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SIXTEENTH ANNUAL REPORT  
*of the*  
**FEDERAL RESERVE AGENT**  
*of the*  
NINTH FEDERAL  
RESERVE DISTRICT  
*to the*  
**FEDERAL RESERVE BOARD**



Covering the Calendar Year  
—1930—

Federal Reserve Bank of Minneapolis,  
Office of the Federal Reserve Agent,  
Minneapolis, Minn., February 20, 1931.

To Governor Eugene Meyer,  
Federal Reserve Board,  
Washington, D. C.

Sir:

In conformity with our custom, I have the honor to submit herewith the Sixteenth 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, 1930.

Respectfully submitted,

J. R. MITCHELL,  
Federal Reserve Agent.

**REPORT**  
**OF THE**  
**FEDERAL RESERVE AGENT**  
**AT MINNEAPOLIS**  
**1930**

**BUSINESS, AGRICULTURAL AND BANKING**  
**CONDITIONS**

**A. Business**

The 1930 census reveals a continuation of the growth of the Ninth Federal Reserve District. Population increased from 5,091,361 in 1920 to 5,340,897 in 1930. All parts of the district increased in population except the northern peninsula of Michigan. The number of farms in the district also increased between 1920 and 1930. Increases occurred in all states except Montana, the largest percentage increase being in South Dakota. The increase in number of farms was entirely in the first half of the decade, and there was a slight decline between 1925 and 1930. The number of farms in the district on January 1, 1930, was 459,468, as compared with 460,434 in 1925 and 452,099 in 1920.

The year 1930 was a year of declining business volume in the Ninth Federal Reserve District. During the first four months of the year, the volume of business was practically equal to the volume in the same months of 1929 and larger than in the corresponding months in 1928. During the second four months of 1930, the volume of business in the district was considerably less than in 1929, partly owing to an abnormally active condition of business in the former year. During this four-month period, the volume of business in the district was only slightly less than the volume in the corresponding portion of 1928. In the final four-month period of 1930, the volume of business was materially lower than in either of the two preceding years.

The most striking business fact of 1930 in this district was the eloquent evidence that mixed farming benefits the community as well as the individual by creating ability to withstand depression. Reading the record of bank debits and other business indexes, there is conclusive proof that the communities and areas where dairying and other forms of mixed farming prevail were not affected as soon by the business depression as were the wheat raising, ranching, mining and lumber areas, and that the depression has reduced the business volume less in the mixed farming areas than in other parts of the district. The volume of bank debits in the three portions of the mixed farming areas of the district ranged from 3 per cent to 10 per cent lower in 1930 than in 1929. In the eastern half of the spring wheat belt where mixed farming has been developing rapidly as a secondary source of income, the decrease in bank debits between 1929 and 1930 was 13

per cent. In the western wheat and range country, the decrease in bank debits was 16 per cent. In the mining and lumber regions, the decrease in bank debits was 20 per cent.

Trade was adversely affected by 1930 conditions. Retail sales by department stores, furniture stores and country lumber yards and securities and life insurance sales were all smaller in 1930 than in 1929. The same condition was true of wholesale trade in shoes, hardware, groceries and agricultural implements. The shrinkage in sales in all reported lines was accompanied by reductions in merchandise stocks and by reductions in accounts and notes receivable. In the furniture trade, instalment sales were reduced during 1930 by a larger percentage than cash sales, but payments on instalment accounts were well maintained and outstanding instalment accounts were sharply reduced during the year.

The industries of the district experienced mixed trends during the year. Electric power consumption was slightly larger in the eastern half of the district than in the preceding year, but in Montana, where consumption by smelters is a large part of the total, there was a sharp decline. Building permits and contracts were smaller in 1930 than in 1929. Flour production and the slaughter of sheep and calves increased in 1930 over 1929, but linseed product shipments, slaughter of cattle and hogs, and copper and iron mining were in smaller volume in 1930 than in 1929.

Business failures in this district totaled 705 during 1930, as compared with 621 in 1929, according to reports from R. G. Dun and Company.

## **B. Agriculture**

Farm income from cash crops, dairy products, hogs and wool was 21 per cent smaller in 1930 than in 1929, following a 10 per cent decrease between 1928 and 1929. Farm income in 1930 was also smaller than in any other year since the records began in 1923. Decreases in farm income between 1929 and 1930 occurred in all products for which estimates were made, with the exception of potatoes. The smallest percentage decrease occurred in hogs. Prices of all important farm products in the Northwest were lower in December 1930 than a year earlier. Price declines were especially noteworthy in wheat and rye for which the prices were reduced to a point where the lower grades of these grains compared favorably with corn, oats and barley as feed for livestock. As a result, an unusually large amount of wheat and rye has been fed on the farms in this district during the past winter, according to reports from country bankers and other well-informed persons.

The 1930 crops were smaller than the ten-year average for all important commodities, except barley and flax. The decreases were especially important in potatoes and wild hay. As compared with crops in 1929, there were increases in wheat, oats, barley, rye and flax, and decreases in corn, potatoes, tame hay and wild hay.

The acreage in crops decreased by a small amount in 1930 from the 1929 acreage, this decrease being the first since

1926. The decrease was largely confined to North Dakota and Montana, and South Dakota had the largest crop acreage in its history. The shifts in acreage from one crop to another were relatively unimportant in 1930, with the exception of an addition of nearly 1 million acres to the area planted to flax. The other changes consisted of decreases in the wheat, potato and barley acreages, and increases in the acreages of rye and corn.

