

The Papers of Charles Hamlin (mss24661)

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Hamlin, Charles S., Scrap Book – Volume 188, FRBoard Members

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Scrap Book - Volume 188
FRBoard Members

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BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date July 25, 1941

To The Files

Subject: _____

From Mr. Coe

MPC

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 188 of Mr. Hamlin's scrap book and placed in the Board's files:

VOLUME 188

Page 13

Memo re Board's Power to Prescribe Condition of Membership Prohibiting Purchase of Bank Stocks.

Page 85

Earnings & Expenses of F.R. Banks.

Page 111

Letter to all F.R. Agents re Conditions of Member Banks.

Board's Power to Prescribe Conditions of Membership Prohibiting
Purchase of Bank Stocks.

P. 13

There is no specific provision in the Federal Reserve Act, as amended, forbidding admission of a state bank which, by authority of the laws of its state, is entitled to hold, and does hold stock in other banks. The Board conceivably might find that the applying bank is in such an unsatisfactory condition because of such investments that it might lawfully refuse to admit it, but I can find no authority for a condition that it shall not exercise such powers granted by its state, except with the consent of the Federal Reserve Board.

It might be that a case would arise where the power proposed to be exercised is so inconsistent with the ordinary practice of banks that the Board could hold that it was not a banking function, and could then prescribe as a condition of membership that it shall not exercise such function except with the consent of the Board.

The power to invest in stocks of other banks is permitted in many states, so that the Board could hardly rule that it is a power inconsistent with ordinary banking functions, although those functions may be prohibited to a national bank.

Should a bank, after admission, use this power so as to weaken its general condition, it would generally manifest itself by deficient reserves, or by some other acts in violation of the Federal Reserve Act, and this would authorize the Board to take the necessary action to expel

it from the System.

Personally, I believe that chain banking may prove to be a menace, but this is a matter for the determination of Congress unless the Board clearly has the power to regulate or prohibit it.

P. 13

Our Counsel says that the question is a doubtful one, and I believe that it would be wise to ask an opinion from the Attorney General whether the regulation of the Board laying down this power, is a lawful one under the Federal Reserve Act.

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EARNINGS AND EXPENSES OF FEDERAL RESERVE BANKS
JANUARY 1929.

Total earnings of the Federal reserve banks in January were \$6,425,000 - \$925,000 less than in December but \$2,431,000 more than in January 1928. All classes of earnings declined during the month, earnings from discounted bills by \$614,000, from miscellaneous sources, by \$170,000, from U. S. securities by \$125,000 and from purchased bills by \$16,000.

Current expenses (exclusive of cost of Federal reserve currency) aggregated \$2,236,000 as compared with \$2,216,000 in the month preceding and \$2,174,000 in January, 1928. Current net earnings (total earnings less current expenses) were \$2,452,000 more than in January, 1928, and the annual rate of current net earnings on average paid-in capital was 33.0 per cent, as compared with 14.9 per cent a year ago.

(St. 6102a)

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CONFIDENTIAL
Not for publication

St. 6102

EARNINGS AND EXPENSES OF FEDERAL RESERVE BANKS, JANUARY 1929.

Federal Reserve Bank	Month of January 1929					Current net earnings		January 1929		January 1929		
	Earnings from					Current expenses		Amount	Ratio to paid-in capital	Current net earnings	Dividends accrued	Available for reserves, surplus and franchise tax.*
	Dis-counted bills	Pur-chased bills	U. S. securi-ties	Other sources	Total	Exclusive of cost of F.R. currency	Total					
									Per cent			
Boston	\$255,133	\$266,872	\$28,407	\$3,031	\$553,443	\$160,831	\$162,642	\$390,801	45.3	\$390,801	\$50,801	\$335,927
New York	1,083,777	521,253	203,293	16,611	1,824,934	536,482	567,092	1,257,842	29.1	1,257,842	253,773	1,009,379
Philadelphia	314,300	76,679	66,646	881	458,506	169,900	170,909	287,597	23.3	287,597	72,679	210,972
Cleveland	343,135	187,562	102,519	11,002	644,218	211,051	213,499	430,719	34.9	430,719	72,582	357,568
Richmond	171,719	86,492	10,029	4,111	272,351	121,935	122,349	150,002	28.7	150,002	30,759	117,357
Atlanta	245,989	109,951	16,747	7,739	380,426	107,089	108,659	271,767	61.0	271,767	26,219	246,529
Chicago	607,832	169,738	121,181	33,841	932,592	301,498	304,816	627,776	39.9	627,776	92,552	534,756
St. Louis	158,645	37,295	72,526	1,161	269,627	105,090	105,374	164,253	35.7	164,253	27,077	136,688
Minneapolis	45,713	76,233	37,267	9,804	169,017	79,978	80,360	88,657	34.6	88,657	15,105	78,625
Kansas City	127,647	17,936	35,273	28,161	209,017	130,699	131,714	77,303	21.5	77,303	21,119	56,118
Dallas	78,105	89,350	30,840	26,080	224,375	104,027	104,428	119,947	32.7	119,947	21,604	98,147
San Francisco	210,284	214,933	54,471	6,442	486,130	207,274	211,267	274,863	29.9	274,863	54,089	220,830
TOTAL												
Jan. 1929	3,642,279	1,854,294	779,199	148,864	6,424,636	2,235,854	2,283,109	4,141,527	33.0	4,141,527	738,359	3,402,896
Dec. 1928	4,255,300	1,870,427	904,218	318,752	7,349,197	2,215,786	2,278,353	5,070,844	40.8			
Jan. 1928	1,402,517	1,017,798	1,460,131	113,249	3,993,695	2,173,789	2,304,485	1,689,210	14.9	1,689,210	666,303	1,009,600

