

## The Papers of Charles Hamlin (mss24661)

359\_02\_001-

Hamlin, Charles S., Scrap Book – Volume 157, FRBoard Members

205.001 - Hamlin Charles S  
Scrap Book - Volume 157  
FRBoard Members

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BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

205.001

# Office Correspondence

Date June 26, 1941

To \_\_\_\_\_ Files \_\_\_\_\_

Subject: \_\_\_\_\_

From Mr. Coe \_\_\_\_\_

After correspondence with Mrs. Hamlin (See letters of May 25 and June 4, 1941) the items attached hereto and listed below, because of their possible confidential character, were taken from Volume 157 of Mr. Hamlin's scrap book and placed in the Board's files:

VOLUME 157

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Confidential Statement on Float.

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Amendment to Federal Reserve Act limiting power of Board in prescribing conditions of membership.

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Member Banks borrowing continuously in excess of capital and surplus during January 1926 -

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List of insolvent national banks -

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Page 102

Memo from Mr. Smead to Mr. Hamlin -  
Comparative Statement of F.R.Bks. of Boston, N. Y. and Phila.  
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Proposed letter to Mr. Wetmore, Pres., Fed. Adv. Council.

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Memo to Mr. Smead from Mr. Van Fossen in re Bank Failures in 1924 & 1925.

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Eligibility for discount of factors' notes covering advances to producers of eggs, poultry and butter (X-4559).

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CONFIDENTIAL  
Not for publication

100-506

AVERAGE AMOUNT OF "FLOAT" CARRIED BY THE FEDERAL RESERVE BANKS  
ON WEEKLY STATEMENT DATES DURING 1926  
(Amounts in thousands of dollars)

St. 4845

See 124

Federal Reserve Bank	Total deposits	"Float" (excess of total collected over deferred availability items)		Classification of uncollected items				Classification of deferred availability items			
		Amount	Per cent of total deposits	Transit items	Clearing House Ex-changes	Other cash items	F. R. of c. F. banks	Government transit items	Other transit items	Total	
Boston	149,009	2,381	1.6	64,204	1,598	64	282	66,148	360	63,407	63,767
New York	881,320	30,842	3.5	139,311	22,604	531	4,999	167,445	1,776	134,827	136,603
Philadelphia	138,235	6,235	4.5	53,575	8,355	1,802	3	63,735	978	56,522	57,500
Cleveland	178,809	7,600	4.3	61,361	2,702	31	1,790	65,884	471	57,813	58,284
Richmond	69,938	5,470	7.8	57,542	2,719	152	1,705	62,118	2,170	54,478	56,648
Atlanta	84,154	5,737	6.8	39,905	585	75	2,153	42,718	320	36,661	36,981
Chicago	332,989	13,955	4.2	79,743	2,927	566	5,176	88,412	546	73,911	74,457
St. Louis	86,390	2,585	3.0	37,083	148	190	2,096	39,517	182	36,750	36,932
Minneapolis	55,804	1,399	2.5	12,532	321	316	392	13,561	214	11,948	12,162
Kansas City	92,520	5,603	6.1	40,988	38	379	1,341	42,746	271	36,872	37,143
Dallas	61,963	(a) 1,539	-	29,178	15	4	298	29,495	188	30,846	31,034
San Francisco	175,061	(a) 615	-	37,602	1,550	628	1,729	41,509	698	41,426	42,124
TOTAL											
Jan. 1926	2,306,192	79,653	3.5	633,024	43,562	4,738	21,964	723,288	8,174	635,461	643,635
Jan. 1925	2,282,048	80,444	3.5	578,262	45,022	6,421	20,156	649,861	6,875	562,342	569,217
Jan. 1924	2,008,920	64,003	3.2	549,902	37,378	7,971	20,422	615,680	9,929	541,248	551,177

(a) Excess of deferred availability over uncollected items.

FEDERAL RESERVE BOARD  
DIVISION OF BANK OPERATIONS  
FEBRUARY 16, 1926.

February 1, 1926.

*To amend Board of  
St. L. Submission*

*CCB 205.001*

I concur in the general conclusions of the above letter, but feel that the power to impose conditions on the admission of a state bank is not as broad as the letter seems to imply. In my opinion, any condition imposed must be either expressly, or by necessary implication, authorized by the Federal Reserve Act. I cannot believe that Congress ever intended to grant a dispensing power to the Federal Reserve Board to impose any conditions which might seem to be desirable whether or not directly or impliedly authorized by the Federal Reserve Act.

The proposed amendment provides for the following changes in Section 9:

1. All conditions prescribed by the Federal Reserve Board must be pursuant to the Federal Reserve Act.

I believe this proposed amendment merely states the existing law, and therefore is unnecessary.

2. Such conditions and regulations shall not limit or impair the charter or statutory powers of such banks.

The present law provides that such statutory and charter powers shall not be interfered with, but contains the qualifying clause, "subject to the provisions of this Act, and to the regulations of the Board made pursuant thereto."

The proposed amendment, in effect, would strike out this qualifying clause, and would prevent the Board from examining into the question whether the corporate powers of the applying bank are consistent with the purposes

of the Federal Reserve Act, and many other kindred questions. The effect of this amendment has been clearly set forth in the above letter.

3. No conditions or restrictions shall be imposed other than those under which national banks shall operate.

As a fact, I know of no conditions or restrictions ever imposed by the Board on the admission of state banks which cut down or impaired their powers as compared with the powers of national banks. I deem this amendment, therefore, unnecessary.

It seems to me important that the power to impose conditions should not be taken away from the Federal Reserve Board, but it seems to me clear that all such conditions must be either expressly or by necessary implication authorized under the Federal Reserve Act.

The question of the power to impose conditions ~~as~~ in the past, has arisen chiefly in cases involving the condition that a member state bank shall not establish additional branches without the consent of the Federal Reserve Board. To my mind, this condition is a desirable one, but there has been a great difference of opinion in the past as to just what particular requirements the Federal Reserve Board should or could lawfully prescribe in giving or withholding its consent. It is unnecessary, however, in this connection, to consider the question of conditions as to establishing branches, or the requirements laid down by the Federal Reserve Board under Regulation H, for the reason that the McFadden bill settles the question of branches affirmatively in other sections, and for the purpose of

considering the proposed amendment to Section 9, it must be assumed that the other sections of the McFadden bill will be enacted into law.



For use of Federal  
Reserve Board onlyMEMBER BANKS BORROWING CONTINUOUSLY IN EXCESS OF CAPITAL AND SURPLUS DURING JANUARY, 1926,  
ALSO BORROWINGS OF ALL MEMBER BANKS AT THE END OF THE MONTH

Federal Reserve District	GROUP I - All banks borrowing continuously in excess of capital and surplus during the month				GROUP II - Banks in Group I whose borrowings at the end of month were at least twice capital & surplus				GROUP III - All member banks in district				
	Number	Capital and surplus	Borrowings on Jan. 31		Number	Capital and surplus	Borrowings on Jan. 31		Accommodated during month	Total Number	Capital and surplus	Borrowings on Jan. 31	
			Amount	Ratio to capital & surplus			Amount	Ratio to capital & surplus				Amount	Ratio to capital & surplus
Boston	2	\$2,200,000	\$3,451,000	157%	-	-	-	-	172	418	\$287,567,000	\$34,082,000	11.9%
New York	6	587,000	789,000	134	1	\$72,000	\$149,000	207%	359	881	1,103,267,000	134,515,000	12.2
Philadelphia	1	450,000	496,000	110	-	-	-	-	385	754	387,433,000	51,230,000	13.2
Cleveland	8	2,302,000	2,909,000	126	-	-	-	-	308	861	439,100,000	40,145,000	9.1
Richmond	9	1,148,000	1,538,000	134	1	150,000	318,000	212	259	599	200,667,000	45,305,000	22.6
Atlanta	2	4,906,000	7,713,000	157	-	-	-	-	146	493	158,867,000	31,782,000	20.
Chicago	40	2,676,000	3,960,000	148	5	344,000	801,000	233	541	1,392	528,867,000	71,196,000	13.5
St. Louis	7	441,000	620,000	141	-	-	-	-	179	623	170,867,000	18,215,000	10.7
Minneapolis	13	550,000	789,000	143	1	43,000	89,000	207	76	829	105,833,000	3,612,000	3.4
Kansas City	28	2,076,000	2,973,000	143	-	-	-	-	169	1,023	141,600,000	13,703,000	9.7
Dallas	-	-	-	-	-	-	-	-	70	850	142,467,000	7,448,000	5.2
San Francisco	5	270,000	425,000	157	2	100,000	229,000	229	174	736	270,667,000	33,532,000	12.4
TOTAL													
Jan. 1926	121	17,606,000	25,663,000	146	10	709,000	1,586,000	224	2,838	*9,459	3,937,202,000	484,765,000	12.3
Dec. 1925	133	19,509,000	27,535,000	141	16	2,215,000	4,924,000	222	3,184	*9,494	3,907,899,000	635,193,000	16.3
Jan. 1925	161	18,990,000	28,947,000	152	19	1,408,000	3,624,000	257	2,554	**9,674	3,742,033,000	311,885,000	8.3

FEDERAL RESERVE BOARD  
DIVISION OF BANK OPERATIONS  
C. MARCH 2, 1926.\*In actual operation.  
\*\*As shown by F. R. bank capital stock records.

BY-LAWS OF THE FEDERAL RESERVE BOARD.

EFFECTIVE MARCH 1, 1926.

Article I.

The Chairman.

The Secretary of the Treasury, as Chairman of the Board, shall preside at all meetings when present. In the absence of the Chairman, the Governor shall act as presiding officer. In the absence of both the Chairman and the Governor, the Vice-Governor shall preside, and in the absence of all three such officers, the remaining member of the Executive Committee shall preside.

Article II.

The Governor.

Sec. 1. The Governor of the Federal Reserve Board shall be the active executive officer thereof; subject, however, to the supervision of the Board and to such rules and regulations as may be incorporated herein or may from time to time, by resolution, be established.

Sec. 2. The Governor shall have general charge of the executive and routine business of the Board not specifically assigned under the by-laws or by resolution of the Board to any individual member or committee thereof, and shall have supervision of the Board's staff.

Sec. 3. The Governor shall be an ex-officio member of all Standing Committees of the Board.

Article III.

The Vice-Governor.

Sec. 1. In the absence or disability of the Governor, his powers shall be exercised and his duties discharged by the Vice-Governor, and in the absence or disability of both of these officers, such powers shall be exercised and such duties discharged by the remaining member of the Executive Committee; in the absence or disability of all members of the Executive Committee the powers and duties of the Governor shall be exercised by the senior member of the Board present.

Sec. 2. It shall be the duty of the Vice-Governor to cooperate with the Governor in the administration of the executive business of the Board.

Article IV.

Secretary and Assistant Secretaries.

Sec. 1. The Board shall appoint a Secretary and one or more assistant secretaries.

Sec. 2. The Secretary shall keep an accurate record of the proceedings of the Board and shall conduct such correspondence and perform such other duties as may be assigned to him by the Governor or by the Board. In the absence or disability of the Secretary, the duties of that office may, by direction of the Board, be performed by an assistant secretary.

Sec. 3. The Secretary shall have custody of the seal and, acting under the authority of the Board, shall have power to affix same to all instruments requiring it. Such instruments shall be attested by the Secretary.

Sec. 4. The assistant secretaries shall each perform such duties as may be assigned to them from time to time by the Board or by the Secretary.

Article V.

Assistant to the Governor.

Sec. 1. The Board may authorize appointment of an Assistant to the Governor.

Sec. 2. The Assistant to the Governor shall perform such duties as shall be assigned to him by the Governor.

Article VI.

The Executive Committee.

Sec. 1. There shall be an Executive Committee of the Board consisting of three members, which shall include the Governor, Vice-Governor and one of the appointive members of the Board. The appointive member of the Committee shall be nominated and elected at a regular meeting of the Board. Members of the Board shall serve as far as practicable in rotation and for approximately equal terms. The presence of three members shall be requisite for the transaction of business by the Executive Committee, and action shall be taken only on unanimous vote of the Committee.

Sec. 2. In the absence of the Governor and Vice-Governor the appointive member of the Executive Committee shall act as Chairman and shall, with two other appointive members of the Board present in Washington to be chosen by him in the order of their seniority, exercise the powers and discharge the duties of the Executive Committee. In the absence of all three

regular members of the Executive Committee the three remaining appointive members of the Board, provided there be three in Washington, shall act as an interim committee and exercise the powers and discharge the duties of the Executive Committee, the senior member acting as Chairman.

Sec. 3. In the absence of a quorum of the Federal Reserve Board and for the transaction only of business of a routine character requiring action during the absence of such quorum, the Executive Committee is authorized to transact business of an executive nature which can be transacted in accordance with well established principles and policies of the Board and to perform such additional duties as may be specifically delegated to it from time to time by instruction of the Federal Reserve Board; to review and submit drafts of important correspondence involving the expression of opinions or decisions of the Board, and to prepare and make recommendations governing the conduct of the Board's business.

Sec. 4. The Executive Committee shall also have charge of all matters appertaining to the internal organization of the Board, and shall make recommendations from time to time on this matter. It shall also prepare annually a budget of proposed expenditures.

The Secretary of the Board shall serve as Secretary of the Executive Committee.

## Article VII.

### Standing Committees.

In addition to the Executive Committee there shall be the following Standing Committees, appointments to which shall be made by the Governor, subject to the approval of the Board.

#### Sec. 1. Law.

To the Law Committee shall be referred for study and report all questions of a legal nature. To this Committee shall also be assigned the preparation or revision of the Board's regulations, contemplated amendments to the Federal Reserve Act, applications under the Kern amendment to the Clayton Act, and applications for the exercise by national banks of trust powers.

The General Counsel shall serve as Secretary of the Committee.

#### Sec. 2. Examination.

To this Committee shall be referred all questions relating to the examination of Federal Reserve or member banks including admission of state banks and permission to establish and operate branches.

The Chief Examiner shall serve as Secretary of this Committee.