Wheat marketings in February and March were stimulated by abnormal price relationships which existed between cash prices and futures prices. However, later spring marketings were very small and there was a large carry-over into the new crop year on July 1, 1930, both on farms and in country mills and elevators. The marketing of this wheat, together with the acceleration of the new crop movement, due to increases in the number of combines, tractors and trucks in use on farms in the Northwest, caused a heavy movement of wheat during August and September. Fortunately, a large amount of additional elevator space had been constructed at Minneapolis and Duluth-Superior during the preceding summer, and no blockade of terminal elevators occurred. At the close of the year, wheat marketings dwindled to their usual small winter totals.

Butter production in the United States slightly exceeded consumption during the greater part of 1930 on account of the depression in consumer-buying power, and butter prices declined sharply. The number of dairy cows and hogs on farms in Minnesota, North Dakota, South Dakota, and Montana increased 2 per cent during 1930. The number of sheep, lambs and beef animals each increased 6 per cent during the year.

The farm real estate situation was somewhat less favorable in 1930 than in 1929, probably as a result of small crops and low farm product prices. Involuntary sales of farm land and transfers of land exceeded voluntary sales during the year ending March 15, 1930, in all states of the district. Farm land prices continued to decline in all states of the district, with the exception of Montana, during the year ending March 1, 1930. The real estate holdings of country banks were further reduced during 1930, either by sale of land or by other means.

### C. Banking

City banks and country banks in the district experienced opposite trends during 1930. City banks gained 15 million dollars in deposits between December 31, 1929, and September 24, 1930, which was the latest date for which complete figures were available. The city member banks which make weekly reports to this Federal Reserve Bank gained 14 million dollars in deposits during the entire year. Country banks, on the contrary, suffered a decrease in deposits of 54 million dollars between the close of 1929 and September 24, 1930. Country member banks in cities under fifteen thousand population experienced a shrinkage of 30 million dollars, or 7 per cent, during the entire year.

Loans of both city and country banks were reduced during 1930. Investment holdings of city banks increased slightly, but country bank investments declined. City banks were able to complete the repayment of their borrowings from other banks in 1930, but borrowings by country banks increased slightly.

Interest rates charged by Minneapolis banks were reduced during 1930 from  $5\frac{3}{4}$ -6 per cent to  $4\frac{3}{4}$ -5 per cent. The commercial paper rate (net to borrower) declined from  $5\frac{1}{2}$  per cent to  $3\frac{1}{2}$  per cent.

Bank failures in the district during 1930 were 156 in number, as compared with 84 in 1929. The deposits involved in 1930 bank failures amounted to \$24,109,000, or an average of approximately \$155,000 per bank. This indicates that the bank failures in 1930 were almost entirely confined to banks of the smallest size, as has been the case throughout the whole post-war period.

The failure of some banks and the consolidation of others during the past eleven years has left the surviving banks with a much larger clientele for each remaining bank. On December 31, 1919, there were 3,813 banks in the district. This number decreased to 2,146 banks on December 31, 1930. During this period, there was a small increase in population. Whereas at the close of 1919 there were only 1,335 persons per bank in the district, at the close of 1930 there were 2,490 persons per bank, using the 1930 census as the basis for the latter year's computation. The population per bank more than doubled during this eleven-year period in Montana, North Dakota and South Dakota. Smaller increases occurred in Minnesota and the portion of Wisconsin lying within this district. A decrease occurred in the northern peninsula of Michigan. At the close of 1930, there were more than 2,000 people per bank in all states of the district.

#### Population per Bank

|                          | December 31,<br>1919 | December 31,<br>1930 |
|--------------------------|----------------------|----------------------|
| Michigan (15 Cos.).....  | 4,751                | 4,139                |
| Minnesota .....          | 1,605                | 2,549                |
| Montana .....            | 1,276                | 3,055                |
| North Dakota .....       | 720                  | 2,095                |
| South Dakota .....       | 946                  | 2,112                |
| Wisconsin (26 Cos.)..... | 2,115                | 2,347                |
| Ninth District .....     | 1,335                | 2,490                |

### OPERATIONS OF MINNEAPOLIS FEDERAL RESERVE BANK IN 1930

#### A. General Survey

The earning assets of the bank fluctuated within narrow limits during the year from a low point of  $28\frac{1}{2}$  million dollars on January 15 to a high point of  $39\frac{1}{2}$  million dollars on December 31. During the entire year, the greater part of the earning assets consisted of United States government secur-

ities. The bills discounted for member banks did not exceed 5 million dollars on any weekly report date after the end of January.

Loans by this Federal Reserve Bank to member banks in the larger cities of the district, which had constituted the larger part of discounted bill holdings during 1929, were entirely paid off in January, 1930. During the remainder of the year, city member banks were almost continuously out of debt to the Federal Reserve Bank. Country member banks did not borrow heavily from the Federal Reserve Bank during 1930, but their autumn reduction in borrowings was not as large as usual. As a result of the small autumn reduction in indebtedness, country member banks owed the Federal Reserve Bank on December 31 more than a year earlier.

