

HEARING
BEFORE THE
FEDERAL RESERVE BANK OF ST. LOUIS

**Arguments in Behalf of a Branch Federal Reserve Bank
to be Located at Louisville**

Presented by

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**Committee Representing
The Petitioners.**

#103

Arguments in Behalf of Louisville

For the Location of a Branch of the Federal Reserve Bank of the Eighth District.

STATEMENT OF JOHN W. BARR, JR.,

Director National Bank of Kentucky to the Governor and Directors of the Federal Reserve Bank of St. Louis, Missouri.

In behalf of eighty-five national banks located within your district we earnestly bespeak your consideration of the needs for the establishment of a branch at Louisville, Kentucky. As provided by the Federal Reserve Act, in July a petition was presented to you.

In February, 1914, in the City of New Orleans, before the Federal Reserve Bank Organization Committee, we stated that "The President, the Senate and Congress are to be congratulated upon the enactment of a bill containing so many admirable features, and whatever differences of opinion may have existed during the discussion of the bill, and especially as originally presented, the country as a whole looks forward with confidence to the practical and satisfactory operation of the Federal Reserve Act."

We have had no occasion to change or modify the statement then made. With a few modifications and extensions made necessary in the operation of the Act (developed in the light of experience), in our opinion the Federal Reserve Act will meet the predictions of its most earnest supporters.

In this discussion it shall be our purpose to state our position frankly and to state the facts as we believe them to exist. And it shall be far from our purpose to in any manner engage in criticism.

The claim of Louisville is based upon its merits for financial and commercial usefulness and the large and varied interests represented within the southern district of Indiana and the State of Kentucky. It shall be our purpose to inform this Board why Louisville so *peculiarly* meets *all* the *requirements* and the *immediate need* for the establishment of a Branch Bank.

The Federal Reserve Act provides that the districts, and necessarily the sub-districts, shall be apportioned with due regard to the convenience and customary course of business, and for that reason that portion of the State of Kentucky embraced in the Eighth District and the portion of southern Indiana contiguous to Louisville have united in presenting this petition to you.

We attach to this brief, marked Exhibit No. 1, a map setting forth the territory which should be tributary to the Branch Bank. This embraces all of the State of Kentucky now within the Eighth District and also the region of southern Indiana comprising the following counties: Floyd, Harrison, Crawford, Perry, Dubois, Orange, Washington, Clark, Lawrence, Jackson, Scott, Jefferson and Switzerland.

An inspection of the map at once makes it clear that Louisville is located within easy access of all points embraced within the proposed district. Louisville is within four hours of every town and city in southern Indiana and within a few hours of every town and city embraced in the Kentucky territory. It therefore follows that as a matter of convenience Louisville is most conveniently located, both with regard to access of every point in the proposed district and that St. Louis, through Louisville, furnishes all of the advantages of the Federal Reserve Bank.

COMMERCIAL DEVELOPMENT OF PROPOSED SECTION.

Louisville and the territory tributary has large and varied classes of industry—commercial manufacturing and agricultural—and some of these are peculiarly adapted to our community and are almost unknown in other communities.

From the published report of the treasury department, under the head of Internal Revenue Collections, it appears that Louisville is one of the largest revenue producers *in* and *to* the United

States, turning in to the Treasury of the United States approximately nineteen million dollars each year. It further appears from this report that the total revenues from the entire State are from thirty-five to forty million dollars.

An analysis of this statement discloses the fact that this revenue is derived largely from the manufacture and sale of whiskey and tobacco. It is shown that the amount of tobacco financed directly and indirectly in the State of Kentucky is approximately forty million dollars.

Whiskey and tobacco have their own peculiarities and very few bankers outside of our district are willing, in the light of past experience, to make advances on these commodities. The result therefore follows that Louisville and the banks within the proposed district are compelled, almost unaided, to finance these crops; and this class of business could well be turned into the Federal Reserve Banks if the proper facilities were afforded. As the matter stands at present, it is quite natural, for these and the dealers in other commodities such as grain, live stock, etc.,—where Louisville does not furnish the necessary finances—that the country banks should seek the aid of New York, Chicago, and other cities, for the reason that by this means prompt assistance is afforded, whereas through the Federal Reserve Bank, it being not as yet well known to such bankers and such bankers resting under the belief that there are necessary delays in the obtaining of funds, few (if any) applications have been made for the discounting of such paper.

It has been our opinion that the framers of the Federal Reserve Act, and especially the present Administration, desired that the banks and the people at large should come in more intimate contact with the Federal Reserve Bank and that they should consider themselves as part and parcel of it. Therefore, it should be our purpose to do everything which will facilitate the growth of a closer relationship. And in this connection is it unfair to assume that where the Government of the United States receives such a very large revenue from the district mentioned that the Government or its representatives should be reciprocal and grant to that community a bank which would be the depository for a considerable portion of the funds so derived?

COURSE OF TRADE AND FINANCIAL DEPENDENCY.

Louisville has a population, including New Albany and Jeffersonville, of approximately three hundred thousand people, by far the largest city, exclusive of St. Louis, within the Eight District. The course of trade in the past has been directly between the counties in the State of Kentucky and Louisville, and also between the counties in southern Indiana and the City of Louisville, and to compel the natural flow of business from its accustomed channel to that of another is not unlike endeavoring to turn the flow of a river up hill. The same difficulties in a measure are encountered.

The fact is well established that in times of panic and distress the financial institutions of Louisville have ever been self-sufficient and courageous. The banks of the city, together with the neighboring banks, and the community at large are in thorough harmony, based on long experience of mutual confidence and respect. Louisville has always aided the territory embraced within the proposed district in times of panic or distress and the probabilities are that the people and institutions of that community will always desire the same course to be pursued.

We venture the prediction that there are few cities of the size of Louisville that have more national banks in proportion to the total number of its banks than our city. The same may be said of the number of national banks within the proposed territory.

At the hearing before the Organization Committee of Federal Reserve Banks, held in New Orleans, circular letters were sent to a number of banks within the State of Kentucky and Southern Indiana, asking them to indicate their first, second and third choice of a location for the establishment of a Federal Reserve Bank. We attach, as Exhibit No. 2, the result of these inquiries, from which it appears that Louisville was practically the unanimous choice of the large number of banks replying to the inquiry, receiving 87%, or 200% more than its nearest competitor. Hence it is clearly the steadfast aim of the community indicated to have a Federal Reserve Bank or a Branch at Louisville.

It would be improper for us to make complaints or criticism, but it is a matter of history that great disappointment followed the decision of the Organization Committee of the Federal

Reserve Banks in the final selection of the twelve cities,—eliminating Louisville and New Orleans from the list. Without hesitation, it was acknowledged by all that St. Louis would be, and properly so, one of the cities chosen; but it was felt with equal confidence that if we could have presented the facts to the Organization Committee as clearly as we believed them to be, there would be no doubt, based on their merits, that Louisville and New Orleans would have been among the chosen number. Believing that the cities of Louisville and New Orleans were receiving most favorable consideration, it was not unnatural that Louisville should be grievously disappointed at the final conclusion, and especially so when the announcement was made that the State of Kentucky was divided into two districts, turning the eastern portion of the State, and that portion most rapidly developing in importance, to the City of Cleveland (with which locality the eastern section of the State had prior to that time, and even now, but little intercourse in business or otherwise).

PURPOSE OF THE ACT.

It has been our opinion that the theory upon which the Federal Reserve Bill was drafted, doubtless was as far as possible to decentralize rather than centralize our banking facilities and for that reason twelve Federal Reserve Banks were selected rather than eight.

Carrying this idea a further step, it inevitably follows, and the law so provides, that Branch Banks shall be established from time to time.

Louisville, in our opinion, was justly entitled to be designated as a Federal Reserve Bank city. We shall pass that and cheerfully endeavor to acquiesce in the present conditions. We are not dissatisfied with St. Louis. We would have been disappointed had we been designated as a part and parcel of the Federal Reserve Bank of any other city. However, in our opinion, the community for which we speak will greatly appreciate, and will consider it an evidence of a kindly and just feeling to have recognized the *imperative need* of a Branch Bank located at Louisville.

The geographical location of Louisville is such that it is within easy access of the entire portion of the territory embraced within the lines indicated on the map. It is first in population and in the front ranks as to banking capital, and is fully acquainted with the needs of the community it proposes to serve.

The Federal Reserve Act, by Section 3, provides that:

“Each Federal Reserve Bank shall establish branch banks within the Federal Reserve District in which it is located, and may do so in the district of any Federal Reserve Bank which may have been suspended. Such branches shall be operated by a board of directors under rules and regulations approved by the Federal Reserve Board. Directors of branch banks shall possess the same qualifications as directors of the Federal Reserve Banks. Four of said directors shall be selected by the Reserve Bank and three by the Federal Reserve Board, and they shall hold office during the pleasure, respectively, of the parent bank and the Federal Reserve Board. The Reserve Bank shall designate one of the directors as manager.”

