

9

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



Covering the Calendar Year  
1933



Federal Reserve Bank of Minneapolis,  
Office of the Federal Reserve Agent,  
Minneapolis, Minnesota, March 5, 1934.

To Governor Eugene R. Black,  
Federal Reserve Board,  
Washington, D. C.

Sir:

In conformity with our custom, I have the honor to submit herewith the Nineteenth 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, 1933.

Respectfully submitted,

JOHN N. PEYTON,  
Federal Reserve Agent.



**REPORT  
OF THE  
FEDERAL RESERVE AGENT  
AT MINNEAPOLIS  
1933**

**BUSINESS, AGRICULTURAL AND BANKING  
CONDITIONS**

**A. Business**

The history of the year 1933 in this district can be divided into four periods of widely different business conditions. During January, February and the first part of March, business was adversely affected by banking disturbances throughout the United States, the withdrawal of bank deposits for hoarding and a further recession in prices and national business volume. This culminated in the bank holiday. Following the holiday, a second phase of business began, characterized by a recovery of business confidence, rising prices, a strong buying movement for retail merchandise and an abnormally large movement of grain to market from the farm stocks which had been held over from the preceding fall on account of low prices. The resulting rise in business in the district was very sharp and lasted through the month of July. In August, the third phase of 1933 business began, a downward trend caused by the failure of crops in a large part of the district and a recession in national business volume. This decline in business continued throughout the fall, but did not carry business down to the level of February and March. In the final phase, business recovered sharply in December, largely as a result of the inflow of Federal funds through the CWA and the Federal Farm Loan System. Retail trade and freight carloadings of miscellaneous commodities were especially stimulated by these latest developments.

The grand total of trade and industry in the district during 1933 was somewhat larger than in 1932, although it did not recover to the level of the years preceding the depression. Bank debits at 94 cities totaled \$7,035,000,000 in 1933, as compared with \$6,887,000,000 in 1932, \$9,300,000,000 in 1931, and \$13,697,000,000 in 1929. Country check clearings through this Federal Reserve District amounted to \$803,000,000 in 1933, as compared with \$665,000,000 in 1932, \$799,000,000 in 1931, and \$1,213,000,000 in 1929. Other 1933 increases in northwestern business volume over the volume in 1932 occurred in freight carloadings, the movement of iron ore, electric power consumption, grain marketings, livestock receipts, retail lumber sales at country yards, securities sales and wholesale trade. Decreases from the 1932 volume occurred in building permits and contracts, flour production and shipments, linseed products shipments, copper output, department store sales, furniture

sales and life insurance sales. Business failures totaled 725 in 1933, as compared with 928 in 1932, according to reports from Dun and Bradstreet.

## B. Agriculture

Farm income from cash crops and dairy products, hogs and wool, as estimated by the Federal Reserve Agent, was 20 per cent larger in 1933 than in 1932, following a 34 per cent decrease between 1931 and 1932, and other consecutive decreases since 1928. In spite of the increase in 1933, farm income in that year was smaller than in any other year in our eleven-year record, with the exception of 1932. The increase in farm income in the district between 1932 and 1933 was the result of sharp increases in the income from the sale of wheat, rye and wool and smaller percentage increases in the income from dairy products and potatoes. The income from flax and hogs was smaller in 1933 than in 1932.

More complete figures for Minnesota, prepared by the Agricultural Economics Department of the University of Minnesota, indicate that for that state 1933 gross farm income was slightly higher than the income in 1932, but that aside from 1932, the gross cash income of Minnesota farmers was the smallest since 1914. There was a minor reduction in cash expenses of Minnesota farmers during 1933. As a result of this reduction and the increase in gross sales, the net cash income of Minnesota farmers increased from \$16,000,000 in 1932 to \$43,000,000 in 1933. Nevertheless, the 1933 net farm income in Minnesota was far below the peak of \$285,000,000 reached in 1918.

The harvested acreage of 1933 crops in the district was 11,000,000 acres smaller than the acreage harvested in 1932, chiefly the result of the crop failure which caused widespread abandonment of acreage to avoid the expense of harvesting. The acreage reductions were largest in wheat, corn, oats and barley. The production of crops in the district during 1933 was very small. The wheat crop was less than half as large as the 1932 crop, and with the exception of the 1931 crop, was the smallest in recent years. The rye crop was only one-third of the 1932 crop, and the flax crop was little more than half of the 1932 crop. Major reductions also occurred in the production of potatoes, corn, oats, barley and tame hay.

The inventories of livestock on farms at the close of 1933, according to Government estimates, were smaller than a year earlier in the case of horses, mules, sheep and swine and larger in the case of milk cows, heifers and other kinds of cattle. The most important increase was a 3 per cent rise in the number of milk cows and heifers, which brought the total to the largest figure on record. Butter production increased 4 per cent in 1933 over 1932, and also was the largest total on record. Swine on farms decreased 9 per cent during the year, partly as a result of the abnormally early marketing during the fall months of young pigs, which were purchased by the Agricultural Adjustment Administration.

Cold storage holdings of farm products in the United States at the close of 1933 were higher than the five year average for that date, with the exception of eggs, lamb and mutton and miscellaneous meats. The excess over average holdings was especially pronounced in butter and lard. However, an important reduction in butter holdings in cold storage began towards the close of the year.

