4,012,157,000, as

compared with 26,219,000 items during 1924, amounting to \$3,652,895,000.

The Collection Department received 343,000 items during 1925, amounting to \$151,044,000, as compared with 368,000 items during 1924, amounting to \$154,614,000.

The Currency Department received and counted 34,419,000 bills, amounting to \$191,744,000 in 1925, as compared with 31,575,000 bills, amounting to \$172,154,000 in 1924. This department also received and counted 9,504,000 coins, amounting to \$3,666,000 in 1925, as compared with 8,833,000 coins, amounting to \$2,709,000 in 1924.

The Vault Custody Department, in its service of safekeeping of securities, handled 58,363 bonds during 1925, as compared with 57,339 bonds in 1924. This department cut and forwarded to the owners of the securities, or turned over to other departments for collection or credit, 49,386 coupons during 1925, as compared with 38,733 coupons during 1924.

Wire transfers of funds made for member banks, including those made for the 5 per cent Gold Redemption Fund, numbered 63,000, totaling \$2,657,304,000 during 1925, as compared with 67,000, totaling \$2,405,908,000 during 1924.

The Discount Department received 2,869 applications for loans during 1925 and served 290 member banks. This was an average of 10 applications each from 35 per cent of the number of member banks in the district at the close of the year. In 1924, 5,662 applications were received and 476 banks served. This was an average of 12 applications each from 52.5 per cent of the member banks in the district. During 1925, 11,524 notes were discounted, amounting to \$92,374,000, as compared with 27,527 notes, amounting to \$100,354,000 in 1924.

Of the total bills discounted for all member banks, the percentages in amount divided by state lines during the last four years were as follows:

	1925	1924	1923	1922
Minnesota	80.0%	63.9%	80.0%	50.5%
South Dakota	9.0	13.4	6.9	14.4
North Dakota	3.7	12.0	4.9	10.8
Montana	1.9	7.4	6.2	14.7
Wisconsin	2.4	2.1	1.2	5.4
Michigan	3.0	1.2	.8	4.2

Bills purchased by this bank in the open market during 1925 numbered 6,078, amounting to \$84,712,000, as compared with 1,294, amounting to \$15,834,000 in 1924. Bills purchased from other Federal reserve banks during 1925 numbered 979, amounting to \$18,276,000, as compared with 136, amounting to \$3,006,000 in 1924.

FISCAL AGENCY FUNCTIONS

The Fiscal Agency operated by us for the United States Government redeemed 1,094,000 Government coupons, amounting to \$11,086,000 during 1925, as compared with 1,228,000 coupons, amounting to \$10,478,000 in 1924.

Other operations consisting of issues, redemptions or exchanges of various Government securities, including Treasury Savings Securities, redeemed at this office, or received from Postmasters after redemption by them numbered 128,000 pieces and amounted to \$82,403,000 as compared with 247,000 pieces amounting to \$107,875,000 in 1924. In December the Treasury Department made public announcement of its willingness to purchase Third Liberty Loan 4- $\frac{1}{4}$ % Bonds direct from individual holders. As a result 800 proposals offering \$2,216,350 of this issue at not exceeding 101- $\frac{1}{2}$ were received from holders in this district. Of these, 289 proposals offering \$508,450 at not exceeding 101- $\frac{1}{4}$ were finally accepted and paid for.

This Agency handled during 1925, in addition, 3,865 purchases of Government securities and 4,326 resales of Government securities, totaling \$191,807,000, or an increase of approximately 19 per cent over 1924 in the number of transactions handled. Including short term government securities which were transferred by wire, delivery of 30,623 pieces totaling \$120,372,100.00 was made on purchase and resale transactions other than for our own account.

This Agency assisted in the allotment of five offerings of Treasury Certificates of Indebtedness and Treasury Bonds during the year. In such operations 5,298 individual subscriptions contained in 1,306 different applications were received.

