

421.11 (3) - Committee on Branch Group &
Chain Banking
FRBank Philadelphia

TRANSFER

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421.11(3)

August 9, 1933

Governor G. W. Norris
Federal Reserve Bank
Philadelphia, Pennsylvania

My dear Governor Norris:

I take pleasure in sending you under separate cover copies of the reports of the Federal Reserve Committee on Branch, Group, and Chain Banking, which the Governors expressed a desire to see with the view to passing on the desirability of printing them.

The various reports, which are being transmitted, include: (1) Branch Banking in the United States; (2) Branch Banking in California; (3) Branch Banking in England; (4) Branch Banking in Canada; (5) Banking Groups and Chains; (6) Changes in the Number and Size of Banks in the United States, 1834-1931; (7) Bank Suspensions in the United States, 1892-1931; (8) 225 Bank Suspensions, Case Histories from Examiners' Reports; (9) Banking Profits, 1890-1931; (10) Dual Banking System in the United States. I am also sending you a revised Summary of the Reports and, as our supply of charts is limited, I shall be glad if you can conveniently return the copy of the earlier Summary which was distributed at the Governors' Conference last autumn.

Very truly yours,

E. A. Goldenweiser
Chairman, Committee on Branch,
Group, and Chain Banking.

*Counsel
Mr. Gredman*

Mr. Riddle

421.11(3)

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE CHAIRMAN OF THE BOARD AND FEDERAL RESERVE AGENT

RICHARD L. AUSTIN
CHAIRMAN OF THE BOARD
AND FEDERAL RESERVE AGENT

ARTHUR E. POST
ASSISTANT FEDERAL RESERVE AGENT

DEPARTMENT OF BANK EXAMINATION

ERNEST C. HILL
ASSISTANT FEDERAL RESERVE AGENT

H. B. DIETZ T. F. MAUDE
C. F. EATON W. H. SOULE
Z. G. FENNER S. A. WALKER
EXAMINERS

October 10, 1932.

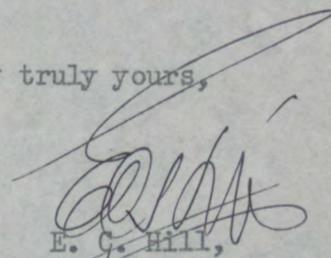
Federal Reserve Board,
Washington, D. C.

Dear Sirs:-

Enclosed herewith is a summary of the important changes for 1914 - 1932 in state bank laws relating to the banks and trust companies in the state of New Jersey.

We regret the delay which attended the submission of this data but we were informed early last month that the New Jersey State Banking Department, owing to the abnormal amount of work which its small force was called upon to perform, would be unable to compile the information for us and it was then necessary for us to assign a member of the Department of Bank Examination to this task, which has just been completed.

Very truly yours,



E. C. Hill,
Assistant Federal Reserve Agent.

RECEIVED
FEDERAL RESERVE BOARD
WASHINGTON
OCT 11 1932 AM

421.11(3)

September 12, 1932

Mr. R. L. Austin
Federal Reserve Agent
Federal Reserve Bank
Philadelphia, Penna.

Dear Mr. Austin:

On July 9th we sent you a questionnaire regarding the changes in State banking laws, and requested that you secure for us, if possible, this information for the States in your district. We realize that it is not easy to secure information of this nature from the overworked State banking departments. However, we are now trying to finish this report and should appreciate it very much if you could expedite the preparation of this material for New Jersey. You have already sent us the reports for Pennsylvania and Delaware.

Very truly yours,

E. A. Goldenweiser
Chairman, Committee on Branch,
Group and Chain Banking.

I/R

The Riddle
421.11(3)

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

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EXAMINERS

August 24, 1932.

Mr. E. A. Goldenweiser, Chairman,
Committee on Branch, Group & Chain Banking,
Federal Reserve Board,
Washington, D.C.

Dear Mr. Goldenweiser:-

Supplementing our letter of August ¹³18th, we beg leave to
enclose herewith a tabulation of the information requested in your
letter of July 9th, with respect to the State of Delaware.

We have not yet received the desired information from the
New Jersey State Banking Department but expect it in the near future
and will forward it to you immediately upon its receipt by us.

Very truly yours,

E. C. HILL,
Assistant Federal Reserve Agent.

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FEDERAL RESERVE BOARD

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE CHAIRMAN OF THE BOARD AND FEDERAL RESERVE AGENT

RICHARD L. AUSTIN
CHAIRMAN OF THE BOARD
AND FEDERAL RESERVE AGENT

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EXAMINERS

August 13, 1932.

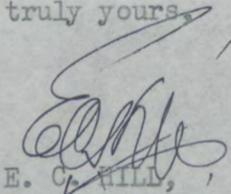
Mr. E. A. Goldenweiser, Chairman,
Committee on Branch, Group & Chain Banking,
Federal Reserve Board,
Washington, D.C.

Dear Mr. Goldenweiser:-

In partial compliance with your request of July 9th relative to obtaining a summary of the important changes in state legislation regarding banks and trust companies since the inauguration of the Federal Reserve System, we beg leave to enclose herewith a tabulation of the desired information with respect to the State of Pennsylvania.

The banking authorities of New Jersey and Delaware have informed us that the requested information for their States is in process of preparation but that on account of their small office personnel and the large volume of work which is now being encountered some further delay will ensue in the completion of their data. We will submit their schedules to you just as soon as they are received by us.

Very truly yours,


E. C. HILL,

Assistant Federal Reserve Agent.

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AUG 15 1932 AM

421. 11(3)

July 9, 1932

Mr. R. L. Austin
Federal Reserve Agent
Federal Reserve Bank
Philadelphia, Pennsylvania

Dear Mr. Austin:

The Federal Reserve Committee on Branch, Group and Chain Banking is very anxious to obtain a summary of the important changes in State legislation regarding banks and trust companies since the inauguration of the Federal Reserve System. This is for use in a study of the effects upon our banking structure of competition between various classes of banking institutions.

For some phases of banking legislation (e.g., reserve requirements and the operation of branches) our information is already fairly complete. In other respects, however, it is inadequate, and we should like to ask your assistance in filling in these deficiencies.

The enclosed mimeographed forms outline specifically the information desired. Would you be able to obtain for us this information from the banking departments of the States whose capitals lie within your district, or from your legal department? It is not necessary that we have all the details of every law bearing upon the points enumerated. We want to know what changes have occurred since 1914 which have a significant bearing upon the operations of banking institutions and upon the types of assets held by banks.

Very truly yours,

E. A. Goldenweiser
Chairman, Committee on Branch,
Group and Chain Banking.

Enc.

H
H

421.11(3)

June 10, 1932

Mr. R. L. Austin
Federal Reserve Agent
Federal Reserve Bank
Philadelphia, Pennsylvania

Dear Mr. Austin:

The Committee on Branch, Group and Chain Banking wishes to know the basis of the classification, in the reports of the Comptroller of the Currency, of State banking institutions into State (commercial) banks on the one hand and loan and trust companies on the other. The office of the Comptroller informs us that this classification is made by the respective banking departments when the figures are reported to him.

Could you, therefore, find out from the banking departments of the following States, the basis for the distinction between commercial banks and loan and trust companies?

New Jersey
Pennsylvania
Delaware

Very truly yours,

H

E. A. Goldenweiser
Chairman, Committee on Branch,
Group and Chain Banking.

421.11(3)

June 4, 1932

Mr. R. L. Austin
Federal Reserve Agent
Federal Reserve Bank
Philadelphia, Pennsylvania

Dear Mr. Austin:

In recent years there have been many changes among banking institutions from national charter to State charter and vice versa. These changes have occurred through both conversions and consolidations. The Committee on Branch, Group and Chain Banking, in connection with its study of the dual banking system, is desirous of obtaining accurate information as to the motives for these changes.

We are enclosing herewith a selected list of these conversions and consolidations in your district, and should appreciate it if you will address an inquiry to each institution asking for a statement of the reasons or considerations which prompted them to convert from one charter to the other, or, in the case of consolidations, why one charter was chosen in preference to the other for the continuing institution. If we can secure from these institutions frank and adequate replies to this question, it will doubtless shed much light on the competitive factors between the two banking systems. While we expect to tabulate and comment on the general results of the replies received, the answers of the individual banks will be held in strictest confidence and, of course, no banks will be mentioned in our report, or designated in such manner as to be recognized.

We are submitting this question to nearly one hundred banks in the various districts in order to secure a fair sample for the country as a whole.

Very truly yours,

E. A. Goldenweiser
Chairman, Committee on Branch,
Group and Chain Banking.

Enc.
H

District No. 3

Conversions from State to National Charters

Conversions from National to State Charters

Consolidations where National Charter was Adopted

Consolidations where State Charter was Adopted

Philadelphia, Pa. 1923

Bank of North America, N. A. (25))	Bank of North America and Trust Co.
Commercial Trust Co. (29))	(Later - Pennsylvania Company for Insurance on Lives and Granting Annuities)

Philadelphia, Pa. 1923

Ninth National Bank (12))	Ninth Bank and Trust Co.
Ninth Title and Trust Co. (1))	

Philadelphia, Pa. 1927

Union National Bank (28))	Union Bank and Trust Co.
Mutual Trust Co. (10))	(Later - Corn Exchange National Bank and Trust Co.)

Williamsport, Pa. 1927

West Branch National Bank (8))	Lycoming Trust Co.
Lycoming National Bank (2))	
Northern Central Trust Co. (5))	

* Numbers in parentheses indicate approximate loans and investments in millions of dollars.

421.11(3)

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE
CHAIRMAN OF THE BOARD AND
FEDERAL RESERVE AGENT

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MAR 23 1932
DIVISION OF RESEARCH
AND STATISTICS.

March 22, 1932

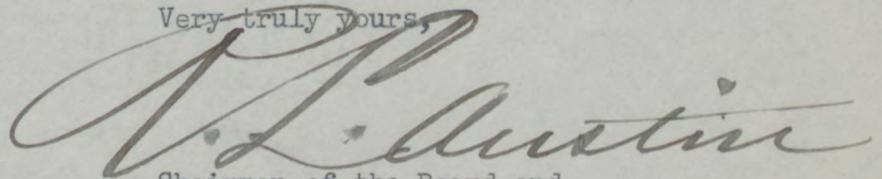
Federal Reserve Board,
Washington, D. C.

Attention: Dr. E. A. Goldenweiser, Chairman,
Committee on Branch, Group and Chain Banking

Sirs:

We take pleasure in enclosing schedules for Pennsyl-
vania, New Jersey and Delaware giving the information on loans
and investments, deposits and net profits that was requested
in your letter of March 12.

