

TENTH ANNUAL REPORT

TO THE

FEDERAL RESERVE BOARD

BY THE

FEDERAL RESERVE AGENT

FEDERAL RESERVE BANK  
SAN FRANCISCO



FOR THE

YEAR ENDED DECEMBER 31, 1924

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TO THE  
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SAN FRANCISCO



FOR THE  
YEAR ENDED DECEMBER 31, 1924

**DIRECTORS AND OFFICERS  
OF THE  
FEDERAL RESERVE BANK OF SAN FRANCISCO**

January 1, 1925

		<b>DIRECTORS</b>				Term Expires Dec. 31
Class	Group					
A	1	C. K. McINTOSH, San Francisco, California	-	-	-	1925
		President, Bank of California, N. A.				
A	2	J. S. MACDONNELL, Pasadena, California	-	-	-	1926
		President, First National Bank.				
A	3	HOWARD WHIPPLE, Turlock, California	-	-	-	1927
		President, First National Bank.				
B	1	A. B. C. DOHRMANN, San Francisco, California	-	-	-	1926
		President, Dohrmann Commercial Company.				
B	2	WILLIAM T. SESNON, Soquel, California	-	-	-	1927
		Agriculturist.				
B	3	E. H. COX, Madera, California	-	-	-	1925
		Vice-President and General Manager, Madera Sugar Pine Company, Madera, California.				
C		JOHN PERRIN, San Francisco, California	-	-	-	1926
		Chairman of the Board.				
C		WALTON N. MOORE, San Francisco, California	-	-	-	1927
		Deputy Chairman, President, Walton N. Moore Dry Goods Co., Inc.				
C		WM. SPROULE, San Francisco, California	-	-	-	1925
		President, Southern Pacific Company.				

**MEMBER FEDERAL ADVISORY COUNCIL**

HENRY S. MCKEE, representing District No. 12  
President, Barker Bros. Inc.,  
Los Angeles, California.

**OFFICERS**

JOHN PERRIN,  
Chairman of the Board and  
Federal Reserve Agent

S. G. SARGENT,  
Assistant Federal Reserve Agent  
and Chief Examiner

ALLAN SPROUL,  
Assistant Federal Reserve Agent  
and Secretary

JNO. U. CALKINS,  
Governor

WM. A. DAY,  
Deputy Governor

IRA CLERK,  
Deputy Governor

L. C. PONTIOUS,  
Deputy Governor

W. N. AMBROSE, Cashier  
W. M. HALE, Assistant Cashier  
CHESTER D. PHILLIPS, Assistant Cashier  
C. E. EARHART, Assistant Cashier  
H. N. MANGELS, Assistant Cashier  
M. McRITCHIE, Assistant Cashier  
H. M. CRAFT, Assistant Cashier\*  
E. C. MAILLIARD, Assistant Cashier  
S. A. MAC EACHRON, Assistant Cashier

F. H. HOLMAN, General Auditor  
J. M. Osmer, Auditor  
E. W. Morton, Auditor

A. C. AGNEW, Counsel

\*Appointed Assistant Manager of Salt Lake City Branch February 15, 1925.

# DIRECTORS AND OFFICERS OF BRANCHES

January 1, 1925

## SPOKANE BRANCH

Directors	Term Expires Dec. 31	Officers
PETER MCGREGOR*	1925	W. L. PARTNER, Managing Director
G. I. TOEVS*	1926	D. L. DAVIS, Assistant Manager
E. H. VAN OSTRAND*	1927	EVAN BERG, Assistant Cashier
R. L. RUTTER†	1925	
C. E. MCBROOM†	1926	
CHAS. L. MACKENZIE†	1927	
W. L. PARTNER†	1925	

## SEATTLE BRANCH

CHAS. E. PEABODY*	1925	C. R. SHAW, Managing Director
CHAS. H. CLARKE*	1926	B. A. RUSSELL, Assistant Cashier
CHAS. E. GACHES*	1927	
M. F. BACKUS†	1925	
M. A. ARNOLD†	1926	
E. W. PURDY†	1927	
C. R. SHAW†	1925	

## PORTLAND BRANCH

JOSEPH N. TEAL*	1925	FREDERICK GREENWOOD, Managing Director
NATHAN STRAUSS*	1926	R. B. WEST, Assistant Manager
A. C. DIXON*	1927	J. P. BLANCHARD, Assistant Cashier
EDWARD COOKINGHAM†	1925	
J. C. AINSWORTH†	1926	
WILLIAM POLLMAN†	1927	
FREDERICK GREENWOOD†	1925	

## SALT LAKE CITY BRANCH

G. G. WRIGHT*	1925	R. B. MOTHERWELL, Managing Director
LAFAYETTE HANCHETT*	1926	A. B. NORDLING, Assistant Manager†
CHAPIN A. DAY*	1927	PAUL M. LEE, Assistant Cashier¶
L. H. FARNSWORTH†	1925	J. M. LEISNER, Assistant Cashier
CHAS. H. BARTON†	1926	
J. S. BUSSELL†	1927	
R. B. MOTHERWELL†	1925	

## LOS ANGELES BRANCH

ISAAC B. NEWTON*	1925	C. J. SHEPHERD, Managing Director
W. L. VALENTINE*	1926	G. H. SCHMIDT, Assistant Manager
E. M. LYON*	1927	A. J. DUMM, Assistant Cashier
HENRY M. ROBINSON†	1925	L. C. MEYER, Assistant Cashier
J. F. SARTORI†	1926	
F. J. BELCHER, JR.†	1927	
C. J. SHEPHERD†	1925	

\*Appointed by Federal Reserve Board. †Appointed by Federal Reserve Bank.

‡Resigned February 15, 1925. Succeeded by Mr. H. M. Craft, formerly Assistant Cashier at Head Office. ¶Resigned March 31, 1925.



## LETTER OF TRANSMITTAL

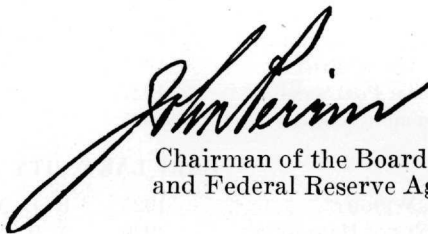
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Federal Reserve Bank,  
San Francisco, California,  
March 4, 1925.

GENTLEMEN :

I have the honor to submit the following report concerning conditions in the Twelfth Federal Reserve District and the operations of the Federal Reserve Bank of San Francisco, for the year ended December 31, 1924.

Yours respectfully,

A handwritten signature in cursive script, appearing to read "John D. Williams". The signature is written in dark ink and is positioned above the typed name and title.