Sec. 3. Research and Statistics.

This Committee shall have charge of all investigations of an economic and statistical character authorized by the Board and shall supervise the work of the Division of Research and Statistics and the preparation and publication of the Federal Reserve Bulletin. This Committee shall also have supervision of the statistical and publication work of the Federal Reserve Banks.

The Director of the Division of Research and Statistics shall serve as Secretary of this Committee, or in his absence the Assistant Director shall so serve.

Sec. 4. Salaries and Expenditures of Federal Reserve Banks.

To this Committee shall be assigned all recommendations from Federal Reserve Banks for changes of salaries and other expenditures. This Committee shall make reports with respect to charge-offs and franchise tax of Federal Reserve Banks.

The Secretary of the Board shall serve as Secretary of this Committee.

Sec. 5. District Committees.

To each Federal Reserve Bank and District shall be assigned a Committee of not less than two members of the Federal Reserve Board. It shall be the duty of each Committee to keep itself informed by correspondence and visit of the affairs of the Bank and the condition of the District, and make investigation and report on all questions appertaining to the operation of any Federal Reserve Bank or the condition of any Federal Reserve District that may be referred to it by the Board. These Committees shall also aid the Committee on Salaries and Expenditures with information regarding personnel of the respective Federal Reserve Banks of which they have charge. These Committees shall also make recommendations to the Board for the appointment of Directors at Federal Reserve Banks and Branches.

Article VIII.

The Fiscal Agent and Deputy Fiscal Agent.

Sec. 1. The Board shall appoint a Fiscal Agent and a Deputy Fiscal Agent. The duty of the Fiscal Agent shall be to collect and deposit all moneys receivable by the Board with the Treasurer of the United States, to be placed in a special fund established on the books of the Treasurer for the Federal Reserve Board. The Deputy Fiscal Agent shall perform the duties of the Fiscal Agent during his absence or disability.

Sec. 2. The Fiscal Agent and Deputy Fiscal Agent shall each execute a separate bond with surety satisfactory to the Board.

Sec. 3. Payments of expenses and other disbursements of the Board shall be made by the Fiscal Agent upon proper vouchers out of moneys

advanced to him by requisition and warrant out of the special fund and placed to his official credit with the Treasurer of the United States as provided by Section 5 of this Article. In the absence of the Fiscal Agent payment of expenses and other disbursements shall be made by the Deputy Fiscal Agent upon proper vouchers out of moneys advanced to the Fiscal Agent by requisition and warrant out of the special fund and placed to his official credit with the Treasurer of the United States as provided by Sections 5 and 6 of this article.

Sec. 4. The Fiscal Agent shall prepare a quarterly account in such form as shall be approved by the Comptroller General of the United States and, after approval by the Governor, such quarterly account shall be submitted to the General Accounting Office. Such account shall cover payments of expenses and other disbursements made by both the Fiscal Agent and the Deputy Fiscal Agent.

Sec. 5. The Governor shall, when necessary, make requisition on the Treasurer of the United States for the advance of such sums to the Fiscal Agent as may be necessary from the Federal Reserve Board fund.

Sec. 6. The Deputy Fiscal Agent in making disbursements of the Board upon proper vouchers out of the moneys advanced to the Fiscal Agent shall sign against funds to the official credit of the Fiscal Agent with the Treasurer of the United States in the name of the Fiscal Agent by himself as Deputy Fiscal Agent.

Article IX.

Gold Settlement Fund.

and

Federal Reserve Agents' Fund.

All funds deposited by or for account of the respective Federal Reserve Agents in the Federal Reserve Agents' fund of the Federal Reserve Board and all funds deposited by or for account of the respective Federal Reserve Banks in the Gold Settlement Fund of the Federal Reserve Board shall be held on deposit with the Treasurer of the United States and shall be subject to withdrawal only by check of the Federal Reserve Board signed by the Secretary or an Assistant Secretary and countersigned by the Governor or acting executive officer of the Board.

Article X.

Requisition for Delivery.

of

Federal Reserve Notes

Requisitions upon the Comptroller of the Currency for the delivery

of Federal Reserve notes to the respective Federal Reserve Agents shall be made by the Secretary or Assistant Secretary in response only to requests made by the Federal Reserve Agents to the Board for such notes. The Secretary or Assistant Secretary shall submit daily for approval to the Governor or acting executive officer of the Board a schedule showing the amount of each denomination of Federal Reserve Notes requisitioned by him for the account of each Federal Reserve Agent.

Article XI.

The Seal.

The following is an impression of the seal adopted by the Board.

SEAL.

Article XII.

Counsel.

Sec. 1. The Board shall appoint a General Counsel whose duty it shall be to advise with the Board, or any member thereof, as to such legal questions as may arise in the conduct of its business; to prepare, at the Board's request opinions, regulations, rulings, forms and other legal papers and to perform generally such legal services as he may be called upon by the Board to perform.

Sec. 2. Subject to the direction of the Governor, the General Counsel shall have authority to correspond directly with the Counsel of the various Federal Reserve Banks and to request their opinions as to the interpretation of the local laws of the States included in their respective Federal Reserve Districts. Copies of all such correspondence shall be furnished to the Board for its information.

Sec. 3. Whenever it may be deemed advisable, the Board may appoint one or more Associate or Assistant Counsel, or one or more Assistants to Counsel. The duty of such Associate or Assistant Counsel shall be to assist the General Counsel in the performance of his duties and to perform the duty of the General Counsel in his absence. The duty of such Assistant to Counsel or Assistants to Counsel shall be to assist the General Counsel in the performance of his duties.

Sec. 4. The Board may appoint from time to time Consulting Counsel, who may be attorneys at law engaged in outside practice.

Article XIII.

Meetings.

Sec. 1. Five members of the Board shall constitute a quorum for the transaction of business.

Sec. 2. Stated meetings of the Board shall be held on such days of the week and at such hours as the Board by a majority vote may fix from time to time. One meeting day each week shall be set apart for consideration of the following matters, advance notice of not less than two days being sent to members of important questions to be taken up at the meeting:

Special orders;  
Discount and open market matters;  
Approval of expenditures and salaries;  
Establishment of Federal Reserve Branches,  
Agencies, Currency Stations;  
Permission for establishment of member  
bank branches;  
Amendment of Board's rules and regulations;  
New policies or changes of policy;  
Such other major matters as may be reserved  
for consideration at the weekly meeting.

Sec. 3. Special meetings of the Board may be called by the Chairman or Governor or upon the written request of three members of the Board.

Sec. 4. At all meetings of the Board the following shall be the order of business:

- (1) Reading or inspection of the Minutes of the last regular meeting and Minutes of meetings of the Executive Committee.
- (2) Report of the Governor.
- (3) Report of the Secretary.
- (4) Reports of the committees or members on assigned business.
- (5) Unfinished business.
- (6) New business.

Article XIV.

Absences.

Sec. 1. Absences of appointive members of the Board shall as far as practicable be arranged so as not to interfere with the expeditious conduct of the Board's business in Washington.



Article XV.

Information and Publication.

Sec. 1. All persons employed by the Board shall keep inviolate its business, affairs, and concerns, and shall not disclose or divulge the same to any unauthorized person whomsoever, and any employee who shall give information contrary to this by-law shall be liable to immediate dismissal. Except upon vote of the Board, no one other than a Member of the Board, or the Secretary, Assistant Secretaries, Assistant to the Governor, and General Counsel, shall be permitted to inspect any of the Board's minutes.

Sec. 2. No statements shall be made to the press expressive of the Board's policy or descriptive of its action except as authorized and approved by the Board. Such statements shall be issued only in written form and when authorized and approved they shall be issued through the office of the Governor or such other officer or member of the Board as may be specifically designated. While each member of the Board must determine for himself the propriety or necessity of expressing publicly his individual opinion on any question, members shall not quote publicly the opinion of other members on matters which have not formally been passed upon by the Board.

Sec. 3. There shall be published monthly, a bulletin to be known as "The Federal Reserve Bulletin", which shall be the official periodical organ or publication of the Federal Reserve Board.

Sec. 4. No resolutions of a personal character, except upon the death of a member of the Federal Reserve Board while serving as such, shall appear in any publication of the Federal Reserve Board.

Article XVI.

Amendments.

These by-laws may be amended at any regular meeting of the Board by a majority vote of the entire Board, provided that a copy of such amendments shall have been delivered to each member at least seven days prior to such meeting.

# Office Correspondence

FEDERAL RESERVE  
BOARD

Date March 3, 1926.

*See Pl*

To Mr. Hamlin

Subject: 205.001

From Mr. Eddy

2-5705

There is attached hereto, for your information,  
a list of insolvent national banks, 34 in number, which had  
been exercising trust powers under permits granted by the  
Board.

LIST OF NATIONAL BANKS WHICH HAVE BEEN GRANTED TRUST  
POWERS AND WHICH SUBSEQUENTLY BECAME INSOLVENT.

Dist.	Name of Bank	Location	Date Insolvent
1	National Bank of Methuen,	Methuen, Mass.	July 29, 1925.
5	Commonwealth National Bank,	Reedville, Virginia	Feby. 16, 1921.
6	Georgia National Bank,	Athens, Georgia	April 17, 1925.
7	Emmetsburg National Bank,	Emmetsburg, Iowa	March 11, 1921.
7	Merchants National Bank,	Grinnell, Iowa	Nov. 3, 1924.
7	Perry National Bank,	Perry, Iowa	Feby. 5, 1925.
9	First National Bank,	Alexandria, Minn.	Jan. 8, 1925.
9	Merchants National Bank,	Crookston, Minn.	March 24, 1924.
9	First National Bank	Wells, Minn.	Oct. 22, 1923.
9	First National Bank of Fergus County in	Lowiston, Mont.	April 12, 1924.
9	Commercial National Bank,	Miles City, Mont.	Feby. 15, 1924.
9	First National Bank,	Brookings, So. Dak.	Feby. 9, 1924.
9	First National Bank,	Lake Preston, So. Dak.	March 28, 1924.
9	Sioux Falls National Bank,	Sioux Falls, So. Dak.	Jan. 24, 1924.
9	First National Bank,	Webster, So. Dak.	Jan. 2, 1924.
10	Broadway National Bank,	Denver, Colo.	Jan. 16, 1926.
10	Globe National Bank,	Denver, Colo.	Oct. 1, 1925.
10	Loveland National Bank,	Loveland, Colo.	Oct. 22, 1925.
10	Logan County National Bank,	Sterling, Colo.	Jan. 26, 1925.
10	First National Bank,	Las Vegas, N. Mex.	May 4, 1925.
10	First National Bank,	Lawton, Okla.	Nov. 18, 1922.
10	First National Bank,	Basin, Wyoming	June 14, 1924.
10	Citizens National Bank,	Cheyenne, Wyoming	July 21, 1924.
10	Powell National Bank,	Powell, Wyoming	March 27, 1924.
11	Citizens National Bank,	Albuquerque, N. Mex.	May 13, 1924.
11	State National Bank,	Albuquerque, N. Mex.	May 13, 1924.
11	First National Bank,	Carlsbad, N. Mex.	May 14, 1924.
11	First National Bank,	Roswell, N. Mex.	Nov. 14, 1923.
11	Citizens National Bank,	Roswell, N. Mex.	Nov. 14, 1923.
11	Silver City National Bank,	Silver City, N. Mex.	May 14, 1924.
11	City National Bank,	El Paso, Texas	May 8, 1924.
12	First National Bank,	Clarkston, Wash.	Feby. 12, 1924.
12	First National Bank,	Pasco, Wash.	Nov. 21, 1925.
12	First National Bank,	Oroville, Wash.	Feby. 8, 1926.

CONFIDENTIAL

For use of Federal Reserve Board only

DEFICIENCIES IN RESERVES OF MEMBER BANKS FOR MONTH OF JANUARY, 1926.\*

St. 4871

See Bk

Federal Reserve District	NUMBER OF BANKS PENALIZED				Member banks in district	NUMBER OF BANKS ASSESSED PENALTIES IN EXCESS OF MINIMUM RATE#				MAXIMUM RATE CHARGED#			AVERAGE DAILY DEFICIENCIES ON WHICH PENALTIES WERE ASSESSED				
	In F.R. bank and branch cities	In other reserve cities	Country banks	Total		In F. R. bank and branch cities	In other reserve cities	Country banks	Total	Banks in F.R. bank and branch cities	Banks in other reserve cities	Country banks	Banks in F.R. bank and branch cities	Banks in other reserve cities	Country banks	Total	
										Per cent			(In thousands of dollars)				
Boston	2	**	14	16	418	-	**	1	1	6	**	7	6	**	56	62	
New York	16	4	70	90	881	-	-	-	-	6	6	6	159	76	854	1,089	
Philadelphia	3	**	30	33	754	-	**	-	-	6	**	6	3	**	137	140	
Cleveland	7	2	68	77	861	-	-	7	7	6	6	10	79	49	325	453	
Richmond	6	1	149	156	599	-	-	44	44	6	6	10	19	80	769	868	
Atlanta	11	1	94	106	493	-	-	35	35	6	6	8	316	2	605	923	
Chicago	4	6	157	167	1,392	-	-	47	47	6	6	10	32	75	425	532	
St. Louis	25	**	84	109	623	-	**	-	-	6	**	6	241	**	230	471	
Minneapolis	2	-	59	61	829	-	-	-	-	6	-	6	32	-	138	170	
Kansas City	3	4	92	99	1,023	1	-	29	30	7½	6	10	40	52	180	272	
Pasadena	8	5	67	80	850	-	1	13	14	6	7	10	70	58	219	347	
San Francisco	11	1	79	91	736	-	-	16	16	6	6	10	283	4	262	549	
Total	Jan. '26	98	24	963	1,085	9,459	1	1	192	194	7½	7	10	1,280	396	4,200	5,876
	Dec. '25	120	31	1,215	1,366	9,494	1	3	212	216	8¼	7¼	10	1,377	375	4,557	6,309
	Jan. '25	90	27	898	1,015	##9,674	-	1	226	227	6	7½	10	744	431	2,707	3,882

FEDERAL RESERVE BOARD  
DIVISION OF BANK OPERATIONS  
MARCH 8, 1926.