ACTIVITIES OF THE FEDERAL RESERVE AGENT'S OFFICE

A. Federal Reserve Note Issues

Since the organization of this Federal Reserve Bank there have been received by the Federal Reserve Agent from the Comptroller of the Currency, \$353,920,000 of new Federal reserve notes, and during this same period there has been issued by the Federal Reserve Agent to the Bank \$342,525,000 of new Federal reserve notes. Meanwhile, the Federal Reserve Bank "retired", or returned to the Federal Reserve Agent, \$83,657,500 of currency fit for reissue, and such reissues of fit-for-use notes totaled \$79,357,500. Federal reserve notes were redeemed and destroyed at Washington since the organization of this Bank totaling \$264,979,160. The total of such notes issued by the Federal Reserve Agent to the Bank, as shown above, less the amount returned to the Agent and the amount returned to Washington for destruction, are designated as "outstanding".

From the foregoing it is apparent that the amount of notes outstanding on December 31, 1925, was \$73,245,840, and that the Federal Reserve Agent held \$15,695,000 of new and fit-for-use notes on the latter date.

Of this total outstanding (\$73,245,840) there was "in circulation" \$70,161,000, and the amount of notes held by our paying tellers here and in the Branch Office at Helena combined and the amount of mutilated Federal reserve notes forwarded for redemption totaled \$3,084,840.

During 1925 the Federal Reserve Agent and his assistants at Minneapolis and Helena received \$29,220,000 of new Federal reserve notes from the Comptroller of the Currency at Washington and \$15,812,000 of fit-for-use notes from our paying tellers. The issues of new and fit-for-use notes totaled \$44,330,500, as compared with \$52,030,000 during the preceding year. The amount of Federal reserve notes outstanding with this Federal Reserve Bank decreased from \$74,835,695 to \$73,245,840 between December 31, 1924, and December 31, 1925.

Federal reserve notes in actual circulation declined from \$71,761,000 at the beginning of the year to \$61,221,000 on August 12, which was the lowest point shown in the published weekly statements, and increased thereafter to a high point of \$71,108,000 on December 23. The amount in actual circulation on December 31, 1925, was \$70,161,000.

Unissued Federal reserve notes on hand held by the Federal Reserve Agent and his assistants at Minneapolis and Helena combined amounted to \$15,695,000 on December 31, 1925, as compared with \$14,993,500 on December 31, 1924.

As collateral security for the Federal reserve notes outstanding with the Federal Reserve Bank, there was held by the agent on December 31, 1925, \$57,420,000 in the form of gold coin and gold certificates, in vault or on deposit with the Federal Reserve Board, and \$21,719,000 in eligible paper, compared with \$73,528,000 in gold and \$3,650,000 in eligible paper on December 31, 1924.

B. Membership

At the close of the year, there were 862 member banks in this district as compared with 906 member banks at the beginning of the year. There was a net loss of 29 national banks and 15 state banks. The total membership at the close of 1925 was divided into 773 national banks and 89 state banks. The new members are:

Name of Bank	Town	No. of Shares Subscribed
Trout Creek State Bank.....	Trout Creek, Mich.....	15
New First National Bank in.....	Lamberton, Minn.	18
First National Bank in.....	Litchfield, Minn.	60
First & Farmers National Bank in.....	Luverne, Minn.	90

Richland National Bank.....	Sidney, Mont.	21
First National Bank.....	Gackle, N. Dak.....	21
Farmers National Bank in.....	Lidgerwood, N. Dak.....	21
First National Bank in.....	Lidgerwood, N. Dak.....	18
First National Bank in.....	Valley City, N. Dak.....	90
Security National Bank.....	Brookings, S. Dak.....	36
New First National Bank in.....	Lemmon, S. Dak.....	20
Oldham National Bank.....	Oldham, S. Dak.....	15
Onida National Bank.....	Onida, S. Dak.....	17
McCook County National Bank.....	Salem, S. Dak.....	18
National Bank of Wessington Springs.....	Wessington Springs, S. D.	18
Crandon National Bank.....	Crandon, Wis.	18
People's National Bank.....	Hayward, Wis.	18