From this it necessarily follows that the law is *mandatory* and the sole question to be considered is *where* and *when* the branches should be located. We have endeavored to briefly state the importance to the community indicated to have at once a branch located at Louisville. Such a location will also redound to the benefit of the Federal Government in that it will popularize the Federal Reserve System and will bring a much more speedy recognition by the people and the banking community at large of the benefits of its practical operation.

We assume that the only question that could seriously be considered by this Honorable Board is the question of expense. We desire to say without hesitation that we are prepared to guarantee, as did New Orleans, the expenses of the operation of such a Branch Bank, thus eliminating the only serious question for consideration.

In order that you may know the views and have at first hand the sentiment of the community represented by us, we file, as Exhibit No. 3, a copy of a communication addressed to each

of the national banks within the territory represented by us, and, as Exhibit No. 4, a letter received from one of the national banks. We also file, as Exhibit No. 5, without giving the name of the signer, another response which is typical of many received by us.

We also file, as Exhibit No. 6, the report from New Orleans regarding the operation of the Branch in that city.

That you may have accurate information, we file, as Exhibit No. 7, a statement showing that eighty-five out of a total of ninety member banks within the territory represented united in this application, and the financial condition of these banks is clearly set forth in the exhibits attached, marked Exhibits No. 8, 9 and 10.

It may be entirely unnecessary to further add to this brief, and especially so in view of the guarantee to be made by the banks of Louisville to meet the necessary costs of a Branch located at Louisville; nevertheless we file, as Exhibit No. 11, an estimate of the expenses of the Branch Bank and the estimated revenues that would accrue from the operation of such Bank.

You must bear in mind that these estimates of the earnings are estimates pure and simple and that the sole consideration for us at the present time to bear in mind is that the expenses for such Bank have been provided for.

We naturally anticipate your inquiry, "If a Branch at Louisville will be able to produce this revenue, why is the same revenue withheld from the Bank of the Eighth District?" At once we answer, "It is not withheld; it does not exist; it must be created."

It is well known by all of us that men prefer to deal with their neighbors and friends. How natural is it for a banker or merchant to continue to go to a city, to be reached by an early morning train or by automobile, where an opportunity is given him and perhaps his family to meet acquaintances and friends, to make merchandise purchases, to visit places of amusement, to visit his financial advisers, and return home before night. These bankers and merchants will take a personal and not a theoretical interest in a Branch; whereas now they only know of, but have no personal acquaintance with, the Parent Bank.

As heretofore mentioned, the peculiarities of the whiskey and tobacco trade are well known to the bankers of Louisville. The same may be said of a few bankers in New York, Boston and Chicago, hence the surplus business of this character goes to those cities. We feel that we can induce this class of business from the interior to go to the Branch Bank. In addition to this, a large amount of tobacco is purchased by foreign governments, and in one instance and Eastern Bank has extended a credit of over a million dollars to one dealer, and in another instance a different Bank over five hundred thousand dollars. This business can be made to fall within the highest class of foreign acceptances and a large part doubtless diverted to the proposed Branch.

Other examples may be cited. We have very large farming implement factories, and other factories of varied production, who now borrow through Eastern Banks and note brokers large amounts on high-class paper, where the rates are very tempting, and after our local banks have extended them full lines of credit.

Notwithstanding the long usage in obtaining these credits, we feel assured that by personal appeal to local pride a large and desirable class of this business can and will be placed with the Federal Reserve Bank of St. Louis through its subsidiary or Branch at Louisville. Many other illustrations could be cited, but we trust these are sufficient.

In conclusion, it is proper to state that, in our opinion, there will follow in due time a surplus earning from such Branch which will be turned into the treasury of the parent bank at St. Louis. Are we, therefore, in error when we assume that the directors of the Federal Reserve Bank of St. Louis,—whose ability and experience and breadth of mind are so well known to many of us, and when this proposed action will popularize the Federal Reserve Act within a large community and will be an *asset* and not a liability to the Eighth District Federal Reserve Bank,—will not hesitate in *promptly* granting the request which we now so earnestly and confidently make to you.

STATEMENT OF F. M. GETTYS,

Vice-President of the Union National Bank, of Louisville, Ky., to the Governor and the Directors of the Federal Reserve Bank of St. Louis.

We are thankful for the opportunity to present to you the question of opening a branch bank in Louisville. We can speak not only for those of us located in District Eight, but also for a large majority of the Kentucky banks arbitrarily assigned to District Four and those in a number of counties located just opposite Louisville in Southern Indiana.

We desire to approach this subject from a broad viewpoint:

First.—As appreciative endorsers of the Federal Reserve Act, believing it to be an efficacious and necessary piece of legislation.

Second.—From the standpoint of part ownership.

Third.—From an earnest desire to see the financial, commercial, and agricultural interests of Kentucky keep unhampered step with other no greater favored border states, to the end that in the early enjoyment of our share of the benefits of this legislation, there may be created in the public mind a proper appreciation of the wisdom and patriotism of those responsible for this Act, thereby insuring its permanency and preserving it from attacks which might deprive us of its full protection.

Considering it from the first standpoint,—It is our duty, regardless of financial interest, to support. and as far as in us lies, make the Federal Reserve System an unqualified success.

Much of the criticism directed toward the twelve banks is that they do not reach their constituents. This criticism is perhaps applied more often to the St. Louis Bank than any other of the twelve. The reasons are obvious, and do not lie in any lack of sympathy or effort on the part of the management. You who are in immediate control of this institution and to whom the owners and the public look to make it a success, can not afford to wait for the slow breaking down of prejudices and artificial barriers that now exist so that *all* of the machinery of this splendid unit may be utilized. Time, therefore, is the essence of the occasion, and something should be done now.

Considering some of the handicaps we have mutually labored under, it was but natural that keen disappointment should have been felt by those who ardently advocated the establishment of a parent bank in Louisville. Louisville for a hundred years had stood with Baltimore and New Orleans as one of the three leading Southern cities, and close ties of friendship bound together the commercial relations existing between Louisville and the territory it served. When we were informed that within forty-eight hours of the announcement of the boundaries of the districts, Louisville was one of the twelve cities selected, you can imagine the feeling that was engendered by the information that reached us that it was necessary to eliminate us.

This feeling was further aggravated when we discovered that a commercial "Mason and Dixon's line" had been drawn through our State, placing a part of us with you, where we are happy and content, and the other with a city that had absolutely no commercial touch with the Kentucky territory assigned to it and never will have, being simply a geographical point to nine-tenths of the bankers in our State. We believe you would acquit us of any charge that we have been guilty of "sulking in our tents," yet discouragement and doubt have been created among our people, which will take you a longer time to overcome than you can afford to spend.

We are firm in our belief that these prejudices may be quickly dispelled and sentiment unified, by the immediate establishment of a branch bank in Louisville. The law gives you no option, but says that branches *shall* be established. In your minds today, there can be, of course, but one question; viz, *when* is the proper time for us to open this bank in Louisville? The ultimate necessity is apparent and you only hesitate about setting an early date, for the reason that it has perhaps been suggested that it would be bad business to establish a branch until the parent bank is on a somewhat better earning basis. We are, therefore, simply asking you to anticipate your intentions, and will protect you from possible criticism, by guaranteeing to the parent that the child will be self-supporting. Could anything be fairer?

If you will carry out our suggestions, you will see such active co-operation from us, who are deeply interested in the success of this bank, that long before the time you would, on your own initiative, establish this branch, it will be turning into you a handsome profit, and we will all be living together—a happy family—without a disgruntled stockholder or a vulnerable spot open for a politician to fire at. We believe that such action will take from the future five years, reaping now what would be the harvest at the end of that time. You do not want to wait indefinitely for the State banks to begin to join this system, and yet ask them now and the majority will tell you that they are waiting for its success to be demonstrated.

Passing to the second viewpoint, that of part ownership, we are not worrying about our deferred dividends, and are entirely satisfied with our management and its policies. With such panoramic changes in the financial aspects of the world, the assurance of having a system ready to respond in some great crises, has been worth more than dividends. We have been encouraged to go forward in many epochal undertakings, having the knowledge that behind us was an efficacious banking system. At the same time, you must admit that there is only a limited length of time that this, or any other business institution, can go without paying dividends and avoid the verdict of both the stockholders and the public that the scheme is not performing the functions for which it was organized. Therefore, you can not wait too long in this slow process of bringing together the straggling ends of this fabric, for fear that the public will judge the case without a full knowledge of all the facts.

Looking at it from its earning standpoint, with our superficial knowledge of this phase, it would seem that the territory now assigned this bank is not a well-balanced one, as there should be a fair proportion of lending communities attached to borrowing communities. While we have been passing through unusual conditions, making it impossible to measure the normal possibilities of this bank, we do know that the same plethora of funds has not existed at all interior points, and we also know, from personal observation, that there are many demands now being satisfied in New York and elsewhere, which could, should and would go through the Louisville Branch of the St. Louis Bank.