### Discounted Bills Held by Minneapolis Federal Reserve Bank

(000's omitted)

| For Banks in                                         | Dec. 31,<br>1930 | Dec. 31,<br>1929 | Dec. 31,<br>1928 |
|------------------------------------------------------|------------------|------------------|------------------|
| Minneapolis and St. Paul .....                       | 0                | \$7,910          | \$1,935          |
| Other Minnesota .....                                | \$ 712           | 647              | 686              |
| Montana .....                                        | 373              | 182              | 213              |
| North Dakota .....                                   | 767              | 435              | 348              |
| South Dakota .....                                   | 1,295            | 551              | 446              |
| Wisconsin .....                                      | 285              | 128              | 199              |
| Michigan .....                                       | 144              | 324              | 168              |
| Federal Intermediate Credit Bank<br>of St. Paul..... | 0                | 0                | 500              |
| <b>Total .....</b>                                   | <b>\$3,576</b>   | <b>\$10,177</b>  | <b>\$4,495</b>   |

Federal reserve notes in circulation declined steadily throughout 1930, with the exception of minor seasonal fluctuations. The high point for the year was on January 8, when Federal reserve notes in circulation amounted to more than 67 million dollars. From this peak there was a decline to less than 59 million dollars on March 26, followed by an increase of 2 million dollars in the succeeding week. From this minor peak, the circulation declined to about 53½ million dollars on June 25. There was the usual increase in circulation just before the July 4 holiday, followed by a reduction in Federal reserve notes in circulation to about 48½ million dollars on August 27. In the first half of September, the circulation increased seasonally and then declined steadily to the low level of the year of less than 48 million dollars on November 26. There was the usual increase in circulation during December, reflecting demands for pre-Christmas trade.

Member bank reserve deposits fluctuated with the seasonal movements in total deposits of member banks of the district. At no time in 1930 were these reserve deposits as high as at the close of 1929. The low level of the year was reached on July 30 when these reserve deposits totaled 47 million dollars. After that date, they increased to more than 54½ million dollars on November 5, and then declined to the close of the year.

The cash reserves of this Federal Reserve Bank decreased steadily from 95 million dollars at the close of 1929 to less than 67 million dollars on August 27, 1930. After that date, there was a seasonal increase to 75½ million dollars on November 5, followed by a decline during the remainder of the year.

The net effect of these changes upon our balance sheet for the year ending December 31, 1930, was as follows: Cash reserves decreased 26½ million dollars; bills discounted decreased 6½ million dollars; bills bought in the open market increased nearly 2 million dollars; United States security holdings increased 10½ million dollars; total earning assets increased less than 6 million dollars; Federal reserve notes in circulation decreased more than 13 million dollars; member bank reserve deposits decreased nearly 8½ million dollars, and the ratio of total cash reserves to deposit and Federal reserve note liabilities combined decreased from 75.4 per cent to 66.3 per cent.

This bank did not borrow from nor lend to any other Federal Reserve Bank during 1930.

The discount rate of this bank was 5 per cent at the close of 1929. The rate was reduced to 4½ per cent on February 8, to 4 per cent on April 15, and to 3½ per cent on September 12. This latter rate remained in force throughout the remainder of the year.

## **B. Earnings and Expenses**

The gross earnings of this bank during 1930 were \$1,235,000, as compared with \$1,926,000 in 1929. Reduced earnings from discounted bills accounted for most of the decrease, and earnings from United States securities increased. Current expenses during 1930 were \$977,000, as compared with \$1,022,000 in 1929. Current net earnings during 1930 were \$258,000, as compared with \$904,000 in 1929. Miscellaneous additions to current net earnings in 1930 amounted to \$293,000, and deductions from current net earnings amounted to \$357,000, leaving final net earnings available for dividends, surplus and franchise taxes of \$194,000, as compared with \$795,000 in 1929. In 1930, dividends totaling \$184,445 were declared at the rate of 6 per cent per annum on all paid-in capital stock, and paid to member banks. There was transferred to surplus account \$914. The remainder, amounting to \$8,230, 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 23,448,000 items during 1930, amounting to \$4,169,356,000, as compared with 24,275,000 items during 1929, amounting to \$4,711,582,000.

The Collection Department received 246,000 items during 1930, amounting to \$130,939,000, as compared with 269,000 items during 1929, amounting to \$143,247,000.

The Currency Department received and counted 44,356,000 bills, amounting to \$226,283,000 in 1930, as compared with 42,565,000 bills, amounting to \$228,825,000 in 1929. This department also received and counted 19,622,000 coins, amounting to \$4,980,000 in 1930, as compared with 13,027,000 coins, amounting to \$4,716,000, in 1929.

The Vault Custody Department in its service of safe-keeping of securities, handled 125,016 bonds during 1930, as compared with 80,589 bonds during 1929. This department cut and forwarded to the owners of the securities, or turned over to other departments for collection or credit, 199,788 coupons during 1930, as compared with 169,304 coupons during 1929. On December 31, this department was holding for member banks \$155,000,000 of securities for safe-keeping or pledged against government deposits, or as collateral to bills payable, as compared with \$133,000,000 a year earlier.

Transfers of funds made for member banks, including those made for the 5 per cent Redemption Fund, numbered 63,000, totaling \$3,346,678,000 during 1930, as compared with 71,000, totaling \$3,088,089,000 during 1929.