C. Examination of Banks

During 1925, 59 examinations and credit investigations were made by the Federal Reserve Agent's Examiners, of which 57 were made in conjunction with state banking department examiners, and 2 were independently made. Two of these examinations were made of state banks applying for, or considering, membership in the Federal Reserve System. In the examination work this year, three examiners were used throughout the year, who with their assistants traveled in the aggregate 28,338 miles and examined banks with total resources of \$60,389,717. The Manager of the Examination Department, who is included in the total of three examiners, devoted one-half of his time to suspended banks. In addition to the foregoing examinations and credit investigations, special visits were made to 12 banks for the purpose of obtaining credit information, or in connection with rediscounts or collections, or to give general assistance to member banks. Our examiners contributed a total of 3 days to assisting closed member banks during the year.

In addition to the information obtained from the Federal Reserve Examiners, 1,642 reports of examination of national banks were received from the Chief National Bank Examiner of this district, and 62 reports of examination of state member banks were received from the various state banking departments. There were four calls for reports of condition of national banks and four calls for state member banks during the year. Also two semi-annual statements of earnings and dividends were required from all member banks. These reports of condition and of earnings and dividends, totaling 5,225 were received, verified and filed.

D. Applications for Fiduciary Powers

National banks have continued to apply for trust powers under Section 11-K of the Federal Reserve Act. Applications received and approved by the Federal Reserve Board during 1925 include the following:

Name of Bank	Location	Date Approved	Capital
First National Bank.....	Sauk Centre, Minn.....	6-25-25	\$ 50,000.00
First National Bank.....	Stewartville, Minn.....	1-21-25	50,000.00
First National Bank.....	Great Falls, Mont.....	2-10-25	200,000.00

E. Reviews of Agricultural and Business Conditions

During the year, twelve monthly reviews were prepared for the Federal Reserve Board and later published, containing a total of 97 pages of printed material, as compared with 104 pages in 1924. The number printed in December, 1925, was 3,525, compared with 3,225 in December, 1924.

In connection with this review, a summary of national business conditions prepared by the Federal Reserve Board was published monthly, and a number of special studies were published in the monthly reviews during the year as follows:

Statistical Abstract of the years 1920-1924 in the Ninth Federal Reserve District. (January 28.)

Financing Long Term Credit for Agriculture by the Use of State Credit in South Dakota and Minnesota, with maps. (January 28.)

Banking in 1924, a general survey of the year. (March 28.)

Crop Acreages and Production, 1909-1924, a tabular summary for each of these years in each of the States of Minnesota, North Dakota, South Dakota and Montana, for each of the following crops: Wheat, Rye, Corn, Oats, Barley, Flax and Potatoes. (April 28.)

Sales of Securities, 1922-1925, in the Ninth Federal Reserve District, with graphic analysis. (May 29.)

Movement of Agricultural Products and Value at the Farm 1920-1924, a tabular statement covering actual marketings in each of the months in each of these years, for each of the following grains: Wheat, Corn, Oats, Rye, Barley and Flax. (June 29.)

Number of Milk Cows in 1920 and in 1925, presented in maps showing conditions in different counties in this district. (June 29.)

Northwest Freight Carloadings 1919-1925. (August 28.)

Changes in Security Holdings of National Banks in the Ninth Federal Reserve District between June 30, 1924, and June 30, 1925. (September 29.)

Debits to Individual Accounts in the Ninth Federal Reserve District 1919-1925, including an analysis of variations in different portions of the district. (November 28.)

The Number of Vacant Dwellings for Rent in Minneapolis 1919-1925 inclusive, with illustrative charts. (November 28.)

The Number of Farms on January 1, 1925, in each county of this Federal Reserve District, with increases and decreases since 1920, presented in the form of maps. (December 29.)