There have been stronger causes than mere peevishness or disappointment deterring many Kentucky banks from turning to the St. Louis Bank. With money easy, many borrowers have gone along in established channels rather than endeavor to make new ones—particularly when the process requires explanations as to the paper offered. There are some products peculiar to Kentucky that require technical knowledge on the part of the banker. For instance, the public is not generally informed that our greatest money crop, tobacco, requires certain weather conditions and unusual methods of handling in order to prepare it for market; nor, is it generally known how whiskey is manufactured, the method of aging, the large outlay necessary for Government taxes, its value for collateral purposes, the integrity of the warehouse receipt, which is the only thing the lender ever sees, and the relations existing between the Government and the whiskey industry; nor, is it a matter of current knowledge how our great by-product of distilling, cattle-feeding is carried on. With such large governmental income originating in Kentucky, a branch bank in Louisville will greatly facilitate the Government's business in our State, and the heavy deposits accumulating out of the whiskey and tobacco business will increase the profits of the District.

The establishment of a branch bank in Louisville will immediately bring to you much of this profitable business and place at the call of both parent and branch banks the technical knowledge possessed by bankers on the ground, as to the general desirability of the paper growing out of certain industries, which are not generally understood.

Passing to the third viewpoint, unless the public is satisfied with one of its Governmental institutions in which it has a financial interest, its life becomes endangered. It is important that greater popularization be given the System in Kentucky. This means success. Success is the only armament against political fire. There is a well justified feeling in the minds of many that the State of Kentucky has been seriously injured commercially by the unnatural division that we have spoken of—a part looking to St. Louis and a part to Cleveland.

That the Kentucky stockholders of this bank look on it as a bigger thing than a mere dividend-paying proposition, is clear, and it is also patent that the hope of receiving dividends is not going to go far toward turning the tide of patronage to you. The facts are, we must be a financially

reunited people before the St. Louis Bank can hope for the cordial support of all of its Kentucky constituents.

We are not going to sit idly with our State cut in two as it is. It is an intolerable situation that will become more clearly marked as time passes. Certain occurrences before our last legislature indicated the clashes sure to transpire under present conditions. When you establish this branch bank in Louisville, we want to say to you for your ears only, as we do not care to publicly agitate this phase of the situation, that we will not rest until there is a redistricting which will place in the St. Louis District that part of Kentucky now assigned to Cleveland. In this effort, we can count on the active co-operation of the majority of Kentucky banks in District Four.

And so, if we are successful, and we shall be, you will have paying willing tribute to your and our bank the richest part of our State, and for a good many years to come, a borrowing community, such as you need. Our rich agricultural counties will produce a large amount of eligible paper, growing out of the handling of live stock, the manufacture of whiskey, the growing of hemp and tobacco, which are not consumed on the farm and are slow moving crops, tying up large sums of money. Within another year, Kentucky will have a scientific tax system, giving to our manufacturing industries an enormous impetus and bringing in new capital for the development of our coal and other mineral wealth.

Is not this an attractive prospect from a bank-earning standpoint, and will not the immediate establishment of a branch in Louisville bring about more quickly the desired results than your present processes can possibly accomplish for a number of years to come?

Others will present to you in detail figures as to the probable earning capacity of a branch in Louisville, the estimated expenses of operation and the territory immediately desired. We hope that you will ask any questions that may be in your minds, and I believe that you will find some one among us who can remove the last remaining doubt as to the importance of an early establishment of a Louisville Branch of this institution.

STATEMENT OF PERCY H. JOHNSTON,

**Vice-President of the Citizens National Bank, of Louisville, Kentucky, to the Governor
and Directors of the Federal Reserve Bank, of St. Louis, Missouri.**

GENTLEMEN:—

Mr. Barr and Mr. Gettys have fully set forth the purpose of the request for this hearing and in a general way, what we want and ask is well covered by their remarks.

However, it has occurred to me that it would be well to set forth the wonderful development that is taking place in the Eastern part of Kentucky.

In the mountains of Eastern Kentucky, scientists have said is contained one-fourth of the world's visible coal supply, which at the present normal rate of consumption, they estimate would last the world for five hundred years to come.

Until recently, this marvelous deposit of untold mineral wealth was practically untouched. During the past five years we have seen striking evidence of the immense possibilities of this section of our State. During this brief period of five years, various railroads have spent over one hundred millions of dollars building lines entering these vast fields and during the same period of time, large coal companies have expended something like seventy-five millions of dollars in the preparation for operation—and still this great section of mineral wealth is in its infancy of development.

With the future outstretched before us, and with prospect and possibility that this great section of our State is destined to outrival the famous Pittsburg district, small wonder is it that Louisville and its associated banks should feel keenly the division of our State and the unnatural banking and trade alignments that have and will result therefrom.

In Mr. Barr's statement, Exhibit No. 8, it has been pointed out that the formation of a Branch St. Louis Federal Reserve Bank in Louisville, including the eighty-five banks located in the territory we ask to be allotted, would give the branch bank a capitalization of \$502,006 and deposits of \$2,072,191.

It is further shown in Exhibit No. 11-A that if the branch was operated under a working agreement with our local Clearing House Association, that the expense for its maintenance and operation would be most reasonable.

Under Exhibit No. 11-A and No. 11-B, it is estimated that the branch would not only be self sustaining, but that it could and would earn dividends of 6% on the apportioned stock with a reasonable likelihood of something in addition.

These statements and exhibits we are now prepared to discuss with you and we shall be pleased to have any of you gentlemen question us as to our calculations, conclusions and reasons therefor.

It certainly was not the intention of the framers of the Federal Reserve Act to give undue advantage to the member banks located in the Federal Reserve Cities. The facts are, however, that in order to put themselves on an equal basis with the National Banks of St. Louis, so far as their country correspondents are concerned, the National Banks of Louisville are now compelled to keep large excess reserves, without interest, with the Federal Reserve Bank of St. Louis, for the purpose of obtaining immediate credit for the drafts, drawn on the Louisville banks in favor of the Federal Reserve Bank.

With a branch at Louisville, these excess reserves would be released to the Louisville banks.

We now desire to take up with you the present method of check collection by the Federal Reserve Bank and to show you how it causes the Louisville member banks to have outstanding daily in transit many, many thousands of dollars in items that to a great extent would be corrected by the establishment of a branch bank in our city, which would eliminate largely the loss of interest on these items in transit.

Regarding the check collection department, most of the country member banks are not using, and will not use, the collection department of the Federal Reserve Bank, but will continue to deposit for collection all of their items, drawn on both State and National Banks, with their city

correspondents. This saves the country banks the service charge, the trouble of assorting their items and complicated entries. Therefore, the member banks of Louisville will have a large volume of checks to collect through the Federal Reserve Bank of St. Louis. Many of these items will be drawn on banks located in towns immediately contiguous to Louisville. If these items are handled through a Louisville Branch, the banks of Louisville will obtain credit therefor at least one day sooner than by sending such items to St. Louis. As a concrete illustration, take a check drawn on a New Albany, Ind., bank. If a Louisville bank sent such a check to St. Louis, it could only gain credit for that item in three days time; and if the item was for less than \$500.00, and was dishonored, the Louisville bank would not be notified of that fact for four days. If the Louisville member bank could send that same item through the Louisville branch bank, the member bank would gain credit, or notice of dishonor, in two days. One Louisville bank sent a small check on New Albany through the Federal Reserve Bank of St. Louis and the depositor of the Louisville bank was not notified of the dishonor of that item for five days. In the meantime he had filled subsequent larger orders for the makers of that check. The Louisville Bank, in order not to lose a good customer, was obliged to obligate itself to reimburse its depositor for any loss resulting from sending that check through the Federal Reserve Bank. Many subsequent business transactions are contingent on the prompt settlement of initial orders. Consider another phase. Checks drawn on many banks located in towns close to Louisville, if sent to the Federal Reserve Bank of St. Louis, will have to be routed right back through Louisville, with the attendant risk of missing mail connections at Louisville, with the result that, in innumerable instances, at least three days time will be lost in the final settlement of those items. One Louisville bank has had to resort to sending large items direct to the paying bank for certification and then, on receipt of the certified item, it is in turn sent through the St. Louis bank. As the drawers of those large items are released by this method, the Louisville bank is subjected to unnecessary risk. Direct routing, reducing the "float," and the consequent prompt conversion of items in transit into available funds are among the principal ideas of the check collection system. In view of the foregoing examples, a branch bank at Louisville will aid materially in fulfilling those ideas. In fact a branch may be said to be absolutely essential, if the check collection system is to be conducted on common sense, business lines and real benefits are to accrue to the member banks and the public.