Chairman of the Board  
and Federal Reserve Agent.

Federal Reserve Board,  
Washington, D. C.

## ECONOMIC REVIEW OF THE YEAR 1924 IN THE TWELFTH FEDERAL RESERVE DISTRICT

In this district the year 1924 was one of distinct economic progress and of generally active business. Productive output of the district, while not at the high levels of 1923, represented a more even distribution of activity among major industries than was the case in the previous year. Distribution proceeded in large volume without transportation difficulties. Price maladjustments between groups of commodities, particularly between agricultural and non-agricultural products, were largely eliminated. Credit demands, although greater than ever before, were largely met by the banks of the district without recourse to the Federal Reserve Bank.

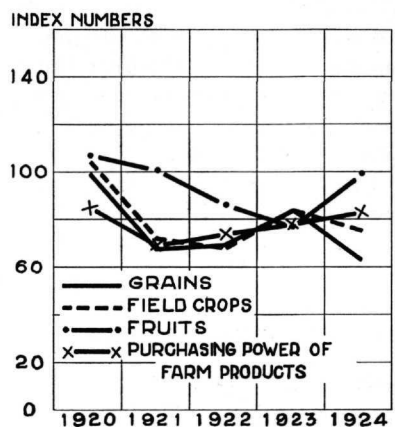
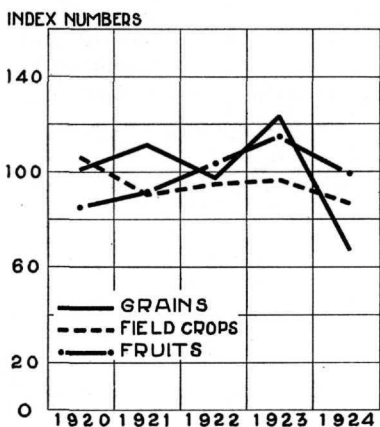
Unfavorable factors during the year were the widespread drought during the 1923-1924 growing season, which materially reduced the size of the district's crops, and the serious menace of hoof and mouth disease of livestock in California during the spring and summer months of the year.

Production, trade, and credit conditions in the district during 1924 are summarized in the following table:

<b>Primary Production</b>	1924	1923
Grains* (index number of volume—five-year average 1918-1922=100).....	67.3	123.8
Field Crops* (1919-1923=100).....	86.9	96.8
Fruits* (1919-1923=100).....	99.5	115.0
Lumber (output of four associations in board feet).....	8,011,164,000	8,403,620,000
Copper (pounds).....	1,056,586,000	942,979,000
Petroleum (barrels).....	230,063,117	263,728,895
 <b>Business Activity</b>		
Building Permits—value in 20 cities.....	\$394,182,000	\$419,726,000
Bank Debits—20 cities.....	\$30,012,726,000	\$29,424,384,000
 <b>Prices</b>		
Wholesale Prices—United States Bureau of Labor average 404 commodities for December (1913=100).....	157.0	151.0
Cost of living—December index number National Industrial Conference Board (July, 1914=100).....	166.0	165.0
 <b>Credit</b>		
Loans—total loans of reporting member banks at close of year.....	\$1,049,618,000	\$1,007,606,000
Borrowings of all member banks from Federal Reserve Bank of San Francisco at close of year.....	\$15,742,000	\$53,114,000
Interest rates charged commercial borrowers by banks at close of year:		
Los Angeles.....	6-7%	6 <sup>3</sup> / <sub>8</sub> %
Portland, Salt Lake City.....	6%	7%
San Francisco.....	5-5 <sup>1</sup> / <sub>2</sub> %	5 <sup>1</sup> / <sub>2</sub> -6%
Seattle.....	6%	6%
Spokane.....	5-7%	7%

## Production

**Agricultural** yields of 1924 in the district were below the record figures of 1923 and generally below the average of recent years. Lack of seasonal rainfall during the spring growing season affected crops unfavorably and reduced the supply of water available for irrigation purposes later in the year. Advance in prices of many agricultural products during and immediately following the harvest, however, offset, at least in part, the effects of curtailed production, and aggregate returns to farmers were not much below those of years when yields were more abundant. At the close of 1924, index numbers of the United States Bureau of Labor Statistics showed that prices of farm products at wholesale were more nearly on a parity with prices of commodities purchased by farmers than at any time since the close



Volume and Value of Production of Fourteen Principal Crops in the Twelfth Federal Reserve District  
NOTE: See text and tables for sources and explanation.

of the war. Index numbers prepared by this bank to show the trend of production and value of the principal crops of the district and the United States Department of Agriculture's index of purchasing power of farm products are presented in the following table and are shown graphically in the accompanying charts:

	1924		1923		1922	
	Volume	Value	Volume	Value	Volume	Value
Grains (wheat, barley, oats)* . . . . .	67.3	63.0	123.8	83.9	97.5	69.3
Field crops (beans, cotton, potatoes, rice, sugar beets)† . . . . .	86.9	75.1	96.8	83.7	94.9	68.2
Fruits (apples, peaches, pears, prunes, raisins, oranges)‡ . . . . .	99.5	84.5	115.0	76.8	103.8	86.1
Purchasing power of farm products (United States)‡ . . . . .		83		78		74

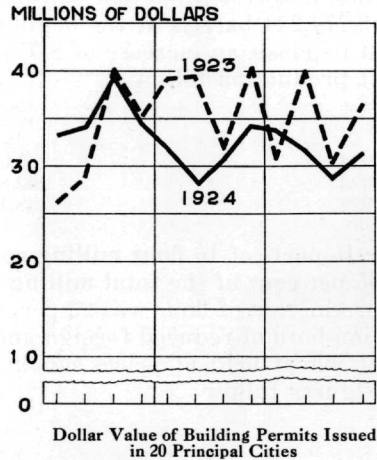
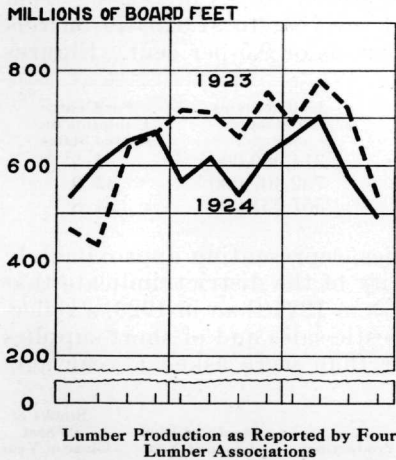
\*Five-year average 1918-1922=100. †Five-year average 1919-1923=100. ‡Ratio of farm prices of 30 principal agricultural products (August, 1909-July, 1914=100) to wholesale prices of non-agricultural commodities (1910-1914=100).