F. General Service

There is a demand that this Federal Reserve Bank furnish speakers for various public meetings and that they describe the operations of the Federal Reserve System and its relation to agriculture, commerce, industry, and finance. In response to this demand during the year 1925, officials and representatives of this Bank addressed 35 different groups with a total attendance of 5,705 persons, as compared with 60 addresses and an attendance of 8,368 in 1924. In addition, many requests were received through personal calls or letters for specific information regarding the banking system, all of which have been met with such information as could be obtained from our library and office files. During the year 1925, the number of volumes in our library increased from 975 to 1,106. The number of newspapers and periodicals received was practically unchanged and was comprised chiefly of those having current interest and permanent value for reference purposes.

CHANGES IN PERSONNEL

In the annual fall election, member banks elected Mr. Paul J. Leeman of Minneapolis, Minnesota, as a Class A Director and Mr. Paul N. Myers of St. Paul, Minnesota, as a Class B Director for terms of three years each. Mr. John S. Owen of Eau Claire, Wisconsin, was elected as a Class B Director to fill the unexpired term ending December 31, 1927, of Mr. F. P. Hixon, resigned. The Federal Reserve Board reappointed Mr. George W. McCormick as Class C Director, Mr. J. R. Mitchell as Chairman of the Board and Federal Reserve Agent, Mr. Homer P. Clark, as Deputy Chairman, and Messrs. Curtis L. Mosher, J. F. Ebersole and H. L. Zimmermann as Assistant Federal Reserve Agents.

Mr. Theodore Wold was elected by our Board of Directors as a member of the Federal Advisory Council to serve for the year 1926.

Mr. Lee M. Ford was re-elected as a Director of the Helena Branch for a three year term beginning January 1, 1926. Mr. C. J. Kelly was designated as Chairman, and Mr. Henry Sieben as Vice Chairman. Mr. R. E. Schumacher, Assistant Cashier of the Helena Branch, resigned November 23, 1925.

The complete staff of the Federal Reserve Bank of Minneapolis and its Helena branch, including officers and banking employees, janitors and other building employees, on December 31, 1925, numbered 384 persons as compared with 382 persons a year previous, the increase being made necessary by occupancy of our new building to which moving was completed on February 1, 1925.

*Resources and Liabilities of the Federal Reserve Bank
of Minneapolis
(In thousands of dollars)*

RESOURCES			
	Dec. 31, 1925	Dec. 31, 1924	Dec. 31, 1923
Gold with Federal reserve agent.....	\$ 57,420	\$ 73,528	\$ 54,552
Gold redemption fund with United States Treasury.....	2,059	908	2,053
Gold held exclusively against Federal reserve notes	\$ 59,479	\$ 74,436	\$ 56,605
Gold settlement fund with Federal Reserve Board.....	18,760	19,569	23,545
Gold and gold certificates held by bank.....	6,905	5,867	8,828
Total gold reserves	\$ 85,144	\$ 99,872	\$ 88,978
Reserves other than gold.....	2,200	1,608	955
Total reserves	\$ 87,344	\$101,480	\$ 89,933
Non-reserve cash	1,145	1,027	943
Bills discounted:			
Secured by United States Government obligations...	551	229	3,289
Other bills discounted.....	2,870	4,223	15,368
Total bills discounted.....	\$ 3,421	\$ 4,452	\$ 18,657
Bills bought in open market.....	18,741	8	623
United States Government securities:			
Bonds	7,665	8,856	7,122
Treasury notes	7,094	13,145	2,749
Certificates of indebtedness.....	4,319	3,787	165
Total United States Government securities...	\$ 19,078	\$ 25,788	\$ 10,036
Other securities	55	.....	.....
Foreign loans on gold.....	257	216	.....
Total bills and securities.....	\$ 41,552	\$ 30,464	\$ 29,316
Uncollected items	14,199	13,942	14,507
Bank premises	2,943	2,901	2,103
All other resources.....	2,670	3,495	3,526
Total resources	\$149,853	\$153,309	\$140,328
LIABILITIES			
Federal reserve notes in actual circulation.....	\$ 70,161	\$ 71,761	\$ 64,952
Deposits:			
Member bank reserve account.....	53,071	55,967	46,904
Government	1,263	1,636	2,416
Foreign bank	272	67	55
Other deposits	362	355	442
Total deposits	\$ 54,968	\$ 58,025	\$ 49,817
Deferred availability items.....	13,149	11,883	13,482
Capital paid in.....	3,183	3,270	3,498
Surplus	7,501	7,497	7,484
All other liabilities.....	891	873	1,095
Total liabilities	\$149,853	\$153,309	\$140,328
Ratio of total reserves to deposit and Federal reserve note liabilities combined (per cent).....	69.8	78.2	78.4
Contingent liability on bills purchased for foreign correspondents	\$ 2,321	\$ 1,537	\$ 646