Prices of most farm products which are important in the Northwest increased sharply during 1933, the increase beginning after the bank holiday in March. As a result of these increases, prices of most of the grains and of potatoes were twice as high in December as they were a year earlier and were at the highest level since 1929. Livestock prices advanced much less than grain prices, but moderate increases occurred in the prices of butcher cows and heifers, feeder steers, veal calves, hogs, lambs and ewes. The farm price of wool was 25 cents per pound in December, as compared with 9 cents a year earlier and 29 cents in December, 1929. The price of butter was relatively favorable to the farmer during the summer months of 1933, but turned sharply downward in November, as a result of abnormally large stocks of butter in cold storage, and closed the year at a level 4 cents under the price in December a year ago. The prices of hens and eggs were also lower in December than a year ago.

The farm real estate situation continued to grow less favorable during the year ending March 15, 1932, which is the latest period for which data are available. Involuntary sales of farm land during the year exceeded voluntary sales in all states of the district. Farm land prices continued to decline in all states during that year.

### C. Banking

The banks of the district fared very well during 1933, when it is considered that so many unexpected and trying events occurred in that year. Despite the panic culminating in the banking holiday in March and the fact that a number of banks were not permitted to reopen after the holiday, the banks in existence at the close of 1933 had deposits of \$1,013,000,000. This represented a reduction of only \$76,000,000 from the deposit total for all banks in existence one year earlier. This decrease compares with a decline of \$221,000,000 in deposits during the year 1932. The 1933 decline in deposits was more than offset by a decrease in loans amounting to \$123,000,000. Investment holdings also decreased \$7,000,000, and holdings of other real estate were reduced \$5,000,000. As a result of these asset reductions, it became possible for the banks in the district to increase their cash and balances due from banks, including the Federal Reserve Bank, by \$26,000,000 and to reduce their borrowings from other banks by \$24,000,000 during 1933.

The city banks fared relatively better than the country banks during 1933. At city banks, there was an increase of

\$8,000,000 in deposits and a reduction of \$12,000,000 in loans. Investment holdings were increased \$19,000,000 and cash and balances due from banks were increased \$3,000,000. City banks were practically out of debt throughout the year. Interest rates charged by Minneapolis commercial banks decreased slightly during 1933.

Country banks experienced decreases of \$84,000,000 in deposits, \$111,000,000 in loans and \$25,000,000 in investments. Nevertheless, they were able to increase their cash and balances due from banks \$23,000,000 and to reduce their borrowings \$24,000,000.

Bank suspensions during 1933 in the district, together with non-licensed banks placed in liquidation or receivership, were 172 in number. This total does not include banks which were in the hands of conservators or operating under restrictions at the close of 1933. Bank failures in the district during other recent years were as follows: 1932—136; 1931—271; 1930—156; and 1929—85. The deposits involved in 1933 bank suspensions and in liquidation or receivership of non-licensed banks, amounted to \$36,378,000. Deposits involved in bank suspensions in this district in other recent years were \$27,899,000 in 1932, \$57,448,000 in 1931, \$23,139,000 in 1930, and \$14,828,000 in 1929. The number of banks in operation in the Ninth Federal Reserve District, according to the records of our Transit Department, decreased from 1,685 in 1932 to 1,449 in 1933.

## **OPERATIONS OF THE MINNEAPOLIS FEDERAL RESERVE BANK IN 1933**

### **A. General Survey**

The earning assets of this bank rose very sharply during the first two and one-half months of 1933 as a result of increases in all classes of earning assets incident to the events preceding the bank holiday. From the middle of March to the first part of August, there was a steady reduction in earning assets of this bank, followed by an increase which continued until December.

Discounts for member banks increased \$5,000,000 between the beginning of the year and March 8, reflecting the demands for currency which member banks experienced prior to the bank holiday. After the reopening of the banks, member bank borrowings from this bank declined rapidly. The decrease was made possible by a return of hoarded cash to the banks, an unseasonably large marketing movement of grain and rising agricultural prices. During the remainder of the year, member bank borrowings continued to decline, but at a slower rate, and reached the lowest point of the year at the close of December. Factors in this latter decrease were refinancing of farm debt through the Regional Agricultural Credit Corporations and the Federal Farm Loan System, and the benefit payments and commodity purchases by the Agricultural



Adjustment Administration. City member banks were almost entirely out of debt at the Federal Reserve Bank throughout the year 1933.