\*Figures for country banks are for the calendar month, and for central reserve and reserve city banks for four and five-week periods.

\*\*Federal reserve bank and reserve cities are the only reserve cities in the district.

#Progressive penalty rates are not applied by the F. R. Banks of New York, St. Louis and Minneapolis, the Atlanta bank has a maximum penalty rate of 8 per cent, and the eight remaining banks a maximum of 10 per cent.

##Represents the number of banks as shown by the F. R. bank capital stock records; the figures for January 1926 and December 1925 represent the number in actual operation.

C.

FEDERAL RESERVE BANK  
OF SAN FRANCISCO

JOHN PERRIN  
CHAIRMAN OF THE BOARD  
AND FEDERAL RESERVE AGENT

February 26, 1926

See Bk  
205.001

Dear Sirs:

Mr. Evans Woolien was formerly the highly valued Vice President of the bank at Indianapolis of which I was the organizer and President. He is serving as Chairman of a Sub-committee, including in its personnel Mr. Paul M. Warburg, Mr. Melvin A. Traylor, and three or four others, appointed by the Economic Policy Committee of the American Bankers Association to consider amendments desirable in banking laws. The report of the committee shows that it concluded that the most important essential was first the extension of the charters of the Federal Reserve Banks, and that it would be wise to defer proposals of other legislation until thereafter.

While this Sub-committee was preparing for its deliberations, Mr. Woolien requested that I make suggestions of amendments which seemed to me desirable. Responding to this request, I furnished him with two confidential memoranda:

1. Suggestions for considerations in amending the Federal Reserve Act,
2. Suggestions for consideration in amending the National Bank Act.

Thinking that these suggestions may not be without interest to the Federal Reserve Board, I herewith enclose copies of them.

Yours very truly,

(Signed) JOHN PERRIN

Chairman of the Board and  
Federal Reserve Agent

Federal Reserve Board,  
Washington,  
D. C.  
Perrin HEB

Enclosures - 7 extra copies to Board

San Francisco  
May 13, 1925.

CONFIDENTIAL

Memorandum for Mr. Evans Woolley  
From Mr. John Ferrin.

Suggestions for Consideration in Amending the NATIONAL BANK Act

1. Bank Failures

More than two thousand banks, National and State, have failed since 1920, including seven hundred fifty-three during 1924, approximately two-thirds of them having capital of \$25,000 and less, and approximately ninety per cent. having capital of \$100,000 and less. There has been a similar succession of such failures throughout the financial history of this country. There has been no authoritative investigation as to the cause of such failures and their possible prevention, nor as to the reason why other countries are largely exempt from such failures. Sparsely settled Australia, for instance, has not had a failure within thirty years.

Analogous to this were the ever-recurring financial panics, with no authoritative inquiry as to their cause or possible prevention, nor as to the reason why other countries were exempt. The investigation after the panic of 1907 was the first authoritative one, and that resulted in the Federal Reserve System, which is a comprehensive preventive of panics.

2. Cash Reserve Requirements

Because of the continuing stream of failures, and with the purpose of making banks safe, the practice began of legally requiring cash reserves, the most important early step in this connection being the provisions of the National Bank Act. Such requirements now appear in the laws of all the States. Nothing is more clear, however, than that legal reserve requirements have proved futile for making banks safe, some States having highest reserve requirements having suffered most from bank failures.

3. Supervision

Supervision of banks by legally constituted authority is undoubtedly desirable. It is a periodic test of law observance, just as an audit of cash is a test of count. While supervision may serve to keep operations within the technical limitations of law, it contributes little to good management.

4. Good Management

Failures can be averted only by good management, and good management is available only on the average for banks sufficiently capitalized to assure an income adequate for the employment and retention of skilled and experienced managers.

## 5. Small Banks

In spite of the high mortality of banks of small capitalization, it would not at the present time be a practical proposal either that States or the Federal authorities discontinue chartering banks of small capitalization.

## 6. Branch Banks

Branch bankers would suggest the substitution of branches of large banks for small unit banks, but a proposal for either Nation-wide or State-wide branch banking would not at the present time be practical because of the almost unanimous opposition of bankers, although the more rapid growth of branch banks seems to indicate approval by bank customers. Such opposition, to a considerable extent, doubtless grows out of tradition rather than reasoned conviction. It is an interesting fact, pointed out by Mr. Platt of the Federal Reserve Board, that legislation restricting the establishment of branches was instigated by city banks against the encroachment of country banks, at a time when there was free issue of notes, by banks establishing their offices in secluded places and opening branches or agencies in cities, to buy their notes at a discount. Sentiment has since turned, so that country banks oppose branches to avert encroachment by city banks.

## 7. Possible Remedy

The McFadden Bill received much attention in the last Congress. It was avowedly intended to restrict the extension of branch banking in its major sense of transferring surplus of one community to meet the deficiency of another, but at the same time made a concession to neighborhood convenience in authorizing the establishment of additional offices in the city of head office in those States permitting branch banking. This plan of serving neighborhood convenience could be applied to the country as well as to the city, through authorizing the incorporation of National banks capitalized at not less than, say, \$250,000, privileged to acquire by purchase or consolidation other banks within a restricted area. The McFadden Bill proposed to limit to the city of head office the establishment of additional offices. In like manner, the suggested bank might be limited in its establishment of additional offices to a radius of, say, twenty-five miles. The exact radius which would be advisable could only be ascertained by careful study, and there might well be provision granting to the Comptroller of the Currency discretion to permit a stated radius to be extended in sparsely settled sections.

Many who were strongly opposed to branch banking were in favor of the enactment of the McFadden Bill, although it contained the provision of additional offices to serve neighborhood convenience. It is therefore possible that the authorization of banks, such as suggested, might meet with approval. If provision for such banks were incorporated in the law, capital would flow into their organization only if their operation would prove more profitable than that of the small banks. Differing from the branch "de novo" provided for cities, it will be observed that my suggestion is that additional offices would be secured only through absorption of existing small banks. If the suggested type of bank were found profitable, a good market would be provided for selling the small

banks, so that the development of the suggested larger banks would go forward constructively and not destructively, and might, over a period of years, work an important change in adding to the strength of our present weak banking structure.

8. Immunity from Failures

Relative immunity from failures appears in banks capitalized at \$250,000 or more, not for those of smaller capitalization. To work out the gradual absorption of the smaller banks into the larger units, it would obviously be necessary that such banks should have general authorization, without limitation to those States permitting branch banking.

9. Office of Comptroller of the Currency

The Comptroller of the Currency's office should be a department of the Federal Reserve Board.

10. Discretionary Powers of the Comptroller

There should be a provision not now in the National Bank Act giving the Comptroller full discretion in granting charters for new banks or branches according to public convenience and advantage.

11. Segregation

Savings deposits should be segregated and investments made with such funds held solely for the benefit of savings depositors.

12. Departmental Banking

The plan of the California Bank Act, in effect since 1909, appears to have worked admirably, with considerably less fatality than of National Banks in that State.

13. Amendments

Any measure amending the National Bank Act, when referred to a committee of Congress, should be submitted by that committee to the Federal Reserve Board, and the Board's approval or disapproval made a part of the committee's report.



San Francisco

May 13, 1925

confidential

Memorandum for Mr. Evans Woollen  
From Mr. John Perrin

Suggestions for Consideration in Amending the FEDERAL RESERVE Act

1. Reserve Requirements

The reserves required for National banks, prior to the Federal Reserve Act, were perhaps not deficient in amount so much as in availability. If, however, the percentages specified in the National Bank Act were necessary to liquidate depositors' current demands, then it is obvious that the percentages of reserve deposits required by the Federal Reserve Act are entirely inadequate for the same purpose. Till money, for instance, in some reserve bank cities averages approximately one and one half to one per cent. In reserve cities this would mean a reserve requirement of ten and one half per cent against the former requirement of twenty-five per cent. It is submitted that the economic effect of the present reserve requirements, though perhaps not so intended, is merely to give Federal Reserve Banks rediscounting strength, and not primarily to provide member banks with funds adequate to liquidate depositors' current demands.

2. Safety of Member Banks

If this suggestion is soundly based then it follows that reserve deposits are not required from member banks to make them safe. In providing such reserve deposits the element of safety of the depositing member banks should be disregarded and only such reserve deposits required as would give Federal Reserve Banks adequate rediscounting strength.

3. Reserve Deposits Related to Borrowings

Because of tradition that legal requirements of reserve make banks safe reserves have been related to deposits. If, however, the economic purpose of reserve deposits is merely to give the Federal Reserve Banks rediscounting strength, then requirements of reserves should be related to borrowings from Federal Reserve Banks. This would be in line with the customary commercial bank practice of requiring compensating balances, and might be based upon quarterly, semi-annual or annual averages, that is, the reserve deposit required from the member bank would be determined by the amount of its borrowings during the preceding period.

4. Exemption from Federal Reserve Requirements

It would be a corollary of the previous suggestion that non-borrowing banks should be exempt, in part or entirely, from requirements to carry reserve deposits with Federal Reserve Banks, or, a bank having a certain percentage of its deposits invested in free bankers' acceptances or government securities might likewise be partially or entirely exempted from reserve requirements.

## 5. Economic Effect

Whether reasonably or not, probably no provision of the Federal Reserve Act is so much resisted as that of carrying non-income reserve deposits with Federal reserve banks. The preceding suggestion would make for enlarged popularity of Federal reserve banks and consequently enlarged membership, and at the same time would give incentives for sounder banking. An effort to gain exception from reserve deposits would stimulate the wider use of acceptance credits in bank portfolios, and at the same time relating reserve deposits to borrowings would impose a much needed restraint upon weak and badly managed banks. It is observed that banks in which the confidence of the community has been impaired suffer shrinkage of deposits and not infrequently borrow amounts exceeding their total deposits.

City banks under such a plan would doubtless rarely rediscount, utilizing their released reserve deposits for investment in bankers' acceptances which would be sold or allowed to run off in order to replenish funds. This would be a sounder situation than rediscounting advances to customers.

The development of such a plan might lead to diminished use of the rediscount privilege. While this might be to the advantage of the general banking situation, it would result in diminished Federal reserve earnings. This difficulty might be met in one of two ways, either by reduction in the outgo, i. e., by imposing service charges for certain free services such as check collections; or by an increase of income by larger open market operations.

## 6. Excessive Rediscounts

Before the Federal Reserve Act was enacted a National bank was permitted to become indebted in an amount not greater than one hundred per cent of its capital. If this be taken as a normal maximum of a member bank's rediscounting then rediscounting, if permitted beyond that, should not have the incentive of large profit as at the present time with Federal reserve bank rediscount rates at three and one-half and four per cent, and lending rates in some sections as high as eight or ten per cent or more. Banks disposed to rediscount excessively will undoubtedly pursue a more conservative course if the Federal reserve bank should rediscount amounts above one hundred per cent of capital of the borrowing bank at the same rate, or at nearly the same rate, as borne by the paper offered for rediscount.

## 7. Gold Circulation

There should be a provision for the larger use of gold, in the form of gold certificates, instead of Federal reserve notes. When there is an excessive supply of gold, as has been the case during the last few years, there seems no propriety in using a credit currency when gold certificates might be employed as paper money. The features of such use would be:

- (a) Smaller reserve ratios in Federal reserve published statements, inviting less conspicuous attention with consequent less incitement for foreign or domestic powers to seek ways to utilize potential credit.

- (b) Gold certificates in circulation available for replenishing Federal reserve bank reserves. With gold certificates constituting a large part of our paper money there would be the possibility of a larger swing in actual conditions without arousing apprehension than if, for instance, an outflow of gold were all from unreplenished Federal reserve bank reserves.

## 8. Live Assets

Federal reserve banks should depreciate rapidly their buildings and equipment to a point of not more than liquidation value and should not carry in live assets for more than a limited time, say one year, amounts due from any failed banks. Federal reserve bank accounting should be a model in its rating of assets at liquidation value.

## 9. Distribution of Federal Reserve Bank Earnings

An early draft of the Federal Reserve Act provided for five per cent dividends to member banks. This was later increased to six per cent, chiefly upon representations made by Mr. James B. Fergan. Such limitation was to prevent operations for the primary purpose of profit, it being thought by the framers of the bill that it would be innocuous to have the earnings above six per cent go to the government.

When earnings are small no difficulty arises, but in a period of strain, with consequent large Federal reserve earnings, experience proves that the attention of Congress is centered in an undesirable way both upon details of Federal reserve bank operation and upon providing some other application of earnings than the methods provided in the present law.

Instead of the present distribution of earnings it would appear desirable that all, or at least the major part, of net earnings above surplus requirements, should go as dividends to shareholding banks and, in view of the fact that payment of earnings, as a franchise tax, to the government does not have the justification of investment in Federal reserve shares, that, in lieu of the present franchise tax, a tax on behalf of the government be imposed upon the uncovered issues of Federal reserve notes. Such a tax would have a better justification than payment of earnings, inasmuch as the government is in effect contingently liable for the redemption of Federal reserve notes.

The imposition of such a tax would serve a double purpose, that which has just been stated, and also a preference on the part of Federal reserve banks to circulate gold certificates instead of Federal reserve notes in order to reduce to a minimum the uncovered circulation and thus minimize the tax payment.

It would be desirable, if possible, to go a step further and eliminate the liability of the government for the redemption of Federal Reserve notes.

## 10. Compulsory Membership

The provision of compulsory membership of National banks should be repealed. The Federal Reserve Board should be authorized to approve or disapprove

membership of National banks the same as of State banks and have the right to terminate membership for cause. Conditions of membership of National banks and State banks should be identical.

Whatever the advantage of compulsory membership of National banks may have been at the outset the necessity no longer exists.

#### 11. Renewal of Charters

Federal reserve bank charters should, of course, be extended.

