
SIXTEENTH ANNUAL REPORT

OF THE

FEDERAL RESERVE BANK
OF RICHMOND

FOR THE YEAR ENDED DECEMBER 31, 1930



WM. W. HOXTON
Chairman and Federal Reserve Agent

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OF RICHMOND

FOR THE YEAR ENDED DECEMBER 31, 1930



WM. W. HOXTON
Chairman and Federal Reserve Agent

**DIRECTORS AND OFFICERS
OF THE
FEDERAL RESERVE BANK OF RICHMOND
FOR YEAR 1931**

DIRECTORS

Class A

JAMES C. BRASWELL, 1931,
Rocky Mount, N. C.

L. E. JOHNSON, 1932,
Alderson, W. Va.

CHAS. E. RIEMAN, 1933,
Baltimore, Md.

Class B

EDWIN C. GRAHAM, 1931,
Washington, D. C.

D. R. COKER, 1932,
Hartsville, S. C.

JUNIUS P. FISHBURN, 1933,
Roanoke, Va.

Class C

WM. W. HOXTON, 1932,
Chairman of the Board,
Richmond, Va.

FREDERIC A. DELANO, 1933,
Deputy Chairman,
Washington, D. C.

ROBERT LASSITER, 1931,
Charlotte, N. C.

OFFICERS

GEORGE J. SEAY,
Governor.

CHAS. A. PEPLE,
Deputy Governor.

R. H. BROADDUS,
Deputy Governor.

J. S. WALDEN, JR.,
Controller.

GEORGE H. KEESEE,
Cashier.

WM. W. HOXTON,
Chairman of the Board and
Federal Reserve Agent.

J. G. FRY,
Assistant Federal Reserve Agent.

T. F. EPES,
Auditor.

ALBERT S. JOHNSTONE,
Manager, Personnel and Service.

JOHN T. GARRETT,
Manager, Bank Relations Dept.

W. W. DILLARD,
Assistant Cashier.

EDWARD WALLER, JR.,
Assistant Cashier.

COUNSEL

MAXWELL G. WALLACE.

MEMBER FEDERAL ADVISORY COUNCIL

JOHN POOLE, 1931,
Washington, D. C.

BALTIMORE BRANCH

DIRECTORS

A. H. DUDLEY, Baltimore, Md., 1931.

LEVI B. PHILLIPS, Cambridge, Md., 1931.

L. S. ZIMMERMAN, Baltimore, Md., 1932.

H. B. WILCOX, Baltimore, Md., 1933.

WM. H. MATTHAI, Baltimore, Md., 1931.

EDMUND P. COHILL, Hancock, Md., 1932.

NORMAN JAMES, Baltimore, Md., 1933.

OFFICERS

A. H. DUDLEY, Managing Director.

JOHN R. CUPIT, Cashier.

J. A. JOHNSTON, Assistant Cashier.

F. W. WRIGHTSON, Assistant Cashier.

CHARLOTTE BRANCH

DIRECTORS

HUGH LEACH, Charlotte, N. C., 1931.

W. H. WOOD, Charlotte, N. C., 1931.

C. L. COBB, Rock Hill, S. C., 1932.

ROBT. GAGE, Chester, S. C., 1933.

JOHN LINDSAY MOREHEAD, Charlotte, N. C., 1931.

C. A. CANNON, Concord, N. C., 1932.

JOHN A. LAW, Spartanburg, S. C., 1933.

OFFICERS

HUGH LEACH, Managing Director.

W. T. CLEMENTS, Cashier.

**FEDERAL RESERVE BANK
OF RICHMOND**

February 28, 1931.

THE FEDERAL RESERVE BOARD,
Washington, D. C.

GENTLEMEN:

I have the honor to submit herewith the Sixteenth Annual Report of the Federal Reserve Bank of Richmond, for the year ended December 31, 1930.

Respectfully,

WM. W. HOXTON,
Chairman of the Board and
Federal Reserve Agent.

COMPARATIVE STATEMENT OF CONDITION RESOURCES

	Dec. 31, 1930	Dec. 31, 1929
RESERVES:		
Gold with Federal Reserve Agent.....	\$ 88,150,000.00	\$ 76,190,000.00
Gold Redemption Fund—F. R. Notes.....	2,374,700.00	3,180,000.00
Gold Settlement Fund.....	18,231,258.24	8,093,108.63
Gold Coin and Certificates.....	9,464,127.50	11,913,587.50
Total Gold Reserves.....	\$118,220,085.74	\$ 99,376,696.13
Legal Tender Notes, Silver, etc.....	6,903,012.00	5,830,233.00
Total Reserves.....	\$120,123,097.74	\$105,206,929.13
NON-RESERVE CASH:		
National and Federal Reserve Bank Notes.....	\$ 3,250,720.00	\$ 4,934,070.00
Subsidiary Silver, Nickels and Cents.....	1,304,758.05	970,604.59
Total Non-Reserve Cash.....	\$ 4,555,478.05	\$ 5,904,674.59
EARNING ASSETS:		
Bills Discounted—Secured by U. S. Gov. Obligations....	\$ 3,226,473.85	\$ 11,285,650.00
Bills Discounted—Non-Members secured by Adjusted Service Certificates.....	8,763.00	3,000.99
Bills Discounted—All Other.....	19,530,958.40	27,650,053.18
Total Bills Discounted.....	\$ 22,766,195.25	\$ 38,938,704.17
Bills Purchased in Open Market.....	10,936,375.12	13,335,750.36
United States Government Securities.....	13,907,100.00	9,559,100.00
Total Earning Assets.....	\$ 47,609,670.37	\$ 61,833,554.53
UNCOLLECTED ITEMS:		
Transit Items.....	\$ 36,598,419.17	\$ 50,396,700.68
Exchanges for Clearing House.....	1,324,615.97	1,927,204.41
Other Cash Items.....	217,670.88	241,880.03
Federal Reserve Notes of Other F. R. Banks.....	2,265,800.00	5,719,070.00
Total Uncollected Items.....	\$ 40,406,506.02	\$ 58,284,855.12
MISCELLANEOUS:		
Interest Accrued.....	\$ 5,298.23	\$ 5,298.23
Fiscal Agency Expenses, Reimbursable.....	1,112.02	1,357.31
Bank Premises, (Richmond and Baltimore).....	3,249,291.60	3,193,862.45
Claims Account Closed or Suspended Banks.....	925,897.93	626,003.77
Participation in Due from Foreign Banks.....	29,548.77	33,157.78
All Other Resources.....	36,730.04	48,667.28
Total Miscellaneous Assets.....	\$ 4,247,878.59	\$ 3,908,346.82
TOTAL RESOURCES	\$216,942,630.77	\$235,138,360.19