### Discounted Bills Held by Minneapolis Federal Reserve Bank

(000's omitted)

For Banks in	Dec. 31, 1933	Dec. 31, 1932	Dec. 31, 1931
Minneapolis and St. Paul.....	\$ 24	\$ 20	\$ 51
Other Minnesota Towns and Cities.....	353	2,679	1,458
Montana .....	122	1,043	879
North Dakota .....	180	1,404	652
South Dakota .....	810	3,072	1,564
Wisconsin .....	80	672	590
Michigan .....	303	616	516
Federal Intermediate Credit Bank of St. Paul.....	0	0	1,861
Individuals and Corporations.....	0	98	0
<b>Total .....</b>	<b>\$1,872</b>	<b>\$9,604</b>	<b>\$7,571</b>

Federal reserve notes in circulation declined by much less than the seasonal amount during January and then began to increase as the hoarding demand for currency developed on account of the Michigan bank holiday and other banking disturbances. The outflow of Federal reserve notes became very rapid in the two weeks preceding the bank holiday and continued at a more moderate rate through the holiday period, as banks withdrew cash to meet the permissible withdrawals of their customers. The peak of Federal reserve note circulation in this district was reached on March 13, when \$119,587,000 of these notes were in circulation, an increase of \$38,500,000 over the low point of January. This currency was returned to the Federal Reserve Bank very rapidly after the bank holiday, and the amount in circulation had been reduced to \$89,400,000 on June 28. Thereafter, there was an increase to \$95,000,000 on October 4, and a minor decrease in the later weeks of the year. Under the authority of the Emergency Banking Act, this bank began to issue Federal reserve bank notes on April 17. The amount of these notes in circulation was increased steadily throughout the remainder of the year, and at the close of the year, there were \$7,700,000 in circulation. In fact, the increase in the circulation of Federal reserve bank notes during the last quarter of the year more than offset the decrease in circulation of Federal reserve notes, so that the total amount of both kinds of Federal reserve currency in circulation was higher in December than at any earlier time since the first week of April. The large cash requirements of the district in December were associated with the heavy disbursements of the Civil Works Administration, which created a large use for pocket money.

Member bank reserve deposits rose very sharply during the last half of February as a result of withdrawals of correspondent bank balances in various parts of the United States by certain member banks in this district and the redepositing of these funds with the Federal Reserve Bank. This rise in

member bank deposits at the Federal Reserve Bank amounted to \$16,000,000, but this increase was entirely cancelled during the first ten days of March through the conversion of these balances into cash to meet depositors' demands prior to the bank holiday. After the termination of the bank holiday, member bank reserve deposits remained not far above the legal requirements until June, when, under the provisions of the Banking Act of 1933, interest on correspondent bank balances was prohibited after June 16. After that date, there was less inducement for banks to keep their reserve balances as low as the law would permit, and many banks permitted excess reserve balances to accumulate. In December, the daily average of excess reserves carried by member banks of this district in their accounts with the Federal Reserve Bank was \$18,500,000.

The cash holdings of this bank were at the lowest point of the year on January 11, when they amounted to \$62,000,000. As a result of the various changes in other assets, these cash holdings rose to \$98,000,000 on October 11. In the succeeding two weeks, cash holdings were sharply reduced, but later they increased, especially after Christmas, and reached their highest level of the year, \$106,000,000, on December 31.

The net effect of these changes upon our balance sheet for the year ending December 31, 1933, was as follows: Cash holdings increased \$45,000,000; bills discounted decreased \$8,000,000; bills bought in the open market increased \$2,500,000; United States security holdings increased \$11,000,000; total earning assets increased \$5,500,000; Federal reserve notes in circulation increased \$12,000,000; Federal reserve bank notes in circulation increased \$8,000,000; deposits increased \$27,000,000; and the ratio of total cash holdings to deposits and Federal reserve note liabilities combined increased from 50.9 per cent to 66.7 per cent. A redemption fund of \$593,000 was set aside to cover the redemption of Federal reserve bank notes in circulation.

This bank did not borrow from or lend to any other Federal Reserve Bank during 1933.

The discount rate of this bank remained unchanged at 3½ per cent throughout the year.

## **B. Earnings and Expenses**

The gross earnings of this bank during 1933 were \$1,498,000, as compared with \$1,435,000 in 1932. Increases in earnings from United States securities and miscellaneous sources were not quite offset by decreases in earnings on discounts and purchased bills and a decrease in deficient reserve penalties. Current net earnings during 1933 were \$384,000, as compared with \$508,000 in 1932. Miscellaneous additions to current net earnings in 1933 amounted to \$46,000, and deductions from current net earnings amounted to \$348,000, including \$234,600 set up as reserves for losses and market de-

preciation on securities. Net earnings available for dividends and surplus amounted to \$82,000 in 1933, as compared with \$272,000 in 1932. In 1933, dividends totaling \$171,569 were declared, at the rate of 6 per cent per annum, on all paid-in capital stock, and paid to member banks. The surplus account was decreased by \$89,484.

### C. Departmental Statistics of Volume (Including both the Head Office and the Helena Branch).

The Transit, or Check Collection Department, handled 20,779,000 items during 1933, amounting to \$3,293,367,000, as compared with 18,743,000 items during 1932, amounting to \$2,907,272,000.

The Collection Department received 1,128,000 items (including coupons other than those on Government issues) during 1933, amounting to \$219,044,000, as compared with 798,000 items during 1932, amounting to \$155,121,000.

The Currency Department received and counted 36,997,000 bills, amounting to \$197,567,000 in 1933, as compared with 36,088,000 bills, amounting to \$163,224,000 in 1932. This department also received and counted 21,323,000 coins, amounting to \$9,943,000 in 1933, as compared with 24,788,000 coins, amounting to \$3,391,000 in 1932.