The Discount Department served 234 member banks during 1930. In 1929, 249 member banks were served. During 1930, 11,096 notes were discounted, amounting to \$88,319,000, as compared with 11,238 notes, amounting to \$1,035,247,000 in 1929.

Bills drawn in dollars and foreign currencies which were purchased by this bank in the open market for its own account during 1930 amounted to \$65,271,000, as compared with \$34,439,000 in 1929. Bills purchased from other Federal Reserve Banks during 1930 amounted to \$5,025,000, as compared with \$2,502,000 in 1929.

### FISCAL AGENCY FUNCTIONS

Issues, redemptions or exchanges of various United States Government securities, including Treasury Savings certificates redeemed at this office, which were handled by the Fiscal Agency operated by us for the United States Government, numbered 34,044 pieces and amounted to \$80,475,398, as compared with 58,028 pieces amounting to \$128,941,796 in 1929.

This Agency also handled during 1930, 3,854 orders for the purchase of Government securities and 6,967 resales of Government securities totaling \$76,234,470. In addition, either delivery or payment, or both, was handled for banks and trust companies on 785 transactions in Government securities amounting to \$89,794,400. There were also 659 transactions of miscellaneous general market securities aggregating \$2,758,200. Altogether, of these various transactions, there were 12,265 totaling \$168,787,070, as compared with 13,788 totaling \$150,226,630 in 1929.

Delivery of 33,682 pieces totaling \$61,960,500 was made on purchase and resale transactions for other than our own

account. In addition on exchange transactions, such as denominational exchange, the exchange of coupon for registered securities, etc., 18,753 pieces were delivered amounting to \$27,784,050. The total number of pieces delivered was 52,435 amounting to \$89,744,550 in comparison with 74,814 totaling \$130,023,900 during the preceding year.

There were five offerings of United States Treasury Certificates of Indebtedness during 1930. In such operations, 942 individual subscriptions contained in 259 different applications were received in this district. The amount allotted on these subscriptions was \$12,162,000.

During 1930, 56 tenders amounting to \$803,000, were received on 8 offerings of Treasury bills. Of these, 6 tenders for Treasury bills ranging from 1.62% to 3.40% and amounting to \$116,000 were accepted. During 1929, 2 tenders totaling \$75,000 were accepted on the one offering of Treasury bills made that year. By Act of Congress approved June 17, 1930, Treasury bills were given an additional tax exemption feature so that any gain from the sale or other disposition of Treasury bills issued after that date are exempt from all taxation (except estate and inheritance taxes) and no loss from the sale or other disposition thereof is allowed as a deduction, or otherwise recognized, for the purpose of any tax imposed by the United States or any of its possessions.

In September, the Secretary of the Treasury announced that all 3½% Treasury Notes of Series A 1930-32, of which there were then about \$649,000,000 outstanding, and all Treasury Notes of Series B 1930-32, of which there were approximately \$500,000,000 outstanding, were called for redemption on March 15, 1931.

The Fiscal Agency operated by us for the Government redeemed 534,226 Government and Federal Land Bank coupons amounting to \$9,274,534 during 1930, as compared with 585,275 coupons amounting to \$10,546,330 during 1929.

## ACTIVITIES OF THE FEDERAL RESERVE AGENT'S OFFICE

### A. Federal Reserve Note Issues

The new series of small-size Federal reserve notes which were first issued early in July, 1929, had largely replaced the old-size notes by December 31, 1930, on which date the outstanding new series Federal reserve notes amounted to \$45,466,900, compared with only \$13,237,405 of the old series. The denominational distribution of the outstanding old series Federal reserve notes on December 31, 1930, was as follows:

|               |                     |
|---------------|---------------------|
| 5's .....     | \$1,512,415         |
| 10's .....    | 2,939,040           |
| 20's .....    | 6,356,300           |
| 50's .....    | 551,750             |
| 100's .....   | 1,372,400           |
| 500's .....   | 147,500             |
| 1,000's ..... | 358,000             |
| Total .....   | <u>\$13,237,405</u> |

On December 31, 1930, the amount of old and new series notes outstanding was \$58,704,305, and the Federal Reserve Agent held \$34,610,000 of new and fit-for-use notes. Of this total outstanding (\$58,704,305) there was "in circulation" \$53,558,735; and the amount of notes held by our paying tellers here and at the Helena Branch Office, together with the amount of mutilated Federal reserve notes in transit for redemption, totaled \$5,145,570.

During 1930, the Federal Reserve Agent and his assistants received \$12,300,000 of new Federal reserve notes from the Comptroller of the Currency at Washington, and \$11,050,000 of fit-for-use notes from our paying tellers. The issues of new and fit-for-use notes totaled \$39,052,000, as compared with \$73,754,000 during the preceding year and \$40,015,000 in 1928. The large increase in 1929 was chiefly due to the issuance of the new series of small-size bills. The amount of Federal reserve notes outstanding with this Federal Reserve Bank decreased from \$73,919,570 to \$58,704,305 between December 31, 1929, and December 31, 1930.

As collateral security for the Federal reserve notes outstanding with the Federal Reserve Bank, there was held by the Agent on December 31, 1930, \$48,325,000 in gold coin and gold certificates in vault or on deposit with the Federal Reserve Board, \$3,000,000 in discounts and rediscounts and \$7,600,000 in purchased bills, compared with \$66,157,000 in gold, \$9,900,000 in discounts and rediscounts and \$6,600,000 in purchased bills on December 31, 1929.