#### 12. Slow Rotation

Directorships of Federal reserve banks lack the vital element of pecuniary interest. As an offset, the terms of directors of Federal reserve banks and their branches should be limited so that there will be from time to time freshness of views and keenness of interest naturally incidental to new incumbency. Tentative suggestions in this connection are that:

- (a) No non-salaried director of a Federal reserve bank or of a branch of a Federal reserve bank, should serve continuously for a longer period than six years.
- (b) The services of any director should automatically terminate if -
  - (1) He reaches the age of seventy years;
  - (2) He is absent from directors' meetings for a period of six months;
  - (3) He attends less than fifty per cent of the meetings in any twelve-month period (not calendar period).

#### 13. Representation

Federal Reserve Act, Section 4, provides in part as follows:

"Class A (directors) shall consist of three members who shall be chosen by and be representative of the stock-holding banks."

The term "representative of" should properly appear in the description of Class B directors and in the description of Class C directors, the latter being representative of the Federal Reserve Board. While this would seem to suggest "bloss" in form it would not be so in the usual sense, inasmuch as no one interest would seek to take advantage of another interest; nevertheless it appears desirable that each director should be alert to see that the interest which he represents had full consideration. Directorships in Federal reserve banks differ fundamentally from those in a private corporation inasmuch as the latter are primarily concerned with profits and all unite upon that common ground.

#### 14. Nomination for Class A and Class B Directors

Usually there is a great lack of interest in nominations

of both Class A and Class B directors and in their election. The Boston District is a compact one and there has been adopted there a plan of mass meeting of representatives of all member banks. A committee on directors' nominations works out very easily in that case. In the New York bank a committee of the New York State Bankers Association undertakes the recommendation of those suitable for nomination and election. Included in this committee is a representative of the New Jersey Bankers Association and of the Connecticut Bankers Association.

This brings up the whole matter of method of selecting directors. Consideration may develop some method better than the present one. Class C directors, because appointed and not elected, have careful consideration and are usually of a very high quality. The provision covering the selection of Class B directors is merely that " " at the time of their election shall be actively engaged in their District in commerce, agriculture, or some other industrial pursuit." This provision does not place upon Class B directors the responsibility of representing the activities in which they are engaged at the time of election. They are accountable only to the banks which nominate them and vote for them. Their incentive is to look to the voting banks and, as directors, to join as a matter of course with those of Class A. To the extent that this is true, it gives a two-thirds bankers' dominance in each Board of Directors. From a standpoint of sentiment, this would perhaps be somewhat affected if the law placed the responsibility upon Class B directors of representing those engaged in the activities specified. It would doubtless also be a most wholesome influence if the Federal Reserve Board should be empowered to appoint one of the three Class B directors. This would still leave control with the voting member banks through electing five out of nine directors, but would provide four out of nine directors chosen by appointment instead of election. Bringing the appointed and elected elements of the Board into more <sup>nearly</sup> equal numerical position would probably prove advantageous.

#### 15. Liability of Federal Reserve Agent

There should be a provision incorporated in the Federal Reserve Act fixing the pecuniary liability of the Federal Reserve Agent on the same basis as that of an operating officer, who is not individually liable for losses by the bank and is responsible only for due diligence.

#### 16. Amendments

Any measure amending the Federal Reserve Act, when referred to a committee of Congress, should be submitted by that committee to the Federal Reserve Board, and the Board's approval or disapproval made a part of the committee's report.

#### 17. Reserve Requirements

The provisions prescribing reserves to be held by Federal Reserve Banks against deposits and against Federal Reserve notes should be repealed and the amount of reserves left to the discretion of the Federal Reserve Board.

#### 18. Publicity of Nominations

The Federal Reserve Act should be amended to eliminate the requirement that the names should be given publicity of the banks making nominations for Class A and Class B directors.

## Office Correspondence

FEDERAL RESERVE  
BOARD

Date March 9, 1926.

See AM

To Mr. Hamlin

Subject: 205.001

From Mr. Smead

2-9496

In accordance with your request I am giving below figures comparing the three largest National banks of Boston, New York and Philadelphia with the Federal reserve banks in those cities. The figures for National Banks were taken from the December 31, 1925, condition reports submitted to the Comptroller's office and do not include the resources of branches located in foreign countries. Figures published by the banks, which presumably include figures for foreign branches, give the resources of the First National Bank of Boston as \$402,000,000, the National City Bank of New York as \$1,215,000,000, and the Chase National Bank as \$638,000,000. Consolidations or mergers of banks in New York City will when completed increase the loans and investments and resources of the National City and the Chase National banks very materially.

COMPARATIVE STATEMENT OF THE FEDERAL RESERVE BANK OF BOSTON, NEW YORK  
AND PHILADELPHIA WITH THE THREE LARGEST NATIONAL BANKS IN  
EACH CITY RESPECTIVELY.

December 31, 1925.	Loans and Investments	Total Resources
<u>BOSTON:</u>		
Federal Reserve Bank	\$151,140,000	\$412,516,000
First National Bank	252,081,000	346,521,000
National Shawmut Bank	158,763,000	237,648,000
Atlantic National Bank	84,929,000	111,962,000
Total	495,773,000	696,131,000
<u>NEW YORK:</u>		
Federal Reserve Bank	334,269,000	1,499,229,000
National City Bank	605,471,000	971,201,000
National Bank of Commerce	396,389,000	682,771,000
Chase National Bank	384,997,000	630,326,000
Total	1,386,857,000	2,284,298,000
<u>PHILADELPHIA:</u>		
Federal Reserve Bank	98,018,000	388,500,000
Philadelphia National Bank	103,880,000	165,487,000
Fourth Street National Bank	50,260,000	78,105,000
Corn Exchange National Bank	53,498,000	76,105,000
Total	267,638,000	319,697,000

EARNINGS AND EXPENSES OF FEDERAL RESERVE BANKS  
FEBRUARY 1926.

Total earnings of the Federal reserve banks during February were \$3,539,000, or about \$450,000 less than during the month preceding, as the result of a decline of \$134,000 in earnings from discounted bills and of \$313,000 in earnings from purchased bills and U. S. securities. As compared with February of last year, however, total earnings increased more than \$750,000, practically all in earnings from bills discounted.

Current expenses were \$2,220,000 in February, a decrease of \$65,000 from the preceding month and of \$140,000 from February of last year. Decreases, as compared with last year, occurring at all banks except Boston, Atlanta and St. Louis.

Current net earnings (the excess of gross earnings over operating expenses) of the Minneapolis bank were at the annual rate of only 1.5 per cent of paid-in capital as compared with 14.5 per cent for all banks combined. For the two-month period ending February 28, current net earnings of the Minneapolis bank fell \$7,194 short of meeting dividend requirements. Current net earnings of all of the other reserve banks for the first two months of this year were substantially in excess of dividend requirements, the excess being \$303,000 for the New York bank, \$271,000 for Atlanta, \$269,000 for Boston, and \$226,000 for Chicago.

St. 4873a

CONFIDENTIAL  
Not for publication

## EARNINGS AND EXPENSES OF FEDERAL RESERVE BANKS

St. 4873

Federal Reserve Bank	Month of February 1926				Year 1926						
	Earnings				Current ex-penses	Current net earnings	Annual rate of current net earnings on average paid-in capital	Current net earnings to Feb. 27	Dividends accrued to Feb. 27	Balance available for depreciation allowances, surplus, franchise tax, etc.	
	From dis-counted bills	From pur-chased bills and U. S. securities	From other sources	Total						On Feb. 27	On Jan. 30
							Per cent				
Boston	\$117,981	\$186,977	\$6,746	\$311,704	\$166,795	\$144,909	21.9	\$353,672	\$84,679	\$268,993	\$167,060
New York	549,535	321,275	20,003	890,813	517,740	373,073	14.6	633,386	330,430	302,956	96,359
Philadelphia	172,550	107,486	13,841	293,877	169,760	124,117	13.8	243,420	116,848	126,572	61,186
Cleveland	130,829	138,959	13,307	283,095	207,617	75,478	7.4	221,919	132,198	89,721	80,559
Richmond	117,484	40,812	6,888	165,184	113,474	51,710	11.2	105,979	60,159	45,820	24,258
Atlanta	81,677	130,944	10,786	223,407	101,565	121,842	33.0	318,716	47,669	271,047	174,116
Chicago	205,431	218,076	26,667	450,174	309,257	140,917	11.6	384,670	158,309	226,361	164,747
St. Louis	63,753	114,006	3,878	181,637	113,950	67,687	17.2	174,733	51,263	123,470	81,413
Minneapolis	19,542	71,315	2,610	93,467	89,915	3,552	1.5	23,993	31,187	*7,194	5,040
Kansas City	52,358	138,449	24,159	214,966	146,190	68,776	21.1	157,148	42,401	114,747	67,168
Dallas	17,923	131,158	5,939	155,020	93,766	61,254	18.7	165,327	42,697	122,630	82,731
San Francisco	77,465	190,285	7,761	275,511	189,931	85,580	13.5	236,350	82,347	154,003	109,768
TOTAL											
Feb. 1926	1,606,528	1,789,742	142,585	3,538,855	2,219,960	1,318,895	14.5	3,019,313	1,180,187	1,839,126	1,114,415
Jan. 1926	1,740,890	2,103,026	142,036	3,985,952	2,285,534	1,700,418	17.0				
Feb. 1925	888,419	1,751,330	136,488	2,776,237	2,359,713	416,524	4.8	1,277,063	1,122,439	154,624	299,500

FEDERAL RESERVE BOARD

DIVISION OF BANK OPERATIONS

\*Deficit.

C. MARCH 10, 1926.

Page 117

Book 157



205.001

*Proposed letter  
dated June 11. by Miller*

March 5, 1926.

*June 11.*

*Miller agreed to stress out the points  
alluded to by C. B. Finally matter  
was laid on the table.*

Mr. F. O. Wetmore,  
President, Federal Advisory Council,  
Care First National Bank,  
Chicago, Illinois.

My dear Mr. Wetmore:

1  
At the last conference of the Federal Advisory Council and the Federal Reserve Board there was some discussion of the step taken by the Board toward assembling and publishing in the weekly statement of condition of the 61 reporting banks of New York City figures covering so-called street loans of those banks, to wit, loans to brokers and money dealers. This is now being done. While this action had not been set down on the formal program of the Council conference and no formal action by the Council was taken, members of the Board have the impression that the Council generally regarded with favor the action taken by the Board.

2  
Since the above action was taken the Board has taken further steps to possess itself of information with respect to the security and street loans of each of the reporting New York City banks weekly and of their borrowings from the Federal reserve bank whenever these are above \$2,000,000. The Board intends to follow a similar procedure in the near future with respect to reporting member banks at the most important Federal reserve centers, to wit, Boston, Philadelphia, Cleveland, Chicago, St. Louis and San Francisco.

3  
On the subject of security loans, the Federal Reserve Board will say in its forthcoming Annual Report:

"Under circumstances such as prevailed in the autumn of 1925, when the growth in member bank credit was largely in loans on securities, and when seasonal currency demands accounted for only a part of the increase in reserve bank credit, it was evident that the member banks as a whole were increasing their borrowings at the reserve banks in order to build up their reserve

balances. The increase in reserve requirements which occasioned this borrowing could in turn lead to the growth in deposit liabilities arising from increased volume of security loans. Considerations of this character were among the factors considered in November, 1925, when the discount rates were advanced at four of the reserve banks."

f

Before the Federal Reserve System was established an investment of a portion of its resources in the call loan market by a bank was regarded as affording it a secondary revenue source. Events, particularly in the last half of the year 1925, have indicated, however, that some, if not a considerable number of banks are not disposed to withdraw investments from the call loan market in order to meet local commercial demands when the spread between the discount rate of the Federal reserve bank and the call loan rate makes it profitable to maintain intact its investment in the call loan market and to borrow from the Reserve bank to meet commercial demands of its customers. It even appears, as briefly set forth in the above extract, that there are banks that have been using Federal reserve credit facilities to extend their investments in the call loan market when that is a profitable proceeding by reason of the spread between the Federal reserve discount rate and the prevailing call loan rates.

5

The Board is desirous of ascertaining the views of the Council with regard to

- (1) The proper relation of Federal reserve banks to <sup>the</sup> call loan market;
- (2) The relation of Federal reserve bank rates to call loan rates;
- (3) The proper function under our banking system as modified by the establishment of the Federal reserve banks of banking investment in call loans.

without undertaking to decide whether

~~It is clear that the Federal Reserve Act <sup>would seem</sup> contemplated the use of the facilities of the Federal Reserve System to support the extension of loans by its member banks to the call <sup>loan</sup> market. (The Board is giving much thought to the development of a procedure which will check or altogether eliminate the misuse of Federal reserve credit facilities.) A review of banking history during the last year shows that such misuse was made by some member banks, especially in the latter portion of the year. The Board, therefore, desires the views and assistance of the Council in developing a procedure to deal with this situation. Specifically, the Board desires the views and recommendations of the Council upon the following questions:~~

6

omit /  
use

1. What can the Council recommend that the Federal Reserve Board do -

ments .

- 7
- (a) By way of amplifying the information it now obtains from its weekly reporting member banks with respect to their condition and operations;
  - (b) By way of regulations addressed to Federal reserve banks with respect to their relations and dealings with their member banks; or
  - (c) In any other ways deemed appropriate and effective by the Council?

8

2. What, in the judgment of the Council, can the management of the Federal reserve banks properly do by way of restraining such of their member banks as show a disposition to make improper use of the credit facilities of the Federal reserve bank? *agreement*

9

It is presumed that the members of the Advisory Council are already conversant with the practices and methods of their respective Federal reserve banks or can without difficulty fully inform themselves on these matters.

10

Realizing the importance of the difficulties of the questions that are being submitted to the Council, the Board is transmitting them at this early date in advance of the next conference of the Advisory Council with the Federal Reserve Board (May 21st) in order that the Council may have ample time to study the situation which has given rise to these problems and to recommend suggestions of practicable ways and means of dealing with them in a manner at once effective and temperate.