The Vault Custody Department in its service of safe-keeping of securities, received from or returned to member banks 134,920 bonds during 1933, as compared with 149,215 bonds during 1932. This department cut and forwarded to the owners of these securities or turned over to other departments for collection or credit, 206,956 coupons during 1933, as compared with 214,133 coupons during 1932.

Transfers of funds made for member banks, including those made for the 5 per cent Redemption Fund, numbered 52,900, totaling \$1,847,658,000 during 1933, as compared with 47,800, totaling \$1,714,979,000 during 1932.

The Discount Department served 271 member banks during 1933. In 1932, 333 member banks were served. During 1933, 12,038 notes were discounted, amounting to \$50,173,000, as compared with 29,124 notes, amounting to \$145,522,000 in 1932.

## FISCAL AGENCY FUNCTIONS

Issues, redemptions or exchanges of various United States Government securities, including Treasury Savings Certificates, Federal Intermediate Credit Bank Debentures and Federal Land Bank Bonds redeemed at this office, which were handled by the Fiscal Agency operated by us for the United States Government, numbered 94,183 pieces and amounted to \$182,839,286, as compared with 47,664 pieces amounting to \$144,282,471 in 1932.

This Agency also handled during 1933, 7,368 purchases and 16,381 resales of Government securities totaling \$89,263,700. In addition, either delivery or payment, or both, was handled for banks and trust companies on 643 transactions in Government securities amounting to \$110,498,950. There were also 534 transactions of miscellaneous general market securities aggregating \$3,505,487. Altogether, of these various transactions, there were 24,926 totaling \$203,268,137, as compared with 24,712 totaling \$192,270,330 in 1932.

Delivery of 55,784 pieces totaling \$109,325,775 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., 34,538 pieces were delivered, amounting to \$61,290,800. The total number of pieces delivered was 90,322, amounting to \$170,616,575, in comparison with 101,485 totaling \$192,877,582 during the preceding year.

With the exception of Treasury bills, there were eleven offerings of United States Government securities during 1933. In such operations, 9,451 individual subscriptions contained in 7,515 different applications were received in this district. The amount allotted on these subscriptions was \$76,572,150. During 1932, 4,094 individual subscriptions were submitted in 1,645 different applications on sixteen similar offerings and \$45,718,200 was allotted.

During 1933, 177 tenders amounting to \$13,099,000 were received by this Agency on 47 offerings of Treasury bills. Of these, 28 tenders for Treasury bills, ranging from .04 per cent to 1.99 per cent and amounting to \$5,192,000, were accepted. During 1932, 39 tenders amounting to \$1,846,000 were received and 5 tenders totaling \$1,155,000 were accepted on the 31 offerings of Treasury bills made that year.

In October, the Secretary of the Treasury announced that all of the Fourth  $4\frac{1}{4}$  per cent Liberty Loan Bonds bearing serial numbers the final digit of which was 9, 0 or 1 were called for redemption on April 15, 1934, and interest on such bonds would cease on that date. Holders of Fourth Liberty Loan Bonds, whether called or uncalled, were offered the opportunity of exchanging these bonds for new Treasury bonds of 1943-45, bearing interest at  $4\frac{1}{4}$  per cent the first year and  $3\frac{1}{4}$  per cent thereafter. There were 16,701 coupon Fourth Liberty Loan Bonds amounting to \$10,849,250 and 7,851 registered Fourth Liberty Loan Bonds totaling \$5,282,800 received and accepted by this Agency on such exchanges.

At the close of the year, there were 328 banks and trust companies in this district which were designated as special depositaries of public moneys, thereby being qualified to make payment through their War Loan Deposit Accounts on a "by credit" basis for subscriptions to new offerings of Government securities, with the exception of Treasury bills. This is 24 less than the number of banks so designated at the close

of the preceding year. Effective June 15, 1933, interest paid on daily balances in the War Loan Deposit Accounts by special depositories at the rate of  $\frac{1}{2}$  of 1 per cent, was eliminated.

The Fiscal Agency operated by us for the Government redeemed 629 Federal Intermediate Credit Bank Debentures and Federal Land Bank Bonds totaling \$1,451,000 in 1933. There were also 533,628 Government and Federal Land Bank coupons amounting to \$8,679,109 redeemed during the past year, as compared to 489,616 coupons totaling \$7,913,551 during 1932.

## ACTIVITIES OF THE FEDERAL RESERVE AGENTS' OFFICE

### A. Federal Reserve Notes and Federal Reserve Bank Notes

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, 1933, on which date the outstanding new series Federal reserve notes amounted to \$93,136,410, as compared with only \$4,647,610 of the old series. The denominational distribution of the outstanding old series Federal reserve notes on December 31, 1932 and 1933, was as follows:

	1932	1933
5's .....	\$ 901,050	\$ 734,060
10's .....	1,454,750	1,055,240
20's .....	2,949,800	1,990,360
50's .....	278,200	191,450
100's .....	670,900	467,500
500's .....	82,500	62,000
1,000's .....	184,000	147,000
Total .....	\$6,521,200	\$4,647,610

On December 31, 1933, the amount of old and new series notes outstanding was \$97,784,020, and the Federal Reserve Agent held \$79,320,000 of new and fit-for-use notes. Of this total outstanding (\$97,784,020), there was in actual circulation \$92,896,000, the notes held by our paying tellers at the Head Office and at the Helena Branch, together with the amount of mutilated Federal reserve notes in transit for redemption accounting for the remainder.