Very truly yours,



Chairman of the Board and
Federal Reserve Agent

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MAR 23 1932 AM

421.11(3)

March 12, 1932

Mr. R. L. Austin
Federal Reserve Agent
Federal Reserve Bank
Philadelphia, Pennsylvania

Dear Mr. Austin:

For the purpose of assembling certain requested information in connection with proposals for guaranteeing bank deposits, we have prepared the attached tables calling for three items to be taken from the "Analysis of Bank Earnings" schedules which you prepared for the Committee last year. You still hold these schedules in your files and the items desired are J., K. and M. on page two. You will note that the tables call for aggregate dollar amounts for all national banks in each size group. This entails arranging the analysis blanks for each year by size of loans and investments, if they are not already so arranged, and then tabulating the figures for each year for each size group. In the case of each item a separate table should be prepared for each State or fraction of State in your district.

In view of the purpose for which these data are needed it will be appreciated if you can expedite the compilations.

Very truly yours,

E. A. Goldenweiser
Chairman, Committee on Branch,
Group and Chain Banking.

Enc.

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE CHAIRMAN OF THE BOARD AND FEDERAL RESERVE AGENT

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DIVISION OF RESEARCH
AND STATISTICS.
421.11(3)

RICHARD L. AUSTIN
CHAIRMAN OF THE BOARD
AND FEDERAL RESERVE AGENT

ARTHUR E. POST
ASSISTANT FEDERAL RESERVE AGENT

DEPARTMENT OF BANK EXAMINATION

ERNEST C. HILL
ASSISTANT FEDERAL RESERVE AGENT
H. B. DIETZ
Z. G. FENNER
T. F. MAUDE
S. A. WALKER

EXAMINERS

December 29, 1931.

Mr. Powell

E. A. Goldenweiser, Chairman,
Committee on Branch, Group & Chain Banking,
Federal Reserve Board,
Washington, D.C.

Dear Dr. Goldenweiser:-

Supplementing our letter of December 28th, 1931, transmitting certain data relating to the case histories of six banks, suspended in operation during 1931, in the Third Federal Reserve District, we enclose you herewith a schedule embracing Exhibit 2 - "The comments of Federal reserve examiners regarding these banks during the same period, etc."

Very truly yours,

E. C. Hill

E. C. HILL,
Assistant Federal Reserve Agent.

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

421.11(3)

OFFICE OF THE
CHAIRMAN OF THE BOARD AND
FEDERAL RESERVE AGENT

December 28, 1931.

E. A. Goldenweiser,
Chairman, Committee on Branch,
Group and Chain Banking,
Federal Reserve Board,
Washington, D. C.

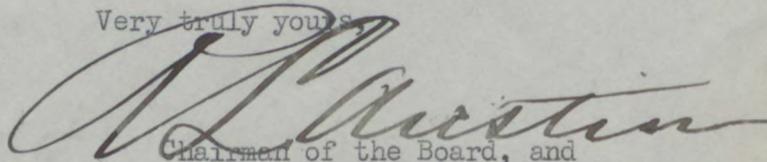
Dear Dr. Goldenweiser:-

In compliance with the Committee's letter of November 23, 1931, which requested that case histories of six banks, suspended in operation during 1931, in the Third Federal reserve district, be prepared and submitted in the form of four exhibits, we are pleased to forward at this time certain of the data requested.

Mr. Riddle has been informed, in the course of telephone conversations, that our participation in this phase of the Committee's work has been regretfully limited to the study and analysis of reports of examinations in our files, an unsuccessful effort having been made to obtain the release, for use at this office, of copies of older reports, which we have disposed of.

The extent of our participation as to items 1, 3 and 4, as set forth in the Committee's letter, is reflected in the attached schedule. Exhibit 2--"The comments of Federal reserve examiners regarding these banks during the same period, etc.", is in course of preparation and this information will be forwarded within the week.

Very truly yours,


Chairman of the Board, and
Federal Reserve Agent.

421.11(3)

December 7, 1931

Mr. E. C. Hill
Assistant Federal Reserve Agent
Federal Reserve Bank
Philadelphia, Pennsylvania

Dear Mr. Hill:

In accordance with a telephone request received from your office today, we are enclosing for your use 100 additional copies of Form F.

Very truly yours,

J. H. Riddle
Secretary, Committee on Branch,
Group and Chain Banking.

Enc.

421, 11 (3)

December 2, 1931.

Mr. Geol W. Norris, Governor,
Federal Reserve Bank,
Philadelphia, Penna.

Dear Governor Norris:

During the meeting today with the Governors' Conference of the Federal Reserve Committee on Branch, Group and Chain Banking a request was made that each Governor be furnished with a copy of the confidential data submitted recently to the Sub-committee of the Committee on Banking and Currency of the United States Senate which is engaged in a survey of the operation of the National and Federal Reserve banking systems.

A copy of this data is enclosed herewith and it is requested that you also regard it as confidential.

Very truly yours,

(Signed) Chester Morrill

Chester Morrill,
Secretary.

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FEDERAL RESERVE BANK OF PHILADELPHIA

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE
CHAIRMAN OF THE BOARD AND
FEDERAL RESERVE AGENT

Mr. Riddle



December 2, 1931.

Federal Reserve Board,

Washington, D.C.

Attention: Committee on Branch, Group
and Chain Banking.

Dear Sirs:-

Your letter of November 23rd requesting the compilation and submission of certain data relative to six national banks which have suspended operations in our district during the current year, was duly received.

We shall be glad to compile the recent histories of these banks as requested by you and will furnish the information just as soon as we can have it assembled. The work will be done by members of our Department of Bank Examination and as this department is very busily engaged in examination work and on special services it may be that we shall be unable to supply the information until somewhat later than December 15th, the date on which you would like to receive it.

In order to reduce the amount of filing space required for non-current and obsolete reports, it has for some time been our practice to retain reports of examination for only three years. At the present time, therefore, our files contain the confidential sections of national bank examiners' reports only back as far as 1925, and the reports proper are on

FEDERAL RESERVE BANK OF PHILADELPHIA

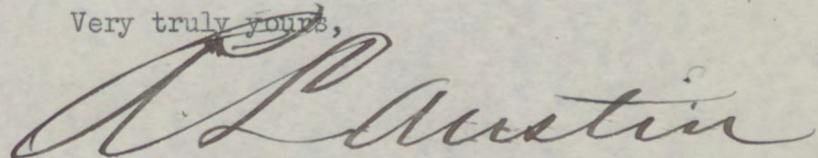
PAGE NO. 2 TO Federal Reserve Board.

12/2/31.

file only for the years 1928, 1929, 1930 and 1931. In view of this situation and as the Chief National Bank Examiner of this district retains examination reports only one and one-half years, it will be necessary for a considerable portion of the material requested to be secured from examination reports in the file of the Comptroller of the Currency. We are ascertaining through the Chief Examiner whether the Comptroller will permit the requisite reports to be forwarded to his office in this city where they may be used by our representatives in securing the desired information. If the Comptroller is not agreeable to this plan it will be necessary for us to compile the information from the reports in our files and forward the schedules to you for completion through access to the Comptroller's file, or to arrange for a representative of this bank to go to Washington and prepare the material from the Comptroller's files.

We will advise you further on this phase of the study just as soon as we learn whether the needed reports will be made available to us in the local office.

Very truly yours,

A handwritten signature in cursive script, appearing to read "R. L. Austin".

Chairman of the Board, and
Federal Reserve Agent.

421.11(3)

November 23, 1931

Mr. R. L. Austin
Federal Reserve Agent
Federal Reserve Bank
Philadelphia, Pennsylvania

Dear Mr. Austin:

In the early part of this year the Committee initiated a study into the causes of bank failures which consisted in compiling the case histories of 120 banks for several years prior to suspension. These 120 banks were selected from suspensions during 1921-1930 and the material is now being analyzed.

In view of the large number of suspensions during 1931, however, as well as the differences in location and factors involved, it is felt that no study of suspensions would be adequate unless it covered this year. Therefore, 100 banks suspending in 1931 have been selected in a manner which should make them representative of this year's fatalities. Those selected from your district are given on the attached list, and we should appreciate it if you would give us the recent histories of these banks in accordance with the instructions. The information desired consists of four parts.

First, the comments of the national or State bank examiners, as the case may be, from the beginning of 1920 till suspension. The form in which these comments should be drawn up is explained in the enclosed mimeographed instructions to which is attached Exhibit I, an illustration. As an aid to interpretation these comments are interspersed with certain figures showing in a general way the condition of the bank at the time of each examination. Certain other data are also called for, such as population figures and earnings. These are covered in the mimeographed instructions.

Second, the comments of Federal reserve examiners regarding these banks during the same period, together with any correspondence, memoranda or other material in the files of the Federal reserve bank which will aid in understanding the condition and operation of these banks prior to failure. No special form has been drawn up for compiling this material, but in so far as feasible it should be listed

Mr. R. L. Austin, #2

November 23, 1931

chronologically as in the case of the comments of the national and State bank examiners.

Third, a photostat copy of each bank's bond and other security holdings on three different dates: (1) at or just prior to suspension; (2) approximately one year prior to suspension; and (3) approximately two years prior to suspension.

Fourth, detailed statistical data taken from the examiners' reports and recorded on "Form F" from 1920 to the date of suspension. A copy of this form and comments regarding its preparation are enclosed, and a supply of the forms is being forwarded to you under separate cover.

In case the history of any bank in the list is not available for any reason a substitution should be made of some other typical suspended bank in your district.

In view of the urgent necessity of completing this report at an early date we hope you will have this material compiled and forwarded to us as soon as possible. Perhaps you can let us have it by the 15th of December.

Very truly yours,

E. A. Goldenweiser
Chairman, Committee on Branch,
Group and Chain Banking.

Enc.

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Suspended Banks Selected for Case Studies

Philadelphia District

- | | |
|------------------------------------|----------------------|
| 1. Citizens National Bank | Jenkintown, Pa. |
| 2. First National Bank | Orbisonia, Pa. |
| 3. First National Bank | Portage, Pa. |
| 4. First National Bank & Trust Co. | Merchantville, N. J. |
| 5. Westmont National Bank | Westmont, N. J. |
| 6. Overbrook National Bank | Philadelphia, Pa. |

421.11 (3)

November 16, 1931

Mr. E. C. Hill
Assistant Federal Reserve Agent
Federal Reserve Bank
Philadelphia, Pennsylvania

Dear Mr. Hill:

We have received your letter of November 12th in which you enclosed quality indexes and copies of the investment lists of the remaining twenty-five selected national banks in your district together with a list of the ratings furnished by the Standard Statistics Corporation of New York covering those cases where no published ratings were available.