## B. Membership

At the close of the year, there were 642 member banks operating in this district, as compared with 683 member banks at the beginning of the year. There was a net loss of 32 national banks and 9 state banks. The total membership (banks in operation only) at the close of 1930 was divided into 601 national banks and 41 state banks. The new members in 1930 are:

| Name of Bank                                         | Town                        | No. of Shares<br>Subscribed |
|------------------------------------------------------|-----------------------------|-----------------------------|
| The First National Bank in.....                      | Manistique, Mich .....      | 39                          |
| Freeborn County National Bank<br>& Trust Co. of..... | Albert Lea, Minn.....       | 72                          |
| Minnesota National Bank .....                        | East Grand Forks, Minn..... | 36                          |
| Farmers & Merchants National<br>Bank in .....        | Ivanhoe, Minn. ....         | 21                          |
| The Northwestern National<br>Bank of .....           | Litchfield, Minn. ....      | 60                          |
| The Continental National Bank of.....                | Harlowton, Mont. ....       | 60                          |
| The First National Bank of.....                      | Carson, N. Dak. ....        | 18                          |
| First National Bank in.....                          | Garrison, N. Dak. ....      | 18                          |
| The Union National Bank &<br>Trust Co. in.....       | Minot, N. Dak. ....         | 75                          |
| First National Bank in.....                          | Neché, N. Dak. ....         | 18                          |
| The First National Bank of.....                      | Bison, S. Dak. ....         | 18                          |
| First National Bank in.....                          | Britton, S. Dak. ....       | 24                          |

|                                              |                           |     |
|----------------------------------------------|---------------------------|-----|
| The First National Bank & Trust Co. of ..... | Chamberlain, S. Dak. .... | 21  |
| Security National Bank of.....               | Huron, S. Dak. ....       | 150 |
| The First National Bank of.....              | Leola, S. Dak. ....       | 21  |
| First National Bank in.....                  | Mobridge, S. Dak. ....    | 36  |
| The First National Bank of.....              | Phillip, S. Dak. ....     | 42  |
| First National Bank in.....                  | Phillips, Wis. ....       | 21  |

## NUMBER OF BANKS IN OPERATION IN THE NINTH FEDERAL RESERVE DISTRICT

December 31, 1929, and December 31, 1930

|                              | National |      | State Members |      | Non-Members |       | Total |       |
|------------------------------|----------|------|---------------|------|-------------|-------|-------|-------|
|                              | 1929     | 1930 | 1929          | 1930 | 1929        | 1930  | 1929  | 1930  |
| Michigan .....               | 39       | 39   | 7             | 7    | 31          | 31    | 77    | 77    |
| Minnesota .....              | 266      | 258  | 10            | 7    | 778         | 742   | 1,054 | 1,007 |
| Montana .....                | 67       | 59   | 21            | 19   | 107         | 98    | 195   | 176   |
| North Dakota...              | 122      | 107  | 0             | 0    | 293         | 218   | 415   | 325   |
| South Dakota...              | 92       | 92   | 9             | 5    | 283         | 231   | 384   | 328   |
| Wisconsin .....              | 47       | 46   | 3             | 3    | 191         | 184   | 241   | 233   |
| Ninth Federal Reserve Dist.. | 633      | 601  | 50            | 41   | 1,683       | 1,504 | 2,366 | 2,146 |

### C. Examination of Banks

During 1930, 32 credit investigations, examinations and special visits were made by the Federal Reserve Agent's Examiners. In the examination work this year, the examiners and their assistants traveled in the aggregate 12,793 miles.

In addition to the information obtained from the Federal Reserve Examiners, 1,268 reports of examination of national banks were received from the Chief National Bank Examiner of this district, and 17 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. Reports of condition and of earnings and dividends, totaling approximately 3,950 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 1930 include the following:

| Name of Bank                                                  | Town                     | Date Approved | Capital   | Powers  |
|---------------------------------------------------------------|--------------------------|---------------|-----------|---------|
| Lumbermen's National Bk.....                                  | Menominee, Mich. ....    | 6 -6-30       | \$100,000 | Limited |
| Freeborn County Nat'l Bk.<br>& Tr. Co.....                    | Albert Lea, Minn.....    | 1-31-30       | 100,000   | Full    |
| The Empire Nat'l Bank.....                                    | St. Paul, Minn.....      | 11-25-30      | 350,000   | Full    |
| First National Bank.....                                      | Spring Valley, Minn..... | 8-30-30       | 50,000    | Full    |
| National Park Bank in.....                                    | Livingston, Mont. ....   | 11-25-30      | 100,000   | Full    |
| First National Bank in.....                                   | Miles City, Mont.....    | 5-29-30       | 150,000   | Full    |
| Union Nat'l Bk. & Tr.<br>Co. in.....                          | Minot, N. Dak.....       | 4-15-30       | 100,000   | Full    |
| First Nat'l Bk. & Tr. Co.....                                 | Aberdeen, S. Dak.....    | 2- 7-30       | 100,000   | Full    |
| First Nat'l Bk. & Tr. Co.....                                 | Chamberlain, S. Dak..... | 7-29-30       | 25,000    | Full    |
| Deuel County Nat'l Bk.....                                    | Clear Lake, S. Dak.....  | 10-22-30      | 25,000    | Full    |
| Lake Norden Nat'l Bk.....                                     | Lake Norden, S. Dak..... | 7-22-30       | 25,000    | Limited |
| (Title changed 9-20-30<br>to First Nat'l Bank &<br>Trust Co.) |                          |               |           |         |