LIABILITIES

CAPITAL:		
Capital paid in.....	\$ 5,801,350.00	\$ 6,072,450.00
Surplus.....	12,113,588.51	12,495,857.15
Total Capital.....	\$ 17,914,938.51	\$ 18,568,307.15
DEPOSITS:		
Member Banks—Reserve Accounts.....	\$ 60,819,581.33	\$ 64,741,697.70
United States Treasurer.....	444,252.15	2,149,544.07
Participation in Due to Foreign Banks.....	241,455.21	257,996.72
Officers' Checks and Drafts.....	133,704.71	84,466.30
Other Deposits.....	33,696.80	76,264.44
Total Deposits.....	\$ 61,672,690.20	\$ 67,309,969.23
DEFERRED AVAILABILITY CREDITS:		
United States Treasurer.....	\$ 792,042.89	\$ 1,681,498.71
Federal Reserve and Member Banks.....	85,089,959.51	47,479,748.16
Miscellaneous.....	228,532.58	521,364.92
Total Deferred Availability Credits.....	\$ 86,110,534.98	\$ 49,682,611.79
NOTE CIRCULATION:		
F. R. Notes in Actual Circulation.....	\$100,516,210.00	\$ 98,670,400.00
MISCELLANEOUS:		
Reserve for Expense Accrued and Unpaid.....	\$ 3,402.75	\$ 2,925.47
Reserve for Self Insurance.....	400,000.00	400,000.00
Reserve for Undetermined Losses.....	264,000.00	400,000.00
Unearned Discount.....	60,313.42	103,439.13
All other Liabilities.....	540.91	707.42
Total Miscellaneous Liabilities.....	\$ 728,257.08	\$ 907,072.02
TOTAL LIABILITIES	\$216,942,630.77	\$235,138,360.19

SIXTEENTH ANNUAL REPORT

FEDERAL RESERVE BANK OF RICHMOND

GENERAL BUSINESS CONDITIONS

<u>STATISTICAL SUMMARY</u>	<u>1930</u>	<u>1929</u>
Debits to Individual Accounts (24 Cities)	\$15,588,979,000	\$16,851,269,000
Number of Commercial Failures, 5th District	1,572	1,420
Liabilities Involved in Failures.....	\$ 32,806,719	\$ 24,705,654
Cotton Consumption, 5th District Mills (Bales)	2,375,299	3,039,884
Cotton Grown in 5th District (Bales)	1,877,000	1,625,000
Cigarettes Manufactured in 5th District..	104,539,883,450	97,188,977,517
Total Taxes on Tobacco Manufactures, 5th District	\$ 343,885,497	\$ 321,361,648
Tobacco Grown in 5th District (Pounds)	741,721,000	726,748,000
Farm Value, All Crops in 5th District....	\$ 544,949,000	\$ 737,887,000
Building Permits for New Work (32 Cities)	12,653	16,420
Value of Permits for New Work (32 Cities)	\$ 83,454,134	\$ 105,060,685
Value of Contracts Awarded, 5th District	\$ 352,912,092	\$ 385,963,047
Total Sales, 34 Department Stores, 5th District	\$ 108,545,598	\$ 112,070,045
Total Sales, 66 Wholesale Firms in 5 Lines	\$ 59,324,766	\$ 66,291,736

The reaction in the Fifth Federal reserve district to the world wide depression of 1930 was expressed by a reduction in the aggregate volume of business below the level of 1929, especially when measured in dollar amounts. The district resisted the first shock of the decline in the closing months of 1929, and held its own fairly well through the first quarter of 1930, but from that time to the end of the year there was a gradual but steady decline in business of all kinds. The depression first affected construction work, and the decline in building greatly increased the number of unemployed in building trades and allied industries. Later in the year the unemployment situation proved detrimental to retail and wholesale trade, and slowed up collections at stores, banks and elsewhere. Commodity prices declined steadily during the year, and this, together with a cautious attitude which arose as a result of uncertainty as to employment, caused many people to postpone purchases, bringing about

a smaller demand for goods which affected industrial plants of all sorts, but especially those producing luxury or semi-luxury articles. During the crop growing season a severe drought in Maryland, Virginia and West Virginia retarded growth, and yields turned out very much below those in average years. In addition to the short crops, the year witnessed a virtual collapse in prices for most agricultural products, and even in the Carolinas, where production of crops was good, the money returns were much below those of other recent years and were inadequate to liquidate the year's indebtedness incurred in growing the crops. Near the end of the year a considerable number of banks found themselves unable to meet demands of depositors and were forced to close, further retarding recovery of business by tying up funds in the closed institutions. With trade on a relatively low level in 1930, there was less demand for bank credit, and therefore little need for member banks to borrow from the reserve bank except toward the end of the year to strengthen their position. The average daily holdings of rediscunts of paper for member banks consequently was low at the Federal Reserve Bank of Richmond, and loans by the member banks to their customers were in smaller amount than in other recent years.

An examination of some of the annual statistics for 1930 shows how general the year's depression was. Debits to individual accounts declined 7.5 per cent during the year, department store sales declined 3.1 per cent, wholesale trade in five leading lines decreased 10.5 per cent, and contracts awarded for construction work in the district declined 8.6 per cent. However, all of these decreases were due in part to lower price levels in 1930. Commercial failures increased last year in both number and liabilities involved. Production of the district's two leading money crops, cotton and tobacco, exceeded production of the previous year, due to good yields in the Carolinas, but the income derived from them was considerably smaller in 1930 because of much lower prices. While the decline in construction work in 1930 was marked, and played a leading part in increasing unemployment, the two most serious factors which adversely affected the district in 1930 were the record drought in the upper half of the district and the drastic slump in cotton and tobacco prices.