Further difficulty has been experienced in the **cattle raising** industry during the past year. Unfavorable range conditions and rising feed prices tended to increase production costs at a time when market values of beef cattle were relatively low. Heavy marketing of beef animals, not all of which were in best condition for sale, has

resulted in reducing the number of cattle in the district. The **sheep raising** industry, while suffering from the same adverse physical conditions as affected the cattle industry, has benefited materially from a steady strong market for lambs and wool and has entered the year 1925 in better financial condition than at any time since 1920. The number of livestock on farms and ranges of the district on January 1st of the past three years has been estimated by the United States Department of Agriculture as follows:

	1925	1924	1923
Milk Cows.....	1,572,000	1,535,000	1,467,000
Other Cattle.....	4,365,000	4,652,000	4,712,000
Sheep.....	12,059,000	12,130,000	11,938,000
Hogs.....	1,629,000	1,859,000	1,778,000

**Industrial** output during 1924, while not maintained at the levels of 1923, was above the average of recent previous years. Of importance in maintaining activity in industry was the continuance of a large volume of **building construction**. The value of building permits issued in 20 principal cities of the district was \$394,182,000 in 1924 compared with \$419,726,000 in the record year 1923. In estimating, from the value of building permits, the volume of construction in the two years, consideration must be given changes in costs of building materials and wages in the building trades, which are estimated to have averaged 2.5 per cent lower in 1924 than in 1923.



**Lumber** production during 1924 was adjusted more closely to demand than was the case in 1923. The cut was approximately 7.6 per cent smaller than in the earlier year. Unfilled orders held by reporting mills were larger by 5.1 per cent on January 1, 1925, than on January 1, 1924. Stocks at the close of 1924, however, were no larger than at the close of 1923. Figures of production and sales of approximately 200 reporting mills follow (000 omitted):

	52 Weeks Ending		
	Dec. 27, 1924 (board feet)	Dec. 29, 1923 (board feet)	Dec. 30, 1922 (board feet)
Production.....	8,011,164	8,672,183	6,653,345
Shipments.....	7,737,552	8,067,795	6,124,816
Orders.....	7,508,628	7,648,594	6,880,689

The **mining** industry, particularly during the later months of 1924, was stimulated by steadily increasing demand with rising prices for copper and lead, the principal industrial metals produced in the district. Output was above the levels of 1923. District production of gold was smaller in 1924 than in 1923, partly because of drought conditions in California which prevented normal operation of gold dredges in that state. Output of silver also declined, largely as the result of readjustment of producing schedules to meet changes in market conditions which followed cessation on July 1, 1923, of government purchases of silver, under the Pittman Act, at a fixed price of \$1.00 per ounce. The average market price of silver during the year 1924 was 66.78 cents per ounce. Figures of district production of principal metals follow (figures for all counties of Arizona, five of which are in Eleventh Federal Reserve District, are included):

	Gold (oz.)	Silver* (oz.)	Copper* (lbs.)	Lead* (lbs.)	Zinc (tons)
1924.....	1,303,348	44,391	1,056,586	533,935	23,452
1923.....	1,374,201	48,652	942,979	492,735	28,237
1922.....	1,209,598	39,946	547,555	364,385	8,044

\*000 omitted.

Production of **petroleum** in California declined steadily throughout 1924, as flush production subsided in fields opened in 1923 and no new areas of equal producing capacity were discovered. Production, however, exceeded consumption, stored stocks increasing from 89,274,244 barrels at the beginning of the year to 97,829,374 barrels at its close, an increase of 8,555,130 barrels or 9.5 per cent. Figures of production follow:

	California Production (barrels)	United States Production (barrels)	Per Cent California to United States
1924.....	230,064,000	714,000,000	32.5
1923.....	262,876,000	732,407,000	36.0
1922.....	138,468,000	557,531,000	24.8

Reports of 16 **flour milling** companies, representing approximately 65 per cent of the total milling capacity of the district, indicate that production of flour was 23 per cent less in 1924 than in 1923, a reflection both of reduced foreign and domestic sales and of short supplies of wheat held at prices much higher than were asked a year ago. Figures follow:

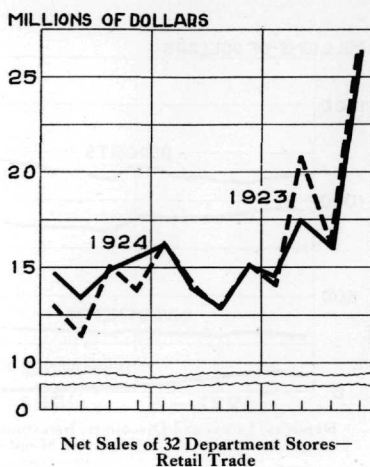
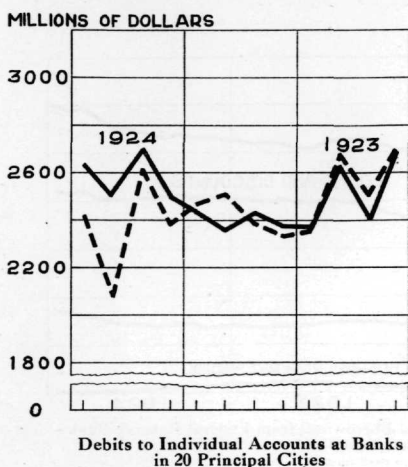
	Production (barrels)	Stocks of Flour Close of Year (barrels)	Stocks of Wheat Close of Year (bushels)
1924.....	5,907,329	548,550	2,927,762
1923.....	6,779,155	569,430	3,901,986
1922.....	5,744,977	521,501	4,337,362

Volume of **employment** during the greater part of 1924 was less than in 1923, but at no time did a serious unemployment situation develop.

## Business Activity

Debits to individual accounts (**bank debits**) at banks in principal clearing house centers afford the best single available index of the total volume of business transacted in the district. Figures for the early months of 1924 were larger than those for the corresponding

months of 1923, but from April to December, excepting only the unusually small total reported for June, they fluctuated closely about the levels of the previous year. The total for the year 1924 was 2 per cent larger than the total for 1923.