During 1933, the Federal Reserve Agent and his assistants received \$90,740,000 of new Federal reserve notes from the Comptroller of the Currency at Washington, and \$43,375,000 of fit-for-use notes from our receiving tellers. The issues of new and fit-for-use notes totaled \$81,665,000, as compared with \$55,905,000 during the preceding year and \$42,180,000 in 1931. The amount of Federal reserve notes outstanding with this Federal Reserve Bank increased from \$82,853,480 to \$97,784,020 between December 31, 1932, and December 31, 1933.

Following the passage of the Glass-Steagall Act in 1932, direct obligations of the United States were eligible as col-

lateral for Federal reserve notes. On December 31, 1933, the Federal Reserve Agent held \$19,500,000 of such United States obligations as collateral security for the Federal reserve notes outstanding with the Federal Reserve Bank, together with \$76,254,000 in gold coin and gold certificates in vault or on deposit with the Federal Reserve Board and \$1,153,934.62 in discounts and rediscounts.

The Emergency Bank Act of March 9, 1933, authorized Federal reserve banks to issue Federal reserve bank notes. The Federal Reserve Agent handles the unissued stock of these notes and issues and retires them just as he does Federal reserve notes. The first supply of these notes was received in Minneapolis on March 14, 1933. The first issue to the Federal Reserve Bank was made on April 17, 1933. On December 31, 1933, the denominational distribution of these notes outstanding on the Agent's records was as follows:

5's .....	\$3,316,000
10's .....	1,958,850
20's .....	2,773,400
Total .....	\$8,048,250

## B. Membership

At the close of the year, there were 502 member banks operating in this district, as compared with 545 member banks at the beginning of the year. There was a net loss of 62 national banks and a gain of 19 state banks. The total membership (banks in operation only) at the close of 1933 was divided into 442 national banks and 60 state banks. The banks which joined the Federal Reserve System in 1933 are:

Name of Bank	Location	No. of Shares Subscribed
The First National Bank at Hubbell.....	Hubbell, Mich. ....	33
The First National Bank in Cannon Falls .....	Cannon Falls, Minn.....	44
Security State Bank of Cannon Falls.....	Cannon Falls, Minn.....	18
First State Bank of Chatfield.....	Chatfield, Minn. ....	18
Dakota State Bank.....	Dakota, Minn. ....	22
State Bank of Gibbon.....	Gibbon, Minn. ....	22
Security State Bank of Houston.....	Houston, Minn. ....	20
The Citizens National Bank of Madelia.....	Madelia, Minn. ....	36
The Citizens National Bank of Park Rapids .....	Park Rapids, Minn.....	18
Citizens State Bank of St. Charles.....	St. Charles, Minn.....	19
Farmers & Merchants State Bank of Springfield .....	Springfield, Minn. ....	29
State Bank of Springfield.....	Springfield, Minn. ....	36
Wadena County State Bank.....	Wadena, Minn. ....	24
First State Bank of Wykoff.....	Wykoff, Minn. ....	18
The Farmers National Bank in Chinook.....	Chinook, Mont. ....	33
Farmers State Bank of Denton.....	Denton, Mont. ....	17
Farmers-Stockgrowers Bank .....	Glasgow, Mont. ....	33
Montana Bank & Trust Company.....	Great Falls, Mont.....	75
Ronan State Bank .....	Ronan, Mont. ....	17
State Bank of Terry.....	Terry, Mont. ....	48
Farmers State Bank.....	Victor, Mont. ....	24
First National Bank in Grand Forks.....	Grand Forks, N. D.....	180

Name of Bank	Location	No. of Shares Subscribed
State Bank of Alcester.....	Alcester, S. D.....	24
Bank of Alpena .....	Alpena, S. D.....	18
Citizens State Bank of Arlington.....	Arlington, S. D.....	20
Belvidere State Bank.....	Belvidere, S. D.....	18
Merchants State Bank.....	Freeman, S. D.....	27
Hand County State Bank.....	Miller, S. D.....	18
Farmers & Merchants State Bank.....	Presho, S. D.....	18
Jerauld County Bank.....	Wessington Springs, S. D.....	21
Farmers State Bank.....	Winner, S. D.....	18
Bear Butte Valley Bank.....	Sturgis, S. D.....	24
Sanborn County Bank of Woonsocket.....	Woonsocket, S. D.....	21
The Union National Bank of Ashland.....	Ashland, Wis. ....	66
Peoples State Bank.....	Bloomer, Wis. ....	18

The operating banks in the district were distributed among the states of the district as shown in the following table:

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

(Licensed banks only for Dec. 31, 1933)

December 31, 1932, and December 31, 1933

	National		State Members		Non-Members		Total	
	1932	1933	1932	1933	1932	1933	1932	1933
Michigan .....	34	25	8	7	21	18	63	50
Minnesota .....	228	205	5	13	578	472	811	690
Montana .....	52	47	16	17	79	70	147	134
North Dakota....	77	68	0	0	155	145	232	213
South Dakota....	72	63	9	20	158	127	239	210
Wisconsin .....	41	34	3	3	149	115	193	152
Ninth Federal Reserve Dist. 504	442	442	41	60	1,140	947	1,685	1,449

#### C. Examination of Banks

During 1933, 146 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 78,760 miles. Our examiners co-operated in the preliminary investigation of non-member banks of the district incident to membership in the Temporary Insurance Fund of the Federal Deposit Insurance Corporation.