FEDERAL RESERVE BOARD
DIVISION OF BANK OPERATIONS
FEBRUARY 16, 1929.

*After adjustment for current profit and loss entries, purchases of furniture and equipment, etc.

See 124

FEDERAL RESERVE BOARD

P. 111

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

February 20, 1929,
St. 6103.

SUBJECT: Condition of Member Banks as
of December 31, 1928.

Dear Sir:

For your information there is enclosed herewith a preliminary statement regarding the condition of all member banks combined as of December 31, 1928. The Board's Member Bank Call Report (No. 42) showing detailed figures for all member banks and for State bank members will be ready for distribution in the near future.

Very truly yours,

E. L. Smead, Chief,
Division of Bank Operations.

Enclosure.

TO ALL FEDERAL RESERVE AGENTS*

VOLUME 188
PAGE 111

STATEMENT FOR THE PRESS

CONDITION OF MEMBER BANKS ON DECEMBER 31, 1928.

Summary figures showing the condition of all member banks on December 31, 1928, which have just been compiled, give their loans and investments as \$35,684,000,000 or \$755,000,000 more than on October 3, the preceding call date, and \$1,437,000,000 more than at the end of 1927. Member banks in central reserve cities reported an increase in loans and investments between October 3 and December 31, 1928, of \$754,000,000, and since December 31, 1927 of \$591,000,000; reserve city banks reported a decline of \$55,000,000 for the quarter, but an increase of \$252,000,000 for the year; and country banks an increase of \$55,000,000 for the quarter and of \$594,000,000 for the year.

Total loans of all member banks were \$25,155,000,000 on December 31, an increase of \$830,000,000 since October 3. During the quarter loans at member banks in New York City increased \$764,000,000, in Chicago \$14,000,000, in reserve cities \$21,000,000, and at country banks \$31,000,000. For the year ending December 31 total loans increased \$1,269,000,000, the increase for central reserve city banks being \$523,000,000, for reserve city banks \$241,000,000, and for country banks \$505,000,000.

Investments in U. S. Government securities declined \$74,000,000 in the last quarter but increased \$334,000,000 during the year, while investments in other securities show a small reduction for the quarter and a reduction of \$166,000,000 for the year.

Net demand deposits at the end of 1928 aggregated \$19,944,000,000 and were \$948,000,000 higher than on October 3, but \$139,000,000 less than at the end of 1927. Member banks in Chicago reported a decline for the year of \$49,000,000 and member banks in reserve cities a decline of \$147,000,000, while member banks in New York City reported an increase of \$38,000,000 and country banks an increase of \$18,000,000.

Bills payable and rediscounts changed relatively little during the quarter, but increased \$500,000,000 for the year to a total of \$1,162,000,000 at the end of 1928. During the year borrowings of banks in New York City increased \$144,000,000, of banks in Chicago \$50,000,000, of reserve city banks \$165,000,000, and of country banks \$140,000,000.

Capital and surplus of all member banks increased \$79,000,000 since October 3, and \$453,000,000 since December 31, 1927. Of the increase for the year \$284,000,000 was at banks in New York City, \$9,000,000 at banks in Chicago, \$105,000,000 at reserve city banks, and \$55,000,000 at country banks.