In **wholesale trade**, following a period of activity in January and February, irregularities appeared during March, persisting throughout the remainder of the year. In the majority of the eleven lines of business for which this bank collects figures, value of sales during the last 10 months of 1924 was less than in the corresponding months of 1923. Decreases in volume of business were most noticeable in mid-summer, but improvement during the autumn and winter was only of moderate proportions and in December, 1924, seven of eleven lines of trade reported decreases in value of sales ranging from 0.6 to 23.4 per cent as compared with December, 1923. **Trade at retail** also experienced a period of activity in the spring of 1924 followed by seven months of steady trade at approximately the levels of 1923. Although value of sales as shown by reports of 35 department stores in the larger cities of the district was greater in 1924 than in 1923, the rate of increase was slightly less than the rate of annual growth which has occurred in previous years. **Foreign commerce** of the district was larger in volume during 1924 than during 1923. Reported value of exports through Pacific Coast customs districts was \$436,798,221 during 1924 compared with \$363,021,034 during 1923, and of imports \$455,213,650 in 1924 compared with \$468,155,466 in 1923.

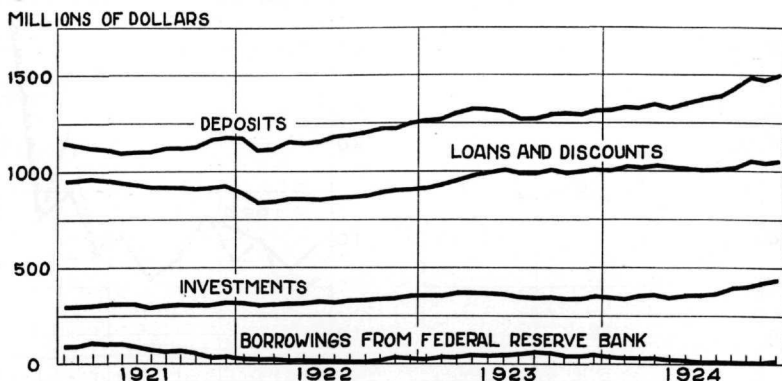
## Credit Conditions

Bank accommodation was available at relatively low rates throughout the year 1924. Total loans and total investments of reporting member banks rose to record levels during the year. The increase was not accompanied by increased borrowing from the Federal Reserve Bank, however, rediscounts of the latter being reduced to the lowest levels since 1917.

The total volume of credit extended by reporting member banks of the district (total loans and investments) increased from \$1,353,-



000,000 at the beginning of the year to \$1,485,000,000 at its close, the latter figure being the highest on record and 11.6 per cent above the high point of \$1,331,000,000 reached in December, 1920. Significant differences not apparent in a comparison of total figures, however, marked the situation in the two years. At the close of 1920



Deposits, Loans and Discounts, Investments, and Borrowings from Federal Reserve Bank—  
Reporting Member Banks, Twelfth District  
(as of last statement of each month)

total loans were 77.7 per cent of total loans and investments and 89.2 per cent of total deposits, while borrowings from the Reserve Bank amounted to 11.4 per cent of total loans and were near the highest point ever reached. At the close of 1924 total loans of the reporting banks were but 70.5 per cent of total loans and investments and were 70.0 per cent of total deposits, while borrowings from the Reserve Bank were but 0.9 per cent of total loans. Movement of member bank credit throughout the year is indicated in the following table and in the accompanying chart:

#### Reporting City Member Banks—Twelfth Federal Reserve District

[000 omitted]

	Jan. 2, 1924	June 25, 1924	Sept. 24, 1924	Jan. 7, 1925
Loans and Discounts.....	\$1,007,912	\$1,006,214	\$1,017,594	\$1,040,889
Investments.....	344,622	357,513	393,111	435,424
Total Loans and Investments...	1,352,534	1,363,727	1,410,705	1,476,313
Borrowings from Federal Reserve Bank.....	38,105	12,082	5,740	9,527
Total Deposits.....	1,333,989	1,350,984	1,437,176	1,486,787
Ratio of Deposits to Loans and Investments.....	98.6	99.0	101.9	100.7

Rediscounts of member banks with the Reserve Bank, excepting only seasonal increases during the spring planting and the winter holiday periods, declined steadily throughout 1924. During the first eight months of the year the decline was the result chiefly of decreased borrowing by city member banks, but during the autumn, as harvesting and sale of the district's crops proceeded, paper rediscounted by country member banks was liquidated and their borrowings from the Federal Reserve Bank were reduced. Total investments of the bank changed little during the first five months of the year, and total earning assets averaged well below the figures for the same period of 1923. During the last half of 1924 investments

were increased and at the close of the year total earning assets were higher than at any time since April, 1923.

Federal reserve note circulation, following the usual post-holiday decline in January, 1924, fluctuated at a level slightly above \$200,000,000 until, during the last two months of the year, holiday needs of their customers again caused member banks to request additional notes. The extent of the seasonal expansion and contraction in currency circulation at the year-end is illustrated by the following figures of circulation of Federal reserve notes of the Federal Reserve Bank of San Francisco.

Nov. 26, 1924	Dec. 24, 1924	Jan. 14, 1925
\$209,433,000	\$222,037,000	\$204,278,000

The general course of Federal Reserve Bank credit in this district during the past year is shown in the following table and in the accompanying chart:

### Federal Reserve Bank of San Francisco

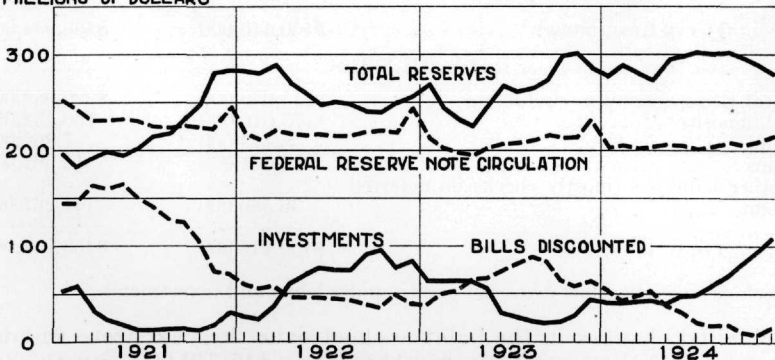
[000 omitted]

	Jan. 2, 1924	June 25, 1924	Sept. 24, 1924	Jan. 7, 1925
Discounts*	\$ 55,210	\$ 31,492	\$ 18,199	\$ 15,535
Purchased Bills and Securities	47,146	48,015	69,629	105,265
Total Earning Assets	102,356	79,507	87,828	121,256
Total Reserves	295,828	298,892	302,339	278,024
Federal Reserve Note Circulation	227,747	205,207	208,196	211,867
Reserve Ratio	76.9	82.3	80.1	71.3

\*Excluding foreign loans on gold.