The indexes for your district are entirely satisfactory and we thank you for the precision with which the project has been completed.

Very truly yours,

J. H. Riddle
Secretary, Committee on Branch,
Group and Chain Banking.

M
H

421.11(3)

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE CHAIRMAN OF THE BOARD AND FEDERAL RESERVE AGENT

RICHARD L. AUSTIN
CHAIRMAN OF THE BOARD
AND FEDERAL RESERVE AGENT

ARTHUR E. POST
ASSISTANT FEDERAL RESERVE AGENT

DEPARTMENT OF BANK EXAMINATION

ERNEST C. HILL
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H. B. DIETZ
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T. F. MAUDE
S. A. WALKER

EXAMINERS

November 12, 1931.

Federal Reserve Board,

Washington, D.C.

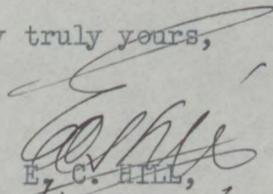
Attention: Mr. J. H. Riddle, Secretary,
Committee on Branch, Group
and Chain Banking.

Gentlemen:-

Supplementing our letter of October 29th, we enclose herewith quality indexes of the investments and copies of the investment lists of the remaining twenty-five of the fifty selected national banks in our district.

We also enclose a list of the ratings furnished us by the Standard Statistics Corporation of New York covering those cases where no published ratings were available. This is provided in response to your request of November 2nd.

Very truly yours,



E. C. HILL,
Assistant Federal Reserve Agent.

421.11(3)

November 2, 1931

Mr. R. L. Austin
Federal Reserve Agent
Federal Reserve Bank
Philadelphia, Pennsylvania

Dear Mr. Austin:

We have received your letter of October 29th in which you enclosed quality indexes of the investments and copies of the investment lists of twenty-five of the fifty selected national banks in your district.

The Committee appreciates the care you are using in the assignment of ratings and the construction of the indexes. The procedure you have followed is essentially in accordance with the Committee's desires. For your reference in the preparation of the remaining twenty-five indexes which you expect to complete by November 15, the following is a complete list of the items that should be excluded from the quality indexes:

- Circulation bonds
- Federal Reserve Bank stock
- Securities of company owning the bank building or safe deposit vaults
- Bonds borrowed
- Bonds bought under re-purchase agreement
- Claims, judgments, and warrants
- Bonds and stocks taken for D. P. C.
- Personal property

A list of the ratings furnished you by the Standard Statistics Corporation of New York in those cases where no published ratings were available would be of assistance to the Committee in its work of placing the indexes of all districts on a comparable basis.

Very truly yours,

$\frac{11}{4}$

J. H. Riddle
Secretary, Committee on Branch,
Group and Chain Banking.

421.11(3)

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE
CHAIRMAN OF THE BOARD AND
FEDERAL RESERVE AGENT

Mr. Riddle

October 29, 1931.

Federal Reserve Board,

Washington, D.C.

Attention: Mr. J. H. Riddle, Secretary,
Committee on Branch, Group and
Chain Banking.

Dear Sirs:-

In reply to your letter of October 23rd, we are pleased to enclose you quality indexes of the investment accounts of twenty-five of the fifty selected national banks in our district which were referred to in your letter of July 16th in which you outlined the nature and the scope of the information desired. These examples are not in the alphabetical order of the list submitted by you as the preparation of the information was contingent upon the availability of the reports of examination and the completion of the process of assembling the requested, detailed data. This situation required that the work be concentrated on the banks for which all information was in convenient form.

Every effort has been made to reconcile the totals shown on Form S with those shown in the recapitulation of examination reports, photostatic copies of which are attached as exhibits. Items within the investment list to which it is desired to call particular attention are referred to on the memorandum attached to the individual schedules.

In those cases where no published ratings were available this office has assigned ratings based on information furnished by the Standard Statistics Corporation of New York. In a few instances we have assigned arbitrary ratings where it was felt that the value of the index would be destroyed if the unrated security were so classified. In each instance the arbitrary rating has been assigned only after the analysis of any available information and the exercise of due care.

We expect to complete the preparation of this material and submit the remaining twenty-five indexes to you on or before November 15, 1931. In the meantime we should like you to inform us whether the enclosed information

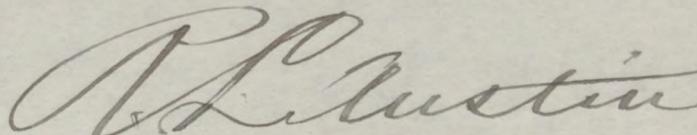
FEDERAL RESERVE BANK OF PHILADELPHIA

PAGE NO. 2 TO Federal Reserve Board.

10/29/31.

has been prepared in accordance with your desires so that if any changes in procedure are necessary they may be made prior to the completion of the remaining schedules.

Very truly yours,

A handwritten signature in cursive script, appearing to read "R. L. Austin".

Chairman of the Board, and
Federal Reserve Agent.

421.11(3)

October 23, 1931

Mr. R. L. Austin
Federal Reserve Agent
Federal Reserve Bank
Philadelphia, Pennsylvania

Dear Mr. Austin:

In our letter of July 16th we requested that you prepare a quality index of the investment accounts of fifty selected national banks in your district. We are now working on this phase of the Committee's study and should appreciate your informing us of the progress you have made on this project.

Very truly yours,

J. H. Riddle
Secretary, Committee on Branch,
Group and Chain Banking.

M
H

421.11(3)

October 17, 1931

Mr. R. L. Austin
Federal Reserve Agent
Federal Reserve Bank
Philadelphia, Pennsylvania

Dear Mr. Austin:

Thank you for your letter of October 16th re-
garding the condition of building and loan associations
in Pennsylvania.

Very truly yours,

J. H. Riddle
Secretary, Committee on Branch,
Group and Chain Banking.

R.H.

421.1(3)

September 22, 1931

Mr. R. L. Austin
Federal Reserve Agent
Federal Reserve Bank
Philadelphia, Pennsylvania

Dear Mr. Austin:

As you doubtless know, the Federal Reserve Committee on Branch, Group and Chain Banking expects to include in its report a chapter on the competition encountered by banks on the part of non-banking institutions, notably building and loan associations, savings and loan associations, and similar societies conducted on the mutual or cooperative principle. Several of the Federal reserve banks have been good enough to compile and transmit to us much valuable information, which in the main will be sufficient for our purposes. We are anxious, however, to make sure that the report shall not fail to take account of any new developments of importance which may have occurred in recent months, particularly with respect to the manner in which building and loan associations have met the conditions arising out of banking crises in various localities.

Since we hope to complete this part of the report in a few weeks, manifestly there will not be time for an extended inquiry; but we shall be glad to have any information you can furnish, without too much trouble, as to conditions in your district. We should like to know, for example, to what extent the assets of building and loan associations are "frozen," whether more or less seriously than the real estate loans of the banks; whether in general the associations have been obliged to invoke the full extent of their privileges under the law in the matter of requiring notice for payment of the withdrawal value of their shares, or of their deposits, as the case may be, and whether there has been in the past twelve months any considerable increase in building and loan failures, as compared with the years 1928 and 1929.

We shall greatly appreciate a reply along the lines indicated at your earliest convenience.

Very truly yours,

E. A. Goldenweiser
Chairman, Committee on Branch,
Group and Chain Banking

C.c. to Mr. Smead

K
F

421.11(3)

September 1, 1931

Mr. E. C. Hill
Assistant Federal Reserve Agent
Federal Reserve Bank
Philadelphia, Pennsylvania

Dear Mr. Hill:

This will acknowledge with thanks your letter
of the 31st to Mr. Goldenweiser with its enclosure of
the information we requested on banking and non-banking
affiliations in your district. You may be assured that
the information will be considered confidential and that
your own care in preparing this material and the coop-
eration of the state banking departments are greatly
appreciated.

Very truly yours,

H/F

J. H. Riddle
Secretary, Committee on Branch,
Group and Chain Banking

421.11(3)

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE CHAIRMAN OF THE BOARD AND FEDERAL RESERVE AGENT

RICHARD L. AUSTIN
CHAIRMAN OF THE BOARD
AND FEDERAL RESERVE AGENT

ARTHUR E. POST
ASSISTANT FEDERAL RESERVE AGENT

DEPARTMENT OF BANK EXAMINATION

ERNEST C. HILL
ASSISTANT FEDERAL RESERVE AGENT
H. B. DIETZ
Z. G. FENNER
T. F. MAUDE
S. A. WALKER

EXAMINERS

August 31, 1931.

Federal Reserve Board,

Washington, D.C.

Attention: Mr. E. A. Goldenweiser, Chairman,
Committee on Branch, Group and
Chain Banking.

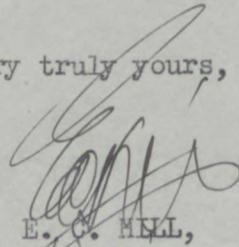
Dear Sirs:-

In compliance with the request contained in your letter of July 7th, we have checked the list of banking and non-banking affiliations of state and national banks located in this district which was submitted with your letter, indicating the changes or corrections necessary, and we have also prepared information on other cases of similar affiliations which we have been able to secure. This material is enclosed herewith.

If further details or explanations are desired relative to any of the cases of affiliations submitted, do not hesitate to advise us and we shall be glad to supplement the submitted information to any extent possible.

A considerable portion of this material has been developed with the aid of the respective State Banking Departments of our district which have been given to understand that the information furnished by them will be treated in confidence. As you can readily appreciate, many of the affiliations are not generally known and we would have been unable to secure information regarding them without the assistance rendered by the State Banking authorities.

Very truly yours,



E. C. HILL,
Assistant Federal Reserve Agent.

421.11(3)

August 25, 1931

Mr. E. C. Hill
Assistant Federal Reserve Agent
Federal Reserve Bank
Philadelphia, Pennsylvania

Dear Mr. Hill:

In the absence of Mr. Goldenweiser and Mr. Riddle I wish to acknowledge your letter of August 22nd and make the suggestion that you deduct stocks taken for D. P. C. from the total investment list. We should like to have you indicate the ratings assigned to such stocks together with a notation that they have been excluded from the index.

Your interpretation of the term "defaulted" on Form S is correct. For the purposes of this study, failure to pay either principal or interest when due constitutes default.