In addition to the information obtained from the Federal Reserve Examiners, 806 reports of examination of national banks were received from the Chief National Bank Examiner of this district, and 5 reports of examination of state member banks were received from the various state banking departments. There were three calls for reports of condition of national banks and three calls for state member banks during the year. Also two semi-annual statements of earnings and dividends were required from all member banks.

#### 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 1933 include the following:

Name of Bank	Location	Date Approved	Capital	Powers
Northwestern National Bank.....	Minneapolis, Minn. ....	10-28-33**	\$5,000,000	Full
First National Bank in.....	Grand Forks, N. D.....	11-24-33	250,000	Full

\*\* Effective upon merger with Minnesota Loan and Trust Company.

### CHANGES IN PERSONNEL

At the January meeting of the Board of Directors, all officers of both the Head Office and the Helena Branch were re-elected. The Board also re-elected Mr. Andreas Ueland as Counsel for the Head Office and Mr. Sigurd Ueland as Assistant Counsel, and re-elected Mr. T. B. Weir as Counsel for the Helena Branch. A telegram was presented announcing that the Federal Reserve Board had reappointed Mr. Curtis L. Mosher and Mr. F. M. Bailey as Assistant Federal Reserve Agents and Mr. Oliver S. Powell to act as alternate in certain matters for the Federal Reserve Agent and the Assistant Federal Reserve Agents. The same wire announced the reappointment of Mr. A. T. Hibbard as Acting Assistant Federal Reserve Agent and Mr. Fred Heinecke and Mr. L. S. Hazard as Alternate Acting Assistant Federal Reserve Agents at the Helena Branch.

On January 31 occurred the death of Mr. J. R. Mitchell, Chairman of the Board and Federal Reserve Agent of the Minneapolis Federal Reserve Bank.

At the April meeting of the Board, it was reported that the Executive Committee had extended the leave of absence of Mr. R. E. Towle, Managing Director of the Helena Branch, to permit him to continue his duties with the Regional Agricultural Credit Corporation at Spokane, Washington.

At the directors' meeting on May 9, Governor Geery presented a telegram, dated May 5, from the Federal Reserve Board announcing that Mr. John N. Peyton had been appointed as Class C director for the balance of the term of Mr. J. R. Mitchell, which would end December 31, 1935, and that Mr. Peyton had been designated Chairman of the Board and Federal Reserve Agent, effective May 15.

At the June meeting of the Board of Directors, it was voted that the Chairman of the Board of Directors should serve as Chairman of the Executive Committee of the bank.

On July 30 occurred the death of Judge Andreas Ueland, who had served as Counsel of this bank continuously since February 1915. At the August meeting of the Board of Directors, Mr. Sigurd Ueland was elected Counsel for this bank and Mr. Rolf Ueland was elected Assistant Counsel.

At the August meeting of the Board of Directors, in accordance with the provisions of the Banking Act of 1933, Governor W. B. Geery of this bank was elected to serve as representative of the Ninth Federal Reserve District on the System's Open Market Committee.



In October, Mr. Oliver S. Powell was elected Secretary of the Board of Directors, succeeding Mr. Curtis L. Mosher, whose duties as Secretary of the Board of Directors and Assistant Federal Reserve Agent had terminated. At the same meeting, the Chairman of the Board announced that the offices of Acting Assistant Federal Reserve Agent and Alternate Acting Assistant Federal Reserve Agent at the Helena Branch had been abolished, and that the Federal Reserve Agent's stock of currency at the Helena Branch had been issued to the banking department of the Branch.

At the November meeting of the Board of Directors, a telegram from the Federal Reserve Board was presented announcing that Mr. Homer P. Clark had been reappointed Class C director for a three year term beginning January 1, 1934, and that he had been designated Deputy Chairman of the Board of Directors for one year beginning on the same date. A telegram from the Federal Reserve Board was also presented announcing that Mr. Henry Sieben had been reappointed director of the Helena Branch for a two year term beginning January 1, 1934.

On December 6 occurred the death of Mr. S. McKennan of Helena, Montana, who was a director of the Helena Branch. At the meeting of the Board of Directors on December 11, Mr. A. R. McDermott, Vice President of the Montana National Bank of Billings, Montana, was elected to serve as a director of the Helena Branch during the unexpired portion of Mr. McKennan's term ending December 31, 1934.

Mr. Theodore Wold was re-elected as a member of the Federal Advisory Council for 1934. Mr. T. A. Marlow of Helena, Montana, was re-elected a director of the Helena Branch for two years beginning January 1, 1934.

The Chairman of the Board announced that as a result of the regular fall elections, Mr. H. C. Hansen, President of the First National Bank of Churchs Ferry, North Dakota, had been re-elected Class A director and that Mr. Albert P. Funk, President and Treasurer of the La Crosse Rubber Mills Company of La Crosse, Wisconsin, had been elected Class B director, both directorships for three year terms beginning January 1, 1934.