Interest rates charged by banks on customers' prime commercial paper of 30-90 days' maturity declined slightly during the year. In December, 1924, the prevailing rate in San Francisco was 5-5½ per cent compared with 5½-6 per cent in December, 1923, and was 6 per cent in other principal cities of the district compared with a range of 6 to 7 per cent in December, 1923. On June 10, 1924, the redis-

MILLIONS OF DOLLARS



Total Reserves, Federal Reserve Note Circulation, Investments, and Bills Discounted—  
Federal Reserve Bank of San Francisco  
(as of the last statement of each month)

count rate of the Federal Reserve Bank of San Francisco was reduced from 4½ per cent to 4 per cent. The 4½ per cent rate had been in effect since March, 1923. On August 25, 1924, a further reduction of one-half of one per cent was made, placing the rate on all classes of paper at 3½ per cent, where it stood at the close of the year.



## OPERATIONS OF FEDERAL RESERVE BANK OF SAN FRANCISCO DURING 1924

Earnings of the Federal Reserve Bank of San Francisco during the year 1924 did not cover operating and other expenses and dividends. A decline in volume of the year's total discount operations, amounting to approximately 50 per cent as compared with the previous year, was accompanied by an even greater proportionate decline in earnings because of the reduced rates at which business was transacted. This decline was partially offset by earnings from holdings of United States Government securities. Reduction in expenses of operation, proportionate to the decrease in earnings could not be effected as the volume of those services performed by the bank, for which no charge is made, increased slightly during 1924 or was maintained at previous levels. (See table on opposite page.) The staff of the bank, including head office and five branches, was reduced from 1,135 at the close of 1923 to 1,052 at the close of 1924, annual salaries declining from \$1,916,600 to \$1,843,380.

### Statement of Condition

A comparative statement of condition of the Federal Reserve Bank of San Francisco as of December 31, 1924, and December 31, 1923, is presented in condensed form below:

	RESOURCES	
	Dec. 31, 1924	Dec. 31, 1923
Total Gold Reserves.....	\$274,264,000	\$298,674,000
Total Reserves.....	278,046,000	301,002,000
Loans and Investments:		
Loans to member banks.....	15,742,000	53,114,000
Bills and securities purchased:		
Acceptances.....	54,068,000	38,059,000
United States Government securities.....	55,143,000	9,185,000
Total loans and investments (earning assets)....	125,409,000*	100,358,000
All other resources (mostly uncollected checks).....	46,991,000	52,584,000
<b>TOTAL RESOURCES.....</b>	<b>\$450,446,000</b>	<b>\$453,944,000</b>
	LIABILITIES	
Federal Reserve notes in circulation.....	\$215,030,000	\$229,082,000
Total deposits.....	175,646,000	160,432,000
Capital.....	8,113,000	7,862,000
Surplus.....	15,071,000	15,301,000
All other liabilities (mostly checks on deferred credit).....	36,586,000	41,267,000
<b>TOTAL LIABILITIES.....</b>	<b>\$450,446,000</b>	<b>\$453,944,000</b>

\*Includes miscellaneous items not shown under loans and investments.

Principal changes in the balance sheet over the year were the decline in total discounts from \$53,114,000 to \$15,742,000 and the increase in investments from \$47,244,000 to \$109,211,000, the net result of the two movements being an increase of \$25,100,000 in total earning assets. Total reserves, the other principal resource item of the statement, declined by \$23,000,000 during the year. Total resources at the close of 1924 were approximately the same as at the close of 1923. In the schedule of liabilities there was an increase of \$15,000,000 in deposits and a decrease of \$14,000,000 in Federal reserve note circulation during the year. The surplus account of

**PRINCIPAL OPERATIONS**  
**FEDERAL RESERVE BANK OF SAN FRANCISCO**

The following table presents in comparative form for the past three years the volume of the principal operations of the bank, which are of such character that they can be expressed in quantitative terms.

	1924	1923	1922
<b>Supplying Currency and Coin</b>			
<b>Currency Received and Counted:</b>			
Individual notes counted . . . . .	95,857,000	83,236,000	56,866,000
Dollar amount received and counted . . . . .	\$753,896,000	\$707,765,000	\$602,138,000
<b>Coin Received and Counted, a service previously performed largely by the Subtreasury, but now entirely in the hands of the Federal Reserve Bank:</b>			
Number of coins handled in receiving and counting . . . . .	44,298,000	32,070,000	16,811,000
Dollar amount received and counted . . . . .	\$23,425,000	\$24,767,000	\$13,950,000
<b>Making Loans and Investments</b>			
<b>Bills Discounted for Member Banks, either discounted customers' paper or advances against the notes of member banks secured by collateral in the form of Government securities or commercial or agricultural paper.</b>			
Number of bills discounted . . . . .	37,212	57,725	53,316
Dollar amount . . . . .	\$929,140,000	\$2,108,963,000	\$1,535,300,000
<b>Bills Purchased for the Account of this Bank:</b>			
Number . . . . .	18,433	21,771	17,134
Dollar amount . . . . .	\$176,933,000	\$225,162,000	\$211,800,000
<b>Collecting Checks, Drafts, Notes, and Coupons</b>			
<b>Checks handled for collection for banks in all parts of the country:</b>			
Number of items . . . . .	74,367,000	65,442,000	53,729,000
Dollar amount . . . . .	\$14,645,586,000	\$14,066,535,000	\$8,777,048,000
<b>Collection Items handled, including drafts, notes, and coupons:</b>			
Number of items . . . . .	4,027,000	5,702,000	6,957,000
Dollar amount . . . . .	\$326,516,000	\$320,082,000	\$243,967,000
<b>Supplementary Services</b>			
<b>United States Government Securities issued, redeemed, or exchanged, including Government bonds, notes, and certificates of indebtedness:</b>			
Number of items . . . . .	1,518,000	*10,827,000	2,151,000
Dollar amount . . . . .	\$353,309,000	\$486,429,000	\$763,488,000
<b>Funds Transferred by Telegraph to and from all parts of the country for the Treasury Department and for member banks:</b>			
Number of transfers . . . . .	130,000	131,000	114,000
Dollar amount . . . . .	\$9,568,293,000	\$8,241,696,000	\$6,579,750,000