Earnings and Expenses of Federal Reserve Bank of Minneapolis.

EARNINGS			
Discounted bills	\$ 231,342	\$ 578,447	\$1,088,899
Purchased bills	440,784	84,269	31,414
U. S. Securities.....	676,696	848,070	520,724
Municipal warrants	181	31	66
Deficient reserve penalties.....	17,414	40,175	91,943
Miscellaneous	71,924	58,078	16,207
Total earnings	\$1,438,341	\$1,609,070	\$1,749,253
Current expenses	1,097,829	1,065,167	1,082,137
Current net earnings.....	\$340,512	\$543,903	\$667,116

Earnings and Expenses of Federal Reserve Bank of Minneapolis, (Continued)

Additions to current net earnings:

Withdrawn from reserve for depreciation on			
U. S. bonds.....	143,469	.....	.....
All other	39,367	27,101	8,327
Total additions	\$39,367	\$170,570	\$8,327

Deductions from current net earnings:

Bank premises—depreciation	126,411	310,862	40,405
Furniture and equipment.....	10,347	48,938	23,328
Reserve for probable losses.....	.....	.....	200,000
Reserve for depreciation:			
U. S. bonds.....	.....	.....	53,856
All other	8,167	25,571	32,399
Total deductions	\$144,925	\$385,371	\$349,988
Net deductions	105,558	214,801	341,661
Net earnings	\$234,954	\$329,102	\$325,455

Distribution of net earnings:

Dividends paid	193,560	202,828	212,733
Transferred to surplus account.....	4,139	12,628	11,272
Franchise tax paid U. S. Government.....	37,255	113,646	101,450

CURRENT EXPENSES

Salaries:

Bank officers	\$ 125,552	\$ 121,350	\$ 113,236
Clerical staff	375,112	429,493	460,128
Special officers and watchmen.....	25,568	25,576	24,041
All other	93,344	67,148	35,756
Governors' conferences	645	566	606
Federal Reserve agent's conferences.....	300	246	90
Federal Advisory Council.....	991	1,087	1,195
Directors' meetings	8,256	9,052	9,507
Traveling expenses*	45,723	52,454	32,649
Assessment for Federal Reserve Board expenses....	23,006	21,867	23,704
Legal fees	29,884	23,463	14,149
Insurance (other than on currency and security shipments)	31,793	29,600	30,474
Taxes on banking house.....	80,031	1,580	1,593
Repairs and alterations, banking house.....	7,931	426	196
Light, heat and power	19,757	1,468	1,836
Rent	7,889	43,399	46,699
Telephone	5,769	7,310	6,988
Telegraph	21,975	23,998	25,757
Postage	61,597	74,683	90,303
Expressage	9,553	10,093	7,955
Insurance on currency and security shipments.....	14,424	16,175	11,409
Printing and stationery.....	22,035	38,063	36,757
Office and other supplies.....	22,891	20,891	23,860
All other expenses.....	32,094	36,645	32,622

Total exclusive of cost of currency.....	\$1,066,120	\$1,056,633	\$1,031,510
---	--------------------	--------------------	--------------------