## CHANGES IN PERSONNEL

At the January meeting of the Board of Directors, the officers of both the Head Office and Helena Branch were re-elected. Letters were presented from the Federal Reserve Board announcing the redesignation of Mr. J. R. Mitchell as Chairman of the Board of Directors for the year 1930, and of Mr. Homer P. Clark as Deputy Chairman, and also the redesignation of Mr. Curtis L. Mosher and Mr. F. M. Bailey as Assistant Federal Reserve Agents, together with the naming of Mr. O. S. Powell to act in certain matters for the Federal Reserve Agent. Notice was presented of the reappointment at the Helena Branch of Mr. Henry Sieben as director for a two-year term beginning January 1, 1930. Completing the directorate of the Branch, Mr. T. A. Marlow was elected for a two-year term beginning January 1, 1930.

Mr. Andreas Ueland was elected Counsel of the bank and Mr. Sigurd Ueland Assistant Counsel. Mr. T. B. Weir was elected Counsel for the Helena Branch.

Mr. Harry Yaeger was reelected Secretary of the bank and Mr. Curtis L. Mosher elected as Secretary of the Board of Directors.

The election of Mr. W. O. Washburn to fill the unexpired term of the late Mr. Paul N. Myers was announced, together with the choice in the regular fall elections of Mr. J. C. Bassett as Class A director and Mr. N. B. Holter as Class B director to succeed themselves, for three-year terms beginning January 1, 1930.

Mr. Geo. H. Prince, Chairman of the Board of the First National Bank of St. Paul, was elected to the Federal Advisory Council to succeed Mr. Theodore Wold.

At the regular July meeting of the Board, the sudden and unexpected death on June 21 of Mr. Gray Warren, Cashier, was announced and Mr. Harry I. Ziemer was appointed to act in the double capacity of Deputy Governor and Cashier. Mr. Robert F. Homstrom was elected Assistant Cashier.

On October 11, the directors were notified of the resignation of Mr. Norman B. Holter, director of this bank since its organization, to become effective at the end of the year. Mr. Holter notified the Board that because of the increasing difficulty of attending Board sessions regularly and because of the distance of his residence from the Head Office, he felt it necessary to retire, after sixteen years of service. In the regular fall elections, Mr. H. C. Hansen, President of the First National Bank of Churchs Ferry, North Dakota, was elected Class A director to succeed Mr. Karl J. Farup. Mr. John S. Owen was elected Class B director to succeed himself, and Mr. J. E. O'Connell of Helena, Montana, was elected Class B director, succeeding Mr. Holter for the unexpired term.

The complete staff of the Federal Reserve Bank of Minneapolis and its Helena Branch, including officers, employees and building employees, but excluding temporary help, numbered 280 persons on December 31, 1930, as compared with 289 at the close of the previous year.

# Resources and Liabilities of the Federal Reserve Bank of Minneapolis

(In Thousands of Dollars)

| RESOURCES                                                                                        |                  |                  |                  |
|--------------------------------------------------------------------------------------------------|------------------|------------------|------------------|
|                                                                                                  | Dec. 31,<br>1930 | Dec. 31,<br>1929 | Dec. 31,<br>1928 |
| Gold with Federal Reserve Agent.....                                                             | \$ 48,325        | \$ 66,157        | \$ 47,920        |
| Gold redemption fund with United States Treasury..                                               | 802              | 3,970            | 2,342            |
| Gold held exclusively against Federal reserve notes..                                            | \$ 49,127        | \$ 70,127        | \$ 50,262        |
| Gold settlement fund with Federal Reserve Board...                                               | 10,076           | 18,085           | 29,646           |
| Gold and gold certificates held by bank.....                                                     | 5,208            | 4,254            | 5,742            |
| Total gold reserves .....                                                                        | \$ 64,411        | \$ 92,466        | \$ 85,650        |
| Reserves other than gold.....                                                                    | 4,258            | 2,731            | 2,510            |
| Total reserves .....                                                                             | \$ 68,669        | \$ 95,197        | \$ 88,160        |
| Non-reserve cash .....                                                                           | 2,432            | 2,467            | 1,392            |
| Bills discounted:                                                                                |                  |                  |                  |
| Secured by United States Government obligations .....                                            | 403              | 3,552            | 2,232            |
| Other bills discounted .....                                                                     | 3,173            | 6,625            | 2,263            |
| Total bills discounted .....                                                                     | \$ 3,576         | \$ 10,177        | \$ 4,495         |
| Bills bought in open market.....                                                                 | 8,411            | 6,636            | 21,819           |
| United States Government securities:                                                             |                  |                  |                  |
| Bonds .....                                                                                      | 5,936            | 5,996            | 4,519            |
| Treasury notes .....                                                                             | 10,185           | 5,693            | 4,619            |
| Certificates and bills.....                                                                      | 11,181           | 5,184            | 1,770            |
| Total United States Government securities..                                                      | \$ 27,302        | \$ 16,873        | \$ 10,908        |
| Other securities .....                                                                           | 233              | 121              | 1,635            |
| Total bills and securities.....                                                                  | \$ 39,522        | \$ 33,807        | \$ 38,857        |
| Uncollected items .....                                                                          | 11,171           | 14,791           | 15,830           |
| Bank premises .....                                                                              | 1,926            | 2,018            | 2,110            |
| All other resources .....                                                                        | 544              | 559              | 842              |
| Total resources .....                                                                            | \$ 124,264       | \$ 148,839       | \$ 147,191       |
| LIABILITIES                                                                                      |                  |                  |                  |
| Federal reserve notes in actual circulation.....                                                 | \$ 53,559        | \$ 66,855        | \$ 65,274        |
| Deposits:                                                                                        |                  |                  |                  |
| Member bank reserve account.....                                                                 | 48,447           | 56,862           | 56,067           |
| Government .....                                                                                 | 1,280            | 2,129            | 1,336            |
| Foreign bank .....                                                                               | 132              | 140              | 176              |
| Other deposits .....                                                                             | 139              | 267              | 332              |
| Total deposits .....                                                                             | \$ 49,998        | \$ 59,398        | \$ 57,911        |
| Deferred availability items .....                                                                | 9,776            | 11,535           | 13,079           |
| Capital paid in .....                                                                            | 3,063            | 3,091            | 3,009            |
| Surplus .....                                                                                    | 7,144            | 7,143            | 7,082            |
| All other liabilities .....                                                                      | 724              | 817              | 836              |
| Total liabilities .....                                                                          | \$ 124,264       | \$ 148,839       | \$ 147,191       |
| Ratio of total reserves to deposit and Federal reserve note liabilities combined (per cent)..... | 66.3             | 75.4             | 71.6             |
| Contingent liability on bills purchased for foreign correspondents .....                         | \$ 9,994         | \$ 13,667        | \$ 8,722         |