\*Large increase due to redemption of War Savings securities which matured

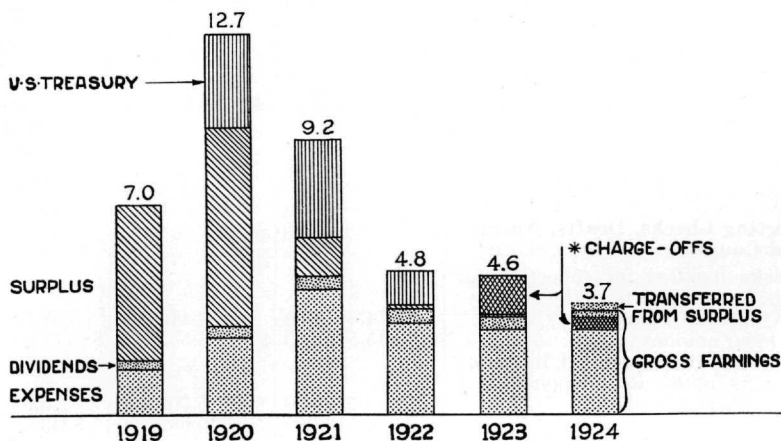
January 1, 1923.

the bank was reduced by \$230,045 at the year-end to provide funds for payment of the cumulative annual dividend of 6 per cent on paid-in capital stock which was not wholly covered by available net earnings. Surplus after the reduction was but slightly less than 100 per cent of authorized capital stock and nearly 200 per cent of paid-in capital stock.

### Earnings and Expenses

The Federal Reserve Bank of San Francisco, in common with five other Federal reserve banks, did not earn enough during the year 1924 to cover expenses and dividends. Because of the large volume of members banks' available funds, rediscounts with the Federal Reserve Bank were smaller than in recent previous years, and Reserve Bank earnings on discount operations and on purchased acceptances and Government securities held were low. Earnings from discounted and purchased bills were less by \$1,484,000 (53.2 per cent) and \$439,000 (42 per cent), respectively, than in 1923, the combined decrease being only partially offset by a gain of \$639,744 (76.4 per cent) in earnings on United States Government securities held. The gross income of the bank during 1924 (\$3,487,931) was less by \$1,127,296, or 24.4 per cent, than in 1923 (\$4,615,227).

Current expenses, at \$2,853,384 for 1924, were slightly larger than in 1923, the failure of expenses to decline concurrently with the



Amount and Distribution of Earnings of the Federal Reserve Bank of San Francisco  
[In millions of dollars]

\*Chiefly depreciation allowances on bank premises, reserve for possible losses, and cost of furniture and equipment purchased.

decline in volume of discount operations reflecting in part the continued growth in volume of those free services, such as check collections, which are performed by the bank, and in part the increased costs of plant operation incident to occupation of the new building at San Francisco.

Current net earnings were \$634,547 in 1924 compared with \$1,798,062 in 1923. From these net earnings were deducted \$384,000, representing principally a further depreciation allowance of \$127,755 on the bank premises and the sum of \$197,776 spent for furniture and equipment. Remaining net earnings, amounting to \$250,517, were not sufficient to pay the cumulative annual dividend

of 6 per cent on stock of this bank held by the member banks, which totaled \$480,562. It was necessary to draw upon surplus accumulated in previous years of larger earnings in order to meet this charge. The principal sources of gross earnings of the Federal Reserve Bank of San Francisco during 1924 and 1923, with an enumeration of the major classifications of operating expenses and a statement of distribution of net income, are presented in the following table:

<b>Earnings</b>	1924	1923
From rediscounts and advances to member banks. . . . .	\$1,302,272	\$2,786,349
From acceptances owned. . . . .	582,182	1,020,834
From United States Government securities owned. . . . .	1,476,505	836,761
From all other sources. . . . .	126,972	*28,717
	<hr/>	<hr/>
Miscellaneous additions to earnings. . . . .	\$3,487,931	\$4,615,227
	536	14,842
	<hr/>	<hr/>
TOTAL INCOME. . . . .	\$3,488,467	\$4,630,069
 <b>Deductions from Total Income</b>		
Salaries. . . . .	\$1,944,232	\$1,935,817
All other operating expenses. . . . .	761,446	713,633
Cost of Federal reserve currency. . . . .	147,707	167,715
Depreciation allowance on bank premises. . . . .	127,755	615,921
Reserve for possible losses. . . . .	. . . . .	325,000
Furniture and equipment purchased. . . . .	197,776	324,282
All other. . . . .	59,035	42,275
	<hr/>	<hr/>
TOTAL DEDUCTIONS FROM INCOME. . . . .	\$3,237,950	\$4,124,643
	<hr/>	<hr/>
NET INCOME. . . . .	\$250,517	\$505,426
 <b>Distribution of Net Income</b>		
Dividends paid. . . . .	\$480,562	\$467,720
Transferred from surplus. . . . .	230,045	. . . . .
Transferred to surplus. . . . .	. . . . .	37,706

\*Losses.

## Fiscal Agency Operations

The volume of work performed by this bank as Fiscal Agent of the United States Government in 1924, while large, was smaller than in 1923, as is shown by the following table:

ISSUES OF CERTIFICATES OF INDEBTEDNESS, TREASURY NOTES, AND BONDS:	1924	1923
Number of subscriptions. . . . .	688	1,549
Amount. . . . .	\$110,794	\$145,952
 EXCHANGES AND CONVERSIONS OF GOVERNMENT SECURITIES:		
Number of pieces received and delivered. . . . .	371,732	594,976
Amount delivered. . . . .	\$146,374,400	\$91,633,863
 TREASURY SAVINGS SECURITIES SOLD AND REDEEMED:		
Number of pieces. . . . .	1,144,652	9,922,254
Amount. . . . .	\$6,613,948	\$51,810,981

The principal Treasury financing operation in which this bank participated during 1924 was the issue of 4 per cent Treasury bonds dated December 15, 1924, maturing December 15, 1954, and callable at any interest date after December 15, 1944. This was the first Government bond issue since 1922. Subscriptions received by the bank aggregated \$121,000,000, of which \$34,910,000 were allotted. Included in this allotment were exchanges of Third Liberty Loan bonds amounting to \$1,400,000, the acceptance of these bonds, which

mature in 1928, in payment for the bonds of 1954 having been authorized and encouraged by the Treasury Department.

### Member Bank and Public Relations

The number of banks in this district which are members of the Federal Reserve System decreased by 37 during the year 1924, but resources of member banks were 70.6 per cent of resources of all banks at the close of the year compared with 69 per cent at its beginning.