Very truly yours,

C. B. Hammond
For the Committee on Branch,
Group and Chain Banking.

421,111(3)

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE CHAIRMAN OF THE BOARD AND FEDERAL RESERVE AGENT

RECEIVED
AUG 24 1931
DIVISION OF RESEARCH AND STATISTICS
RECEIVED

RICHARD L. AUSTIN
CHAIRMAN OF THE BOARD
AND FEDERAL RESERVE AGENT

ARTHUR E. POST
ASSISTANT FEDERAL RESERVE AGENT

DEPARTMENT OF BANK EXAMINATION

ERNEST C. HILL
ASSISTANT FEDERAL RESERVE AGENT
H. B. DIETZ
Z. G. FENNER
T. F. MAUDE
S. A. WALKER

EXAMINERS

August 22, 1931.

Federal Reserve Board,
Washington, D. C.

Attention: Mr. E. A. Goldenweiser, Chairman,
Committee on Branch, Group and
Chain Banking.

Dear Sirs:-

Receipt is acknowledged of your letter of the 18th instant as well as a list of the securities held by each of the fifty selected national banks in our district which were prepared in accordance with your request made June 25th.

In compliance with your wishes in the matter, we shall indicate the rating assigned to each security for which on the published rating could be found and if the rating assigned is an arbitrary one, it will be so noted.

In a few instances, we have used the security list contained in the more recent reports of examination than the ones from which the lists submitted to us were taken. In such cases we will substitute for your use the new list in lieu of the one previously submitted.

The rating of the securities embraced in these lists is requiring a great deal of time due to the fact that many of them are not rated, adequate current information cannot be readily obtained, or the descriptions of the issues furnished by the examiner are so inaccurate as to render it necessary for us to confirm or correct them through direct correspondence with the particular banks. We expect to have these exceptions cleared up very soon, however, and hope to secure the co-operation of the Standard Statistics Company, New York, to the extent of providing informal provisional ratings on many of the issues which are not assigned ratings in the books and current reports furnished to subscribers by that company or any of the other reputable advisory services.

The investment lists of certain of the consolidated banks contain stocks taken D. P. C. which we have rated wherever possible. The basis of stock ratings differs, as you know, from that in use on bonds because of the fundamental characteristics involved. As form "S" makes no separate provision for stock, we should like to know whether you wish us to merge these issues with bonds in the appropriate classifications or deduct them

FEDERAL RESERVE BANK OF PHILADELPHIA

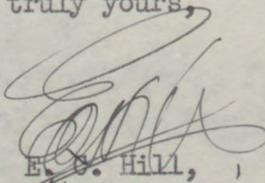
PAGE NO. 2 TO Federal Reserve Board,
Washington, D. C.

August 22, 1931.

from the total investment list with suitable notations.

We presume it is your desire that we interpret the term "defaulted" as referring to issues which have failed to pay either principal or interest in accordance with the terms of the contract under which they are put out.

Very truly yours,



E. S. Hill,
Assistant Federal Reserve Agent.

421.11(3)

August 18, 1931

Mr. R. L. Austin
Federal Reserve Agent
Federal Reserve Bank
Philadelphia, Pennsylvania

Dear Mr. Austin:

We are returning under separate cover the lists of securities held by each of fifty selected national banks in your district which you prepared in accordance with our letter of June 25th. The Committee requests that you indicate the rating assigned by you to each security for which you could find no published rating and that you identify each security classified as "not rated" or "not listed." If adequate information concerning a particular security is lacking and you have assigned an arbitrary rating, the rating should be noted as being arbitrary.

Very truly yours,

E. A. Goldenweiser
Chairman, Committee on Branch,
Group and Chain Banking.

M
H

421.11(3)

July 22, 1931

Memorandum of conversation between Mr. E. C. Hill of Philadelphia and Mr. Hammond.

Mr. Hill called me to say that if they were to get the cooperation of the Pennsylvania and New Jersey authorities on the affiliations study, it would probably delay them about three or four weeks, and I told him that that would be all right.

421.11 (3)

July 22, 1931

Mr. E. C. Hill
Assistant Federal Reserve Agent
Federal Reserve Bank
Philadelphia, Pennsylvania

Dear Mr. Hill:

Enclosed are fifty copies of Form C for
reporting affiliations, which you requested by telephone
this afternoon.

Very truly yours,

J. H. Riddle
Secretary, Committee on Branch,
Group and Chain Banking.

Enc.

H:H

421. 1(3)

July 16, 1931

Mr. R. L. Austin
Federal Reserve Agent
Federal Reserve Bank
Philadelphia, Pennsylvania

Dear Mr. Austin:

We are sending you a description of an index which has been devised for the purpose of measuring the quality of the security holdings of banks. The construction is simple and is fully explained in the attached memorandum. The Committee desires to have this index computed for a representative list of banks scattered throughout the country in order to determine something of their investment policies.

On June 25th we sent you the names of 50 banks in your district with the request that you send us a list of the securities held by each at the time of the last examination in order that we might make an analysis of these securities. For each of these 50 lists of securities we should like to have you prepare an index in accordance with the enclosed example and the accompanying instructions. If you feel that the 50 banks will not be sufficiently representative of your district, you might enlarge the list.

We are sending you under separate cover a supply of forms for use in computing the index.

Very truly yours,

E. A. Goldenweiser
Chairman, Committee on Branch,
Group and Chain Banking.

Enc.

R
H

421.11(3)

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE CHAIRMAN OF THE BOARD AND FEDERAL RESERVE AGENT

RICHARD L. AUSTIN
CHAIRMAN OF THE BOARD
AND FEDERAL RESERVE AGENT

ARTHUR E. POST
ASSISTANT FEDERAL RESERVE AGENT

DEPARTMENT OF BANK EXAMINATION

ERNEST C. HILL
ASSISTANT FEDERAL RESERVE AGENT

H. B. DIETZ
Z. G. FENNER

T. F. MAUDE
S. A. WALKER

EXAMINERS

July 9, 1931.

Federal Reserve Board,

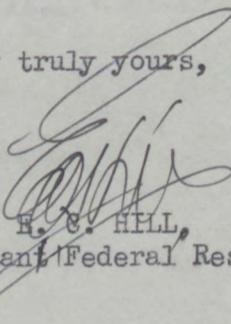
Washington, D.C.

Attention:- Mr. C. B. Hammond,
Committee on Branch, Group
and Chain Banking.

Dear Sirs:-

Pursuant to the suggestion made by Mr. Hammond during our telephone conversation of this afternoon, we are returning you herewith the affiliations listed on form C covering the northern part of New Jersey and the western part of Pennsylvania, both sections being outside the Third Federal Reserve District. We have retained the forms containing material on bank affiliations in our District.

Very truly yours,



H. C. HILL,
Assistant Federal Reserve Agent.

FEDERAL RESERVE BANK OF PHILADELPHIA

THIRD DISTRICT

RICHARD L. AUSTIN
CHAIRMAN AND FEDERAL RESERVE AGENT
ARTHUR E. POST
ASSISTANT FEDERAL RESERVE AGENT
ERNEST C. HILL
ASSISTANT FEDERAL RESERVE AGENT

OFFICE OF THE CHAIRMAN OF THE BOARD
AND FEDERAL RESERVE AGENT

RECEIVED
JUL -9 1931
DIVISION OF RESEARCH
AND STATISTICS.

421.11(3)
JUL 9 1931 PM
RECEIVED
FEDERAL RESERVE BOARD
WASHINGTON

July 8, 1931.

Federal Reserve Board,
Washington, D.C.

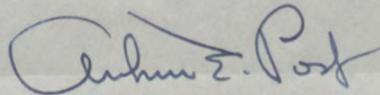
Attention - Mr. E. A. Goldenweiser, Chairman,
Committee on Group, Chain and Branch Banking.

Dear Sirs:-

We wish to acknowledge the receipt of your letter
of the 7th instant pertaining to the general subject of banking
affiliations of Pennsylvania, New Jersey and Delaware, and en-
closing a compilation on form C of data on bank affiliations in
these states that you desire us to check.

We will have this compilation checked as soon as
possible and return to you as you suggest.

Very truly yours,



Arthur E. Post,
Assistant Federal Reserve Agent.

421.11(3)

July 7, 1931

Mr. R. L. Austin
Federal Reserve Agent
Federal Reserve Bank
Philadelphia, Pennsylvania

Dear Mr. Austin:

We are enclosing for your examination certain material on bank affiliations in Pennsylvania, New Jersey, and Delaware which we have compiled on a special form (Form C) for use with the Federal Reserve Board's records on the subject. It covers securities companies and other non-banking affiliates as well as affiliations between two banks. The Board's existing records on chains and groups, which are based on reports furnished by the Reserve Banks in compliance with the Board's letter, St. 6386, November 18, 1929, do not include information on these two items.

Specifically, this compilation has been prepared to include the following kinds of affiliates of banks:

(1) All non-banking affiliates of state and national banks, including securities companies, mortgage companies, investment trusts, insurance companies, holding companies, foreign banking companies and safe deposit companies. In each case the name of the bank and the names of its subsidiaries or affiliates are given.

(2) All affiliations between two banks only. This affiliation may exist either through common stockholding interest, trustee stock, direct ownership, or other means. The commonest examples of this are the affiliation of a trust company with a national bank and of a savings bank with a commercial bank.

The compilation has been made principally from three general sources--Moody's Manual of Banks, the directory of Security Dealers of North America, and Rand McNally's Bankers' Directory. Our request is that you check our compilation, make the necessary corrections and additions indicated by your credit files, examiners' reports, and other sources of information, including reference where advisable to the organizations themselves, and return the revised material to us as soon as possible.

Mr. R. L. Austin, #2

July 7, 1931

A memorandum is enclosed which explains the terms used in the compilation, and gives such other information as is necessary to interpret and correct it properly.

Very truly yours,

E. A. Goldenweiser
Chairman, Committee on Branch,
Group and Chain Banking.

* Enc.

~~See subject file on Affiliations for copy of memorandum
accompanying this letter.~~

H
H

421.11(3)

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE CHAIRMAN OF THE BOARD AND FEDERAL RESERVE AGENT

RICHARD L. AUSTIN
CHAIRMAN OF THE BOARD
AND FEDERAL RESERVE AGENT

ARTHUR E. POST
ASSISTANT FEDERAL RESERVE AGENT

RECEIVED
JUL -6 1931
DIVISION OF RESEARCH
AND STATISTICS.

DEPARTMENT OF BANK EXAMINATION

ERNEST C. HILL
ASSISTANT FEDERAL RESERVE AGENT
H. B. DIETZ
Z. G. FENNER
T. F. MAUDE
S. A. WALKER

EXAMINERS

July 3, 1931.

Federal Reserve Board,

Washington, D.C.

Attention: Mr. J. H. Riddle, Secretary,
Committee on Branch, Group and
Chain Banking.

Dear Sirs:-

We return you herewith forms B-3 and B-8 for the State of Delaware which you sent us June 30, 1931 for a correction in the aggregate loans and investments for 1930.