Regarding the expense of a branch at Louisville. If the branch is conducted economically and on strictly business principles, in conjunction with the Louisville Clearing House, without a staff of unnecessary officers, it should not decrease the general earnings, but should turn in a profit to the parent bank. The branch at New Orleans has more than paid its expenses since its establishment. That the idea of reducing the expenses to the minimum by operating the branch bank and the Clearing House in the same quarters and under the same management is feasible and sensible, is demonstrated by the fact that the Federal Reserve Bank of Boston recently has effected such an arrangement with the Boston Clearing House Association. In this connection the following is quoted from the July issue of the "Federal Reserve Bulletin" page 317:—

"The management and operation of the Boston Clearing House will, on July 15, be taken over by the Federal Reserve Bank of Boston.—By the terms of the agreement which has been entered into between the Federal Reserve Bank of Boston and the Boston Clearing House Association the collection of all checks drawn upon New England Banks outside of Boston will be entirely taken over by the Federal Reserve Bank, which will perform this service in the future under similar rules and regulations to those now in force."

"With respect to the daily clearing of checks between the associated banks of Boston, however, the situation is slightly different. Although the Federal Reserve Bank will take over the physical property of the association, assume the lease of its premises, and take into the employ of the bank the association's manager and clerks, the association will maintain its status of a voluntary organization with officers elected by its members."

"In this latter capacity the association will continue to exercise its normal supervising functions over the conduct of its members, and it will further effect its own daily clearing of Boston checks, the Federal Reserve Bank furnishing for this purpose the clerical force, space and equipment. The clearing balances once having been established, however, all settlements will be effected through the Federal Reserve Bank, as has been the practice in Boston since that bank was opened. The staff and equipment which the Federal Reserve

Bank, will thus acquire, will be utilized by the bank in its clearing department to be established in connection with the country-wide collection and clearing system recently authorized by the Federal Reserve Board.—The Boston Clearing House will be taken over on the day set for putting into force the Federal Reserve clearing and collection system. The equipment which will be acquired, and the trained force which will be received will enable the Federal Reserve Bank of Boston to start its clearing department under most favorable conditions.”

The Louisville Clearing House, on May 1st, 1915, inaugurated a Transit Department for the collection of country checks drawn upon banks in Kentucky, Indiana and Tennessee. During the first year it collected checks amounting to about seventy-five million dollars, at an average cost, exclusive of exchange, of a little less than one-half cent per item. Thus the Louisville Clearing House is in position to offer equipment and a trained force to the branch bank and to make an arrangement similar to the one put into effect at Boston with the sanction of the Federal Reserve Board.

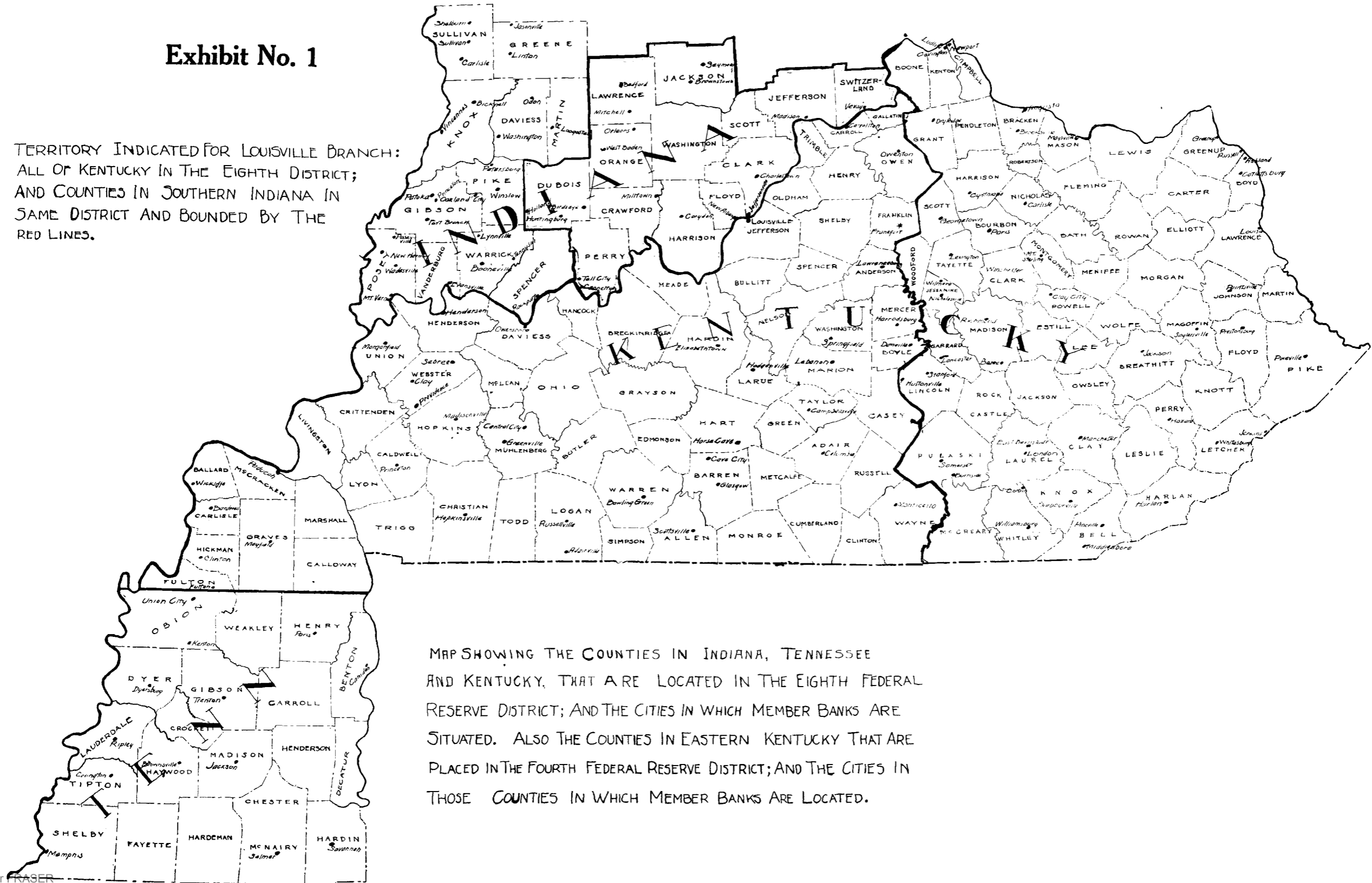
The only objection that can be brought against the establishment of a branch at Louisville is that the branch would mean only an added expense and a further decrease in earnings. It is the purpose to conduct the branch in the most economical manner. To a large extent it will mean not an increase, but only a transfer of certain expenses from St. Louis to Louisville. As has been pointed out, the reserves deposited in the branch will be more actively employed than if left in the parent bank. With small expenses and with a million to a million and a half dollars available for investment, it is apparent that a substantial profit will result from its operation. Under the plan proposed, the necessity for the purchase of equipment and office furniture will be obviated by an arrangement with the Clearing House and adequate quarters and vault space will be rented for a nominal sum. Under these peculiarly favorable circumstances, it would seem every business reason dictates the establishment of a branch at Louisville as soon as possible.

Really satisfactory service by any Federal Reserve Bank should be insured to the member banks by two things: convenient geographical location and frequent personal contact between its officers and those of the member banks. The Eighth District is a large one, and it is physically impossible, however much it may desire, for the Federal Reserve Bank at St. Louis to give the prompt personal service that will be insured by a branch located at Louisville. It is a fact that the Federal Reserve Act is unpopular with many of the member banks. The operation of a branch at Louisville will overcome this to a very great extent in this section. At close range the advantages and benefits of the Federal Reserve System are much more apparent.

Permit me to thank you most sincerely for the courteous attention and consideration you have given to this subject.

Exhibit No. 1

TERRITORY INDICATED FOR LOUISVILLE BRANCH:
 ALL OF KENTUCKY IN THE EIGHTH DISTRICT;
 AND COUNTIES IN SOUTHERN INDIANA IN
 SAME DISTRICT AND BOUNDED BY THE
 RED LINES.



MAP SHOWING THE COUNTIES IN INDIANA, TENNESSEE
 AND KENTUCKY, THAT ARE LOCATED IN THE EIGHTH FEDERAL
 RESERVE DISTRICT; AND THE CITIES IN WHICH MEMBER BANKS ARE
 SITUATED. ALSO THE COUNTIES IN EASTERN KENTUCKY THAT ARE
 PLACED IN THE FOURTH FEDERAL RESERVE DISTRICT; AND THE CITIES IN
 THOSE COUNTIES IN WHICH MEMBER BANKS ARE LOCATED.

Exhibit No. 2

IN THE MATTER OF PETITION FOR A FEDERAL RESERVE BANK TO BE LOCATED AT LOUISVILLE.

Replies received from Kentucky:

	1st	2nd	3rd	Total
Louisville	356	41	0	397
Cincinnati	42	24	25	91
Nashville	0	24	7	31
Chicago	0	5	28	33
St. Louis	0	30	30	60

(Other cities follow.)