#### Changes in Bank Membership During the Year 1924\*

National and State Bank Membership in District, December 31, 1923		803
New national banks established during year	10	
New state member banks admitted during year	2	
	12	12
		815
National banks absorbed by state banks	21	
State member banks absorbed by other state banks	5	
State member banks liquidated	2	
National banks absorbed by other national banks	4	
National banks liquidated	8	
State member banks absorbed by or converted into national banks	2	
State member banks withdrawn	6	
	48	48
<b>Total Number of Member Banks in District, December 31, 1924</b>		<b>767</b>

\*Does not include banks which for various reasons—suspension, liquidation, or absorption by other banks—were on December 31, 1924, no longer going institutions, although stock in Federal Reserve Bank which they held while active members had not yet been surrendered.

The number and resources of California banks having branches, and the number of their branches, are shown by the following table:

#### Branch Banks in California

Date	Number of Banks	Number of Branches	Total Resources
Dec. 31, 1923—State Banks:			
Member	19	264	\$1,036,517,000
Non-member	69	202	570,213,000
Total number of state banks	88	466	\$1,606,730,000
†Total number of national banks	8	14	286,542,000
Total	96	480	\$1,893,272,000
Dec. 31, 1924—State Banks:			
Member	18	321	\$1,312,378,000
Non-member	67	209	670,649,000
Total number of state banks	85	530	\$1,983,027,000
†Total number of national banks	13	28	334,514,000
Total	98	558	\$2,317,541,000

†Includes Bank of California, N. A., San Francisco, with branches at Portland, Seattle, and Tacoma. Also includes agencies of national banks established in city and head office, with approval of the Comptroller of the Currency.



Effective February 1, 1924, the following resolutions relative to branch banking were adopted by the Federal Reserve Board:

*Resolved*, That as a general principle, State banks with branches or additional offices outside of the corporate limits of the city or town in which the parent banks are located or territory contiguous\* thereto ought not be admitted to the Federal Reserve System except upon condition that they relinquish such branches or additional offices, be it further

*Resolved*, That as a general principle, State banks which are members of the Federal Reserve System ought not be permitted to establish or maintain branches or additional offices outside the corporate limits of the city or town in which the parent bank is located or territory contiguous\* thereto.

By amendment to the Board's resolution effective during the period February 1 to August 1, 1924, the term contiguous territory as applied to the cities of Los Angeles and San Francisco was interpreted as including a considerable area financially dependent upon these centers of population although not actually physically adjacent to the corporate limits of the respective cities. Since August 1, 1924, the resolution as originally adopted has been in force, as set forth in Section VI of Federal Reserve Board Regulation H, although applications for permission to establish branches in non-contiguous territory have been considered in special cases where the state banking authorities have certified, and the Board believes, that public necessity or advantage might render a departure from the principal necessary or desirable. No such applications were granted.

A tabular summary of examinations, credit investigations, and economic surveys made by the Federal Reserve Bank of San Francisco during the year 1924 follows:

Independent examinations.....	7
Examinations made concurrently with national or state banking departments..	2
Independent credit investigations.....	6
Credit investigations made concurrently with state banking departments.....	84
Economic surveys.....	9
Other investigations.....	1
<b>TOTAL EXAMINATIONS AND INVESTIGATIONS MADE.....</b>	<b>109</b>

Arrangements whereby this bank, although not participating in the examination, receives copies of all reports of examinations of member banks made by national bank examiners or state banking departments have been continued. The examination work of the Federal Reserve Bank has consequently been reduced to the minimum.

The Monthly Review of Business Conditions, prepared by the Federal Reserve Agent at San Francisco, was published throughout the year and distributed without charge to approximately 12,000 banks and interested individuals.

\*The term contiguous territory is defined to mean "The territory of a city or town whose corporate limits at some point coincide with the corporate limits of the city or town in which the parent bank is located."

### Bank Organization and Personnel

On December 31, 1924, the terms of three directors of the Federal Reserve Bank of San Francisco, Mr. M. A. Buchan of Class A, Mr. William T. Sesnon of Class B, and Mr. Walton N. Moore of Class C, expired. Mr. Buchan was ineligible for renomination as a representative of member banks in Group Three (those having a combined capital and surplus of less than \$125,000), because he had become an officer and director of a Group Two bank (those having a combined capital and surplus not exceeding \$599,000 and not less than \$125,000). Mr. Howard Whipple, President of the First National Bank of Turlock, was elected as Class A director to represent Group Three banks for a term of three years ending December 31, 1927. Mr. William T. Sesnon was re-elected by the banks of Group Two for a similar three-year term as director of Class B, which consists of members actively engaged in commerce, agriculture, or other industrial pursuit. The Federal Reserve Board reappointed Mr. Walton N. Moore of San Francisco a Class C director for a term of three years ending December 31, 1927, and redesignated him Deputy Chairman of the Board for the year 1925.

Mr. John Perrin of San Francisco, a Class C director, whose term expires December 31, 1926, was similarly redesignated Chairman of the Board and Federal Reserve Agent for the year 1925.

On January 1, 1925, a new regulation of the Federal Reserve Board relating to appointment, composition, and organization of Boards of Directors of branches of Federal reserve banks became effective. The new regulation increased the number of directors at each branch from five to seven, provided for a wider representation of banking and business interests than heretofore, and provided for representation of communities outside of the branch cities. The principal provisions of the new regulation follow:

1. That four of the seven directors shall be appointed by the Board of Directors at the Head Office of the bank and three by the Federal Reserve Board.
2. That those directors appointed by the Federal Reserve Bank shall be chosen from the ranks of men well qualified and experienced in banking, and those appointed by the Federal Reserve Board shall be chosen from among those of high character and standing who are engaged in agriculture, industry, or commerce, insofar as may be practicable.
3. That in the case of each branch at least one of those appointed by the Federal Reserve Bank and at least one of those appointed by the Federal Reserve Board shall be chosen from outside the city of the branch office.
4. That one of the directors appointed by the Federal Reserve Bank shall be the active manager of each branch and shall have the title Managing Director.
5. That except in the case of the Managing Director, who is appointed for one year, directors' terms shall be for three years, arranged so that one of those appointed by the Federal Reserve Bank and one of those appointed by the Federal Reserve Board shall go out of office each year.
6. That that appointee of the Federal Reserve Board having only one year to serve shall each year be elected Chairman of the

Board.