Changes in the principal resources and liabilities of all member banks as compared with October 3, 1928, and December 31, 1927 were as follows:

	Increase (+) or decrease (-) since		
	Dec. 31, 1928	Oct. 3, 1928	Dec. 31, 1927
Loans*	\$25,155,255,000	+\$830,245,000	+\$1,268,862,000
United States securities	4,311,790,000	- 74,040,000	+ 334,233,000
Other securities	6,216,890,000	- 1,255,000	- 166,072,000
TOTAL LOANS AND INVESTMENTS	35,683,935,000	+ 754,950,000	+ 1,437,023,000
Net demand deposits	19,943,583,000	+ 948,499,000	- 139,261,000
Time deposits	13,453,311,000	+ 43,703,000	+ 688,513,000
U. S. deposits	261,505,000	+ 102,744,000	- 5,476,000
Due to banks	4,240,957,000	+ 233,147,000	- 352,632,000
Bills payable and rediscounts	1,162,178,000	+ 8,262,000	+ 498,703,000
Acceptances outstanding	971,965,000	+ 212,617,000	+ 228,174,000
Capital and surplus	4,914,932,000	+ 78,680,000	+ 453,132,000

*Including overdrafts but excluding "Acceptances of other banks and bills of exchange or drafts sold with endorsement."

ALL MEMBER BANKS (7,629 NATIONAL BANKS AND 1,208 STATE BANKS) - CONDITION ON DECEMBER 31, 1928, BY FEDERAL RESERVE DISTRICTS
(In thousands of dollars)

St. 6103c

	Total	Federal Reserve District											
		Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
R E S O U R C E S													
Loans*	25,155,255	1,824,366	8,404,303	1,744,565	2,291,196	1,021,518	895,201	3,812,187	954,105	560,043	802,632	736,396	2,108,743
U. S. Government securities	4,311,790	235,373	1,353,438	230,977	423,961	129,800	134,779	535,597	161,431	146,579	212,331	173,509	574,015
Other securities	6,216,890	511,376	1,835,167	690,213	699,134	186,945	158,410	814,801	290,263	226,230	235,056	83,515	485,780
TOTAL LOANS AND INVESTMENTS	35,683,935	2,571,115	11,592,908	2,665,755	3,414,291	1,338,263	1,188,390	5,162,585	1,405,799	932,852	1,250,019	993,420	3,168,538
Customers' liability on account of acceptances	929,540	99,686	666,411	19,837	13,076	12,239	13,798	46,518	1,954	6,704	272	6,825	42,220
Banking house, furniture and fixtures	1,107,287	69,727	250,400	95,834	139,993	60,850	61,350	168,681	43,179	24,175	46,082	43,863	103,153
Other real estate owned	177,716	6,638	18,026	15,627	22,439	16,302	13,561	25,968	9,038	9,531	9,920	11,361	19,305
Cash in vault	564,384	45,684	123,064	42,162	60,416	27,899	29,363	90,913	23,982	20,381	26,992	26,047	47,481
Reserve with F. R. Banks	2,409,367	145,171	980,644	136,047	185,295	67,986	63,852	343,073	84,641	55,467	90,950	73,685	182,556
Items with F. R. banks in process of collection	967,836	77,564	410,043	64,647	88,662	46,554	24,758	96,441	42,298	8,137	37,269	33,995	37,468
Due from banks	2,124,252	106,184	234,068	126,280	181,140	103,575	144,035	345,051	118,481	116,775	224,876	165,301	258,486
Exchanges for clearing house and other checks on local banks	3,493,061	82,596	2,807,199	89,952	63,923	29,464	28,146	196,169	28,559	14,463	27,913	22,139	102,538
Outside checks and other cash items	203,884	12,280	61,309	4,400	11,885	7,671	13,312	46,189	4,887	9,017	6,429	4,921	21,584
Redemption fund and due from U. S. Treasurer	32,995	2,199	4,362	2,741	3,999	2,705	2,179	4,442	2,018	1,391	1,667	2,359	2,933
Acceptances of other banks and bills of exchange or drafts sold with endorsement	677,994	60,142	540,719	6,069	10,187	2,809	3,351	10,390	673	1,919	2	2,394	39,339
Securities borrowed	35,947	340	1,953	4,958	9,230	3,669	2,026	5,454	5,600	98	527	524	1,568
Other assets	527,448	41,704	342,836	15,771	18,534	5,710	6,695	42,822	7,402	7,235	5,431	3,174	30,134
TOTAL	48,935,646	3,321,030	18,033,942	3,290,080	4,223,070	1,725,696	1,594,816	6,584,696	1,778,511	1,208,145	1,728,349	1,390,008	4,057,303

*Including overdrafts but excluding "Acceptances of other banks and bills of exchange or drafts sold with endorsement," which are now shown separately.