11

It occurs to the Board that the Council may want to delegate the study of this matter to a Committee of its membership and that such a Committee may need clerical, statistical or other assistance from the Federal Reserve Board. In inviting the cooperation of the Council in dealing with these important matters the Board will be glad to place at the disposal of the Council any assistance that it can which may be desired.

By direction of the Federal Reserve Board.

Secretary.

Sec. 24

February 15, 1926.

Mr. Hamilton

TO: Mr. Smead

SUBJECT: Bank Failures in 1924 and 1925.

FROM: Mr. Van Fossen

205,001

That the crest in the wave of bank failures, which was one of the outgrowths of the post-war period of falling prices, was passed in 1925 might perhaps be inferred from the fact that the number of bank failures fell off from the 1924 total of 777 to 612 in 1925. An analysis of the figures indicates, however, that while the number of failures during the first 9 months of 1925 was about one-third less than during the corresponding period of 1924, the number during the last quarter of the year was about one-third more than in the last quarter of 1924.

As in 1924, more than three-fourths - 466 - of the failures last year were of nonmember banks, most of which were comparatively small institutions as is indicated by the fact that their average capitalization was around \$30,000. A total of 146 member banks, of which 118 were National banks and 28 State bank members, suspended during 1925, the average capital of these member banks being slightly under \$70,000.

Of the total of 1,389 bank failures during the past two years, 1,023 or about 75 per cent occurred in the area west of the Mississippi excluding the seven states of the Pacific Section. In the above area the states in which the greatest number of failures occurred as compared with total number of banks were New Mexico, Wyoming, South Dakota, Montana, North Dakota and Iowa. Louisiana stands out as the only state in this section in which there were comparatively few failures. Another area of numerous bank failures is constituted by Georgia and the two Carolinas, with 158 in the two years or about 11 per cent of the total for the entire country. Five of the states in these two areas, viz., North Carolina, South Carolina, Texas, Kansas and Colorado, reported a somewhat larger number of failures in 1925 than in 1924, and Georgia, Louisiana, Iowa and Missouri each reported one or two more failures. The remaining 9 states in these two areas show considerable improvement, especially marked in the case of the Dakotas, Montana, Wyoming, New Mexico and Oklahoma. It is noteworthy that the states in which improvement is shown are almost without exception leading wheat-growing states.

With respect to causes of bank failures it is, of course, unquestionable that the fundamental cause is the widespread financial distress in the agricultural industry which had its origin in the post-war fall in prices. That the smaller banks experienced greater difficulty than those with larger capitalization in coping with unfavorable conditions is indicated by the fact that in the 18 states located in the areas in which the greater part of the bank failures occurred, the average capital of the banks which failed was below the average for all banks in each class (i. e., nonmembers, National banks, and state bank members). In the case of National banks and State member banks the average capital of the failed banks was very much below the average for the class.

It is also a fact of considerable significance that 40 per cent of all bank failures in 1924 and 1925 were of banks located in places of less than 500 population, and over 61 per cent in places of less than 1,000 population, while

(St. 4862)

Depreciation of securities.  
Failure of banking correspondents.  
Failure of other large debtors.

Attached hereto are a number of tables showing data in regard to bank failures in 1924 and 1925. The term "failed bank" as herein used represents banks closed on account of financial difficulties, some of which may subsequently prove to be solvent and others may, of course, be restored to solvency and resume operations.

(St.4862)

TABLE NO. 1 - BANK FAILURES DURING 1925 AND 1924 - NUMBER, CAPITAL AND DEPOSITS BY CLASSES OF BANKS

St. 4862

Federal Reserve District	ALL BANKS						NONMEMBER BANKS					
	Number		Capital		Deposits		Number		Capital		Deposits	
	1925	1924	1925	1924	1925	1924	1925	1924	1925	1924	1925	1924
Boston	2	1	\$125,000	\$150,000	\$1,298,000	\$1,605,000	2	-	\$125,000	-	\$1,298,000	-
New York	-	6	-	85,000	-	1,746,000	-	5	-	\$60,000	-	\$981,000
Philadelphia	3	2	355,000	125,000	2,665,000	901,000	3	1	355,000	75,000	2,665,000	654,000
Cleveland	14	6	730,000	129,000	9,624,000	1,137,000	11	6	505,000	129,000	6,003,000	1,137,000
Richmond	68	43	2,615,000	1,654,000	13,182,000	5,822,000	57	39	2,040,000	1,354,000	9,547,000	4,280,000
Atlanta	44	48	2,104,000	1,974,000	6,079,000	5,002,000	29	35	899,000	984,000	2,179,000	3,134,000
Chicago	109	108	4,961,000	4,622,000	34,126,000	36,950,000	85	92	2,911,000	3,697,000	21,724,000	28,718,000
St. Louis	53	53	1,761,000	1,903,000	11,942,000	13,674,000	52	50	1,736,000	1,503,000	11,916,000	12,305,000
Minneapolis	168	295	4,724,000	9,084,000	44,985,000	85,539,000	119	237	2,559,000	5,934,000	26,443,000	59,588,000
Kansas City	77	133	3,433,000	4,142,000	28,698,000	34,763,000	61	101	1,833,000	2,362,000	12,288,000	18,207,000
Dallas	50	53	2,498,000	3,108,000	11,830,000	19,612,000	35	34	1,028,000	1,063,000	6,189,000	5,905,000
San Francisco	24	29	1,135,000	1,397,000	8,471,000	6,693,000	12	18	530,000	907,000	5,384,000	4,066,000
Total	612	777	24,441,000	28,373,000	172,900,000	213,444,000	466	618	14,521,000	18,068,000	105,636,000	138,975,000

Ratio to total for all failed banks

100% 100% 100% 100% 100% 100% 76.% 79% 59% 64% 61% 65%

Federal Reserve District	NATIONAL BANKS						STATE MEMBER BANKS					
	Number		Capital		Deposits		Number		Capital		Deposits	
	1925	1924	1925	1924	1925	1924	1925	1924	1925	1924	1925	1924
Boston	-	1	-	\$150,000	-	\$1,605,000	-	-	-	-	-	-
New York	-	1	-	25,000	-	765,000	-	-	-	-	-	-
Philadelphia	-	1	-	50,000	-	247,000	-	-	-	-	-	-
Cleveland	3	-	\$225,000	-	\$3,621,000	-	-	-	-	-	-	-
Richmond	10	3	550,000	200,000	3,528,000	1,243,000	1	1	\$25,000	\$100,000	\$107,000	\$299,000
Atlanta	10	4	930,000	365,000	2,782,000	1,035,000	5	9	275,000	625,000	1,118,000	833,000
Chicago	16	6	1,015,000	385,000	7,658,000	4,868,000	8	10	1,035,000	540,000	4,744,000	3,364,000
St. Louis	-	1	-	200,000	-	616,000	1	2	25,000	200,000	26,000	753,000
Minneapolis	44	49	2,015,000	2,355,000	17,806,000	19,764,000	5	9	150,000	795,000	736,000	6,187,000
Kansas City	16	30	1,600,000	1,655,000	16,410,000	15,984,000	-	2	-	125,000	-	572,000
Dallas	10	16	1,155,000	1,810,000	4,011,000	12,325,000	5	3	315,000	235,000	1,630,000	1,382,000
San Francisco	9	10	480,000	465,000	2,721,000	2,437,000	3	1	125,000	25,000	366,000	190,000
Total	118	122	7,970,000	7,660,000	58,537,000	60,889,000	28	37	1,950,000	2,645,000	8,727,000	13,580,000

Ratio to total for all failed banks

19% 16% 33% 27% 34% 29% 5% 5% 8% 9% 5% 6%

NOTE: Figures include 3 private banks in 1925 and 5 in 1924 for which no capital is available and 8 private banks in 1925 and 7 in 1924 for which no deposits are available. Figures of capital and deposits taken from latest available records.

TABLE 2 - BANK FAILURES DURING 1925 CLASSIFIED ACCORDING TO POPULATION OF PLACE IN WHICH LOCATED

	Total	Villages, towns or cities of -							
		Less than 500	500 to 999	1,000 to 1,499	1,500 to 2,499	2,500 to 4,999	5,000 to 9,999	10,000 to 24,999	25,000 and over
<b>NEW ENGLAND STATES:</b>									
New Hampshire	1	-	-	-	-	-	1	-	-
Rhode Island	1	1	-	-	-	-	-	-	-
Total	2	1	-	-	-	-	1	-	-
<b>EASTERN STATES:</b>									
Pennsylvania	8	1	-	-	1	-	-	2	4
Maryland	2	-	-	-	-	-	-	-	2
Total	10	1	-	-	1	-	-	2	6
<b>SOUTHERN STATES:</b>									
Virginia	3	2	1	-	-	-	-	-	-
West Virginia	4	-	2	-	-	1	1	-	-
North Carolina	18	5	4	1	4	2	2	-	-
South Carolina	43	14	7	7	6	4	2	3	-
Georgia	31	7	8	3	5	5	1	2	-
Florida	1	-	-	-	-	1	-	-	-
Kentucky	7	4	2	1	-	-	-	-	-
Tennessee	8	3	2	-	-	2	-	1	-
Alabama	5	3	1	1	-	-	-	-	-
Mississippi	1	-	-	1	-	-	-	-	-
Arkansas	8	1	2	2	1	1	-	1	-
Louisiana	3	-	1	-	-	2	-	-	-
Texas	39	12	9	5	-	5	3	4	1
Total	171	51	39	21	16	23	9	11	1
<b>MIDDLE WESTERN STATES:</b>									
Ohio	1	1	-	-	-	-	-	-	-
Indiana	10	4	3	-	-	1	1	-	1
Illinois	8	2	1	2	1	-	1	-	1
Michigan	5	3	-	-	-	1	1	-	-
Wisconsin	10	4	3	1	2	-	-	-	-
Minnesota	50	21	12	6	5	5	-	1	-
Iowa	84	27	19	8	7	10	5	4	4
Missouri	45	24	8	2	8	1	2	-	-
Total	213	86	46	19	23	18	10	5	6
<b>WESTERN STATES:</b>									
North Dakota	32	21	9	1	-	-	1	-	-
South Dakota	64	30	11	13	5	3	1	-	1
Nebraska	12	5	3	1	2	1	-	-	-
Kansas	19	10	7	1	-	1	-	-	-
Montana	16	6	4	3	3	-	-	-	-
Wyoming	3	1	1	1	-	-	-	-	-
Colorado	15	4	1	-	-	-	3	-	7
New Mexico	10	2	2	1	-	5	-	-	-
Oklahoma	21	4	4	2	2	3	4	-	2
Total	192	83	42	23	12	13	9	-	10
<b>PACIFIC STATES:</b>									
Washington	6	1	1	1	1	2	-	-	-
Oregon	3	2	-	1	-	-	-	-	-
California	3	-	1	1	-	1	-	-	-
Idaho	8	1	-	1	3	2	1	-	-
Utah	1	-	1	-	-	-	-	-	-
Arizona	3	-	-	-	-	1	2	-	-
Total	24	4	3	4	4	6	3	-	-
Grand total	612	226	130	67	56	60	32	18	23
Per cent of total		36.9	21.2	11.0	9.2	9.8	5.2	2.9	3.8
Cumulative per cent		36.9	58.1	69.1	78.3	88.1	93.3	96.2	100

TABLE 2 - BANK FAILURES DURING 1924 CLASSIFIED ACCORDING TO POPULATION OF PLACE IN WHICH LOCATED

	Total	Villages, towns or cities of -							
		Less than 500	500 to 999	1,000 to 1,499	1,500 to 2,499	2,500 to 4,999	5,000 to 9,999	10,000 to 24,999	25,000 and over
<b>NEW ENGLAND STATES:</b>									
Connecticut	1	-	-	-	-	-	1	-	-
Total	1	-	-	-	-	-	1	-	-
<b>EASTERN STATES:</b>									
New York	6	-	1	-	-	-	1	-	4
Pennsylvania	2	-	-	-	-	1	-	-	1
Total	8	-	1	-	-	1	1	-	5
<b>SOUTHERN STATES:</b>									
Virginia	4	-	1	-	1	-	-	-	2
West Virginia	2	1	1	-	-	-	-	-	-
North Carolina	13	7	1	2	-	-	1	-	2
South Carolina	24	10	5	1	5	3	-	-	-
Georgia	29	10	8	3	3	2	1	2	-
Florida	3	2	1	-	-	-	-	-	-
Kentucky	6	5	1	-	-	-	-	-	-
Tennessee	6	2	2	-	1	1	-	-	-
Alabama	10	3	4	1	1	1	-	-	-
Mississippi	1	-	1	-	-	-	-	-	-
Arkansas	11	3	4	3	1	-	-	-	-
Louisiana	2	1	1	-	-	-	-	-	-
Texas	30	8	10	2	4	1	1	1	3
Total	141	52	40	12	16	8	3	3	7
<b>MIDDLE WESTERN STATES:</b>									
Ohio	4	-	3	1	-	-	-	-	-
Indiana	4	2	-	-	-	-	-	2	-
Illinois	14	5	2	-	2	1	1	1	2
Michigan	7	4	2	1	-	-	-	-	-
Wisconsin	10	4	3	2	-	-	-	-	1
Minnesota	55	23	14	2	4	7	3	1	1
Iowa	83	32	18	4	9	9	4	1	6
Missouri	43	21	6	7	3	2	1	-	3
Total	220	91	48	17	18	19	9	5	13
<b>WESTERN STATES:</b>									
North Dakota	76	56	8	8	1	1	1	1	-
South Dakota	111	54	27	10	6	3	7	-	4
Nebraska	17	11	3	-	1	1	1	-	-
Kansas	16	4	2	-	5	2	-	2	1
Montana	46	18	12	7	2	-	4	2	1
Wyoming	32	14	1	6	6	1	1	3	-
Colorado	9	4	2	1	-	1	1	-	-
New Mexico	22	2	4	2	5	6	-	3	-
Oklahoma	49	21	5	6	10	4	-	3	-
Total	378	184	64	40	36	19	15	14	6
<b>PACIFIC STATES:</b>									
Washington	12	3	2	2	5	-	-	-	-
Oregon	3	2	1	-	-	-	-	-	-
California	2	-	1	-	-	-	-	-	1
Idaho	7	2	-	-	-	5	-	-	-
Utah	2	-	-	-	-	2	-	-	-
Arizona	3	1	1	-	-	1	-	-	-
Total	29	8	5	2	5	8	-	-	1
<b>Grand total</b>	<b>777</b>	<b>335</b>	<b>158</b>	<b>71</b>	<b>75</b>	<b>55</b>	<b>29</b>	<b>22</b>	<b>32</b>
Per cent of total		43.1	20.3	9.2	9.7	7.1	3.7	2.8	4.1
Cummulative per cent		43.1	63.4	72.6	82.3	89.4	93.1	95.9	100