The following changes in the official staff of the bank took place during 1924:

1. The number of auditors assisting the General Auditor was reduced from three to two by the transfer of Mr. J. P. Read to the Federal Reserve Agent's Department, April 8, 1924.
2. On July 15, 1924, Mr. Harry C. Vogelsang, Assistant Cashier, Los Angeles Branch, resigned to accept a position as Assistant Vice-President of the Citizens National Bank of Los Angeles. The vacancy created by the resignation was filled by the appointment, effective May 1, 1924, of Mr. L. C. Meyer as Acting Assistant Cashier, Los Angeles Branch. On January 1, 1925, Mr. Meyer was appointed Assistant Cashier.
3. On November 30, 1924, Mr. Henry C. Breck tendered his resignation as Assistant Federal Reserve Agent and Secretary of the Board of Directors to become executive assistant at Berlin, Germany, to Mr. S. Parker Gilbert, Agent General for Reparations under the Dawes Plan. On December 1, 1924, Mr. John Perrin, Federal Reserve Agent, appointed as Assistant Federal Reserve Agent to succeed Mr. Breck, Mr. Allan Sproul, a member of the Federal Reserve Agent's Department for the past four years. On December 4, 1924, Mr. Sproul was appointed Secretary of the Board of Directors.
4. Effective January 1, 1925, the Board of Directors appointed Mr. Ira Clerk and Mr. L. C. Pontious, Deputy Governors, at the same time abolishing the title Assistant Deputy Governor, which they had previously held.

Following is a comparative summary of the number of officers and of employees in the principal departments of the bank with corresponding aggregate salaries paid on December 31, 1924, and December 31, 1923. (Figures are for Head Office and branches combined.)

	Officers and Employees			
	Number		Annual Salaries	
	1924	1923	1924	1923
<b>OFFICERS:</b>				
Chairman and Federal Reserve Agent	1	1	\$ 24,000	\$ 24,000
Governor	1	1	25,000	25,000
Other officers	35	37.73	207,880	209,526
<b>EMPLOYEES, by Departments:</b>				
Banking Department	938	963	1,425,660	1,406,960
Federal Reserve Agent's Department	23	23	59,620	60,280
Auditing Department	12	28	25,320	49,320
Fiscal Agency Department	36	56.51	64,200	96,535
<b>TOTALS</b>	<b>1,046</b>	<b>1,110.24</b>	<b>\$1,831,680</b>	<b>\$1,871,621</b>
<b>OFFICERS AND FISCAL AGENCY DEPARTMENT EMPLOYEES</b> whose salaries are reimbursed by the Treasury Department:				
Officers	..	1.27	.....	5,374
Employees	5	22.49	10,200	38,105
<b>OTHER EMPLOYEES</b> whose salaries are reimbursed to bank, including building employees in space rented to tenants	1	1	1,500	1,500
<b>GRAND TOTAL</b>	<b>1,052</b>	<b>1,135</b>	<b>\$1,843,380</b>	<b>\$1,916,600</b>
<b>TEMPORARY EMPLOYEES</b> (not included above)	6	3	\$7,920	\$3,600



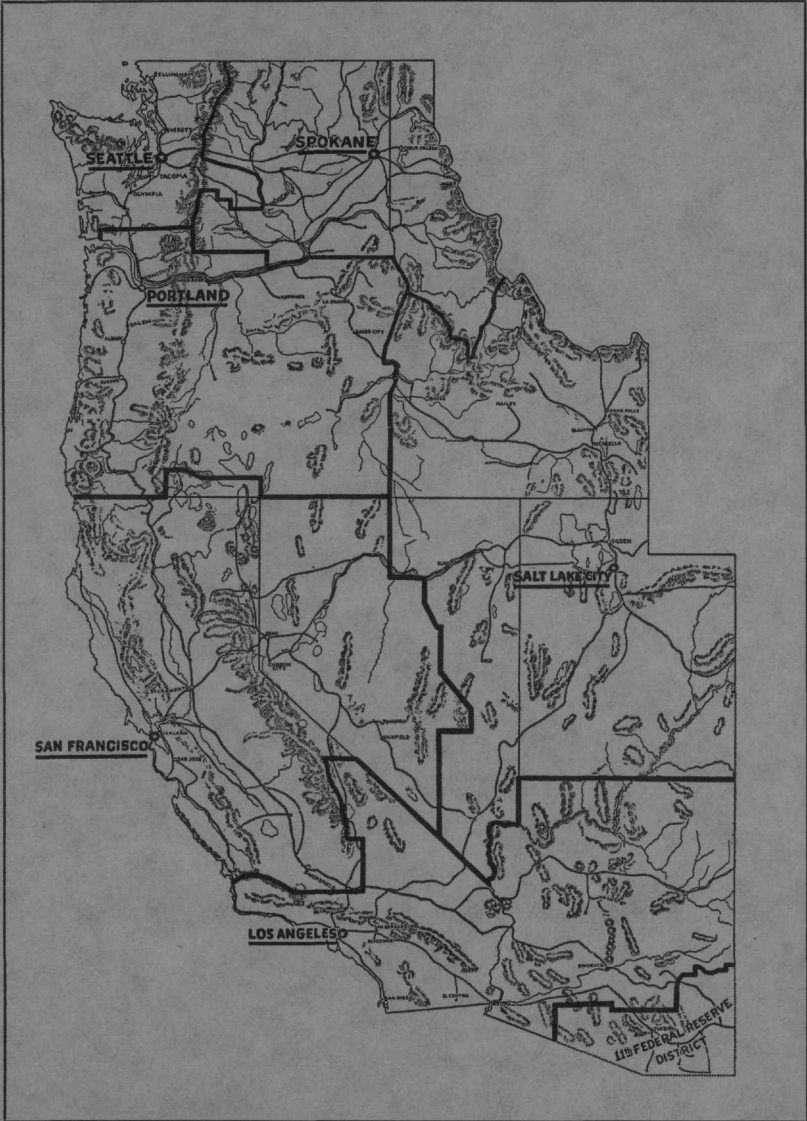
### NOTE

Detailed statistical tables formerly published as an appendix to the Annual Report of the Federal Reserve Agent will hereafter appear only in the Annual Report of the Federal Reserve Board, which will include the following exhibits pertaining to the Twelfth Federal Reserve District and the Federal Reserve Bank of San Francisco:

1. Comparative Statement of Condition.
2. Movement of Principal Assets and Liabilities.
3. Volume of Discount and Open Market Operations.
4. Volume of Bills Discounted for Member Banks in Each State.
5. Earnings and Expenses.
6. Volume of Operations in Principal Departments.
7. Operations of Federal Reserve Clearing System.
8. Clearings and Transfers Through Gold Settlement Fund.
9. Principal Assets and Liabilities of Reporting Member Banks in Leading Cities of District.
10. Debits to Individual Accounts at Banks in Principal Clearing House Centers.

Copies of the Board's report may be obtained, when published, from the Federal Reserve Board at Washington, D. C.

# TWELFTH FEDERAL RESERVE DISTRICT



Map showing territories of Head Office and Branches  
of the Federal Reserve Bank of San Francisco