VOLUME OF BUSINESS

Except in the currency and coin handled last year, the volume of business at the Federal Reserve Bank of Richmond in 1930 was smaller than in 1929. The number of bills discounted and bought in 1930 declined 16.74 per cent from the number handled in 1929, and the average daily holding of bills was 58 per cent less than in 1929. The number of borrowing

ITEMS	1930	1929	Per Cent of Increase or Decrease
BILLS DISCOUNTED AND BOUGHT:			
Number	49,768	59,771	—16.74
Amount	\$ 1,300,738,000	\$ 4,755,793,000	—72.65
CHECKS HANDLED BY TRANSIT DEPARTMENT:			
Number	54,109,000	55,730,000	— 2.91
Amount	\$12,795,015,000	\$14,118,820,000	— 9.38
NON-CASH COLLECTIONS HANDLED:			
Number	270,996	284,929	— 4.89
Amount	\$ 231,051,000	\$ 264,948,000	—12.79
CURRENCY RECEIVED AND COUNTED (Including new notes):			
Number of pieces.....	177,598,372	174,518,171	1.76
Amount	\$ 789,548,000	\$ 757,851,000	4.18
CURRENCY PAID OUT (Includes redemptions):			
Number of pieces.....	175,675,181	175,069,783	.35
Amount	\$ 802,648,000	\$ 752,159,000	6.70
COIN RECEIVED AND COUNTED (Includes new):			
Number of pieces.....	177,008,594	148,126,049	19.50
Amount	\$ 16,149,000	\$ 16,394,000	— 1.49
COIN PAID OUT (Including redemptions):			
Number of pieces.....	172,361,422	148,474,516	16.09
Amount	\$ 15,360,000	\$ 16,392,000	— 6.30
TRANSFERS OF FUNDS FOR MEMBER BANKS:			
Number	138,993	149,495	— 7.02
Amount	\$ 6,725,085,000	\$ 6,020,866,000	11.70
FISCAL AGENCY WORK:			
U. S. securities received, issued, redeemed, cancelled or exchanged:			
Number	29,794	50,569	—41.08
Amount	\$ 124,861,000	\$ 141,732,000	—11.90

banks in 1930 was 345, compared with 384 which borrowed from the Bank at some time in 1929. The number of checks cleared by the transit department declined more than a million and a half in 1930 in comparison with the number cleared in 1929, and the amount involved declined \$1,323,000,000, the average amount for which the checks were drawn being 6.7 per cent lower in 1930, due in very considerable part to lower prices. The number of non-cash collections handled in 1930 was 4.89 per cent lower than the number handled in 1929, and the aggregate amount decreased 12.79 per cent, each item, as in the case of checks cleared, having a lower average value than in the

earlier year. Transfers of funds for member banks decreased 7.02 per cent in number in 1930, but the aggregate amount involved rose 11.7 per cent. Fiscal Agency transactions decreased materially in both number and amount in comparison with those of the earlier year.

A table on the preceding page shows the volume of work handled by the principal departments of the Bank during 1930, as compared with the year 1929.

FINANCIAL RESULTS OF OPERATIONS

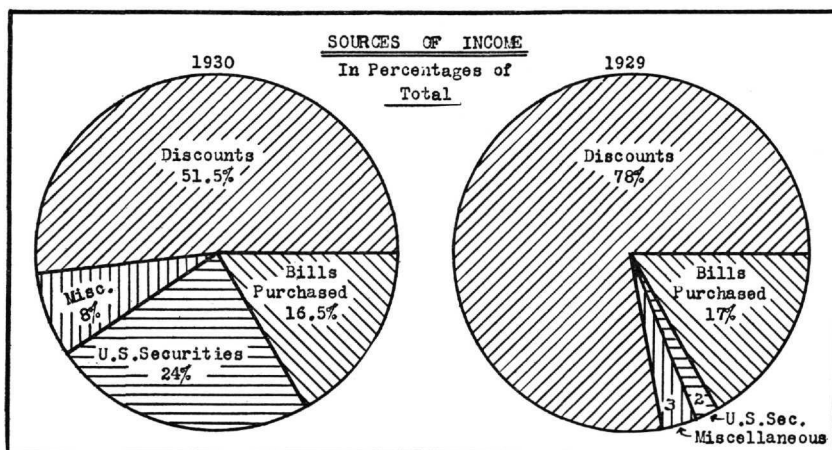
The following is a condensed statement of receipts and disbursements for the year 1930:

ITEMS	Average Daily Holdings	Average Daily Earnings	Total Earnings	Annual Rate of Earnings
Bills Discounted.....	\$21,539,281	\$2,403	\$ 877,181	.0407
Bills Purchased.....	9,931,065	772	281,883	.0284
U. S. Securities Held.....	14,170,706	1,119	408,503	.0288
Penalties and Miscellaneous Earnings		202	73,823	
Totals.....	\$45,641,052	\$4,496	\$1,641,390	
Current Expenses.....			1,569,034	
Current Net Earnings.....			72,356	
Additions to Current Net Earnings			61,816	
Totals.....			134,172	
Account of Reserves, De- preciation, etc.....			162,969	
Net Deficit			28,797	
Dividend Paid			353,472	
Gross Deficit			\$ 382,269	

Due to a marked decrease in rediscounting by member banks in 1930 in comparison with 1929 and to lower discount rates, the gross earnings of the Federal Reserve Bank of Richmond totaled only \$1,703,205 last year, compared with \$3,299,610 earned in 1929. The percentage of gross earnings derived from the discount of member bank paper amounted to 52 per cent last year, compared with 78 per cent in 1929 and 68 per cent in 1928. The Bank increased its holdings of Government securities in 1930, and 24 per cent of the gross earnings for 1930 came from these investments. The larger part of the remaining 24 per cent of income was derived from purchases of open market paper. A chart on the next page shows graphically the percentages of gross earnings from each of the several sources in 1930 and 1929.

Current expenses of the Federal Reserve Bank of Richmond totaled \$1,569,034 in 1930, a decrease of \$18,210 under \$1,587,244 for 1929. Current net earnings plus additions thereto for 1930 totaled only \$134,172, compared with \$1,712,366 for 1929. Net

earnings last year were insufficient to care for necessary transfers to depreciation and miscellaneous accounts, and the surplus account of the Bank was therefore debited by \$28,797 to meet these charges. Further, dividend payments on capital stock totaled \$353,472, which was also taken from the surplus account, making a gross deficit of \$382,269 on the Bank's operations for 1930. The Surplus, however, remains above 100 per cent of the subscribed capital. No payment was made to the United States Government on account of Franchise Tax.



EXPENSES OF OPERATION IN 1930

The expenses of Federal Reserve Banks are incurred in the exercise of functions prescribed by law, which involve the rendering of services directly to the United States Treasury and to member banks, and through member banks indirectly to the entire business community—agricultural, industrial, and commercial.

Federal Reserve Banks—furnish an elastic currency; afford means of rediscounting commercial and agricultural paper; act as Fiscal Agents of the U. S. Treasury Department; pay checks and warrants drawn on the Treasury of the United States; exercise the functions of Sub-Treasuries in the supply, exchange, and redemption of currency and coin; effect the par clearance of checks on a large majority of the banks of the country; collect for member banks, maturing notes, drafts, etc.; effect the transfer of funds by telegraph and mail, and make daily settlement between all Federal Reserve Districts; and perform other public services.