The Delaware State Banking authorities, to whom the forms were submitted for investigation and correction, inform us that the discrepancy was due to a typographical error in transcribing the item "Aggregate Loans and Discounts on June 30, 1930" for the population group 2500 - 4999.

We believe you will now find this data to be in order.

Very truly yours,

E. C. HILL,
Assistant Federal Reserve Agent.

O.K.

421.11(3)

July 2, 1931

Mr. R. L. Austin
Federal Reserve Agent
Federal Reserve Bank
Philadelphia, Pennsylvania

Dear Mr. Austin:

We acknowledge with thanks receipt of your letter of June 30th enclosing photostatic copies of the investment lists of the fifty selected banks in your district.

Very truly yours,

J. H. Riddle
Secretary, Committee on Branch,
Group and Chain Banking.

H

421.1(3)

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE
CHAIRMAN OF THE BOARD AND
FEDERAL RESERVE AGENT

June 30, 1931.

Federal Reserve Board,

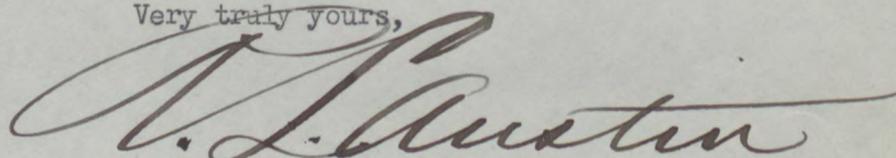
Washington, D.C.

Attention: Mr. E. A. Goldenweiser, Chairman,
Committee on Branch, Group and
Chain Banking.

Dear Sirs:

In compliance with the request contained in your letter of the 25th instant, we are pleased to enclose you herewith photostatic copies of the investment lists of the 50 selected national banks enumerated on the list which accompanied your letter. We also enclose a schedule showing the total loans and investments of these banks as of the date of the last official examination in each instance.

Very truly yours,



Chairman of the Board, and
Federal Reserve Agent.

421.11(3)

June 30, 1931

Mr. E. C. Hill
Assistant Federal Reserve Agent
Federal Reserve Bank
Philadelphia, Pennsylvania

Dear Mr. Hill:-

We are returning the forms B-3 and B-8 for the State of Delaware which you sent us June 27th. We are sorry to report that there is still an error of a million dollars in the aggregate loans and investments for 1930.

We should appreciate it if you would have the necessary correction made and return the forms to us.

Very truly yours,

J. H. Riddle
Secretary, Committee on Branch,
Group and Chain Banking

Enc.

W
H

421.11(3)

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE CHAIRMAN OF THE BOARD AND FEDERAL RESERVE AGENT

RICHARD L. AUSTIN
CHAIRMAN OF THE BOARD
AND FEDERAL RESERVE AGENT

ARTHUR E. POST
ASSISTANT FEDERAL RESERVE AGENT

DEPARTMENT OF BANK EXAMINATION

ERNEST C. HILL
ASSISTANT FEDERAL RESERVE AGENT

H. B. DIETZ
Z. G. FENNER

T. F. MAUDE
S. A. WALKER

EXAMINERS

June 27, 1931.



Miss Weston

Federal Reserve Board,

Washington, D.C.

Attention: Committee on Branch, Group
and Chain Banking.

Dear Sirs:-

We are returning herewith copies of forms B-3 and B-8 for the State of Delaware which you forwarded to us June 22nd in order that the totals of loans and investments for each year might be reconciled as between the forms. We believe you will find that the figures are now in agreement.

The Delaware State Banking authorities inform us that most of the discrepancies occurring arose from the practice of dropping the thousands in the totals on one form and retaining them on the totals of the other form.

Very truly yours,

E. C. Hill

E. C. HILL,
Assistant Federal Reserve Agent.

421.11(3)

June 25, 1931

Mr. R. L. Austin
Federal Reserve Agent
Federal Reserve Bank
Philadelphia, Pennsylvania

Dear Mr. Austin:

We are enclosing herewith the names of 50 banks in your district and would appreciate it if you could send us a list of the bonds, securities, etc., held by each of them at the time of the last examination. The Committee is undertaking to make an analysis of the investment holdings of a representative group of banks throughout the country in order to determine their investment policies. These banks have been selected at random in order that they may be representative. Perhaps the investment list in each case, which usually appears on page 7 of the National bank examiner's report, can be photostated at a minimum of time and cost.

In returning these lists, it would be of much assistance if you could give the total loans and investments of each bank in order that we may group them according to size. The items included in total loans and investments are set forth in articles 1 to 4 inclusive of the Board's Form 105a.

Very truly yours,

E. A. Goldenweiser
Chairman, Committee on Branch,
Group and Chain Banking

Enc.
F

Fifty Selected National Banks
in Federal Reserve District No. 3

1.	N. B. of Smyrna	Smyrna,	Delaware
2.	First N. B.	Barneгат,	New Jersey
3.	American N. B.	Camden,	"
4.	First N. B.	Hightstown,	"
5.	First N. B.	Minotola,	"
6.	First N. B.	Pedrickstown,	"
7.	City N. B. & T. Co.	Salem,	"
8.	Ventnor City N. B.	Ventnor City,	"
9.	Yardville N. B.	Yardville,	"
10.	Citizens N. B.	Ashland,	Pennsylvania
11.	First N. B.	Bath,	"
12.	First N. B.	Bernville,	"
13.	First N. B.	Blue Ridge Summit,	"
14.	Farmers N. B.	Canton,	"
15.	Cheltenham N. B.	Cheltenham,	"
16.	Codorus N. B. of Jefferson	Codorus,	"
17.	Dale N. B.	Dale, (R.O. Johnstown)	"
18.	Dillsburg N. B.	Dillsburg,	"
19.	East Berlin N. B.	East Berlin,	"
20.	First N. B. & T. Co.	Elizabethtown,	"
21.	First N. B.	Factoryville,	"
22.	Gap N. B. & T. Co.	Gap,	"
23.	First N. B.	Hallstead,	"
24.	Hershey N. B.	Hershey,	"
25.	Union N. B. & T. Co.	Huntingdon,	"
26.	First N. B.	Kane,	"
27.	N. B. of Lansdowne,	Lansdowne,	"
28.	Leola N. B.	Leola,	"
29.	First N. B.	Liverpool,	"
30.	First N. B.	Mansfield,	"
31.	McVeytown N. B.	McVeytown,	"
32.	Millersville N. B.	Millersville,	"
33.	First N. B.	Moseow,	"
34.	First N. B.	Nanticoke,	"
35.	First N. B.	New Freedom,	"
36.	Peoples N. B.	Norristown,	"
37.	Farmers N. B.	Oxford,	"
38.	Sixth N. B.	Philadelphia,	"
39.	Northeast N. B. & T. Co.	Philadelphia,	"
40.	Port Royal N. B.	Port Royal,	"
41.	Merchants N. B.	Pottsville,	"
42.	Farmers & Merchants N. B.	Red Lion,	"
43.	St. Marys N. B.	St. Marys,	"
44.	First N. B.	Selinsgrove,	"
45.	Peoples N. B.	Shippensburg,	"
46.	First N. B.	Spring Mills,	"
47.	Swarthmore N. B. & T. Co.	Swarthmore,	"
48.	First N. B.	Trevorton,	"
49.	First N. B.	Waynesboro,	"
50.	Wilcox N. B.	Wilcox,	"

421. 11(3)

June 22, 1931

Mr. E. C. Hill
Assistant Federal Reserve Agent
Federal Reserve Bank
Philadelphia, Pennsylvania

Dear Mr. Hill:

We are enclosing copies of Forms B-3 and B-8 for the state of Delaware which you sent us. Since both forms show loans and investments, the totals for each year should be the same on the two forms. As you notice these totals do not check in any year.

We should appreciate it if you would have the necessary corrections made and return the forms to us as soon as possible.

Very truly yours,

J. H. Riddle
Secretary, Committee on Branch,
Group and Chain Banking.

Enc.

W
H

42111(3)

June 22, 1931

Mr. E. C. Hill
Assistant Federal Reserve Agent
Federal Reserve Bank
Philadelphia, Pennsylvania

Dear Mr. Hill:

This will acknowledge with thanks your letter of June 18 enclosing information on bank changes in Pennsylvania from 1920 to the present. We are analyzing the material and will let you know if there is anything that we need further information about.

Very truly yours,

J. H. Riddle
Secretary, Committee on Branch,
Group and Chain Banking

H/F

421.11(3)

FEDERAL RESERVE BANK OF PHILADELPHIA

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE CHAIRMAN OF THE BOARD AND FEDERAL RESERVE AGENT

RICHARD L. AUSTIN
CHAIRMAN OF THE BOARD
AND FEDERAL RESERVE AGENT

ARTHUR E. POST
ASSISTANT FEDERAL RESERVE AGENT

DEPARTMENT OF BANK EXAMINATION

ERNEST C. HILL
ASSISTANT FEDERAL RESERVE AGENT
H. B. DIETZ
Z. G. FENNER
T. F. MAUDE
S. A. WALKER

EXAMINERS

June 18, 1931.

*Miss Weston
Mr. Hammond*

Federal Reserve Board,
Washington, D.C.

Attention:- Committee on Branch, Group
and Chain Banking.

Dear Sirs:-

We are pleased to enclose you herewith details and summaries of changes in the number of active state banks and trust companies in Pennsylvania during the period 1921 - 1930, and also the classifications of active state banks and trust companies according to loans and investments, capital stock, and size of communities in which located.

Explanatory notes have been copiously provided on the forms in order that you may have definite information as to the data covered by the figures. If further explanation on any of the items is required we shall be glad to furnish it promptly upon receipt of your request therefor.

Information on private banks similar to that provided by the enclosed details and summaries may be procured only through the expenditure of a great deal of additional time and effort in a thorough analysis of available records of the State Banking Department on those private banks subject to its supervision. As an indication of the scope, the number of private banks under the supervision of the Department on December 31, 1920 was 120; December 31, 1930, the number was 25. No check list of such institutions can be furnished by the Department of Banking for June 30, 1925 or June 30, 1920. As you probably know, certain private banks in Pennsylvania are not under the supervision of the Department of Banking and render no reports to any supervisory authorities. Any information with respect to loans and investments and capital, therefore, may be satisfactorily obtained only from such banks direct, which method we understand you do not wish us to employ. Changes in the status of banks not under the supervision of the Department are likewise unobtainable.