# Earnings and Expenses of Federal Reserve Bank of Minneapolis

## EARNINGS

|                                                                       | 1930        | 1929        | 1928        |
|-----------------------------------------------------------------------|-------------|-------------|-------------|
| Discounted bills .....                                                | \$ 172,441  | \$1,047,771 | \$ 490,752  |
| Purchased bills .....                                                 | 228,551     | 310,209     | 609,535     |
| U. S. Securities.....                                                 | 747,484     | 388,604     | 512,433     |
| Deficient reserve penalties.....                                      | 7,644       | 12,475      | 7,763       |
| Miscellaneous .....                                                   | 78,962      | 166,972     | 89,821      |
| Total earnings .....                                                  | \$1,235,082 | \$1,926,031 | \$1,710,804 |
| Current expenses .....                                                | 976,867     | 1,022,009   | 1,000,474   |
| Current net earnings.....                                             | \$ 258,215  | \$ 904,022  | \$ 709,830  |
| Additions to current net earnings.....                                | 293,206     | 22,137      | 331,879     |
| Deductions from current net earnings:                                 |             |             |             |
| Bank premises—depreciation .....                                      | 91,982      | 91,982      | 91,982      |
| Furniture and equipment .....                                         | 14,548      | 24,733      | 32,026      |
| All other .....                                                       | 251,302     | 14,682      | 302,997     |
| Total deductions .....                                                | \$ 357,832  | \$ 131,397  | \$ 427,005  |
| Net earnings available for dividends, surplus and franchise tax ..... | 193,589     | 794,762     | 614,704     |
| Distribution of net earnings:                                         |             |             |             |
| Dividends paid .....                                                  | 184,445     | 184,030     | 181,203     |
| Transferred to surplus account.....                                   | 914         | 61,073      | 43,350      |
| Franchise tax paid U. S. Government.....                              | 8,230       | 549,659     | 390,151     |

## CURRENT EXPENSES

|                                                                 |            |             |             |
|-----------------------------------------------------------------|------------|-------------|-------------|
| Salaries:                                                       |            |             |             |
| Bank officers .....                                             | \$ 122,067 | \$ 117,783  | \$ 117,503  |
| Special officers and watchmen.....                              | 34,673     | 31,325      | 29,962      |
| Clerical staff .....                                            | 338,939    | 346,319     | 350,452     |
| All other .....                                                 | 61,568     | 57,964      | 65,635      |
| Governors' conferences .....                                    | 609        | 567         | 687         |
| Federal Reserve Agent's conferences.....                        | 317        | 320         | 587         |
| Federal Advisory Council .....                                  | 1,298      | 1,396       | 1,150       |
| Directors' meetings .....                                       | 6,529      | 6,564       | 6,793       |
| Traveling expenses* .....                                       | 12,921     | 14,716      | 20,146      |
| Assessment for Federal Reserve Board expenses.....              | 18,504     | 19,433      | 18,931      |
| Legal fees .....                                                | 18,431     | 17,077      | 27,839      |
| Insurance (other than on currency and security shipments) ..... | 30,721     | 30,755      | 30,899      |
| Taxes on banking house.....                                     | 69,399     | 77,128      | 86,306      |
| Repairs and alterations, banking house.....                     | 6,155      | 7,097       | 7,656       |
| Light, heat and power.....                                      | 17,202     | 17,967      | 17,370      |
| Rent .....                                                      |            |             | 90          |
| Telephone .....                                                 | 5,166      | 5,494       | 5,120       |
| Telegraph .....                                                 | 18,032     | 18,421      | 17,817      |
| Postage .....                                                   | 64,934     | 63,011      | 63,880      |
| Expressage .....                                                | 12,230     | 11,048      | 8,399       |
| Insurance on currency and security shipments.....               | 13,916     | 14,809      | 14,163      |
| Printing and stationery .....                                   | 19,447     | 18,601      | 19,370      |
| Office and other supplies.....                                  | 17,537     | 18,504      | 19,403      |
| All other expenses .....                                        | 29,342     | 43,323      | 47,814      |
| Total exclusive of cost of currency.....                        | \$ 919,937 | \$ 939,622  | \$ 977,972  |
| Federal reserve currency (including shipping charges):          |            |             |             |
| Original cost .....                                             | \$ 52,685  | \$ 79,642   | \$ 20,992   |
| Cost of redemption .....                                        | 4,245      | 2,745       | 1,510       |
| Total current expenses .....                                    | \$ 976,867 | \$1,022,009 | \$1,000,474 |