The expenses of conducting the operations of the Federal Reserve Bank of Richmond for the year 1930, divided according to functions, were as follows:

CURRENCY AND COIN

The cost of receiving and handling 177,598,372 pieces of currency aggregating \$789,547,000 of which 122,352,499 pieces had been in circulation and had to be sorted and counted; paying or shipping out 175,675,181 pieces of

currency aggregating \$802,648,000; receiving and handling 177,008,594 pieces of coin aggregating \$16,149,000; paying or shipping out 172,361,422 pieces of coin aggregating \$15,360,000 was\$123,114.71

The shipping charges (postage, expressage and insurance) on currency and coin to and from out-of-town members amounted to..... 97,993.44

Assessments by the Treasury Department to cover the cost of printing and maintaining an adequate supply of new Federal Reserve notes and the cost of redeeming and destroying Federal Reserve notes and Federal Reserve Bank notes unfit for circulation, plus the shipping charges thereon between the bank and Washington and the shipping charges on fit F. R. notes between the bank and other Federal Reserve Banks amounted to 147,808.94

Total Cost

\$ 368,917.09

LOANS, REDISCOUNTS AND INVESTMENTS

The cost of making discounts and advances to 345 member banks: 45,279 notes aggregating \$1,205,446,000, were received, examined and discounted; 55,389 notes collateral to member bank notes aggregating \$847,126,000 were received, examined, and handled; 5,686 pieces of marginal or excess collateral, aggregating \$16,909,000, were received, examined and handled; 4,489 bankers' acceptances aggregating \$95,292,000, were purchased in the open market; includes the cost of special handling accorded 6,846 notes aggregating \$68,244,000 paid before maturity and the unearned discount rebated; also includes the cost of credit investigations, securing and analyzing commercial and bank statements, maintaining credit files, etc.....\$ 49,591.87

The cost of affecting 885 transactions in the purchase and sale (in the open market) of government securities for out-of-town banks, aggregating \$49,465,000 and the cost of receiving, verifying and holding securities pledged as collateral to notes, and for safe keeping, and maintaining the proper records thereof, as follows: receiving 40,976 pieces aggregating \$558,662,000; shipping 45,056 pieces aggregating \$553,831,000; holding in our vaults throughout the year securities, deposited by member banks as collateral to discounts or for safe keeping, ranging from \$55,133,000 to \$87,091,000 was..... 12,792.99

Total Cost

\$ 62,384.86

TRANSIT AND COLLECTIONS

Handling and collecting 52,149,000 checks, aggregating \$12,572,989,000 cost.....\$192,322.02

Receiving, examining, paying and listing according to Treasury regulations 1,960,000 government checks, aggregating \$222,026,000, and shipping them to Washington cost.....	7,880.04
Handling 1,009,800 checks aggregating \$53,006,000 returned unpaid for various reasons cost	19,397.68
Handling 270,996 non-cash collection items (maturing notes, drafts, coupons, etc.), aggregating \$231,051,000 cost.....	35,146.53
Total Cost	\$ 254,746.27

ACCOUNTING

This function includes:

The general books, capital stock records, issuing and recording, official checks, and the detail daily transcript of the general account of the Treasurer of the United States.

The member bank accounts—both reserve accounts and deferred accounts—and the calculation of deficiencies in reserve, if any, and the assessments of penalties for deficiencies as prescribed by law.

The accounts with other Federal Reserve Banks, and the operation of the Gold Settlement Fund through which \$16,445,434,000 was received from and paid to other Federal Reserve banks and branches, the Treasurer of the United States, and the Federal Reserve Agent.

The transfers of funds for account of member banks of which there were 138,993 aggregating \$6,725,085,000.

The accounting involved in making all the expenditures of the bank.

The accounting and other expenses in connection with closed or suspended banks.

Planning new accounting forms and systems and making changes in old forms as the need therefor arises.

Total Cost	\$ 127,576.52
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FISCAL AGENT OF THE UNITED STATES

Services rendered as Fiscal Agent of the U. S. Government:

Receiving, proving and crediting to banks, preparing schedules, cancelling and shipping to Washington 568,456 government coupons aggregating \$10,489,200 cost.....	\$ 3,732.19
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Fiscal Agency work for the U. S. Government principally relating to the issue of 7,664 pieces of government securities amounting to \$50,951,000; the redemption of 7,761 pieces amounting to \$23,993,000; the exchange and transfer of 21,306 pieces amounting to \$63,503,000; the redemption of war savings and thrift stamps 144 pieces amounting to \$275; the receipt of subscriptions and payments for new issues, the handling of the war loan depositary accounts, the custody of

a stock of securities ranging from \$54,640,-
000 to \$95,609,000 cost..... 27,149.31

Total Cost\$ 30,881.50
Reimbursed by the Treasury Department..... 7,901.09

Net Cost to the Bank..... \$ 22,980.41

GENERAL EXPENSES—NOT ALLOCATED TO THE ABOVE FUNCTIONS

Official salaries and supervisory expenses.....\$128,593.81
Directors' fees and traveling expenses..... 8,133.16
Governors', Federal Reserve Agents' and Fed-
eral Advisory Council conferences..... 795.45
Our proportion of the expenses of the Federal
Reserve Board 33,409.77
Operation of the banking houses at Richmond,
Baltimore and Charlotte (includes salaries
of superintendent, mechanics, firemen, jan-
itors, elevator operators, etc., and rent, light
and power, heat, taxes, fire insurance, re-
pairs and alterations, etc.)..... 167,268.41
The provision of personnel..... 26,531.25
Legal expenses 8,834.76
Maintaining the general audit of the bank and
branches 24,170.51
Work of the Federal Reserve Agent's Depart-
ment, including issuance of Federal Reserve
notes, custody of collateral therefor, custody
of reserve stock of Federal Reserve notes,
the examination of member banks, preparing
and publishing the Monthly Review of Busi-
ness and Agricultural Conditions, assembling
various statistical data, etc. 52,160.53
Bank relation work; visiting and advising, and
conferences with member and non-member
banks 25,862.30
Handling incoming and outgoing ordinary and
registered mail 24,805.29
Protection—Salaries of special officers and
watchmen, and other protective services..... 68,009.30
Other general services, including purchasing
of supplies and equipment, operating the of-
fice supplies and stationery stock room, tele-
phone service, filing and caring for old rec-
ords, operating duplicating processes, sal-
aries of general office boys, operation of au-
tomobile trucks, and repairs to equipment.... 75,682.18
Shipping charges (postage and insurance) on
securities 2,541.86
Postage on ordinary mail 66,745.43
Insurance—Employees' group life, Employees'

fidelity, Bankers' blanket bond and burglary, Workmen's Compensation, Fire—equipment and supplies, and Automobile.....	22,369.55
Total Cost	\$ 735,913.56
Total Operating Expense*.....	\$ 1,572,518.71

* NOTE: The total Operating Expense during 1930 was \$3,484.27 more than the total amount of expenditures charged to the Current Expense account of the Bank during the year. The difference represents the excess of office supplies, printing and stationery, and postage actually used during the year and charged to the proper functions in the above statement of Operating Expenses, over the amount of such supplies purchased during the year and charged to Current Expense account.