As an illustration of the difficulties encountered in working up data on private banks in Pennsylvania the following is cited:- the Department

FEDERAL RESERVE BANK OF PHILADELPHIA

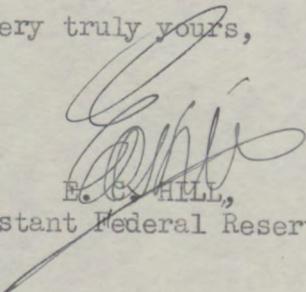
PAGE NO. 2 To Federal Reserve Board.

6/18/31.

of Banking reports 25 licensees on June 30, 1930, of which 6 are listed in the Bankers Directory for July 1930; 31 private banks not under the supervision of the Department are listed in the Bankers Directory for July 1930, making a total of 56 private banks. Complete information as to capital stock, loans and investments are available for but 16 of these banks. Such data may, of course, be obtained from the Department's file in Harrisburg on banks under the Department's supervision.

In our opinion the value of the data which can be obtained regarding private banks in Pennsylvania under the Banking Department's supervision would be insufficient in all probability to justify the expense and time required in securing and assembling it. Very few of these banks are important as regards size and they are gradually being eliminated through closings or conversions into state chartered institutions with the result that they are of steadily decreasing importance as factors in the banking situation of the state. If, however, you should desire it, we shall be glad to assign a representative of our department to the compilation of as much of the requested data as may be obtained. If the co-operation of the State Banking authorities may be obtained without delay the work should be completed within a period of approximately two weeks.

Very truly yours,



E. C. HILL,

Assistant Federal Reserve Agent.

421.11 (3)

May 1, 1931

Mr. E. C. Hill
Assistant Federal Reserve Agent
Federal Reserve Bank
Philadelphia, Pennsylvania

Dear Mr. Hill:

In accordance with a telephone request received from your office today, we are enclosing for your use 200 additional copies of Form A-3 and 100 additional copies of Form A-5.

Very truly yours,

J. H. Riddle
Secretary, Committee on Branch,
Group and Chain Banking.

Enc.
CAH

421.11 (3)

April 28, 1931

Mr. E. C. Hill
Assistant Federal Reserve Agent
Federal Reserve Bank
Philadelphia, Pennsylvania

Dear Mr. Hill:

We acknowledge with thanks your letter of April 25th enclosing schedules on state banks and trust companies in Pennsylvania which suspended operations during the last half of 1930. According to our records, the addition of these cases completes the suspension reports on Pennsylvania banks for the entire period 1921-30 inclusive.

Very truly yours,

J. H. Riddle
Secretary, Committee on Branch,
Group and Chain Banking.

421.11(3)

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE CHAIRMAN OF THE BOARD AND FEDERAL RESERVE AGENT

RICHARD L. AUSTIN
CHAIRMAN OF THE BOARD
AND FEDERAL RESERVE AGENT

ARTHUR E. POST
ASSISTANT FEDERAL RESERVE AGENT

DEPARTMENT OF BANK EXAMINATION

ERNEST C. HILL
ASSISTANT FEDERAL RESERVE AGENT
H. B. DIETZ
Z. G. FENNER
T. F. MAUDE
S. A. WALKER

EXAMINERS

April 25, 1931.

Federal Reserve Board,

Washington, D.C.

Attention:- Committee on Branch, Group and Chain Banking.

Dear Sirs:

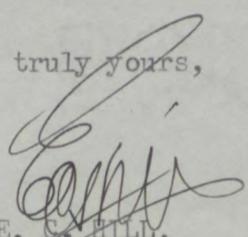
We are pleased to enclose herewith schedules covering suspensions of state banks and trust companies in Pennsylvania for the last six months' period of 1930, including the suspension of one private bank during the period which was under the supervision of the State Banking Department.

The underlying cause of the suspensions in Fayette and Cambria Counties is the unfavorable condition under which the bituminous coal mining industry has been operating for some years. The immediate cause of the suspensions occurring in those counties is the loss or gradual seepage in deposits.

This information was compiled by a member of our bank examination department who has spent much time in the offices of the Secretary of Banking, Harrisburg, Pa., in ascertaining and compiling the desired data.

We now have two of our representatives in the State Banking Department offices endeavoring to compile the data relating to bank changes for the period desired in your study and it is anticipated that this work will require several more weeks. We are inclined to believe we will find that it will be practically impossible to secure adequate and satisfactory information for the years prior to 1926. However, as the work progresses we shall advise you of its status and the difficulties encountered so that if at any stage you may feel that the compilation is requiring more expense and time than the probable results will warrant, you may so advise us.

Very truly yours,


E. C. HILL,

Assistant Federal Reserve Agent.

ans April 28, 1931

421.11(3)

April 16, 1931.

Mr. Arthur E. Post
Assistant Federal Reserve Agent
Federal Reserve Bank
Philadelphia, Pennsylvania

Dear Mr. Post:

Thank you for your letter of April 14th enclosing Tables I-e, II-e, III-e, IV-e and V-e giving the operating results of national banks in your district during 1930.

We note that in preparing Table II-e you made use of the government population figures as given in the latest census and that population of subdivisions not covered in the government reports was obtained from the September, 1930 issue of the Rand McNally Bankers' Directory.

Very truly yours,

C. B. Hammond
For the Committee on Branch,
Group and Chain Banking.

CAH.

421.11(3)

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE
CHAIRMAN OF THE BOARD AND
FEDERAL RESERVE AGENT

April 14, 1931.

Federal Reserve Board,
Washington, D.C.

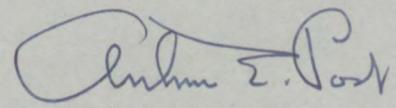
Attention - Mr. J. H. Riddle, Secretary,
Committee on Branch, Group and Chain Banking.

Dear Sirs:-

We take pleasure in enclosing tables Ie, IIe, IIIe, IVe, and Ve, giving the operating results of national banks in this district during 1930.

In preparing table IIe, use was made of the government population figures as given in the latest census. The population of subdivisions not covered in the government reports was obtained from the September, 1930 issue of the Rand McNally Bankers' Directory.

Very truly yours,



Arthur E. Post,
Assistant Federal Reserve Agent.

421.11 (3)

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE CHAIRMAN OF THE BOARD AND FEDERAL RESERVE AGENT

RICHARD L. AUSTIN
CHAIRMAN OF THE BOARD
AND FEDERAL RESERVE AGENT

ARTHUR E. POST
ASSISTANT FEDERAL RESERVE AGENT

DEPARTMENT OF BANK EXAMINATION

ERNEST C. HILL
ASSISTANT FEDERAL RESERVE AGENT

H. B. DIETZ
Z. G. FENNER

T. F. MAUDE
S. A. WALKER

EXAMINERS

March 28, 1931.

Federal Reserve Board,

Washington, D.C. Attention: Mr. C. B. Hammond for the
Committee on Branch, Group
and Chain Banking.

Dear Sirs:

Receipt is acknowledged of your letter of the 24th instant
inquiring relative to the completion of schedules on bank suspensions in
Pennsylvania.

The procuring of information relating to bank suspensions in
Pennsylvania and the other data desired by your Committee on Pennsylvania
state banking institutions has been subjected to numerous, almost interminable
delays, because of the difficulties which we have experienced in securing
the co-operation of the State Banking Department. Following numerous attempts,
involving personal interviews with the Secretary of Banking and some of his
aides, we finally obtained the consent of the former Secretary of Banking for
one of his aides to make available to us the information required provided one
of our representatives would go to Harrisburg to assemble the information.
Then, just as we began to perform this work a new Governor appointed a new
Secretary of Banking with the result that the office personnel of the Depart-
ment was almost completely changed, practically overnight. These changes
necessitated our taking up the matter of the procurement of the desired data
in detail with the new Secretary of Banking and one of his aides, who at
first were not inclined to co-operate with us to the extent of permitting
our representative to secure whatever information was available from the
Department's files. We are pleased to say, however, that last Thursday
the Secretary agreed to permit our representative to continue the compilation
of the material with the result that the work will be resumed Monday and we
are hopeful of having the schedules on bank suspensions completed within a
week or ten days from that time.

Mr. Answer

FEDERAL RESERVE BANK OF PHILADELPHIA

PAGE NO. 2 TO Federal Reserve Board.

3/28/31.

As regards the other material desired, the records of the State Banking Department are very incomplete prior to 1926 and it is likely that a considerable amount of the information desired for years prior to that time cannot be obtained. We will complete the various schedules insofar as it is possible, however, and will furnish with them an explanation of the conditions which prevent the assembling of the material in its entirety. It is quite likely that a month or six weeks will be required to secure and assemble the information desired other than that relating to bank suspensions.

Very truly yours,



E. A. HILL,
Assistant Federal Reserve Agent.

421.11 (3)

March 24, 1931

Mr. E. C. Hill
Assistant Federal Reserve Agent
Federal Reserve Bank
Philadelphia, Pennsylvania

Dear Mr. Hill:

In the absence of Mr. Riddle, I am writing to inquire about the completion of schedules on bank suspensions in Pennsylvania. We do not wish to hurry you unduly, but we have reached the point where additional schedules are essential to the progress of our work on suspensions. Any means, therefore, which you can take to facilitate their completion will be greatly appreciated.

Can you give us some idea as to when we may expect the remaining schedules?

Very truly yours,

C. B. Hammond
for the Committee on Branch,
Group and Chain Banking

ans March 25, 1931

421.11(3)

March 6, 1931.

Mr. Arthur E. Post
Assistant Federal Reserve Agent
Federal Reserve Bank
Philadelphia, Pennsylvania

Dear Mr. Post:

Receipt is acknowledged of your letter of
March 5th enclosing tables IV-e and V-e for each state
in your district for the year 1928.

Very truly yours,

J. H. Riddle
Secretary, Committee on Branch
Group and Chain Banking.

CAH

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FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET



OFFICE OF THE
CHAIRMAN OF THE BOARD AND
FEDERAL RESERVE AGENT

Mr. Blathner

March 5, 1931.

Federal Reserve Board,
Washington, D.C.

Attention - Mr. J. H. Riddle, Secretary,
Committee on Branch, Group and Chain Banking.

Dear Sirs:-

We take pleasure in enclosing tables IV-e and V-e
for 1928. Separate tables are given for total and average
figures for each state in this district.

Very truly yours,

Arthur E. Post

Arthur E. Post,
Assistant Federal Reserve Agent.

421.11(3)

March 2, 1931.

Mr. Arthur E. Post,
Assistant Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Post:

Receipt is acknowledged of your letter of February 28th enclosing tables IV-e and V-e for 1927 showing separate tables for total and average figures for each state in your district, and also revisions of tables I-e, II-e, and III-e for Pennsylvania.