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 425 persons on December 31, 1933, as compared with 330 at the close of the previous year.

*Resources and Liabilities of the Federal Reserve Bank  
of Minneapolis  
(In Thousands of Dollars)*

<b>RESOURCES</b>	Dec. 31, 1933	Dec. 31, 1932	Dec. 31, 1931
Gold with Federal Reserve Agent.....	\$ 76,254	\$ 41,540	\$ 58,470
Gold redemption fund with United States Treasury.....	1,612	2,214	704
Gold held exclusively against Federal reserve notes.....	\$ 77,866	\$ 43,754	\$ 59,174
Gold settlement fund with Federal Reserve Board.....	19,518	7,797	9,367
Gold and gold certificates held by bank.....	550	2,340	5,735
Total gold reserves .....	\$ 97,934	\$ 53,891	\$ 74,276
Other cash .....	8,322	7,250	7,364
Total gold reserves and other cash.....	\$106,256	\$ 61,141	\$ 81,640
Redemption fund, Federal reserve bank notes.....	593	0	0
Bills Discounted:			
Secured by United States Government obligations.....	49	352	1,074
Other bills discounted .....	1,823	9,252	6,497
Total bills discounted .....	\$ 1,872	\$ 9,604	\$ 7,571
Bills bought in open market.....	3,189	612	7,329
United States Government Securities:			
Bonds .....	16,315	17,398	15,832
Treasury notes .....	26,293	8,110	589
Certificates and bills .....	23,061	29,343	11,247
Total United States Government securities.....	\$ 65,669	\$ 54,851	\$ 27,668
Other securities .....	80	410	903
Total bills and securities.....	\$ 70,810	\$ 65,477	\$ 43,471
Due from foreign banks.....	9	11	14
Federal reserve notes of other Federal reserve banks.....	658	716	810
Uncollected items .....	10,641	10,818	8,444
Bank premises .....	1,657	1,745	1,834
All other resources .....	1,474	1,723	1,373
Total resources .....	\$192,098	\$141,631	\$137,586
<b>LIABILITIES</b>			
Federal reserve notes in actual circulation.....	\$ 92,896	\$ 80,966	\$ 69,129
Federal reserve bank notes in actual circulation.....	7,718	0	0
Deposits:			
Member bank reserve account.....	62,013*	37,760	45,827
Government .....	91	468	1,961
Foreign bank .....	96	461	1,768
Other deposits .....	4,095	348	356
Total deposits .....	\$ 66,295	\$ 39,037	\$ 49,912
Deferred availability items .....	11,128	10,738	7,792
Capital paid in.....	2,876	2,885	2,951
Surplus .....	6,930	7,019	6,356
All other liabilities.....	4,255	986	1,446
Total liabilities .....	\$192,098	\$141,631	\$137,586
Ratio of total gold reserves and other cash to deposit and Federal reserve note liabilities combined (per cent)....	66.7	50.9	68.6
Contingent liability on bills purchased for foreign corre- spondents .....	\$ 88	\$ 856	\$ 5,716

\*Reserve deposits of licensed member banks and member banks in hands of conservator.

# Earnings and Expenses of Federal Reserve Bank of Minneapolis

## FINANCIAL RESULTS OF OPERATION

	1933	1932	1931
Discounted bills .....	\$ 221,740	\$ 418,531	\$ 168,589
Purchased bills .....	37,596	65,335	132,999
U. S. securities.....	1,179,975	921,077	597,518
Deficient reserve penalties .....	8,017	17,219	7,726
Miscellaneous .....	50,341	12,931	29,772
<b>Total earnings</b> .....	<b>\$1,497,669</b>	<b>\$1,435,093</b>	<b>\$ 936,604</b>
Current expenses .....	1,114,094	926,669	918,942
<b>Current net earnings</b> .....	<b>\$ 383,575</b>	<b>\$ 508,424</b>	<b>\$ 17,662</b>
Additions to current net earnings.....	46,261	84,253	142,751
<b>Deductions from Current Net Earnings:</b>			
Bank premises—depreciation .....	90,371	90,371	92,051
Furniture and equipment .....	19,547	11,985	10,947
All other .....	237,833	217,984	11,610
<b>Total deductions</b> .....	<b>\$ 347,751</b>	<b>\$ 320,340</b>	<b>\$ 114,608</b>
<b>Net earnings available for dividends, surplus and franchise tax</b> .....	<b>82,085</b>	<b>272,337</b>	<b>45,805</b>
<b>Distribution of Net Earnings:</b>			
Dividends paid .....	171,569	175,495	180,455
Transferred to surplus account.....	89,484**	9,684	134,650**
Franchise tax paid U. S. Government.....	0	87,158	0