DISCOUNT OPERATIONS

Member banks used reserve bank credit much less in 1930 than in 1929 or 1928, and the Federal Reserve Bank of Richmond discounted bills totaling only \$1,205,446,000 last year, a decrease of 74.31 per cent under discounts totaling \$4,691,968,000 in 1929. The average daily amount of paper under discount, which is a better measure of actual credit needs than the aggregate for the year, since the same loan may be renewed repeatedly within the 15 day limit, was \$21,491,514* in 1930, a decrease of 58.17 per cent under the daily average of \$51,379,334 in 1929. The banks of all of the six geographical divisions in the Fifth reserve district used reserve bank credit less extensively in 1930 than in 1929, District of Columbia banks decreasing their rediscounts most with 86.10 per cent and West Virginia least with 24.15 per cent. The accompanying table shows by states the daily average amount of paper under discount at the Richmond bank during 1930 and 1929, with percentages of decrease last year.

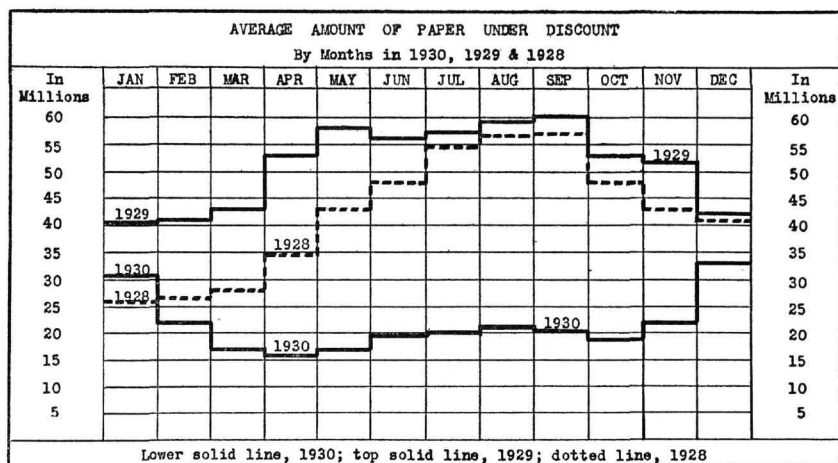
AVERAGE AMOUNT OF PAPER UNDER DISCOUNT

STATES	1930	1929	Per Cent of Increase or Decrease
Maryland	\$ 2,292,230	\$ 8,210,000	—72.08
District of Columbia.....	431,412	3,103,984	—86.10
Virginia	7,961,381	17,840,022	—55.37
West Virginia	3,490,032	4,601,039	—24.15
North Carolina	5,896,996	13,587,908	—56.60
South Carolina	1,419,463	4,036,381	—64.83
Fifth District.....	\$21,491,514*	\$51,379,334	—58.17

* This figure, which varies slightly from the average shown on page 8, is correct. The slight inaccuracy in the other figure is due to the special method of calculation used in accruing earnings.

There was not much change in the class of paper rediscounted in 1930 in comparison with 1929, but a slightly larger percentage of it was secured by Government obligations than in the earlier year. Of the total volume of 1930 discounts, 40.75 per cent was secured by Government securities, compared with 38.42 per cent in 1929 and 53.84 per cent in 1928. Member bank notes secured by eligible paper and rediscounts of secured or unsecured commercial or agricultural paper made up 59.25 per cent of total discounts and rediscounts at the Federal Reserve Bank of Richmond in 1930.

The discount rate on all classes of paper at the Bank was 5 per cent until February 7, 1930, but on that date the rate was lowered to $4\frac{1}{2}$ per cent. On April 11 a further reduction to 4 per cent was made, and on July 18 the rate was set at $3\frac{1}{2}$ per cent, at which figure it remained throughout the rest of the year.



A chart which shows graphically the monthly average amount of paper under discount at the Federal Reserve Bank of Richmond in 1930, 1929 and 1928, indicates a trend from month to month in 1930 contrary to the trend in the two preceding years. In most years rediscounts for member banks tend to increase during the late winter and spring months, remain nearly stationary during the summer, and decline in the fall and early winter. But in 1930 the average amount of paper under discount at the Bank declined during the first four months of the year, and then advanced slightly during the next four months. The usual reduction in discounts began moderately in the fall, but in November there was an unseasonal upward movement which continued through most of December, the average holdings for the latter month being the highest for any month

of the year. This unusual rise in credit demand from member banks was due to a number of bank failures in November and December, which created a tense situation in some localities and caused many banks to borrow at the reserve bank in order to strengthen their cash positions.

ACCEPTANCES

The Federal Reserve Bank of Richmond discounted trade acceptances totaling \$513,904 for member banks in 1930, compared with \$1,256,241 of the same class of paper discounted in 1929, and bankers' acceptances discounted last year totaled \$10,350 in comparison with \$133,296 discounted in the preceding year.

The Bank purchased bankers' acceptances from member banks and in the open market more extensively in 1930 than in the preceding year. Aggregate purchases of acceptances in 1930 totaled \$95,292,442, in comparison with \$63,825,043 in 1929. Purchases from member banks last year totaled \$46,673,527, compared with \$20,031,788 in 1929; purchases from non-member banks and dealers totaled \$46,938,942 against \$42,295,923 in 1929, and purchases through foreign banks totaled \$1,679,973 compared with \$1,497,332 in 1929. No acceptances were purchased from other Federal reserve banks in either 1930 or 1929. The average maturity of acceptances purchased in 1930 was shorter than in 1929, and therefore average daily holdings of open market paper totaled only \$9,931,065 last year, in comparison with \$11,030,662 in 1929.

CHECK COLLECTIONS

The physical volume of work handled by the Transit Department in 1930, as reflected in the number of checks cleared, was less than in either 1929 or 1928, but exceeded that of any earlier year. The aggregate amount involved, however, was less than in any year since 1922. The department handled 54,109,000 checks during 1930, compared with 55,730,000 handled in 1929 and 54,570,000 in 1928. The total amount involved in the checks cleared last year was \$12,795,015,000, compared with \$14,118,820,000 in 1929, a decrease of \$1,323,805,000. The average amount of each item handled dropped sharply in 1930, to \$236, the lowest figure for any year since 1922, reflecting in part the comparatively low price level which prevailed during the year and in part a probable reduction in large transactions. The average number of items handled each working day in 1930 was 179,764, amounting in round numbers to \$42,508,000, compared with 184,536 items totaling \$46,751,000 handled daily in 1929. Of the 54,109,000 items handled in 1930, 4,854,000 were drawn on banks outside the Fifth reserve district and were forwarded

to other Federal reserve banks and branches, and 1,960,000 items were drawn on the Treasurer of the United States.