Replies received from Indiana:

Louisville	60	72	96	228
Cincinnati	61	62	43	166
Indianapolis	85	61	19	165
Chicago	109	55	28	192
Evansville	2	2	0	4
Detroit	1	0	0	1
Richmond, Va.	1	0	0	1
St. Louis	0	9	9	18

(Other cities follow.)

By adding the replies received from the entire State of Kentucky and Southern Indiana, the following result is obtained:

	1st	2nd	3rd	Total
Louisville	416	113	96	625
Cincinnati	103	86	68	257
Chicago	109	60	56	225
St. Louis	0	39	39	78

Therefore, of the 717 replies received, considering 1st, 2nd and 3rd choices, Louisville had 87%, Cincinnati had 35%, Chicago had 31% and St. Louis had 10%.

Exhibit No. 3

LOUISVILLE CLEARING HOUSE LOUISVILLE, KY.

July 1, 1916.

Copy

At a meeting of the Louisville Clearing House Association, held June 30th, it was decided unanimously that the early establishment of a Branch Federal Reserve Bank at Louisville was of great importance both to the banks located in the territory surrounding Louisville and to those in Louisville. A committee was appointed to bring this matter to a successful conclusion as speedily as possible.

A Branch Federal Reserve Bank at Louisville means the promptest conversion of a large proportion of your items in transit into available funds, and insures much more direct routing.

The advantages in obtaining re-discounts promptly and satisfactorily are not to be underestimated. A Branch Bank at Louisville would have a Board of Directors, every one of whom probably would know personally not only the Officers of your institution, but the merit of the paper offered by your bank for re-discount.

Really satisfactory service by any Federal Reserve Bank should be insured to the member banks by two things; convenient geographical location, and frequent personal contact between its Officers and those of the member banks. The Eighth District is a large one and it is physically impossible, however much it may desire, for the Federal Reserve Bank at St. Louis to give the quick, satisfactory service that will be insured by a branch, located at Louisville. Every argument is in favor of its establishment at once.

For these and many other reasons, and because our interests are identical, we ask you to sign both of the enclosed petitions at once and return them by first mail *TO THE MANAGER OF THE LOUISVILLE CLEARING HOUSE* in the enclosed stamped envelope.

Thanking you in advance for your prompt co-operation, we are,

Yours Respectfully,

National Bank of Kentucky, By H. D. Ormsby, Vice-President.
National Bank of Commerce, By J. B. Brown, President.
First National Bank, By Embry L. Swearingen, President.
Citizens National Bank, By Percy H. Johnston, Vice-President.
Louisville National Banking Co., By John H. Leathers, President.
Union National Bank, By F. M. Gettys, Vice-President.
American-Southern National Bank, By Earl S. Gwin, President.

Exhibit No. 4

AMERICAN NATIONAL BANK,
BOWLING GREEN, KY.

July 8, 1916.

Copy

MR. ISHAM BRIDGES, Manager,
Louisville, Ky.

DEAR SIR:—

In answer to your letter of July 7th, I beg to advise that our Mr. Potter signed and forwarded to you some days ago the petition which was enclosed for our bank and we supposed it had reached you before this. I am enclosing you herewith another one properly signed to be used in case the other one does not come to hand.

We are always for you Louisville people and would be glad to see a Branch Federal Reserve Bank established in your city, as it would be very much more convenient for this section of the country.

Yours truly,

(Signed) G. D. SLEDGE,
Cashier.

GDS/JPB

Exhibit No. 5

July 3, 1916.

Copy

MR. ISHAM BRIDGES, Manager, Louisville Clearing House,
Louisville, Ky.

MY DEAR SIR:—

I am in receipt of your circular letter of July 1st, on the subject of securing a Branch Federal Reserve Bank in the City of Louisville.

I heartily endorse the movement, and I herewith send you the two letters addressed to the Federal Reserve Board, Washington, D. C., and the Federal Reserve Bank at St. Louis, Mo., which you requested to have signed and returned to you.

I hope you fellows will succeed. As the Federal Reserve Bank is now conducted, it is no earthly good to country banks like ours, and the exactions of a deposit at St. Louis without interest on it are onerous, to say nothing of many other things which I dislike. We have been seriously contemplating the retirement from the Federal Reserve Banking system, but some of my Board are inclined to feel that probably we had better wait until Fall and see the outcome of the general election and whether there will be any brighter outlook for the future for the methods of doing business of the Federal Reserve Bank.

Very Sincerely yours,

Cashier.

Exhibit No. 6

DETAILS OF OPERATION OF THE NEW ORLEANS BRANCH FEDERAL RESERVE BANK.

Two directors of Class "A" and two directors of Class "B" are appointed by the parent bank. Three directors of Class "C" are appointed by the Federal Reserve Board. One of Class "B" directors is Manager; one of Class "C" directors is Chairman of the Board. Board meetings are held monthly. A \$10.00 fee and traveling expenses are paid directors who attend the meetings. In addition, there is an Executive Committee composed of the Chairman of the Board, the Manager and two other directors who are appointed by the Chairman. Any three of the Executive Committee constitutes a quorum. A fee of \$2.00 is allowed each member of the Executive Committee for each meeting.

Including four New Orleans member banks, this branch has a total of 41 members assigned to it. After the establishment of the branch, certain territory was taken from the Dallas district and put into the Atlanta district, and 16 member banks in this new territory were assigned to the New Orleans branch. (It may be that later all of Kentucky would be placed in the Eighth District.)

So far only the reserves of the 41 member banks have been deposited with the branch, but the Manager states that the subscriptions to the Federal Reserve Bank stock of these 41 members will be deposited with the branch whenever the branch has use for it. The average amount of reserves held by the branch and available for loaning and investment has amounted to about \$1,200,000.00. The branch also has had United States deposits amounting to from \$1,000,000 to \$3,000,000.

The branch is allowed to invest its funds in exactly the same manner and to the same extent as the parent bank. At present, its loans and investments amount to about \$2,200,000.00. These loans and investments are divided about as follows: re-discounts to members, \$450,000.00; U. S. 2% bonds \$250,000.00; U. S. 3% one year notes \$250,000.00; bankers acceptances \$1,250,000.00. Part of these bankers acceptances are purchased through the Federal Reserve Bank of New York and part have been purchased from the National and State banks of New Orleans.

In the opinion of the Manager, a great deal of business has been obtained for the branch bank which the parent bank would never have enjoyed

The officers and employes are as follows: manager, cashier, discount teller, bookkeeper, transit man, stenographer, day watchman, night watchman, porter. In addition to these the Federal Reserve agent of the parent bank has a representative who is a business man of New Orleans, and who is paid a nominal salary.

The branch was started on Sept. 10, 1915, and for its first year its total expenses have been about \$24,000.00, including rent of \$3,000.00. The branch has more than paid its expenses, but the exact amount of its net profit was not stated. A request was made for a condensed statement of its receipts and disbursements for its first year, and this information may be furnished later, if the manager receives authority for giving it. So far as its expenses and earnings are concerned, the branch is conducted as a separate organization. The only overhead expenses that are assessed against it are its proportion of the expenses of the Federal Reserve Board at Washington, amounting to about \$1,300.00 a year. None of the overhead expenses of the parent bank are assessed against the branch bank.

The Transit Department has been in operation only since July 15th. The manager states that he has only one man at present in the Transit Department, and it is impossible to tell now as to whether the service charge of 1½c per item will cover the cost of the Transit Department. So far only a few of the country members are using the Transit Department.

The four National banks of New Orleans guaranteed any deficit in the expenses of the branch bank for one year and gave a writing to this effect. As these banks had guaranteed the expenses, their recommendations in regard to officers and quarters and salaries were adopted by the parent bank.

Exhibit No. 7

STATEMENTS FOLLOWING SHOW CAPITAL AND SURPLUS; DEMAND AND TIME DEPOSITS; AND RESERVES REQUIRED TO BE DEPOSITED WITH THE FEDERAL RESERVE BANK OF THE SEVEN LOUISVILLE MEMBER BANKS, FIFTY-SEVEN OTHER KENTUCKY MEMBER BANKS AND TWENTY-ONE INDIANA MEMBER BANKS; ALL OF WHICH HAVE PETITIONED FOR A BRANCH FEDERAL RESERVE BANK TO BE LOCATED AT LOUISVILLE.

THE TERRITORY IN WHICH THESE EIGHTY-FIVE BANKS ARE SITUATED COMPRISES ALL OF THE STATE OF KENTUCKY THAT LIES IN THE EIGHTH FEDERAL RESERVE DISTRICT, AND THE FOLLOWING COUNTIES IN THE SOUTHERN PORTION OF INDIANA, WHICH ARE LOCATED IN THE EIGHTH FEDERAL RESERVE DISTRICT; TO WIT:—LAWRENCE, JACKSON, JEFFERSON, SWITZERLAND, DUBOIS, ORANGE, WASHINGTON, SCOTT, PERRY, CRAWFORD, HARRISON, FLOYD, AND CLARK; AS SHOWN BY THE ACCOMPANYING MAP, EXHIBIT NUMBER ONE.