Very truly yours,

J. H. Riddle
Secretary, Committee on Branch,
Group and Chain Banking.

421. 11(3)

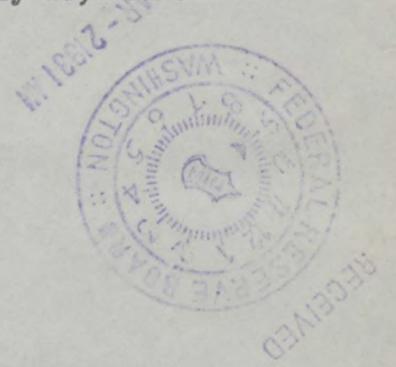
FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE
CHAIRMAN OF THE BOARD AND
FEDERAL RESERVE AGENT

Mr. Blatter

February 28, 1931.



Federal Reserve Board,
Washington, D. C.

Att.: Mr. J. H. Riddle, Secretary,
Committee on Branch, Group and Chain Banking.

Dear Sirs:-

We take pleasure in enclosing tables IV-e and V-e for 1927. Separate tables are given for total and average figures for each state in this district.

Revisions of tables I-e, II-e, and III-e for Pennsylvania also are given. They call for the transfer of one bank from the 6 to 8.99 per cent earnings group to the 3 to 5.99 per cent class.

Very truly yours,

Arthur E. Post

Arthur E. Post
Ass't Federal Reserve Agent

R.

421, 11(3)

February 28, 1931

Mr. R. L. Austin,
Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania

Dear Mr. Austin:

In connection with the earnings project of this Committee, we are anxious to be informed as to the existence of statistics concerning the income accounts of state banks. Our best information at present is that those state banking departments that have collected statistics covering the income accounts of state banks are very exceptional. One important exception of which we know is that of the Kansas department, the reports of which have contained data annually for the thirty years of the century in which we are interested. For the state banks of Kansas, information is furnished which will allow for the computation of the annual rate of gross and net earnings on invested capital, the rate of expenditures for interest on deposits, salaries and wages, other expenses, and losses. In other words, there is available over a long period of time a rather full consolidated annual income account of all the state banks of Kansas.

We should be glad if you will make a check of all the states whose capitals lie within your district and describe to us what material, if any, exists in each with respect to items of consolidated income accounts for all or part of the state banks. Please tell us at the same time in what sources such material may be found.

Very truly yours,

J. H. Riddle
Secretary, Committee on Branch,
Group and Chain Banking

B
F

421.11(3)

February 20, 1931.

Mr. R. L. Austin,
Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Austin:

Thank you for your letter of February 18th enclosing "Analysis of Bank Earnings" blanks covering the years 1926-1929 for the Farmers and Merchants National Bank of Tyrone, Pennsylvania, which is the only national bank in your district that suspended payments during 1930.

Very truly yours,

J. H. Riddle
Secretary, Committee on Branch,
Group and Chain Banking.

CAH

FEDERAL RESERVE BANK OF PHILADELPHIA

THIRD DISTRICT

RICHARD L. AUSTIN
CHAIRMAN OF THE BOARD
AND FEDERAL RESERVE AGENT

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FEB 20 1931
DIVISION OF RESEARCH
AND STATISTICS.
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February 18, 1931

FEDERAL RESERVE BOARD,
Washington, D. C.

Attention of J. H. Riddle, Secretary, Committee on Branch
Group and Chain Banking.

Dear Sirs -

In compliance with your request of the 16th,
that we forward you the Analysis of Banking Earnings blanks
for each of the years 1926-1929 for each of the national
banks in this district which suspended payments during the
year 1930, we enclose herewith such blanks for the Farmers &
Merchants National Bank of Tyrone, Pennsylvania, which is the
only national bank in this district that suspended payments
during 1930.

Very truly yours,

R. L. Austin
Federal Reserve Agent.

—
Enclosure.

421.11 (3)

February 18, 1931.

Mr. Arthur E. Post,
Assistant Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Post:

We acknowledge with thanks your letter of February 17th enclosing completed tables I-e, II-e and III-e for the year 1928 and also tables IV-e and V-e for 1926, including total figures and averages for each of the three states in your district.

Very truly yours,

J. H. Riddle
Secretary, Committee on Branch,
Group and Chain Banking.

421.11(3)

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE
CHAIRMAN OF THE BOARD AND
FEDERAL RESERVE AGENT

FEB 18 1931
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FEDERAL RESERVE BANK OF PHILADELPHIA
WASHINGTON, D. C.

February 17, 1931.

Federal Reserve Board,
Washington, D. C.

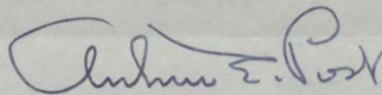
Attention Mr. J. H. Riddle, Sec.,
Committee on Branch, Group and Chain Banking.

Dear Sir:-

Our letter of January 13 forwarded tables Ie, IIe, and IIIe for the year 1928, and it was stated that those for Pennsylvania were preliminary as we were waiting for word from two banks to which we had written. One of these has given us the necessary information, but it appears difficult to obtain it from the other in form satisfactory to us. We are closing the tabulation, therefore, with only one additional bank and give the revisions for Pennsylvania in the tables accompanying this letter.

ok
We also enclose tables IVe and Ve for 1926, including total figures and averages for each of the three states in this district.

Very truly yours,



Arthur E. Post
Ass't Federal Reserve Agent.

421,113

February 16, 1931.

Mr. R. L. Austin,
Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Austin:

We have in mind making some analysis of the earnings' experience of failed banks prior to the date of suspension. In connection with this project, please forward us the Analysis of Bank Earnings blanks for each of the years 1926-1929 for each of the national banks in your district, which suspended payments during the year 1930. It may be that you will wish to retain the originals for your files, sending us copies. Our plan comprehends working out here various groupings of the banks involved, some 160 for all twelve districts together.

Very truly yours,

J. H. Riddle
Secretary, Committee on Branch,
Group and Chain Banking.

421.11 (3)

February 7, 1931.

Mr. E. C. Hill,
Assistant Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Hill:

Receipt is acknowledged of your letter of February 6th enclosing details and summaries of changes in the number of active state and private banks in New Jersey during the period 1921-1930, and also the classifications of active banks according to loans and investments, capital stock and size of communities in which located.

We note that thus far you have not been able to secure the cooperation of the Pennsylvania State Banking Department in the compilation of this material. We hope, however, that after the changes in personnel which you contemplate, you will have better luck.

In accordance with your request we are sending you additional copies of the following forms:

100	copies	of	Form	A-3
50	"	"	"	A-5
3	"	"	"	B-3
3	"	"	"	B-4
6	"	"	"	B-6

Very truly yours,

J. H. Riddle
Secretary, Committee on Branch,
Group and Chain Banking.

Enc.

421.11(3)

FEDERAL RESERVE BANK OF PHILADELPHIA

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE CHAIRMAN OF THE BOARD AND FEDERAL RESERVE AGENT

RICHARD L. AUSTIN
CHAIRMAN OF THE BOARD
AND FEDERAL RESERVE AGENT

ARTHUR E. POST
ASSISTANT FEDERAL RESERVE AGENT

DEPARTMENT OF BANK EXAMINATION

ERNEST C. HILL
ASSISTANT FEDERAL RESERVE AGENT

H. B. DIETZ T. F. MAUDE
Z. G. FENNER S. A. WALKER

EXAMINERS

February 6, 1931.

RECEIVED
FEB - 7 1931
DIVISION OF RESEARCH
AND STATISTICS.

Answered

Federal Reserve Board,

Washington, D.C.

Attention: Committee on Branch, Group
and Chain Banking.

Dear Sirs:

We beg leave to enclose herewith details and summaries of changes in the number of active state banks and private banks in New Jersey during the period 1921 to 1930 inclusive, together with classifications of these banks according to size of loans and investments, size of capital stock, and size of community in which located.

This information was procured by a member of our Department of Bank Examination who spent ten days in the office of the State Banking Department, Trenton, New Jersey, in collecting the material required, and then devoted two weeks of his time in the office in assembling the information and eliminating discrepancies or securing explanations therefor. In cases where the records of the State Banking Department were such that the information could not be secured for the dates called for by your forms, we have supplied the data as of the nearest available date. In each of these instances explanatory notes have been made on the form.

Owing to the fact that the current unstable banking conditions have imposed abnormal demands upon the time and energies of the members of the Department, the Pennsylvania State Banking Department was unable to cooperate with us in the study of the changes in Pennsylvania during the period covered by the review. As you probably know, a new Governor has recently been inaugurated in this State and it seems likely that certain important changes in the personnel of the State Banking Department are being made. This development further complicates the situation as regards our securing the necessary information on the bank changes and we do not feel that it is advisable to take up the matter again before February 20th or the latter part of the month, at which time we may expect a more favorable response by the new incumbents to our request for co-operation in preparing the data. We expect to prepare

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FEDERAL RESERVE BANK OF PHILADELPHIA

PAGE NO. 2 To Federal Reserve Board.

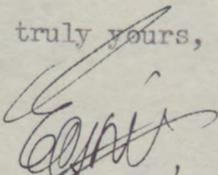
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the information ourselves but we will require the active co-operation of members of the office force in Harrisburg, and from reports which we have received we are inclined to believe that the records are so arranged as to require a great deal of time in the securing and assembling of the information in the form desired.

In connection with the Pennsylvania study we should like to have additional copies of the following forms:-

100	copies	of	Form	A-3
50	"	"	"	A-5
3	"	"	"	B-3
3	"	"	"	B-4
6	"	"	"	B-8

Very truly yours,



E. C. HILL,
Assistant Federal Reserve Agent.

421.11(3)

February 3, 1931.

Mr. R. L. Austin,
Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Austin:

In our letter of January 16th we requested that you extend the earnings project to include the year 1930 working out Tables I-e, II-e, III-e, IV-e, and V-e for that year as was done for each of the previous four years. In grouping banks for Table II-e according to the size of the community in which located we had suggested in our letter of October 20th that you use with respect to each of the four years 1926-1929 the population figures given in the January 1928 edition of Rand McNally's Bankers Directory. In connection with Table II-e for the year 1930, however, we believe it desirable to use the new census figures of population for 1930 which we understand are now available.

Very truly yours,

J. H. Riddle
Secretary, Committee on Branch,
Group and Chain Banking.

421.11(3)

February 2, 1931.

Mr. Arthur E. Post,
Assistant Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Post:

We acknowledge receipt with thanks of Tables IV-e and V-e, typical operating ratios and aggregates of these, for each state in your district for the year 1929 as well as these tables worked out on a district basis with the deviations from the typical ratios.