Cash letters forwarded direct to other Federal reserve banks and branches by member banks in the Fifth district, for collection and credit to the reserve accounts of the sending banks at the Federal Reserve Bank of Richmond, numbered 201,058 last year, totaling in amount \$2,073,313,000, as compared with 210,776 cash letters amounting to \$2,434,671,000 sent direct to other districts in 1929. The direct routing of cash items results in a saving of transit time in securing credit to reserve accounts.

NON-CASH COLLECTIONS

The Collection Department of the Federal Reserve Bank of Richmond, which undertakes to collect notes, acceptances, drafts and securities for member banks, handled 270,996 items in 1930, having an aggregate value of \$231,051,000, as compared with 284,929 items amounting to \$264,948,000 handled in 1929. These figures show a decrease of 4.89 per cent in the number of items handled last year, while the aggregate amount handled decreased 12.79 per cent, the average amount of the items collected in 1930 being less than in 1929.

GOLD SETTLEMENT FUND

The following table shows the total receipts from and payments to other Federal reserve banks on account of daily transit clearings, with percentages:

(000 omitted)

Districts	Receipts from	Payments to	Total Settlements	Percentage of Total
Boston	\$ 154,310	\$ 163,032	\$ 317,342	2.97
New York	2,839,261	2,672,647	5,511,908	51.58
Philadelphia	662,145	719,424	1,381,569	12.93
Cleveland	619,987	574,772	1,194,759	11.18
Atlanta	387,803	362,084	749,887	7.02
Chicago	365,273	384,039	749,312	7.01
St. Louis	109,677	153,453	263,130	2.46
Minneapolis	14,989	4,461	19,450	.18
Kansas City	36,470	31,403	67,873	.64
Dallas	41,328	25,265	66,593	.62
San Francisco	186,721	177,607	364,328	3.41
Totals.....	\$5,417,964	\$5,268,187	\$10,686,151	100.
Settlement between Head Office and Branches:				
Richmond	1,405,898	1,239,231	2,645,129	
Baltimore	774,860	880,673	1,655,533	
Charlotte	496,357	557,211	1,053,568	
Totals.....	\$8,095,079	\$7,945,302	\$16,040,381	

The Federal Reserve Bank of Richmond received \$8,227,-786,000 from Federal reserve banks and other sources through the Gold Settlement Fund in 1930, while it paid out \$8,217,648,-000. The excess of receipts over disbursements resulted in a net increase for the year of \$10,138,000, bringing the balance in the Fund to the credit of this Bank up to \$18,231,000 at the close of business December 31, 1930.

The percentages of settlements with the New York and San Francisco districts were higher in 1930 than in 1929, but all other percentages were smaller than in the earlier year. In aggregate amount of settlements, the same comparison holds, those between Richmond and New York and Richmond and San Francisco being larger in 1930, while those between Richmond and all other districts decreased. The increase in Richmond and San Francisco settlements was unusually large, the aggregate for 1930 being nearly three and a half times the amount in 1929. The Richmond reserve bank received more from than it paid to New York, Cleveland, Atlanta, Minneapolis, Kansas City, Dallas and San Francisco, while it paid more to than it received from Boston, Philadelphia, Chicago, and St. Louis. The total for all districts was approximately \$18,000,000 more in 1930 than in the preceding year, the increases in settlements between Richmond on the one hand and New York and San Francisco on the other more than offsetting the declines in settlements between Richmond and the other nine reserve banks.

WIRE TRANSFERS OF FUNDS

Transfers of funds for member banks are made by the Federal Reserve Bank of Richmond without cost to the transferring bank, this service being facilitated by the operation of private leased wires connecting all Federal reserve banks and branches and the Federal Reserve Board. Funds were transferred for member banks 138,993 times in 1930, the total amount being \$6,725,085,000, compared with 149,495 transfers aggregating \$6,020,866,000 made in 1929. There were 135,179 telegrams sent or received over the private wire during 1930, compared with 145,534 messages in 1929. In its transactions with and for member banks, the Bank uses commercial telegrams extensively, in addition to the operation of the private leased wire.

RESERVE NOTE CIRCULATION

The average daily circulation of Federal reserve notes of the Richmond bank was higher in each of the first six months of 1930 than in the corresponding months of 1929, but each of the last six months showed lower average figures than those of the preceding year, due at least in part to the materially higher figures in the second half of 1929 as a result of the introduction

of small sized currency on July 10, 1929. Average daily circulation totaled \$73,371,342 in 1930, compared with \$78,715,188 in 1929. Circulation followed a seasonal trend during the major part of 1930, declining steadily from a daily average of \$88,010,057 in January to \$63,274,789 in August, and then rising gradually to \$76,605,295 on December 1. During December, however, owing to the failure of an unusually large number of banks and the feeling of uneasiness engendered thereby, many banks desired to strengthen their cash position, and the circulation rose rapidly until on December 20 it stood at \$109,375,665, the high figure for the year. From that point it declined to \$100,516,210 at the close of the year, the daily average circulation for December being \$97,219,186. The low average for 1930 reached in August was \$2,830,449 below the low point reached in July 1929, and the high average of December 1930 was only \$777,811 less than the December 1929 circulation.

CURRENCY AND COIN SERVICE

The Federal Reserve Bank of Richmond shipped currency and coin to member banks during 1930 totaling \$484,683,596, and \$24,556,058 were sent to non-members. The Bank received \$459,502,027 in currency and coin from member banks in 1930, and \$85,177,056 from non-member banks. The total amount of currency and coin shipped to and received from member and non-member banks in 1930 was \$1,053,918,737, a sum \$31,319,979, or 2.9 per cent, less than total shipments and receipts in 1929.

In shipments of currency and coin to and from member banks, the reserve bank defrays all shipping charges and insurance. It also pays the charges on remittances from non-member banks in settlement for cash letters, but all other shipments to or from non-member banks are made at the expense of the non-members concerned in the transaction. Such other shipments are usually in the nature of Subtreasury transactions.

RESERVE POSITION

The ratios of cash reserves to note and deposit liabilities combined were higher at the Federal Reserve Bank of Richmond in every month of 1930 than in 1929, and the average for last year was 73.37 per cent compared with 61.25 per cent for the preceding year. The low average for 1930 was reached in December with 68.13 per cent, and the highest month was April with 78.14 per cent. The low average of December was due to an unusually large increase in the circulation of Federal reserve notes in that month. In 1929 the low point of 57.63 per cent was reached in May and the high point of 65.24 per cent in December.