OUT OF A TOTAL OF NINETY MEMBER BANKS IN THIS TERRITORY, EIGHTY-FIVE HAVE SIGNED THE PETITIONS FOR THE BRANCH BANK.

Exhibit No. 8

SUMMARY OF CAPITAL AND SURPLUS; DEMAND AND TIME DEPOSITS (*INCLUDING BANK DEPOSITS*) OF THE 85 KENTUCKY AND SOUTHERN INDIANA BANKS, LOCATED IN THE EIGHTH FEDERAL RESERVE DISTRICT, THAT HAVE SIGNED THE PETITION FOR A BRANCH BANK AT LOUISVILLE. FIGURES TAKEN FROM REPORT TO COMPTROLLER OF JUNE 30TH, 1916, FOR THE SEVEN LOUISVILLE BANKS; AND FROM THE RAND-McNALLY BANK DIRECTORY (JANUARY, 1916, ISSUE) FOR THE OTHER KENTUCKY AND SOUTHERN INDIANA BANKS. COUNTRY BANK DEPOSITS ESTIMATED ON BASIS OF TWO-THIRD DEMAND AND ONE-THIRD TIME DEPOSITS.

	Capital and Surplus	Demand Deposits	Time Deposits
7 Louisville Banks.....	\$7,720,000	\$33,531,000	\$4,994,000
Reserve Required, viz: 15% on Demand; 5% on Time Deposits		5,029,650	249,700
6/15 of this Reserve Required with Federal Reserve Bank after November 16th, 1916.			\$2,111,736
57 Other Kentucky Banks.....	\$6,755,580	\$12,437,500	\$6,216,100
21 Indiana Banks	2,257,970	5,387,300	2,664,400
Totals	\$9,013,550	\$17,824,800	\$8,880,500
Reserve Required, viz: 12% on Demand; 5% on Time Deposits		2,138,976	444,025
5/12 of this Reserve Required with Federal Reserve Bank after November 16th, 1916.			1,076,250
Total Reserve Required with Federal Reserve Bank by these 85 Banks.....			\$3,187,986
Less 35% Reserve to be kept by the Federal Reserve Bank			1,115,795
Total Available for Investment Derived from Reserves held for these 85 Member Banks			\$2,072,191
To Which Add: 3% of Capital and Surplus of these 85 Member Banks.....			502,006
GRAND TOTAL AVAILABLE FOR INVESTMENT			\$2,574,197

Exhibit No. 9

SUMMARY OF CAPITAL AND SURPLUS; DEMAND AND TIME DEPOSITS (*EX-
CLUSIVE OF BANK DEPOSITS*) OF THE 85 KENTUCKY AND SOUTHERN INDIANA
BANKS, LOCATED IN THE EIGHTH FEDERAL RESERVE DISTRICT, THAT HAVE
SIGNED THE PETITION FOR A BRANCH BANK AT LOUISVILLE. FIGURES TAKEN
FROM COMPTROLLER'S ANNUAL REPORT SHOWING CONDITION OF THESE BANKS
BY REPORT OF SEPTEMBER 2ND, 1915.

	Capital and Surplus	Demand Deposits	Time Deposits
7 Louisville Banks.....	\$7,700,000	\$16,964,593	\$4,385,889
Reserve Required, viz: 15% on Demand; 5% on Time Deposits		2,544,688	219,294
6/15 of this Reserve Required with the Federal Reserve Bank after Nov. 16th, 1916...			\$1,105,590
57 Other Kentucky Banks.....	\$6,755,580	\$12,568,289	\$4,306,852
21 Indiana Banks	2,257,970	5,301,592	2,353,344
Totals	\$9,013,550	\$17,869,881	\$6,660,196
Reserve Required, viz: 12% on Demand; 5% on Time Deposits		2,144,385	333,009
5/12 of this Reserve Required with the Federal Reserve Bank after Nov. 16, 1916.....			1,032,245
Total Reserve Required with the Federal Reserve Bank by these 85 Banks.....			\$2,137,835
Less 35% Reserve to be kept by the Federal Reserve Bank			748,242
Total Available for Investment Derived from Reserves held for these 85 Member Banks			\$1,389,593
To Which Add: 3% of Capital and Surplus of these 85 Member Banks.....			501,406
GRAND TOTAL AVAILABLE FOR INVESTMENT			\$1,890,999

Exhibit No. 10-A

DETAILED STATEMENT OF CAPITAL AND SURPLUS; DEMAND AND TIME DEPOSITS, (INCLUDING BANK DEPOSITS) OF THE 85 KENTUCKY AND SOUTHERN INDIANA BANKS, LOCATED IN THE EIGHTH FEDERAL RESERVE DISTRICT, THAT HAVE SIGNED THE PETITION FOR A BRANCH BANK AT LOUISVILLE. FIGURES TAKEN FROM REPORT TO COMPTROLLER OF JUNE 30TH, 1916, FOR THE SEVEN LOUISVILLE BANKS; AND FROM THE RAND-McNALLY BANK DIRECTORY (JANUARY, 1916, ISSUE) FOR THE OTHER KENTUCKY AND SOUTHERN INDIANA BANKS. COUNTRY BANK DEPOSITS ESTIMATED ON BASIS OF TWO-THIRDS DEMAND AND ONE-THIRD TIME DEPOSITS.

LOUISVILLE MEMBER BANKS:	Capital and Surplus	Demand Deposits	Time Deposits
National Bank of Kentucky.....	\$2,645,000 00	\$6,539,000 00	\$ 752,000 00
National Bank of Commerce.....	1,300,000 00	6,996,000 00	435,000 00
First National Bank.....	600,000 00	1,766,000 00	266,000 00
Citizens National Bank.....	1,000,000 00	4,970,000 00	320,000 00
Louisville National Banking Co.....	335,000 00	1,677,000 00	577,000 00
Union National Bank.....	1,000,000 00	5,663,000 00	917,000 00
American-Southern National Bank.....	840,000 00	5,920,000 00	1,727,000 00
Totals	\$7,729,000 00	\$33,531,000 00	\$4,994,000 00

OTHER KENTUCKY BANKS:	Capital and Surplus	Demand Deposits	Time Deposits
Adairville, First National Bank.....	\$ 27,800 00	\$ 66,700 00	\$ 33,300 00
Bardwell, First National Bank.....	31,000 00	50,000 00	25,000 00
Bowling Green, American National Bank.....	170,000 00	410,000 00	205,000 00
Bowling Green, Citizens National Bank.....	150,000 00	405,400 00	202,600 00
Campbellsville, Taylor National Bank.....	30,000 00	70,700 00	35,300 00
Carrollton, First National Bank.....	120,000 00	366,700 00	183,300 00
Carrollton, Carrollton National Bank.....	85,000 00	260,000 00	130,000 00
Cave City, H. Y. Davis National Bank.....	38,000 00	121,800 00	60,900 00
Central City, First National Bank.....	27,500 00	150,000 00	75,000 00
Clay, Farmers National Bank.....	30,500 00	96,000 00	48,000 00
Columbia, First National Bank.....	50,000 00	83,400 00	41,600 00
Danville, Citizens National Bank.....	175,000 00	185,700 00	92,800 00
Danville, Farmers National Bank.....	200,000 00	354,400 00	177,100 00
Elizabethtown, First-Hardin National Bank.....	140,000 00	457,400 00	228,600 00
Frankfort, National Branch Bank.....	146,000 00	260,000 00	130,000 00
Frankfort, State National Bank.....	200,000 00	816,000 00	408,000 00
Fulton, First National Bank.....	60,000 00	46,700 00	23,300 00
Fulton, City National Bank.....	110,000 00	146,700 00	73,300 00
Glasgow, First National Bank.....	60,000 00	106,700 00	53,300 00
Glasgow, Citizens National Bank.....	48,000 00	100,000 00	50,000 00
Glasgow, Farmers National Bank.....	95,000 00	250,000 00	125,000 00
Glasgow, Trigg National Bank.....	105,000 00	233,400 00	116,600 00
Greenville, First National Bank.....	60,000 00	324,700 00	162,300 00
Harrodsburg, First National Bank.....	120,000 00	160,700 00	80,300 00
Harrodsburg, Mercer National Bank.....	150,000 00	233,400 00	116,600 00
Henderson, Henderson National Bank.....	223,000 00	333,400 00	166,600 00
Hodgenville, Farmers National Bank.....	72,000 00	126,700 00	63,300 00
Hodgenville, LaRue National Bank.....	25,280 00	50,600 00	25,200 00
Hopkinsville, First National Bank.....	105,000 00	266,700 00	133,300 00
Horse Cave, First National Bank.....	30,000 00	120,000 00	60,000 00
Lawrenceburg, Anderson National Bank.....	175,000 00	229,100 00	114,500 00
Lawrenceburg, Lawrenceburg National Bank...	175,000 00	213,300 00	106,600 00
Lebanon, Citizens National Bank.....	150,000 00	153,700 00	76,900 00
Lebanon, Farmers National Bank.....	67,000 00	183,400 00	91,600 00
Lebanon, Marion National Bank.....	230,000 00	220,000 00	110,000 00
Madisonville, Farmers National Bank.....	60,000 00	233,400 00	116,600 00
Mayfield, First National Bank.....	225,000 00	110,900 00	55,500 00
Mayfield, City National Bank.....	160,000 00	92,900 00	46,500 00
Mayfield, Farmers National Bank.....	87,000 00	108,000 00	54,000 00
Total Carried Forward.....	\$4,213,080 00	\$8,198,600 00	\$4,097,800 00

Continued on next page.