TABLE 3 - BANK FAILURES DURING 1925 - CLASSIFIED ACCORDING TO CAPITAL STOCK

St. 4862c

Capital stock	Boston	New York	Phila- delphia	Cleve- land	Rich- mond	Atla- nta	Chicago	St. Louis	Minn- neapolis	Kansas City	Dallas	San Francisco	Total banks		Total capital	
													Number	Per cent	Amount	Per cent
<u>NATIONAL BANKS</u>																
\$25,000	-	-	-	1	2	1	6	-	21	5	1	4	41	34.8	\$1,025,000	12.9
\$25,001 to \$49,999	-	-	-	-	2	-	1	-	2	-	-	-	5	4.2	185,000	2.3
\$50,000 to \$99,999	-	-	-	-	5	7	5	-	19	4	3	3	46	39.0	2,635,000	33.1
\$100,000 to \$199,999	-	-	-	2	1	1	3	-	1	2	3	2	15	12.7	1,675,000	21.0
\$200,000 to \$500,000	-	-	-	-	-	1	1	-	1	5	3	-	11	9.3	2,450,000	30.7
Total	-	-	-	3	10	10	16	-	44	16	10	9	116	100.	7,970,000	100.
<u>STATE MEMBER BANKS</u>																
Less than \$25,000	-	-	-	-	-	-	-	-	-	-	1	-	1	3.6	15,000	.8
\$25,000	-	-	-	-	1	3	1	1	4	-	-	1	11	39.3	275,000	14.1
\$25,001 to \$49,999	-	-	-	-	-	-	1	-	-	-	-	-	1	3.6	35,000	1.8
\$50,000 to \$99,999	-	-	-	-	-	-	2	-	1	-	3	2	8	28.6	475,000	24.4
\$100,000 to \$199,999	-	-	-	-	-	2	2	-	-	-	1	-	5	17.8	500,000	25.6
\$200,000 to \$500,000	-	-	-	-	-	-	2	-	-	-	-	-	2	7.1	650,000	33.3
Total	-	-	-	-	1	5	8	1	5	-	5	3	28	100.	1,950,000	100.
<u>NONMEMBER BANKS</u>																
Less than \$25,000	-	-	-	5	26	11	29	37	72	30	20	3	233	50.0	3,097,000	21.3
\$25,000	-	-	-	4	6	9	20	4	24	11	2	3	83	17.8	2,075,000	14.3
\$25,001 to \$49,999	-	-	-	-	8	2	12	2	8	4	3	1	40	8.6	1,339,000	9.2
\$50,000 to \$99,999	2	-	1	-	11	6	17	4	15	12	8	3	79	17.0	4,405,000	30.3
\$100,000 to \$199,999	-	-	1	1	5	1	4	3	-	4	2	2	23	4.9	2,475,000	17.1
\$200,000 to \$500,000	-	-	1	1	-	-	1	2	-	-	-	-	5	1.1	1,130,000	7.8
Not available	-	-	-	-	1	-	2	-	-	-	-	-	3	.6	-	-
Total	2	-	3	11	57	29	85	52	119	61	35	12	466	100	14,521,000	100
<u>ALL BANKS</u>																
Less than \$25,000	-	-	-	5	26	11	29	37	72	30	21	3	234	38.2	3,112,000	12.7
\$25,000	-	-	-	5	9	13	27	5	49	16	3	8	135	22.1	3,375,000	13.8
\$25,001 to \$49,999	-	-	-	-	10	2	14	2	10	4	3	1	46	7.5	1,559,000	6.4
\$50,000 to \$99,999	2	-	1	-	16	13	24	4	35	16	14	8	133	21.7	7,515,000	30.8
\$100,000 to \$199,999	-	-	1	3	6	4	9	3	1	6	6	4	43	7.0	4,650,000	19.0
\$200,000 to \$500,000	-	-	1	1	-	1	4	2	1	5	3	-	18	3.0	4,230,000	17.3
Not available	-	-	-	-	1	-	2	-	-	-	-	-	3	.5	-	-
Total	2	-	3	14	68	44	109	53	168	77	50	24	612	100	24,441,000	100

TABLE 3 - BANK FAILURES DURING 1924 - CLASSIFIED ACCORDING TO CAPITAL STOCK

St. 4862d

Capital stock	Boston	New York	Phila- delphia	Cleve- land	Rich- mond	Atla- nta	Chicago	St. Louis	Minn- neapolis	Kansas City	Dallas	San Francisco	Total banks		Total capital	
													Number	Per cent	Amount	Per cent
<u>NATIONAL BANKS</u>																
\$25,000	-	1	-	-	-	-	1	-	28	10	2	2	44	36.1	\$1,100,000	14.4
\$25,001 to \$49,999	-	-	-	-	-	2	-	-	3	2	1	1	9	7.4	310,000	4.0
\$50,000 to \$99,999	-	-	1	-	2	-	3	-	12	13	4	7	42	34.4	2,300,000	30.0
\$100,000 to \$199,999	1	-	-	-	1	1	2	-	4	4	6	-	19	15.6	2,000,000	26.1
\$200,000 to \$500,000	-	-	-	-	-	1	-	1	2	1	3	-	8	6.5	1,950,000	25.5
<b>Total</b>	1	1	1	-	3	4	0	1	49	30	16	10	122	100	7,660,000	100
<u>STATE MEMBER BANKS</u>																
\$25,000	-	-	-	-	-	3	2	-	1	1	1	1	9	24.4	225,000	8.5
\$25,001 to \$49,999	-	-	-	-	-	1	1	-	2	-	-	-	4	10.8	150,000	5.7
\$50,000 to \$99,999	-	-	-	-	-	2	5	1	2	-	-	-	10	27.0	510,000	19.3
\$100,000 to \$199,999	-	-	-	-	1	2	2	1	3	1	2	-	12	5.4	1,360,000	51.4
\$200,000 to \$500,000	-	-	-	-	-	1	-	-	1	-	-	-	2	32.4	400,000	15.1
<b>Total</b>	-	-	-	-	1	9	10	2	9	2	3	1	37	100	2,645,000	100
<u>NONMEMBER BANKS</u>																
Less than \$25,000	-	4	-	2	17	17	26	25	151	65	8	5	320	51.8	4,241,000	23.5
\$25,000	-	1	-	4	6	10	29	10	48	15	12	3	138	22.3	3,450,000	19.1
\$25,001 to \$49,999	-	-	-	-	6	3	4	4	11	7	6	1	42	6.8	1,387,000	7.7
\$50,000 to \$99,999	-	-	1	-	7	3	16	10	18	9	7	7	78	12.6	4,303,000	23.8
\$100,000 to \$199,999	-	-	-	-	3	2	9	-	8	5	1	2	30	4.9	3,287,000	18.2
\$200,000 to \$500,000	-	-	-	-	-	-	3	1	1	-	-	-	5	.8	1,400,000	7.7
Not available	-	-	-	-	-	-	5	-	-	-	-	-	5	.8		
<b>Total</b>	-	5	1	6	39	35	92	50	237	101	34	18	618	100	18,068,000	100
<u>ALL BANKS</u>																
Less than \$25,000	-	4	-	2	17	17	26	25	151	65	8	5	320	41.1	4,241,000	14.9
\$25,000	-	2	-	4	6	13	32	10	77	26	15	6	191	24.6	4,775,000	16.8
\$25,001 to \$49,999	-	-	-	-	6	6	5	4	16	9	7	2	55	7.1	1,847,000	6.5
\$50,000 to \$99,999	-	-	2	-	9	5	24	11	32	22	11	14	130	16.7	7,113,000	25.2
\$100,000 to \$199,999	1	-	-	-	5	5	13	1	15	10	9	2	61	7.8	6,647,000	23.4
\$200,000 to \$500,000	-	-	-	-	-	2	3	2	4	1	3	-	15	1.9	3,750,000	13.2
Not available	-	-	-	-	-	-	5	-	-	-	-	-	5	.8		
<b>Total</b>	1	6	2	6	43	48	108	53	295	133	53	29	777	100	28,373,000	100

TABLE NO. 4 - BANK FAILURES DURING 1925 - CAUSES OF FAILURE BY STATES

	Number of suspensions	Number for which causes available	Slow or past due paper	Doubtful or worthless paper	Failure of banking correspondent	Failure of other large debtor	Loss through loans to off. & drs.	Loss through loans to enterprises in which off. & drs. interested	Depreciation of securities	Poor management	Defalcations	Heavy withdrawals	Other causes
NEW ENGLAND STATES:													
New Hampshire	1	1	1	1	-	1	-	1	-	1	1	-	-
Rhode Island	1	1	-	-	-	1	-	-	-	-	1	-	-
Total	2	2	1	1	-	2	-	1	-	1	2	-	-
EASTERN STATES:													
Pennsylvania	8	8	1	5	1	1	1	2	-	3	2	-	-
Maryland	2	1	-	-	-	-	-	-	-	-	-	-	1
Total	10	9	1	5	1	1	1	2	-	3	2	-	1
SOUTHERN STATES:													
Virginia	3	2	2	2	-	-	-	1	-	2	-	-	-
West Virginia	4	4	-	-	-	-	-	-	-	2	4	-	-
North Carolina	18	15	4	6	-	-	2	1	-	5	5	1	2
South Carolina	43	40	3	37	-	1	1	2	-	26	5	8	4
Georgia	31	28	10	26	2	2	1	-	2	19	3	5	9
Florida	1	1	1	1	-	-	-	-	-	1	-	-	1
Kentucky	7	5	1	1	-	-	1	-	-	1	1	-	3
Tennessee	8	7	2	3	-	-	-	-	-	5	2	2	1
Alabama	5	5	4	5	-	-	1	1	-	4	-	1	4
Mississippi	1	1	1	1	-	-	-	-	-	-	-	-	-
Arkansas	8	8	6	5	-	-	3	1	4	4	1	5	3
Louisiana	3	2	2	1	-	-	-	-	-	-	1	-	1
Texas	39	37	13	27	-	-	10	2	-	16	9	4	6
Total	171	155	49	115	2	3	19	8	6	85	31	26	34
MIDDLE WESTERN STATES:													
Ohio	1	1	-	-	-	-	-	-	-	-	1	-	-
Indiana	10	9	4	8	-	1	1	1	-	3	1	-	-
Illinois	8	5	1	1	-	-	-	-	-	2	2	1	1
Michigan	5	2	1	1	-	-	-	-	-	1	1	-	-
Wisconsin	10	6	1	3	-	-	-	1	2	1	3	2	-
Minnesota	50	29	1	23	-	-	5	8	-	18	7	7	1
Iowa	84	60	9	49	5	1	2	2	6	6	7	11	3
Missouri	45	2	-	1	-	-	1	-	-	2	1	1	-
Total	213	114	17	86	5	2	9	12	8	33	23	22	5
WESTERN STATES:													
North Dakota	32	20	3	18	-	-	8	5	4	7	2	7	4
South Dakota	64	23	1	20	7	-	1	-	1	3	1	2	17
Nebraska	12	6	-	6	-	-	-	-	-	5	1	1	1
Kansas	19	-	-	-	-	-	-	-	-	-	-	-	-
Montana	16	8	2	6	-	-	-	-	-	1	-	1	4
Wyoming	3	2	-	1	-	-	-	1	-	2	1	-	-
Colorado	15	6	2	5	1	-	-	1	4	5	1	4	2
New Mexico	10	10	3	8	2	-	3	1	5	4	-	5	3
Oklahoma	21	9	6	8	1	1	-	-	1	4	-	4	7
Total	192	84	17	72	11	1	12	8	12	31	6	24	38
PACIFIC STATES:													
Washington	6	4	1	3	-	-	1	-	-	-	1	1	1
Oregon	3	3	2	3	-	-	2	2	2	3	1	-	-
California	3	2	1	2	-	-	1	1	-	1	1	-	-
Idaho	8	8	7	7	1	1	1	1	3	4	1	6	2
Utah	1	1	-	1	-	-	-	1	-	1	-	1	-
Arizona	3	3	1	2	1	-	-	-	-	3	-	-	-
Total	24	21	12	18	2	1	5	5	5	12	4	8	3
Grand total	612	385	97	297	21	10	46	36	31	165	68	80	81

NOTE: Several factors working together are generally responsible for a failure of a given bank and consequently the above figures merely represent the frequency with which each of the given causes was reported by Federal reserve banks as contributing to failure.