### CURRENT EXPENSES

<b>Salaries:</b>			
Bank officers .....	\$ 105,369	\$ 110,300	\$ 118,135
Clerical staff .....	367,666	328,047	330,399
All other .....	119,742	114,101	102,521
Governors' conferences .....	806	995	611
Federal Reserve Agents' conferences.....	194	188	0
Federal Advisory Council.....	1,299	1,540	1,316
Directors' meetings .....	9,533	9,750	7,062
Traveling expenses* .....	31,307	21,810	17,565
Assessment for Federal Reserve Board expenses.....	18,473	16,243	16,482
Legal fees .....	14,455	14,104	14,865
Insurance (other than on currency and security shipments) .....	32,340	32,057	31,671
Taxes on banking house.....	68,319	66,412	69,505
Repairs and alterations, banking house.....	1,940	1,731	5,438
Light, heat and power.....	18,795	17,568	16,208
Telephone .....	9,786	5,960	5,584
Telegraph .....	17,063	15,870	17,664
Postage .....	109,670	72,820	52,523
Expressage .....	11,773	8,055	11,779
Insurance on currency and security shipments.....	11,200	9,233	12,410
Printing and stationery.....	18,993	16,898	14,784
Office and other supplies.....	17,017	13,028	13,280
All other expenses.....	37,956	30,488	32,686
<b>Total exclusive of cost of currency</b> .....	<b>\$1,023,696</b>	<b>\$ 907,198</b>	<b>\$ 892,488</b>
<b>Federal Reserve Currency (Including shipping charges):</b>			
Original cost .....	\$ 77,960	\$ 16,979	\$ 23,386
Cost of redemption .....	4,245	2,491	3,068
Tax on Federal reserve bank note circulation..	8,193	0	0
<b>Total current expenses</b> .....	<b>\$1,114,094</b>	<b>\$ 926,668</b>	<b>\$ 918,942</b>

### REIMBURSABLE EXPENSES

Salaries .....	\$ 83,824	\$ 38,566	\$ 14,767
All other expenses.....	20,790	14,898	5,065
<b>Total</b> .....	<b>\$ 104,614</b>	<b>\$ 53,464</b>	<b>\$ 19,832</b>

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

\*\* Withdrawn from surplus account.

# DIRECTORS AND OFFICERS FEDERAL RESERVE BANK OF MINNEAPOLIS

## DIRECTORS

Class A	Expiration of Term	Business Affiliation
M. O. Grangaard.....	Dec. 31, 1934.....	Vice President, First National Bank & Trust Co., Minneapolis, Minnesota.
H. R. Kibbee.....	Dec. 31, 1935.....	President, Commercial Trust & Savings Bank, Mitchell, South Dakota
H. C. Hansen.....	Dec. 31, 1936.....	President, First National Bank, Churches Ferry, North Dakota.
<b>Class B</b>		
W. O. Washburn.....	Dec. 31, 1934.....	President, A. J. Krank Company, St. Paul, Minnesota.
J. E. O'Connell.....	Dec. 31, 1935.....	President, Eddy Bakery Company, Helena, Montana.
Albert P. Funk.....	Dec. 31, 1936.....	President, La Crosse Rubber Mills Co., La Crosse, Wisconsin.
<b>Class C</b>		
Geo. W. McCormick.....	Dec. 31, 1934.....	Vice President and General Manager, Superior Sugar Refining Company, Menominee, Michigan.
John N. Peyton.....	Dec. 31, 1935.....	Chairman of the Board and Federal Chairman Reserve Agent, Minneapolis, Minn.
Homer P. Clark.....	Dec. 31, 1936.....	Chairman of the Board, West Publishing Company, St. Paul, Minnesota. Deputy Chairman

## OFFICERS

### Federal Reserve Agent's Office

John N. Peyton, Federal Reserve Agent  
F. M. Bailey, Assistant Federal Reserve Agent  
E. W. Swanson, Assistant Federal Reserve Agent

### Banking Department

W. B. Geery, Governor  
Harry Yaeger, Secretary and Deputy Governor    H. I. Ziemer, Deputy Governor and Cashier  
F. C. Dunlop, Controller  
L. E. Rast, Assistant Cashier    H. C. Core, Assistant Cashier  
A. R. Larson, Assistant Cashier    W. E. Peterson, Assistant Cashier  
Otis R. Preston, Assistant Cashier

### LEGAL COUNSEL

Sigurd Ueland, Counsel  
Rolf Ueland, Assistant Counsel

### STATISTICIAN

O. S. Powell, Statistician and Secretary of the Board of Directors

### MEMBER OF FEDERAL ADVISORY COUNCIL

Theodore Wold, President, Northwestern National Bank & Trust Co.,  
Minneapolis, Minnesota

## HELENA BRANCH—(MONTANA)

### DIRECTORS

	Expiration of Term	Business Affiliation
Wm. P. Sullivan, Chairman.....	Dec. 31, 1934.....	Manager, Square Butte Ranch, Square Butte, Montana
A. R. McDermott.....	Dec. 31, 1934.....	Vice President, Montana National Bank, Billings, Montana.
R. E. Towle.....	Dec. 31, 1934.....	Managing Director, Federal Reserve Branch Bank, Helena, Montana
T. A. Marlow.....	Dec. 31, 1935.....	President, First National Bank & Trust Co., Helena, Montana.
Henry Sieben.....	Dec. 31, 1935.....	President, Sieben Live Stock Co., Helena, Montana.

## OFFICERS

R. E. Towle, Managing Director  
A. A. Hoerr, Cashier    C. J. Larson, Assistant Cashier

### LEGAL COUNSEL

T. B. Weir, Counsel