EXHIBIT No. 10-A—Continued

DETAILED STATEMENT OF CAPITAL AND SURPLUS; DEMAND AND TIME DEPOSITS, (INCLUDING BANK DEPOSITS) OF THE 85 KENTUCKY AND SOUTHERN INDIANA BANKS, LOCATED IN THE EIGHTH FEDERAL RESERVE DISTRICT, THAT HAVE SIGNED THE PETITION FOR A BRANCH BANK AT LOUISVILLE. FIGURES TAKEN FROM THE REPORT TO COMPTROLLER OF JUNE 30TH, 1916, FOR THE SEVEN LOUISVILLE BANKS; AND FROM THE RAND-McNALLY BANK DIRECTORY (JANUARY, 1916, ISSUE) FOR THE OTHER KENTUCKY AND SOUTHERN INDIANA BANKS. COUNTRY BANK DEPOSITS ESTIMATED ON BASIS OF TWO-THIRDS DEMAND AND ONE-THIRD TIME DEPOSITS—(Continued).

	Capital and Surplus	Demand Deposits	Time Deposits
Brought Forward	\$4,213,080 00	\$8,198,600 00	\$4,097,800 00
Monticello, Citizens National Bank.....	60,000 00	63,400 00	31,600 00
Morganfield, Morganfield National Bank.....	60,000 00	100,000 00	50,000 00
Owensboro, First National Bank.....	165,900 00	271,400 00	135,600 00
Owensboro, National Deposit Bank.....	396,500 00	633,400 00	316,600 00
Owensboro, U. S. National Bank.....	276,000 00	513,400 00	256,600 00
Owenton, First National Bank.....	75,600 00	93,400 00	46,600 00
Owenton, Farmers National Bank.....	72,000 00	77,400 00	38,600 00
Paducah, First National Bank.....	300,000 00	751,200 00	375,600 00
Paducah, City National Bank.....	400,000 00	754,400 00	377,200 00
Princeton, First National Bank.....	357,000 00	366,700 00	183,300 00
Princeton, Farmers National Bank.....	60,000 00	106,700 00	53,300 00
Providence, Union National Bank.....	25,000 00	35,400 00	17,600 00
Russellville, Citizens National Bank.....	35,000 00	86,700 00	43,300 00
Scottsville, First National Bank.....	33,500 00	66,700 00	33,300 00
Scottsville, Allen County National Bank.....	38,000 00	83,400 00	41,600 00
Sebree, First National Bank.....	48,000 00	40,000 00	20,000 00
Springfield, First National Bank.....	100,000 00	138,600 00	69,200 00
Wickliffe, First National Bank.....	40,000 00	56,700 00	28,300 00
Totals	\$6,755,580 00	\$12,437,500 00	\$6,216,100 00

SOUTHERN INDIANA BANKS:

Birdseye, Birdseye National Bank.....	\$ 28,750 00	\$ 69,400 00	\$ 34,600 00
Cannelton, First National Bank.....	26,500 00	66,000 00	34,000 00
Cannelton, Cannelton National Bank.....	33,000 00	150,700 00	75,300 00
Charlestown, First National Bank.....	27,200 00	59,000 00	30,000 00
Corydon, First National Bank.....	90,000 00	180,000 00	60,000 00
Corydon, Corydon National Bank.....	200,000 00	253,400 00	126,600 00
Huntingburg, First National Bank.....	30,000 00	59,600 00	30,000 00
Jeffersonville, First National Bank.....	180,000 00	451,300 00	225,600 00
Madison, First National Bank.....	125,000 00	405,400 00	202,600 00
Madison, National Branch Bank.....	300,000 00	486,400 00	243,100 00
Milltown, First National Bank.....	29,200 00	96,900 00	48,400 00
Mitchell, First National Bank.....	30,000 00	128,500 00	64,300 00
New Albany, New Albany National Bank.....	150,000 00	415,700 00	207,900 00
New Albany, Second National Bank.....	400,000 00	833,400 00	416,600 00
Orleans, National Bank of Orleans.....	66,000 00	110,000 00	55,000 00
Seymour, First National Bank.....	150,000 00	426,700 00	213,300 00
Seymour, Seymour National Bank.....	135,000 00	366,700 00	183,300 00
Tell City, Citizens National Bank.....	67,000 00	216,700 00	108,300 00
Tell City, Tell City National Bank.....	65,000 00	362,700 00	181,300 00
Vevay, First National Bank.....	80,000 00	133,400 00	66,600 00
West Baden, West Baden National Bank.....	45,320 00	115,400 00	57,600 00
Totals	\$2,257,970 00	\$5,387,300 00	\$2,664,400 00

Exhibit No. 10-B

DETAILED STATEMENT OF CAPITAL AND SURPLUS; DEMAND AND TIME DEPOSITS, (EXCLUSIVE OF BANK DEPOSITS) OF THE 85 KENTUCKY AND SOUTHERN INDIANA BANKS, LOCATED IN THE EIGHTH FEDERAL RESERVE DISTRICT, THAT HAVE SIGNED THE PETITION FOR A BRANCH BANK AT LOUISVILLE. FIGURES TAKEN FROM COMPTROLLER'S ANNUAL REPORT SHOWING CONDITION OF THESE BANKS BY REPORT OF SEPTEMBER 2ND, 1915.

LOUISVILLE MEMBER BANKS:	Capital and Surplus	Demand Deposits	Time Deposits
National Bank of Kentucky	\$2,645,000 00	\$2,917,517 00	\$ 534,347 00
National Bank of Commerce	1,300,000 00	4,070,957 00	475,974 00
First National Bank.....	600,000 00	1,238,251 00	275,721 00
Citizens National Bank.....	1,000,000 00	2,115,272 00	238,768 00
Louisville National Banking Co.....	335,000 00	958,470 00	500,387 00
Union National Bank.....	1,000,000 00	2,462,663 00	1,172,096 00
American-Southern National Bank.....	820,000 00	3,201,463 00	1,188,596 00
Totals.....	\$7,700,000 00	\$16,964,593 00	\$4,385,889 00
OTHER KENTUCKY BANKS:			
Adairville, First National Bank.....	\$ 27,800 00	\$ 79,554 00	00
Bardwell, First National Bank.....	31,000 00	70,387 00	\$ 10,988 00
Bowling Green, American National Bank.....	170,000 00	455,594 00	32,620 00
Bowling Green, Citizens National Bank.....	150,000 00	505,025 00	45,719 00
Campbellsville, Taylor National Bank.....	30,000 00	96,234 00	12,421 00
Carrollton, First National Bank.....	120,000 00	167,831 00	399,940 00
Carrollton, Carrollton National Bank.....	85,000 00	145,311 00	246,213 00
Cave City, H. Y. Davis National Bank.....	38,000 00	83,165 00	94,435 00
Central City, First National Bank.....	27,500 00	91,216 00	126,329 00
Clay, Farmers National Bank.....	30,500 00	105,084 00	6,766 00
Columbia, First National Bank.....	50,000 00	126,618 00	00
Danville, Citizens National Bank.....	175,000 00	251,808 00	00
Danville, Farmers National Bank.....	200,000 00	479,268 00	15,000 00
Elizabethtown, First-Hardin National Bank.....	140,000 00	482,602 00	106,388 00
Frankfort, National Branch Bank.....	146,000 00	297,029 00	41,483 00
Frankfort, State National Bank.....	200,000 00	921,793 00	104,218 00
Fulton, First National Bank.....	60,000 00	64,959 00	00
Fulton, City National Bank.....	110,000 00	205,711 00	00
Glasgow, First National Bank.....	60,000 00	74,418 00	85,552 00
Glasgow, Citizens National Bank.....	48,000 00	74,065 00	48,414 00
Glasgow, Farmers National Bank.....	95,000 00	208,266 00	154,261 00
Glasgow, Trigg National Bank.....	105,000 00	170,025 00	77,518 00
Greenville, First National Bank.....	60,000 00	272,343 00	174,200 00
Harrodsburg, First National Bank.....	120,000 00	199,644 00	00
Harrodsburg, Mercer National Bank.....	150,000 00	299,769 00	38,049 00
Henderson, Henderson National Bank.....	223,000 00	239,750 00	205,224 00
Hodgenville, Farmers National Bank.....	72,000 00	132,593 00	51,553 00
Hodgenville, LaRue National Bank.....	25,280 00	64,352 00	6,822 00
Hopkinsville, First National Bank.....	105,000 00	314,586 00	57,438 00
Horse Cave, First National Bank.....	30,000 00	94,715 00	68,210 00
Lawrenceburg, Anderson National Bank.....	175,000 00	319,518 00	00
Lawrenceburg, Lawrenceburg National Bank....	175,000 00	316,185 00	00
Lebanon, Citizens National Bank.....	150,000 00	189,612 00	00
Lebanon, Farmers National Bank.....	67,000 00	263,915 00	00
Lebanon, Marion National Bank.....	230,000 00	281,075 00	00
Madisonville, Farmers National Bank.....	60,000 00	149,934 00	00
Mayfield, First National Bank.....	225,000 00	132,377 00	34,337 00
Mayfield, City National Bank.....	160,000 00	107,914 00	2,227 00
Mayfield, Farmers National Bank.....	87,000 00	104,231 00	13,576 00
Monticello, Citizens National Bank.....	60,000 00	86,198 00	00
Monticello, Morganfield National Bank.....	60,000 00	136,520 00	10,051 00
Totals Carried Forward.....	\$4,333,080 00	\$8,861,194 00	\$2,269,952 00

Continued on next page.