Federal reserve currency (including shipping charges):

Original cost	28,255	6,796	40,005
Cost of redemption.....	3,454	1,738	10,622

Total current expenses.....	\$1,097,829	\$1,065,167	\$1,082,137
------------------------------------	--------------------	--------------------	--------------------

REIMBURSABLE EXPENSES OF FISCAL AGENCY DEPARTMENT

Salaries—Officers	\$ 5,500	\$ 3,958	\$ 9,329
Salaries—Employees	9,790	37,102	131,758
All other expenses.....	6,123	10,171	33,360
Total	\$21,413	\$51,231	\$174,447

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

DIRECTORS AND OFFICERS
FEDERAL RESERVE BANK OF MINNEAPOLIS
JANUARY 1, 1926

DIRECTORS

Class A

J. C. BASSETT	- - - -	1926	- - - -	Aberdeen, S. Dak.
WESLEY C. McDOWELL	- - - -	1927	- - - -	Marion, N. Dak.
PAUL J. LEEMAN	- - - -	1928	- - - -	Minneapolis, Minn.

Class B

N. B. HOLTER	- - - -	1926	- - - -	Helena, Mont.
JOHN S. OWEN	- - - -	1927	- - - -	Eau Claire, Wis.
PAUL N. MYERS	- - - -	1928	- - - -	St. Paul, Minn.

Class C

J. R. MITCHELL	- - - -	1926	- - - -	Minneapolis, Minn.
HOMER P. CLARK	- - - -	1927	- - - -	St. Paul, Minn.
GEO. W. MCCORMICK	- - - -	1928	- - - -	Menominee, Mich.

OFFICERS

J. R. MITCHELL, <i>Chairman and Federal Reserve Agent.</i>	R. A. YOUNG - - - Governor
HOMER P. CLARK, <i>Deputy Chairman.</i>	W. B. GEERY - - Deputy Governor
CURTIS L. MOSHER, <i>Secretary Board of Directors, and Assistant Federal Reserve Agent.</i>	B. V. MOORE - - Deputy Governor
J. F. EBERSOLE, <i>Assistant Federal Reserve Agent.</i>	HARRY YAEGER, <i>Asst. Dep. Governor</i>
FRED M. BAILEY, <i>Manager, Bank Examination Department.</i>	FRANK C. DUNLOP - Controller
ANDREAS UELAND, <i>Legal Counsel.</i>	GRAY WARREN - - - Cashier
SIGURD UELAND, <i>Assistant Counsel.</i>	L. E. RAST - - - Asst. Cashier
	H. C. CORE - - - Asst. Cashier
	HARRY I. ZIEMER - - Asst. Cashier
	W. C. LANGDON - - Asst. Cashier
	A. R. LARSON - - Asst. Cashier

MEMBER OF FEDERAL ADVISORY COUNCIL

THEODORE WOLD, *Vice President, Northwestern National Bank,*
Minneapolis, Minnesota.

HELENA BRANCH—(MONTANA)

DIRECTORS

C. J. KELLY, <i>Chairman</i>	- - -	1926	- - -	Butte, Mont.
HENRY SIEBEN, <i>Vice Chairman</i>	- - -	1927	- - -	Helena, Mont.
R. O. KAUFMAN	- - -	1926	- - -	Helena, Mont.
T. A. MARLOW	- - -	1927	- - -	Helena, Mont.
LEE M. FORD	- - -	1928	- - -	Great Falls, Mont.
R. E. TOWLE	- - -	1926	- - -	Helena, Mont.

OFFICERS

R. E. TOWLE - - <i>Managing Director</i>	H. L. ZIMMERMANN, <i>Asst. Federal Reserve Agent and Auditor.</i>
H. F. BROWN - - - <i>Cashier</i>	
W. A. CUTLER, JR. - <i>Asst. Cashier</i>	T. B. WEIR - - - <i>Legal Counsel</i>