ALL MEMBER BANKS (7,629 NATIONAL BANKS AND 1,208 STATE BANKS) - CONDITION ON DECEMBER 31, 1928, BY FEDERAL RESERVE DISTRICTS
(Amounts in thousands of dollars)

St. 6103d

	Total	Federal					Reserve			District			
		Boston	New York	Phila- delphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minn- eapolis	Kansas City	Dallas	San Francisco
LIABILITIES													
Capital stock paid in	2,474,223	174,607	764,904	172,103	221,345	115,063	102,335	339,774	113,753	63,515	93,103	94,307	219,414
Surplus	2,440,709	167,563	934,933	316,735	263,337	88,923	69,685	276,258	65,321	35,709	43,401	45,721	133,123
Undivided profits - net	832,564	77,296	315,448	78,731	69,963	28,373	23,779	101,891	30,114	16,216	20,559	19,479	50,715
Reserves for dividends, con- sulting agencies, etc.	151,744	9,993	48,948	11,403	15,776	6,047	4,113	37,138	3,641	2,531	3,234	3,003	5,917
Reserves for interest, taxes, and other expenses accrued and unpaid	120,676	11,911	39,474	5,862	11,101	5,095	3,420	22,214	3,407	5,224	3,096	2,704	7,168
Due to F. R. banks	56,510	7,827	19,642	7,375	4,212	7,053	3,193	2,910	587	17	447	2,281	966
Due to other banks	4,184,447	175,502	1,772,182	193,761	232,350	134,130	157,963	541,179	184,181	112,722	263,215	164,033	253,229
Certified and officers' checks	2,184,138	34,538	1,779,412	26,602	64,461	17,060	13,135	73,028	17,648	10,757	35,146	36,844	75,507
Letters of credit & trav. checks sold for cash and outstanding	23,128	354	14,630	827	4,044	35	94	2,414	60	21	67	34	548
Demand deposits	18,903,658	1,400,164	7,136,631	1,152,426	1,429,260	585,063	596,023	2,562,304	693,498	433,027	831,660	706,561	1,377,041
Time deposits	13,453,311	953,438	3,145,434	1,091,091	1,642,632	596,387	466,602	2,257,163	537,601	480,054	364,599	222,906	1,695,404
United States deposits	261,505	8,986	63,493	15,572	24,153	15,727	17,022	19,421	7,549	5,550	9,926	22,190	51,916
TOTAL DEPOSITS	39,066,697	2,580,809	13,931,424	2,487,654	3,401,112	1,355,455	1,254,032	5,458,419	1,441,124	1,042,148	1,505,060	1,154,849	3,454,611
Agreements to repurchase U.S.Govt. or other securities sold	134,084	9,141	80,285	611	16,836	3,095	8,462	7,107	6,824	139	687	626	271
Bills payable and rediscounts	1,162,178	76,144	499,445	99,244	105,201	48,723	52,139	163,576	39,363	5,279	22,443	11,648	38,973
Acceptances of other banks and bills of exchange or drafts sold with endorsement	677,994	60,142	540,718	6,069	10,187	2,809	3,352	10,390	673	1,919	2	2,394	39,339
Acceptances executed for customers	928,329	96,655	663,897	15,560	13,224	12,333	19,680	47,767	2,007	6,779	267	6,825	43,335
Acceptances executed by other banks for account of reporting banks	43,636	5,020	27,086	5,007	561	62	4,266	1,017	10	8	5	-	574
National-bank notes outstanding	649,893	43,315	85,973	54,278	78,500	53,634	43,065	88,120	39,828	27,294	32,943	45,969	56,974
Securities borrowed	35,947	340	1,953	4,958	9,230	3,669	2,026	5,454	5,600	98	527	524	1,568
Other liabilities	216,972	8,094	99,454	31,855	6,677	2,415	4,462	25,571	26,846	1,286	3,022	1,959	5,321
TOTAL	48,935,646	3,321,030	18,033,942	3,290,080	4,223,070	1,725,696	1,594,816	6,584,696	1,778,511	1,208,145	1,728,349	1,390,008	4,057,303
Number of banks	8,837	408	938	778	816	547	453	1,252	587	719	932	780	627

C.