EXHIBIT No. 10-B—Continued

DETAILED STATEMENT OF CAPITAL AND SURPLUS; DEMAND AND TIME DEPOSITS, (*EXCLUSIVE OF BANK DEPOSITS*) OF THE 85 KENTUCKY AND SOUTHERN INDIANA BANKS, LOCATED IN THE EIGHTH FEDERAL RESERVE DISTRICT, THAT HAVE SIGNED THE PETITION FOR A BRANCH BANK AT LOUISVILLE. FIGURES TAKEN FROM COMPTROLLER'S ANNUAL REPORT SHOWING CONDITION OF THESE BANKS BY REPORT OF SEPTEMBER 2ND, 1915—(Continued).

	Capital and Surplus	Demand Deposits	Time Deposits
Brought Forward	\$4,333,080 00	\$8,861,194 00	\$2,269,952 00
Owensboro, First National Bank.....	166,900 00	253,350 00	158,908 00
Owensboro, National Deposit Bank.....	395,500 00	440,946 00	405,957 00
Owensboro, U. S. National Bank.....	276,000 00	296,869 00	358,924 00
Owenton, First National Bank.....	75,600 00	148,287 00	00
Owenton, Farmers National Bank.....	72,000 00	126,300 00	00
Paducah, First National Bank.....	300,000 00	644,918 00	501,377 00
Paducah, City National Bank.....	400,000 00	709,656 00	350,455 00
Princeton, First National Bank.....	357,000 00	447,284 00	122,511 00
Princeton, Farmers National Bank.....	60,000 00	100,016 00	24,793 00
Providence, Union National Bank.....	25,000 00	29,553 00	26,980 00
Russellville, Citizens National Bank.....	35,000 00	102,739 00	00
Scottsville, First National Bank.....	33,500 00	58,184 00	5,000 00
Scottsville, Allen County National Bank.....	38,000 00	95,582 00	26,223 00
Sebree, First National Bank.....	48,000 00	57,455 00	7,524 00
Springfield, First National Bank.....	100,000 00	144,167 00	35,150 00
Wickliffe, First National Bank.....	40,000 00	51,789 00	13,098 00
Totals.....	\$6,755,580 00	\$12,568,289 00	\$4,306,852 00

SOUTHERN INDIANA BANKS:

Birdseye, Birdseye National Bank.....	\$ 28,750 00	\$ 66,039 00	\$ 50,164 00
Cannelton, First National Bank.....	26,500 00	43,945 00	48,052 00
Cannelton, Cannelton National Bank.....	33,000 00	115,939 00	104,356 00
Charlestown, First National Bank.....	27,200 00	59,540 00	28,854 00
Corydon, First National Bank.....	90,000 00	212,181 00	00
Corydon, Corydon National Bank.....	200,000 00	315,352 00	00
Huntingburg, First National Bank.....	30,000 00	70,479 00	29,666 00
Jeffersonville, First National Bank.....	180,000 00	344,587 00	272,938 00
Madison, First National Bank.....	125,000 00	259,436 00	340,751 00
Madison, National Branch Bank.....	300,000 00	557,344 00	00
Milltown, First National Bank.....	29,200 00	64,917 00	64,517 00
Mitchell, First National Bank.....	30,000 00	176,233 00	00
New Albany, New Albany National Bank.....	150,000 00	415,587 00	239,764 00
New Albany, Second National Bank.....	400,000 00	794,734 00	420,178 00
Orleans, National Bank of Orleans.....	66,000 00	146,141 00	259 00
Seymour, First National Bank.....	150,000 00	625,746 00	00
Seymour, Seymour National Bank.....	135,000 00	491,749 00	80,735 00
Tell City, Citizens National Bank.....	67,000 00	85,046 00	227,380 00
Tell City, Tell City National Bank.....	65,000 00	138,321 00	382,690 00
Vevay, First National Bank.....	80,000 00	154,416 00	63,040 00
West Baden, West Baden National Bank.....	45,320 00	163,860 00	00
Totals.....	\$2,257,970 00	\$5,301,592 00	\$2,353,344 00

Exhibit No. 11-A

ESTIMATED EXPENSES OF BRANCH BANK IF OPERATED IN CONNECTION WITH THE CLEARING HOUSE. (TRANSIT DEPARTMENT EXCLUDED, AS THE SERVICE CHARGE ON CHECKS HANDLED IS APPORTIONED AND CHARGED TO THE MEMBER BANKS ACCORDING TO THE NUMBER OF ITEMS HANDLED FOR EACH).

SALARIES:

Manager Branch Bank and Clearing House	\$5,000 00	
Less Clearing House Proportion.....	2,500 00	
		\$2,500 00
Cashier Branch Bank and Examiner Clearing House.....	\$5,000 00	
Less Clearing House Proportion.....	3,000 00	
		2,000 00
General Bookkeeper		1,500 00
Representative Federal Reserve Agent.....		600 00
Discount Teller		1,000 00
General Clerk		900 00
Stenographer	900 00	
Less Clearing House Proportion.....	450 00	
		450 00

OTHER EXPENSES:

Directors' Fees and Traveling Expenses.....		800 00
Telephone and Telegraph.....		300 00
Postage		600 00
Stationery and Printing.....		500 00
Miscellaneous Expenses		800 00
Assessment for Expenses of Federal Reserve Board		1,500 00
Rent	\$2,000 00	
Less Clearing House Proportion.....	800 00	
		1,200 00
Annual Depreciation Furniture and Fixtures		350 00

TOTAL SALARIES AND EXPENSES \$15,000 00

Above figures are based on experience of the Branch Federal Reserve Bank of New Orleans.

ESTIMATED EARNINGS:

From Re-discounts,	\$400,000 @ 4%.....	\$16,000 00
From Open Market Operations, viz:		
Investment in U. S. Bonds,	500,000 @ 3%.....	15,000 00
Investment in U. S. Bonds,	500,000 @ 2%.....	10,000 00
Investment in Bankers Acceptances,	500,000 @ 3%.....	15,000 00
TOTAL ESTIMATED EARNINGS		\$56,000 00

Exhibit No. 11-B

ESTIMATED EXPENSES OF BRANCH BANK IF NOT OPERATED IN CONNECTION WITH THE CLEARING HOUSE. (TRANSIT DEPARTMENT EXCLUDED AS THE SERVICE CHARGE ON CHECKS HANDLED IS APPORTIONED AND CHARGED TO THE MEMBER BANKS ACCORDING TO THE NUMBER OF ITEMS HANDLED FOR EACH.)

SALARIES :

Manager	\$5,000 00
Cashier & General Bookkeeper.....	2,000 00
Deputy Federal Reserve Agent.....	600 00
Discount Teller	1,000 00
General Clerk	1,000 00
Stenographer	900 00

OTHER EXPENSES :

Directors' Fees and Traveling Expenses.....	800 00
Telephone & Telegraph.....	300 00
Postage	600 00
Stationery & Printing.....	500 00
Miscellaneous Expenses	800 00
Rent	1,500 00
Annual Depreciation Furniture & Fixtures.....	500 00
Assessment for Expenses of Federal Reserve Board	1,500 00

TOTAL SALARIES AND EXPENSES \$17,000 00

Above figures are based on experience of the Branch Federal Reserve Bank of New Orleans.

ESTIMATED EARNINGS:

From Re-discounts, \$400,000 @ 4%.....	\$16,000 00
From Open Market Operations, viz:	
Investments in U. S. Bonds, 500,000 @ 2%.....	10,000 00
Investments in U. S. Bonds, 500,000 @ 3%.....	15,000 00
Investments in Bankers Acceptances, 500,000 @ 3%.....	15,000 00

TOTAL ESTIMATED EARNINGS..... \$56,000 00