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TABLE NO. 4 - BANK FAILURES DURING 1924 - CAUSES OF FAILURES BY STATES

	Number of suspensions	Number for which causes available	Slow or past due paper	Doubtful or worthless paper	Failure of banking correspondent	Failure of other large debtor	Loss through loans to offs. & drs.	Loss through loans to enterprises in which offs. & drs. interested	Depreciation of securities	Poor management	Defalcations	Heavy withdrawals	Other causes
NEW ENGLAND STATES:													
Connecticut	1	1	1	1	-	-	1	-	-	1	1	-	1
EASTERN STATES:													
New York	6	5	-	-	-	-	-	-	-	-	5	1	-
Pennsylvania	2	2	-	-	-	-	-	-	-	-	2	-	2
Total	8	7	-	-	-	-	-	-	-	-	7	1	2
SOUTHERN STATES:													
Virginia	4	4	3	4	-	-	1	-	-	3	-	-	-
West Virginia	2	2	-	-	-	-	-	-	-	2	2	-	-
North Carolina	13	13	5	8	1	-	4	-	-	3	1	2	2
South Carolina	24	23	-	23	1	1	1	2	-	19	3	2	-
Georgia	29	29	6	28	-	-	1	4	-	26	7	2	4
Florida	3	3	-	2	-	-	-	-	-	1	-	-	3
Kentucky	6	2	-	-	-	-	-	-	-	-	2	-	-
Tennessee	6	5	-	2	-	-	1	1	-	1	4	2	-
Alabama	10	10	4	8	-	-	2	1	-	10	2	-	9
Mississippi	1	1	1	1	-	-	-	-	-	-	-	-	-
Arkansas	11	11	5	5	-	2	6	6	2	2	2	-	3
Louisiana	2	2	-	2	-	-	-	-	-	1	-	-	1
Texas	30	28	16	22	1	-	4	1	-	15	3	4	5
Total	141	133	40	105	3	3	20	15	2	83	26	12	27
MIDDLE WESTERN STATES:													
Ohio	4	4	-	1	-	-	-	-	-	-	2	-	1
Indiana	4	4	1	3	-	-	-	1	-	1	2	-	-
Illinois	14	12	2	9	-	1	1	-	1	1	2	1	2
Michigan	7	-	-	-	-	-	-	-	-	-	-	-	-
Wisconsin	10	8	-	6	-	-	3	-	-	1	3	2	1
Minnesota	55	55	-	48	4	-	6	15	1	29	7	14	5
Iowa	83	72	-	54	1	1	-	-	-	3	13	5	4
Missouri	43	1	-	1	-	-	-	-	-	-	1	-	-
Total	220	156	3	122	5	2	10	16	2	35	30	22	13
WESTERN STATES:													
North Dakota	76	75	10	64	-	-	34	10	12	36	5	33	4
South Dakota	111	110	2	104	31	1	1	3	1	14	3	18	79
Nebraska	17	14	-	13	1	-	1	-	-	10	4	4	4
Kansas	16	3	-	3	-	1	-	1	-	3	1	2	2
Montana	46	45	1	34	7	-	-	-	1	-	1	19	11
Wyoming	32	31	18	24	11	-	3	3	11	14	1	9	9
Colorado	9	9	5	6	1	-	1	-	2	5	-	4	6
New Mexico	22	22	14	19	4	1	2	1	1	5	-	10	12
Oklahoma	49	8	1	8	-	-	2	1	-	4	3	2	8
Total	378	317	51	275	55	3	44	19	28	91	18	101	135
PACIFIC STATES:													
Washington	12	12	5	9	-	1	1	2	-	7	-	1	3
Oregon	3	3	-	1	-	-	1	2	-	2	2	-	-
California	2	2	1	2	-	-	-	-	-	2	-	-	-
Idaho	7	6	6	6	-	1	3	3	2	3	-	5	-
Utah	2	1	-	-	-	-	1	1	-	1	-	-	-
Arizona	3	3	3	2	-	-	1	-	2	1	1	-	-
Total	29	27	15	20	-	2	7	8	4	16	3	6	3
Grand total	777	641	110	523	63	10	82	58	36	226	85	142	181

NOTE: Several factors working together are generally responsible for a failure of a given bank and consequently the above figures merely represent the frequency with which each of the given causes was reported by Federal reserve banks as contributing to failure. St. 4862-f.

TABLE 5 - BANK FAILURES IN EACH STATE, DURING 1925, BY MONTHS

State	Total	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
<b>NEW ENGLAND STATES:</b>													
New Hampshire	1	1	-	-	-	-	-	-	-	-	-	-	-
Rhode Island	1	-	1	-	-	-	-	-	-	-	-	-	-
Total	2	1	1	-	-	-	-	-	-	-	-	-	-
<b>EASTERN STATES:</b>													
Pennsylvania	8	-	2	1	2	2	-	-	-	1	-	-	-
Maryland	2	-	1	-	1	-	-	-	-	-	-	-	-
Total	10	-	3	1	3	2	-	-	-	1	-	-	-
<b>SOUTHERN STATES:</b>													
Virginia	3	-	1	-	-	2	-	-	-	-	-	-	-
West Virginia	4	-	1	1	-	-	1	1	-	-	-	-	-
North Carolina	18	2	2	2	4	3	1	1	-	1	-	1	1
South Carolina	43	7	1	2	6	3	2	1	-	-	9	10	2
Georgia	31	12	3	-	5	2	-	-	-	-	2	-	7
Florida	1	1	-	-	-	-	-	-	-	-	-	-	-
Kentucky	7	2	-	-	-	1	1	1	-	-	-	1	1
Tennessee	8	2	1	-	-	-	3	1	-	-	1	-	-
Alabama	5	1	1	-	1	-	1	-	1	-	-	-	-
Mississippi	1	-	1	-	-	-	-	-	-	-	-	-	-
Arkansas	8	3	1	2	-	-	-	-	-	-	-	-	2
Louisiana	3	1	-	-	1	-	-	1	-	-	-	-	-
Texas	39	6	11	3	3	8	1	2	1	-	1	1	2
Total	171	37	23	10	20	19	10	8	2	1	13	13	15
<b>MIDDLE WESTERN STATES:</b>													
Ohio	1	-	-	-	-	-	-	1	-	-	-	-	-
Indiana	10	1	-	2	1	2	2	-	-	1	-	1	-
Illinois	8	3	-	-	-	-	1	-	1	1	-	1	1
Michigan	5	-	1	-	-	-	-	2	-	-	1	1	-
Wisconsin	10	1	1	-	2	-	1	1	-	1	-	2	1
Minnesota	50	3	5	2	5	4	6	4	3	-	5	6	7
Iowa	84	22	8	4	1	4	2	3	-	5	5	14	16
Missouri	45	7	3	7	4	3	4	1	2	2	6	4	2
Total	213	37	18	15	13	13	16	12	6	10	17	29	27
<b>WESTERN STATES:</b>													
North Dakota	32	3	6	4	4	1	1	1	1	1	3	5	2
South Dakota	64	6	1	4	3	6	2	1	-	4	10	17	10
Nebraska	12	-	1	2	-	-	1	4	-	1	1	2	-
Kansas	19	1	2	2	2	2	-	2	1	3	1	2	1
Montana	16	4	1	-	-	2	-	1	-	1	2	1	4
Wyoming	3	2	-	1	-	-	-	-	-	-	-	-	-
Colorado	15	2	-	-	-	2	1	-	1	1	1	1	6
New Mexico	10	2	-	-	1	1	3	-	2	1	-	-	-
Oklahoma	21	4	1	1	-	4	-	-	1	4	2	1	3
Total	192	24	12	14	10	18	8	9	6	16	20	29	26
<b>PACIFIC STATES:</b>													
washington	6	1	-	1	-	-	-	-	-	2	2	-	-
Oregon	3	1	-	-	1	-	-	-	-	-	1	-	-
California	3	-	-	1	-	1	-	-	-	-	-	-	1
Idaho	8	2	2	1	1	1	-	-	-	-	-	-	1
Utah	1	-	1	-	-	-	-	-	-	-	-	-	-
Arizona	3	-	-	-	-	-	-	-	-	-	-	3	-
Total	24	4	3	3	2	2	-	-	-	2	3	3	2
Grand total	612	103	60	43	48	54	34	29	14	30	53	74	70

NOTE: No bank failures were reported for the following states: Maine, Vermont, Massachusetts, Connecticut, New York, New Jersey, Delaware, Nevada, and District of Columbia.

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TABLE 5 - BANK FAILURES IN EACH STATE, DURING 1924, BY MONTHS

State	Total	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
NEW ENGLAND STATES:													
Connecticut	1	-	-	-	-	-	-	-	1	-	-	-	-
Total	1	-	-	-	-	-	-	-	1	-	-	-	-
EASTERN STATES:													
New York	6	1	1	-	-	1	-	-	1	-	1	-	1
Pennsylvania	2	-	-	-	-	-	-	-	-	1	1	-	-
Total	8	1	1	-	-	1	-	-	1	1	2	-	1
SOUTHERN STATES:													
Virginia	4	-	-	-	1	-	2	-	-	-	-	-	1
West Virginia	2	-	-	-	-	-	-	1	-	1	-	-	-
North Carolina	13	-	-	-	1	-	-	2	1	2	1	2	4
South Carolina	24	2	2	-	-	-	1	-	1	1	3	7	7
Georgia	29	5	5	3	3	-	1	2	1	1	1	4	3
Florida	3	1	-	-	-	-	-	2	-	-	-	-	-
Kentucky	6	1	-	-	-	2	-	1	-	1	1	-	-
Tennessee	6	-	-	-	-	-	1	1	1	2	1	-	-
Alabama	10	3	-	-	-	-	2	-	2	-	2	1	-
Mississippi	1	-	1	-	-	-	-	-	-	-	-	-	-
Arkansas	11	6	-	-	-	1	1	-	1	-	-	1	1
Louisiana	2	-	-	-	1	-	-	1	-	-	-	-	-
Texas	30	5	9	1	-	2	-	-	1	1	3	6	2
Total	141	23	17	4	6	5	8	10	8	9	12	21	18
MIDDLE WESTERN STATES:													
Ohio	4	1	-	-	-	-	2	-	-	-	-	-	1
Indiana	4	-	-	1	-	-	-	-	2	-	-	-	1
Illinois	14	4	2	1	2	2	-	1	1	-	1	-	-
Michigan	7	3	-	-	-	1	-	2	-	-	-	1	-
Wisconsin	10	2	-	1	-	2	1	-	-	1	1	1	1
Minnesota	55	9	3	10	5	5	2	4	1	7	1	2	6
Iowa	83	6	4	10	7	10	7	5	3	2	8	8	13
Missouri	43	5	2	4	6	7	2	3	3	2	2	2	5
Total	220	30	11	27	20	27	14	15	10	12	13	14	27
WESTERN STATES:													
North Dakota	76	20	8	5	8	7	10	1	4	8	2	2	1
South Dakota	111	20	20	8	14	24	8	4	2	1	1	3	6
Nebraska	17	2	4	2	5	-	-	2	-	-	1	1	-
Kansas	16	4	1	3	3	1	-	1	1	-	1	1	-
Montana	46	16	13	4	4	2	2	1	2	-	1	1	-
Wyoming	32	4	4	1	2	3	3	8	-	1	1	1	4
Colorado	9	1	1	1	1	2	1	1	-	1	-	-	-
New Mexico	22	13	1	3	1	1	-	-	1	1	-	1	-
Oklahoma	49	9	7	8	7	8	2	1	-	1	2	1	3
Total	378	89	59	35	45	48	26	19	10	13	9	11	14
PACIFIC STATES:													
Washington	12	1	2	1	2	-	1	3	1	-	1	-	-
Oregon	3	-	-	1	1	-	-	-	-	-	-	1	-
California	2	-	-	1	-	-	-	-	-	-	-	-	1
Idaho	7	-	1	1	-	-	1	-	4	-	-	-	-
Utah	2	1	-	-	-	-	-	-	-	-	-	-	1
Arizona	3	-	1	-	-	-	-	-	-	-	2	-	-
Total	29	2	4	4	3	-	2	3	5	-	3	1	2
Grand total	777	145	92	70	74	81	50	47	35	35	39	47	62

NOTE: No bank failures were reported for the following states: Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, New Jersey, Delaware, Maryland, Nevada, and District of Columbia.

TABLE NO. 6 - BANK FAILURES DURING 1925 AND 1924 - NUMBER, CAPITAL AND DEPOSITS BY STATES AND CLASSES OF BANKS

States, and classes of banks	Number of banks		Capital		Deposits	
	1925	1924	1925	1924	1925	1924
<u>NEW ENGLAND STATES:</u>						
MAINE:	NONE	NONE				
NEW HAMPSHIRE:						
Nonmember banks	1	-	\$50,000	-	\$1,203,000	-
Total	1	-	50,000	-	1,203,000	-
VERMONT:	NONE	NONE				
MASSACHUSETTS:	NONE	NONE				
RHODE ISLAND:						
Nonmember banks	1	-	75,000	-	95,000	-
Total	1	-	75,000	-	95,000	-
CONNECTICUT:						
National banks	-	1	-	\$150,000	-	\$1,605,000
Total	-	1	-	150,000	-	1,605,000
<u>EASTERN STATES:</u>						
NEW YORK:						
National banks	-	1	-	25,000	-	765,000
Nonmember banks	-	5	-	60,000	-	981,000
Total	-	6	-	85,000	-	1,746,000
NEW JERSEY:	NONE	NONE				
PENNSYLVANIA:						
National banks	3	1	225,000	50,000	3,621,000	247,000
Nonmember banks	5	1	680,000	75,000	7,672,000	654,000
Total	8	2	905,000	125,000	11,293,000	901,000
DELAWARE:	NONE	NONE				
MARYLAND:						
Nonmember banks	*2	-	100,000	-	552,000	-
Total	*2	-	100,000	-	552,000	-
DISTRICT OF COLUMBIA:	NONE	NONE				
<u>SOUTHERN STATES:</u>						
VIRGINIA:						
National banks	-	1	-	100,000	-	951,000
Nonmember banks	3	3	50,000	89,000	338,000	244,000
Total	3	4	50,000	189,000	338,000	1,195,000
WEST VIRGINIA:						
National banks	1	-	50,000	-	375,000	-
Nonmember banks	3	2	150,000	65,000	600,000	259,000
Total	4	2	200,000	65,000	975,000	259,000
NORTH CAROLINA:						
National banks	4	-	155,000	-	902,000	-
Nonmember banks	14	13	372,000	473,000	2,159,000	1,305,000
Total	18	13	527,000	473,000	3,061,000	1,305,000
SOUTH CAROLINA:						
National banks	5	2	345,000	100,000	2,251,000	292,000
State bank members	1	1	25,000	100,000	107,000	299,000
Nonmember banks	37	21	1,418,000	727,000	6,131,000	2,472,000
Total	43	24	1,788,000	927,000	8,489,000	3,063,000