Average daily deposits totaled \$67,236,526 in 1930, against

\$69,246,347 in 1929; average daily note circulation was \$73,-371,342 in 1930, and \$78,715,188 in 1929; and daily average cash reserves totaled \$103,163,224 last year and \$90,628,443 the preceding year. Deposits averaged highest in January and lowest in December; note circulation was highest in December and lowest in August; and cash reserves were highest in February and lowest in September.

CHANGES IN MEMBERSHIP

Membership in the Federal Reserve System in the Fifth district declined during 1930 from 525 banks to 487 banks. Six banks joined the System during the year, but 44 members were lost through liquidations, mergers or withdrawals, a net decrease of 38 members, 24 of these being withdrawals of National banks upon surrender of their charters to merge with State banks or to be absorbed by other member banks. At the end of 1930 there were 447 National bank members and 40 State bank members in the Fifth district. Increased capital and surplus, and the subscriptions of new member banks, added 3,488 shares of stock of the reserve bank to members' holdings during 1930, but liquidations, mergers and withdrawals deducted 8,910 shares, a net loss of 5,422 shares during the year. On December 31, 1930, the shares of this Bank owned by member banks numbered 116,027, compared with 121,499 shares held on December 31, 1929. The net decrease in the paid-up capital of the Bank during 1930 was \$271,100.

BANK RELATIONS WORK

During 1930 the Bank Relations Department made 766 visits to banks in the Fifth Federal reserve district, 562 of these to member banks and 204 to non-members. In compliance with the policy established by our Board of Directors, each member bank in the district was visited at least once during the year. Since its organization in 1922, the Bank Relations department has paid 4,355 visits to member banks and 1,884 visits to non-members, a total of 6,239 visits.

The Relations department continued to give special attention to banks considered to be in an unsatisfactory condition, and further developed work among suspended member banks which were indebted to this Bank at the time of suspension. The policy of making personal visits to receivers of such banks was followed, at which time makers of notes held by the Bank were interviewed. The results of these visits and interviews have been very satisfactory.

One or more representatives of the Bank Relations department attended each State bank convention held in the Fifth district in 1930, and several group meetings were also attended.

In addition to field work, the department continued regular analyses of methods used by member banks in computing required reserves. These analyses are made after each call report of condition, and member banks are notified of variations in their figures. The co-operation shown in this work by the member banks has been highly gratifying.

BANK EXAMINATION DEPARTMENT

There was no change in the personnel of the Examination Department of the Richmond reserve bank during 1930. The force is composed of four examiners, a clerk and one stenographer, all working under the supervision of the Assistant Federal Reserve Agent.

The work done by the Examination Department in 1930 was as follows:

	Banks	Branches
Participation in examinations of State member banks in conjunction with State Departments.....	37	19
Investigation in connection with merger of State member bank, non-member State bank and National bank....	1	
Special visits	3	
State bank visited in connection with application for membership	1	
	<hr/> 42	<hr/> 19

STOCKHOLDERS ANNUAL MEETING

The six annual meeting of the Stockholders of the Federal Reserve Bank of Richmond was held at the Main Bank in Richmond on April 11, 1930, with the President, Waldo Newcomer of the Baltimore Trust Co., Baltimore, Md., in the Chair. There were 155 representatives of 111 banks present, and the Association also had the pleasure of welcoming the Honorable E. H. Cunningham, a member of the Federal Reserve Board. All of the Directors of the Federal Reserve Bank of Richmond and the Baltimore Branch, and all of the Directors of the Charlotte Branch except two, were present.

After Mr. Hoxton, Chairman, had welcomed the delegates and the President had made his annual report, Committee reports were received and a Nominating Committee was appointed. Mr. Delano, in a brief address, reviewed recent developments in banking, and Mr. Coker then delivered an address on the relations of banking and agriculture. Governor Seay reviewed banking activities during the year and spoke on a number of subjects of interest to member banks generally; among them he made an analysis of the distribution of Federal reserve bank earnings. This subject awakened very general interest, and it was discussed by several speakers.

Upon recommendation of the Nominating Committee, the following officers were elected to serve the Association for the year 1930-1931: President, F. F. Beattie, First National Bank, Greenville, S. C.; Vice-President, Henry H. McKee, National Capital Bank, Washington, D. C.; Secretary, George H. Keesee, Federal Reserve Bank of Richmond. Seven new members were elected on the Advisory Committee, and the Committee selected George R. Gehr, President of the First National Bank, Westminster, Md., as Chairman for the ensuing year.

PERSONNEL

The Board of Directors held twelve regular meetings in 1930. In the annual Fall election, member banks in Group 1 re-elected Chas. E. Rieman, of Baltimore, as a Class A director, and the same Group also re-elected Junius P. Fishburn, of Roanoke, Va., as a Class B director, both gentlemen to serve three years from December 31, 1930. The Federal Reserve Board reappointed Frederic A. Delano, of Washington, as a Class C director, for a three year term beginning December 31, 1930, and redesignated him as Deputy Chairman for the year 1931. Mr. Wm. W. Hoxton was redesignated as Chairman of the Board and Federal Reserve Agent for 1931.

The Board of Directors, at the December meeting, re-elected John Poole, President of the Federal-American National Bank & Trust Co., Washington, D. C., as the representative on the Federal Advisory Council for the Fifth District, and redesignated Chas. E. Rieman, President of the Western National Bank, Baltimore, as alternate. During the year 1930, two changes were made in the Boards of Directors of the Baltimore and Charlotte Branches, due in each case to a resignation. On April 10, 1930, C. L. Cobb, Cashier of the Peoples National Bank, Rock Hill, S. C., was elected as a director of the Charlotte Branch, to fill the unexpired term of W. J. Roddey, of Rock Hill, S. C., which expires December 31, 1932. In December, L. S. Zimmerman, Vice-President of the Maryland Trust Co., Baltimore, was elected a director of the Baltimore Branch to fill the unexpired term of Carter G. Osburn, which expires December 31, 1932. Members of the Boards at Baltimore and Charlotte whose terms expired on December 31, 1930, were re-elected by the Board of Directors of the Federal Reserve Bank of Richmond or were reappointed by the Federal Reserve Board.

There were no changes in the official personnel at the Head Office in Richmond or at the Charlotte Branch during 1930. The following changes occurred at the Baltimore Branch: M. F. Reese, Cashier, resigned February 28, 1930; Thomas I. Hays, Assistant Cashier, resigned March 31, 1930; John R. Cupit, formerly Assistant Cashier, was made Cashier as of March 15,

1930; and John A. Johnston and Frank W. Wrightson were promoted to Assistant Cashierships March 15, 1930. Mr. Johnston had been Manager of the Accounting Department and Mr. Wrightson was formerly Manager of the Discount Department.