## REIMBURSABLE EXPENSES OF FISCAL AGENCY DEPARTMENT

|                         |           |           |           |
|-------------------------|-----------|-----------|-----------|
| Salaries .....          | \$ 14,572 | \$ 13,607 | \$ 13,640 |
| All other expenses..... | 3,482     | 3,795     | 6,212     |
| Total .....             | \$ 18,054 | \$ 17,402 | \$ 19,852 |

\*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, 1931**

**DIRECTORS**

|                   |   |   |   |   |      |   |   |   |                        |
|-------------------|---|---|---|---|------|---|---|---|------------------------|
| <b>Class A</b>    |   |   |   |   |      |   |   |   |                        |
| PAUL J. LEEMAN    | - | - | - | - | 1931 | - | - | - | Minneapolis, Minn.     |
| J. C. BASSETT     | - | - | - | - | 1932 | - | - | - | Aberdeen, S. Dak.      |
| H. C. HANSEN      | - | - | - | - | 1933 | - | - | - | Churchs Ferry, N. Dak. |
| <b>Class B</b>    |   |   |   |   |      |   |   |   |                        |
| W. O. WASHBURN    | - | - | - | - | 1931 | - | - | - | St. Paul, Minn.        |
| J. E. O'CONNELL   | - | - | - | - | 1932 | - | - | - | Helena, Mont.          |
| JOHN S. OWEN      | - | - | - | - | 1933 | - | - | - | Eau Claire, Wis.       |
| <b>Class C</b>    |   |   |   |   |      |   |   |   |                        |
| GEO. W. McCORMICK | - | - | - | - | 1931 | - | - | - | Menominee, Mich.       |
| J. R. MITCHELL    | - | - | - | - | 1932 | - | - | - | Minneapolis, Minn.     |
| HOMER P. CLARK    | - | - | - | - | 1933 | - | - | - | St. Paul, Minn.        |

**OFFICERS**

|                                                                                     |                 |   |   |   |                             |
|-------------------------------------------------------------------------------------|-----------------|---|---|---|-----------------------------|
| J. R. MITCHELL, Chairman and Federal Reserve Agent                                  | W. B. GEERY     | - | - | - | Governor                    |
| HOMER P. CLARK, Deputy Chairman                                                     | HARRY YAEGER    | - | - | - | Deputy Governor             |
| CURTIS L. MOSHER, Secretary, Board of Directors and Assistant Federal Reserve Agent | HARRY I. ZIEMER | - | - | - | Deputy Governor and Cashier |
| FRED M. BAILEY, Assistant Federal Reserve Agent                                     | FRANK C. DUNLOP | - | - | - | Controller                  |
| OLIVER S. POWELL, Statistician                                                      | L. E. RAST      | - | - | - | Asst. Cashier               |
| ANDREAS UELAND, Legal Counsel                                                       | H. C. CORE      | - | - | - | Asst. Cashier               |
| SIGURD UELAND, Assistant Counsel                                                    | A. R. LARSON    | - | - | - | Asst. Cashier               |
|                                                                                     | R. F. HOMSTROM  | - | - | - | Asst. Cashier               |

**MEMBER OF FEDERAL ADVISORY COUNCIL**

GEORGE H. PRINCE, Chairman, First National Bank,  
 St. Paul, Minnesota.

**HELENA BRANCH—(MONTANA)**

**DIRECTORS**

|              |   |   |   |   |      |   |   |   |                    |
|--------------|---|---|---|---|------|---|---|---|--------------------|
| R. E. TOWLE  | - | - | - | - | 1931 | - | - | - | Helena, Mont.      |
| T. A. MARLOW | - | - | - | - | 1931 | - | - | - | Helena, Mont.      |
| HENRY SIEBEN | - | - | - | - | 1931 | - | - | - | Helena, Mont.      |
| S. McKENNAN  | - | - | - | - | 1932 | - | - | - | Helena, Mont.      |
| W. R. STRAIN | - | - | - | - | 1932 | - | - | - | Great Falls, Mont. |

**OFFICERS**

|                 |   |                   |             |   |   |               |
|-----------------|---|-------------------|-------------|---|---|---------------|
| R. E. TOWLE     | - | Managing Director | A. A. HOERR | - | - | Asst. Cashier |
| H. L. ZIMMERMAN | - | Cashier           | T. B. WEIR  | - | - | Legal Counsel |