TABLE NO. 6 - BANK FAILURES DURING 1925 AND 1924 NUMBER, CAPITAL AND DEPOSITS BY STATES AND CLASSES OF BANKS (Cont'd)

States, and classes of banks	Number of banks		Capital		Deposits	
	1925	1924	1925	1924	1925	1924
<b>SOUTHERN STATES: (Cont'd)</b>						
<b>GEORGIA:</b>						
National banks	7	1	\$725,000	\$200,000	\$1,691,000	\$556,000
State bank members	4	7	250,000	540,000	1,059,000	652,000
Nonmember banks	20	21	660,000	688,000	1,282,000	1,306,000
Total	31	29	1,635,000	1,428,000	4,032,000	2,514,000
<b>FLORIDA:</b>						
National banks	1	-	100,000	-	346,000	-
Nonmember banks	-	3	-	45,000	-	310,000
Total	1	3	100,000	45,000	346,000	310,000
<b>KENTUCKY:</b>						
Nonmember banks	7	6	120,000	105,000	733,000	1,017,000
Total	7	6	120,000	105,000	733,000	1,017,000
<b>TENNESSEE:</b>						
National banks	1	1	80,000	30,000	557,000	128,000
Nonmember banks	7	5	285,000	208,000	3,026,000	1,852,000
Total	8	6	365,000	238,000	3,583,000	1,980,000
<b>ALABAMA:</b>						
National banks	1	2	25,000	135,000	188,000	351,000
State bank members	1	1	25,000	60,000	59,000	86,000
Nonmember banks	3	7	74,000	116,000	119,000	365,000
Total	5	10	124,000	311,000	366,000	802,000
<b>MISSISSIPPI:</b>						
Nonmember banks	1	1	25,000	25,000	104,000	176,000
Total	1	1	25,000	25,000	104,000	176,000
<b>ARKANSAS:</b>						
State bank members	-	1	-	150,000	-	509,000
Nonmember banks	8	10	535,000	220,000	3,015,000	1,113,000
Total	8	11	535,000	370,000	3,015,000	1,622,000
<b>LOUISIANA:</b>						
State bank members	-	1	-	25,000	-	95,000
Nonmember banks	3	1	110,000	15,000	476,000	43,000
Total	3	2	110,000	40,000	476,000	138,000
<b>TEXAS:</b>						
National banks	6	6	750,000	885,000	2,166,000	6,333,000
State bank members	4	2	300,000	135,000	1,551,000	470,000
Nonmember banks	x29	x22	833,000	733,000	5,160,000	4,151,000
Total	x39	x30	1,883,000	1,753,000	8,877,000	10,954,000
<b>MIDDLE WESTERN:</b>						
<b>OHIO:</b>						
Nonmember banks	1	4	25,000	84,000	180,000	687,000
Total	1	4	25,000	84,000	180,000	687,000
<b>INDIANA:</b>						
State bank members	2	-	60,000	-	147,000	-
Nonmember banks	8	4	263,000	125,000	1,533,000	824,000
Total	10	4	323,000	125,000	1,680,000	824,000
<b>ILLINOIS:</b>						
National banks	1	1	25,000	200,000	127,000	616,000
Nonmember banks	7	13	345,000	649,000	2,448,000	3,762,000
Total	8	14	370,000	849,000	2,575,000	4,378,000
<b>MICHIGAN:</b>						
State bank members	-	1	-	50,000	-	421,000
Nonmember banks	x*5	&6	64,000	27,000	398,000	204,000
Total	x*5	&7	64,000	77,000	398,000	625,000



TABLE NO. 6 - BANK FAILURES DURING 1925 AND 1924 - NUMBER, CAPITAL AND DEPOSITS BY STATES AND CLASSES OF BANKS (Cont'd)

States, and classes of banks	Number of banks		Capital		Deposits	
	1925	1924	1925	1924	1925	1924
<b>MIDDLE WESTERN: (Cont'd)</b>						
<b>WISCONSIN:</b>						
National banks	1	3	\$50,000	\$100,000	\$377,000	\$1,179,000
Nonmember banks	9	7	155,000	85,000	2,051,000	713,000
Total	10	10	205,000	185,000	2,428,000	1,892,000
<b>MINNESOTA:</b>						
National banks	15	8	830,000	310,000	9,129,000	4,483,000
State bank members	-	2	-	80,000	-	678,000
Nonmember banks	35	45	724,000	1,562,000	8,721,000	18,654,000
Total	50	55	1,554,000	1,952,000	17,850,000	23,815,000
<b>IOWA:</b>						
National banks	15	5	990,000	360,000	7,531,000	4,495,000
State bank members	6	9	975,000	490,000	4,597,000	2,943,000
Nonmember banks	#*63	x*69	2,179,000	2,911,000	15,994,000	23,821,000
Total	#*84	x*83	4,144,000	3,761,000	28,122,000	31,259,000
<b>MISSOURI:</b>						
National banks	1	-	25,000	-	217,000	-
State bank members	1	1	25,000	50,000	26,000	244,000
Nonmember banks	43	42	1,131,000	1,412,000	6,917,000	11,632,000
Total	45	43	1,181,000	1,462,000	7,160,000	11,876,000
<b>WESTERN STATES:</b>						
<b>NORTH DAKOTA:</b>						
National banks	7	9	175,000	330,000	1,471,000	2,348,000
Nonmember banks	25	67	395,000	1,190,000	3,059,000	9,299,000
Total	32	76	570,000	1,520,000	4,530,000	11,647,000
<b>SOUTH DAKOTA:</b>						
National banks	12	15	545,000	740,000	5,067,000	7,788,000
State bank members	1	3	50,000	400,000	255,000	2,566,000
Nonmember banks	51	93	1,300,000	2,122,000	13,586,000	26,269,000
Total	64	111	1,895,000	3,262,000	18,908,000	36,623,000
<b>NEBRASKA:</b>						
National banks	1	6	75,000	300,000	501,000	1,956,000
Nonmember banks	11	11	325,000	200,000	2,601,000	1,193,000
Total	12	17	400,000	500,000	3,102,000	3,149,000
<b>KANSAS:</b>						
National banks	-	3	-	230,000	-	1,226,000
Nonmember banks	19	13	303,000	470,000	3,234,000	3,654,000
Total	19	16	303,000	700,000	3,234,000	4,880,000
<b>MONTANA:</b>						
National banks	9	15	415,000	900,000	1,762,000	4,339,000
State bank members	4	4	100,000	315,000	481,000	2,943,000
Nonmember banks	3	27	70,000	995,000	518,000	4,903,000
Total	16	46	585,000	2,210,000	2,761,000	12,185,000
<b>WYOMING:</b>						
National banks	-	9	-	540,000	-	8,717,000
State bank members	-	2	-	125,000	-	572,000
Nonmember banks	3	21	45,000	535,000	182,000	3,374,000
Total	3	32	45,000	1,200,000	182,000	12,663,000
<b>COLORADO:</b>						
National banks	7	3	925,000	185,000	11,445,000	1,140,000
Nonmember banks	8	6	355,000	98,000	1,961,000	509,000
Total	15	9	1,280,000	283,000	13,406,000	1,649,000

TABLE NO. 6 - BANK FAILURES DURING 1925 AND 1924 - NUMBER, CAPITAL AND DEPOSITS BY STATES AND CLASSES OF BANKS

States, and classes of banks	Number of banks		Capital		Deposits	
	1925	1924	1925	1924	1925	1924
<u>WESTERN STATES (Cont'd)</u>						
<u>NEW MEXICO:</u>						
National banks	2	11	\$250,000	\$925,000	\$1,012,000	\$5,809,000
State bank members	-	1	-	100,000	-	912,000
Nonmember banks	8	10	425,000	320,000	1,554,000	1,721,000
Total	10	22	675,000	1,345,000	2,566,000	8,442,000
<u>OKLAHOMA:</u>						
National banks	9	8	730,000	400,000	5,080,000	3,128,000
State bank members	1	-	15,000	-	79,000	-
Nonmember banks	11	41	350,000	732,000	2,650,000	7,442,000
Total	21	49	1,095,000	1,132,000	7,809,000	10,570,000
<u>PACIFIC STATES:</u>						
<u>WASHINGTON:</u>						
National banks	2	5	150,000	240,000	960,000	1,057,000
State bank members	-	1	-	25,000	-	190,000
Nonmember banks	4	6	110,000	225,000	828,000	927,000
Total	6	12	260,000	490,000	1,788,000	2,174,000
<u>OREGON:</u>						
National banks	1	-	25,000	-	185,000	-
State bank members	1	-	50,000	-	192,000	-
Nonmember banks	1	3	10,000	37,000	57,000	466,000
Total	3	3	85,000	37,000	434,000	466,000
<u>CALIFORNIA:</u>						
National banks	2	-	50,000	-	421,000	-
Nonmember banks	1	2	25,000	242,000	193,000	561,000
Total	3	2	75,000	242,000	614,000	561,000
<u>IDAHO:</u>						
National banks	4	4	255,000	200,000	1,155,000	1,125,000
State bank members	2	-	75,000	-	174,000	-
Nonmember banks	2	3	125,000	128,000	1,140,000	599,000
Total	8	7	455,000	328,000	2,469,000	1,724,000
<u>UTAH:</u>						
National banks	-	1	-	25,000	-	255,000
Nonmember banks	1	1	30,000	50,000	164,000	133,000
Total	1	2	30,000	75,000	164,000	388,000
<u>ARIZONA:</u>						
Nonmember banks	3	3	230,000	225,000	3,002,000	1,380,000
Total	3	3	230,000	225,000	3,002,000	1,380,000
<u>NEVADA:</u>						
	NONE	NONE				
<u>UNITED STATES:</u>						
National banks	118	122	7,970,000	7,660,000	58,537,000	60,889,000
State bank members	28	37	1,950,000	2,645,000	8,727,000	13,580,000
Nonmember banks	466	618	14,521,000	18,068,000	105,636,000	138,975,000
Grand total	612	777	24,441,000	28,373,000	172,900,000	213,444,000

\*Includes 1 private bank whose capital and deposits are not available.

XIncludes 1 private bank whose deposits are not available.

&Includes 4 private banks whose capital and deposits are not available.

#Includes 3 private banks whose deposits are not available.

NOTE: Figures of capital and deposits taken from latest available records.

FEDERAL RESERVE BOARD X-4559

see PA  
205,001

WASHINGTON

March 12, 1926.

ADDRESS OFFICIAL CORRESPONDENCE TO  
THE FEDERAL RESERVE BOARD

SUBJECT: Eligibility for discount of factors notes covering advances to producers of eggs, poultry and butter.

Dear Sir:

The Board has recently been requested to rule upon certain questions arising under that provision of the second paragraph of Section 13 of the Federal Reserve Act which makes eligible for discount at a Federal reserve bank the notes, drafts and bills of exchange "of factors issued as such making advances exclusively to producers of staple agricultural products in their raw state". It appears that a certain cold storage and warehouse company which is engaged in business as a factor makes advances to farmers who consign to the company, chickens, eggs and butter to be stored in the company's warehouse. The advances are made pending the sale of these products by the company for the account of the farmers. The question presented is whether or not the notes of this warehouse company issued in its capacity as factor for the purpose of making advances exclusively to producers of eggs, poultry and butter should be considered eligible for discount at a Federal reserve bank.

Inasmuch as the warehouse company in this case is a factor, the only question to be decided is whether the notes of the company covering the advances to its customers are notes covering advances to "producers of staple agricultural products in their raw state". In considering this question it is important to note that the test of eligibility of paper of this kind is to be found in the character of the person to whom the advances are made rather than in the kind of products securing these advances. If the advances are made to any person of the class described by the term "producers of staple agricultural products in their raw state", the notes given by the factor may be eligible for discount, regardless of whether the products by which particular advances are secured are or are not agricultural products in their raw state or whether the advances are secured at all. Broadly speaking, the term "producers of staple agricultural products in their raw state" is synonymous with farmers, dairymen and livestock growers and therefore, the notes of factors issued as such covering advances exclusively to this class of producers will be eligible for rediscount at a Federal reserve bank; and this is true even though these farmers, dairymen or livestock growers may also be engaged in producing products which cannot properly be considered agricultural products in their raw state and regardless of the kinds of products securing the advances made by the factors.

Applying these principles to the facts of the present inquiry, the Board holds that the notes of this cold storage and warehouse company issued in its capacity as factor making advances exclusively to producers of eggs and poultry or other staple agricultural products in their raw state, will be eligible for discount at a Federal reserve bank, provided that these notes comply in all other respects with the relevant provisions of the law and the Board's regulations.

In the opinion of the Board butter is not a staple agricultural product in its raw state; but this does not affect the eligibility of notes of factors covering advances to farmers, dairymen or live stock growers who produce butter, because any member of this class is of course engaged in the production of some agricultural products in their raw state even though he also produces butter. The Board holds, however, that the notes of a factor covering advances to those engaged in the commercial production of butter with cream purchased from others, are ineligible for rediscount, unless the persons so engaged are also producers of some staple agricultural products in their raw state. The paper of a factor issued as such for the purpose of making advances exclusively to creameries or dairies, therefore, would ordinarily be ineligible for rediscount under this provision of the law.

In this connection it also seems appropriate to mention a ruling made by the Board prior to the date of the amendment to the law regarding factors paper which holds that while the notes of a cold storage company itself are ineligible for rediscount because the proceeds are used to make loans to third parties, the notes of the customers of the cold storage company representing loans made to them by the company, when endorsed and discounted by the company, would be eligible for rediscount by a member bank at a Federal reserve bank, provided that the customers have used or are to use the proceeds for agricultural or commercial purposes and provided also that the notes comply in other respects with the provisions of the law and the regulations of the Federal Reserve Board. (See 1921 Bulletin, page 308.) Under this ruling, of course, the notes of the customers of a factor may be eligible for rediscount without regard to the provisions of the second paragraph of Section 13 of the Federal Reserve Act providing for the rediscount of factors' paper.

Very truly yours,

Edmund Platt,  
Vice Governor.

TO GOVERNORS OF ALL F.R. BANKS.