The total number of officers and employees at Richmond on December 31, 1930, was 325 as compared with 332 on December 31, 1929. The total number of officers and employees in the Richmond, Baltimore and Charlotte offices combined, on December 31, 1930, was 558 as compared with 575 on December 31, 1929. A reduction of 7 at Richmond, 6 at Baltimore, and 4 at Charlotte reduced the total force by 17.

ADDITION TO MAIN BUILDING

In January 1930 the Federal Reserve Board authorized the employment of an architect to prepare plans for the construction of an addition to the Main Bank building at the corner of 9th and Franklin Streets in Richmond, Va. Plans were completed by Taylor & Fisher, Architects, of Baltimore, Md., who designed and supervised the construction of the Baltimore Branch building, and on June 30 the Federal Reserve Board authorized the Bank to contract with the J. A. Jones Construction Co., of Charlotte, N. C., for the erection of the addition, that firm having been the lowest of ten bidders. The approximate cost of the completed addition, including all equipment, will be \$640,000. Construction was started in July and it is expected that the addition will be ready for occupancy about September 1, 1931. When this addition to the Main building is occupied the present annex building will be vacated and all departments of the Bank will be housed in one building.

BALTIMORE BRANCH

The Baltimore Branch territory embraces the State of Maryland and thirty counties in northern West Virginia, as follows:

Barbour	Hardy	Morgan	Taylor
Berkeley	Harrison	Nicholas	Tucker
Braxton	Jackson	Pendleton	Upshur
Calhoun	Jefferson	Pleasants	Webster
Doddridge	Lewis	Preston	Wirt
Gilmer	Marion	Randolph	Wood
Grant	Mineral	Ritchie	
Hampshire	Monongalia	Roane	

At the close of the year 1930 there were 138 member banks and 217 non-member banks in the territory served by the Baltimore Branch, all of the non-members being on the par list.

The actual number and amount of all transactions of the Baltimore Branch are included in the aggregate volume of business reported by the Head Office. However, the volume of

checks handled by the Branch and the volume of coin received and counted increased for the year 1930 as compared with the year 1929, while the volume of currency received and counted showed a slight decrease for the year, due to unusually large totals for the year 1929 when the new size currency was put into circulation.

The number of employees at the Baltimore Branch, including 4 officers, decreased from 185 at the close of 1929 to 179 at the close of 1930.

CHARLOTTE BRANCH

The Charlotte Branch territory embraces 34 counties in western North Carolina and 21 counties in western South Carolina. Counting out-of-town branches as separate banks, there were in the territory of the Charlotte Branch on December 31, 1930, 50 member banks, 27 par non-member banks, and 164 non-par non-member banks. The counties served are as follows:

NORTH CAROLINA

Alexander	Jackson
Alleghany	Lincoln
Ashe	Macon
Avery	Madison
Buncombe	McDowell
Burke	Mecklenburg
Cabarrus	Mitchell
Caldwell	Polk
Catawba	Rowan
Cherokee	Rutherford
Clay	Stanley
Cleveland	Swain
Gaston	Transylvania
Graham	Union
Haywood	Watauga
Henderson	Wilkes
Iredell	Yancey

SOUTH CAROLINA

Abbeville	Saluda
Aiken	Spartanburg
Anderson	Union
Cherokee	York
Chester	
Edgefield	
Fairfield	
Greenville	
Greenwood	
Lancaster	
Laurens	
Lexington	
McCormick	
Newberry	
Oconee	
Pickens	
Richland	

Working conditions at the Charlotte Branch were not changed during the year 1930. The Branch occupies the entire twentieth floor and a part of the basement of the First National Bank Building. The vault is located in the basement, and the Branch has the exclusive use of an elevator running between the basement and the twentieth floor.

At the end of 1930 there were employed at the Charlotte Branch 2 officers and 53 employees, compared with 2 officers and 56 employees on December 31, 1929.

The number and amount of all transactions at the Charlotte Branch are included in the aggregate volume reported by the Federal Reserve Bank of Richmond.

FISCAL AGENCY OPERATIONS

The work handled by the Federal Reserve Bank of Richmond as Fiscal Agent of the United States was smaller in 1930 than in 1929. There were five issues of Certificates of Indebtedness, and six special offerings of Treasury Notes sold on bids. Total subscriptions to issues of Certificates of Indebtedness amounted to \$236,656,000, of which \$105,133,000 was allotted. Eighteen bids were offered for Treasury Notes, but only one, for \$500,000, was accepted by the Treasury. Including deliveries, redemption and exchanges of Certificates of Indebtedness, Treasury Notes and Treasury Bonds, Victory and Liberty Bonds, and War Savings Stamps, the Bank handled 29,794 pieces with an aggregate value of \$124,861,000 during 1930, compared with 50,569 pieces valued at \$141,732,000 handled in 1929, a decrease last year of 41.8 per cent in number of pieces and 11.9 per cent in total value.

An analysis of the United States Treasurer's general account with the Bank shows that on January 1, 1930, the Treasurer had a balance of \$2,150,000. Receipts for the credit of the Treasurer during the year totaled \$992,858,000, while disbursements totaled \$994,564,000, leaving a balance due the Treasurer on December 31, 1930, of \$444,000. The receipts and disbursements by the Bank for the account of the Treasurer in 1930 were about 11.5 per cent more than in 1929.

FIDUCIARY POWERS

During 1930 permission was granted to nine National banks to exercise fiduciary powers under authority of Section 11(k) of the Federal Reserve Act, as amended, seven receiving permission to exercise full powers, one to exercise partial powers, and one to exercise supplementary powers. The nine banks whose applications to exercise fiduciary powers in whole or in part were approved in 1930 were located as follows: District of Columbia 1, Maryland 2, Virginia 1, West Virginia 3, and North Carolina 2.

Name of Bank	Location	Date Granted
National Capital Bank (x).....	Washington, D. C.....	12-11-30
Farmers & Mechanics Nat'l Bank*..	Frederick, Md.....	10-30-30
Washington County National Bank..	Williamsport, Md.....	3-10-30
First National Bank.....	Lynchburg, Va.....	7-10-30
National Exchange Bank.....	Beckley, W. Va.....	6-19-30
First National Bank.....	Logan, W. Va.....	6- 6-30
Montgomery National Bank.....	Montgomery, W. Va.....	5-29-30
First National Bank.....	Lenoir, N. C.....	3- 4-30
First National Bank.....	Wilson, N. C.....	3-25-30

(x) Granted Partial Powers.

(*) Granted Supplementary Powers.