Very truly yours,

J. H. Riddle
Secretary, Committee on Branch,
Group and Chain Banking.

GWB:H

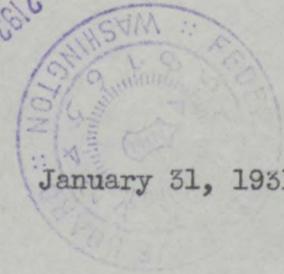
421.11(3)

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE
CHAIRMAN OF THE BOARD AND
FEDERAL RESERVE AGENT

FEB-21 1931 AM



Federal Reserve Board,
Washington, D.C.

Attention - Mr. J. H. Riddle, Secretary,
Committee on Branch, Group and Chain Banking.

Dear Sirs:-

We enclose with this letter tables I Ve and Ve, giving a record of the earnings and expenses of national banks in this district during 1929. Tables showing averages and totals of averages are given for each state in the district and for the district as a whole, as well as a table of average deviations for the district.

Most of the tables are in pencil to save transcribing and extra checking. Copies for our own files were made on the photostat.

Very truly yours,

A handwritten signature in blue ink that reads "Arthur E. Post". The signature is fluid and cursive.

Arthur E. Post,
Assistant Federal Reserve Agent.

Enclosures

421:11(3)

January 22, 1931.

Mr. E. C. Hill,
Assistant Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Hill:

In accordance with a telephone request from
your office we are sending you herewith twelve addi-
tional copies of the schedule on bank suspensions.

Very truly yours,

J. H. Riddle
Secretary, Committee on Branch,
Group and Chain Banking.

Enc.

421.11 (3)

January 22, 1931.

Mr. E. C. Hill,
Assistant Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Hill:

We acknowledge with thanks your two letters of January 20th, the one dealing with the statutory priority of deposits in the three states of your district, and the other with the suspension schedules for Pennsylvania banks which accompanied the letter. We are sorry that more complete data could not be obtained with respect to the results of liquidation, but realize, of course, that we are necessarily limited by the degree of co-operation which the state banking departments are willing to give.

Your letter and that of Mr. Burn's Deputy Secretary of Banking for Pennsylvania, states that the ten banks for which we asked suspension schedules prepared were all private institutions over which the Banking Department has no supervision. According to our records, one of these banks, the Peoples State Bank of McKees Rocks, which failed on October 30, 1929, was a state bank. Will you kindly review this case with the Department?

As regard the matter of securing information on private bank suspensions in Pennsylvania, we doubt whether the probable results would compensate for the trouble and expense of visiting the several countries where these failures occurred, particularly since it is possible to obtain some information on these banks from the Division of Bank Operations of the Federal Reserve Board.

We appreciate your opinions as to the factors which were principally responsible for failures in Pennsylvania and New Jersey banks.

Very truly yours,

J. H. Riddle
Secretary, Committee on Branch,
Group and Chain Banking.

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE CHAIRMAN OF THE BOARD AND FEDERAL RESERVE AGENT

RICHARD L. AUSTIN
CHAIRMAN OF THE BOARD
AND FEDERAL RESERVE AGENT

ARTHUR E. POST
ASSISTANT FEDERAL RESERVE AGENT

DEPARTMENT OF BANK EXAMINATION

ERNEST C. HILL
ASSISTANT FEDERAL RESERVE AGENT

H. B. DIETZ
Z. G. FENNER

T. F. MAUDE
S. A. WALKER

EXAMINERS

January 20, 1931.

Federal Reserve Board,
Washington, D.C.

Attention: Mr. J. H. Riddle, Secretary,
Committee on Branch, Group
and Chain Banking.

Dear Sirs:

In reply to your request of December 11, 1930, for additional information relative to the suspension schedules prepared for each state in our district, we beg leave to advise as follows:-

Delaware. 1 - There is no statutory priority of lien as to deposits, all of which are common creditors.

2 - The schedule pertaining to the one failure reported contained only one class or type of deposits, viz., general.

New Jersey. Extracts from reply by Mr. G. Hayes Markley, Deputy Commissioner, Bureau of Banking:- "There is no priority of lien as to depositor creditors. Your question #2 is answered by the above.

"I am not certain but I think that the Vineland Trust Company closure reported by us did show a secured deposit to the credit of the Port of New York Authority, which deposit was secured by a corporate surety bond. Our files do not disclose the balance existing in this account on June 10, 1930, when the institution was closed".

Pennsylvania. Mr. Walter E. Burns, Deputy Secretary of Banking, writes as follows:- "The two questions you have raised may be replied to with one answer. All deposits, that is, individual, savings and certificates, are common creditors in this Commonwealth, no distinction being made between the different classifications. In the schedules that you furnished reference was made only to the deposit liability.

"In Pennsylvania preferred creditors are represented by secured claims and the preference is only to the amount of the

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JAN 21 1931
DIVISION OF RESEARCH
AND STATISTICS

JAN 21 1931
WASHINGTON
FEDERAL RESERVE BANK
PHILADELPHIA

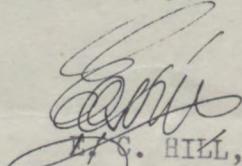
FEDERAL RESERVE BANK OF PHILADELPHIA

PAGE NO. 2 To Federal Reserve Board.

1/20/31.

actual security that is held".

Very truly yours,



E. C. HILL,
Assistant Federal Reserve Agent.

421.11 (3)

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE CHAIRMAN OF THE BOARD AND FEDERAL RESERVE AGENT

RICHARD L. AUSTIN
CHAIRMAN OF THE BOARD
AND FEDERAL RESERVE AGENT

ARTHUR E. POST
ASSISTANT FEDERAL RESERVE AGENT

DEPARTMENT OF BANK EXAMINATION

ERNEST G. HILL
ASSISTANT FEDERAL RESERVE AGENT

H. B. DIETZ
Z. G. FENNER

T. F. MAUDE
S. A. WALKER

EXAMINERS



January 20, 1931.

Federal Reserve Board,
Washington, D.C.

Attention: Mr. J. H. Riddle, Secretary,
Committee on Branch, Group
and Chain Banking.

Dear Sirs:

In conformity with the request contained in your letter of November 24, 1930, we have re-submitted to the Pennsylvania State Banking Department the suspension schedules which had been furnished previously, with the request that the additional information desired be provided. These schedules have just been returned to us by Mr. Walter E. Burns, Deputy Secretary of Banking, and are enclosed with a copy of Mr. Burns' letter of transmittal.

You will note that the ten suspensions in Pennsylvania for which no schedules were supplied, were private banks and not under the supervision of the State Banking Department which is not in possession of the desired information. We understand that the liquidation of the affairs of these private banks took place under the direction of the local Courts and the only records maintained are to be found in the County offices of the County seats of the Counties in which the banks were located in instances where the liquidation has been completed, or in the possession of the receiver if liquidation is still in progress. If you deem it advisable we will attempt to secure the desired information, or as much of it as may be available, through the medium of special trips by a member of our department to each of the cities or towns in which a receiver or County seat is located.

We realize that in many respects the schedules pertaining to the Pennsylvania suspensions are not entirely satisfactory, which may be attributed to the fact that we were unable to secure the complete cooperation of the State Banking Department in their preparation. The field and office personnel of the state department have been extremely busy during the past few months with problems arising out of the present unsettled business and banking situation and we have experienced difficulty in

ans. Jan 22, 1931

FEDERAL RESERVE BANK OF PHILADELPHIA

PAGE NO. 2 TO Federal Reserve Board.

1/20/31.

securing their assistance in matters of a statistical nature.

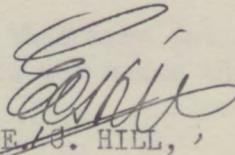
We have asked the Pennsylvania Department to furnish us with schedules on the suspensions which occurred during the last half of 1930, and will forward them to you just as soon as they are received by us.

There is enclosed, also, a schedule relating to the one failure which occurred in New Jersey between July 1, 1930 and December 31, 1930. There were no failures in Delaware during the latter part of 1930.

In reviewing the causes of the failures in Pennsylvania it may be said that, generally speaking, the closures may be attributed either to incompetent management or dishonesty in the form of embezzlement or defalcation. Business conditions in Pennsylvania between January 1, 1921 and the latter part of 1929, with the exception of the bituminous coal mining area in the western part of the state, have been sufficiently favorable to warrant their elimination as a primary cause of bank failures. Some of the failures during the latter part of 1930, for which schedules are now being prepared, may be attributed to frozen situations arising partly from depressed business and real estate conditions, but here too there are clear indications of incompetent management which contributed importantly to the ultimate embarrassment.

The failure of the Morsemere Trust Company, Palisades, New Jersey, apparently was caused by the precipitate drop in security prices which resulted in heavy depreciation in the institution's investments and losses on loans granted to customers for speculative purposes. The failure of the Vineland Trust Company, Vineland, New Jersey, which occurred during the first half of 1930 was caused primarily by imprudent and unauthorized loans to certain officers under circumstances which resulted in the bringing of criminal charges against the persons involved.

Very truly yours,



E. S. HILL,
Assistant Federal Reserve Agent.

421. 11(3)

- C O P Y -

COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF BANKING

HARRISBURG

January 16, 1931.

Mr. E. C. Hill,
Assistant Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Hill:

We are returning the schedules concerning bank failures in this Commonwealth that were forwarded to you some time ago.

Under item 11, in those instances where it was possible to do so, I have circled the primary cause that might be really classified as "contributing". In many cases, as you know, it is absolutely impossible to definitely state that one particular matter or thing was the primary cause of a bank suspension.

We have not been able to go over the schedules and substitute dollars and cents for percentages, with respect to claims paid. This can be done fairly accurately by figuring the percentage against the deposits, as shown by the schedule, as in Pennsylvania the payment of claims allowed represent payments entirely on deposits, the word being used in its ordinary sense.

The bank suspensions that were not reported on the schedules enclosed were private institutions not under the supervision of the Department.

Very truly yours,

(signed) WALTER E. BURNS,

Deputy Secretary of Banking.

WEB:GBM

421.11(3)

January 16, 1931.

Mr. R. L. Austin,
Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Austin:

In connection with the earnings project of this Committee upon which you are working, it has been decided to request the Reserve banks to supply us for the year 1930 with the tabulations heretofore requested for the years 1926, 1927, 1928 and 1929. Accordingly Tables I-e, II-e, III-e, IV-e and V-e should be compiled in the same way for 1930 as was done for each of the other four years. As our original request with respect to deviations required that work for one year only, the present request entails nothing additional on deviations.

Very truly yours,

E. A. Goldenweiser,
Chairman, Committee on Branch,
Group and Chain Banking.

421. 11 (3)

January 16, 1931.

Mr. R. L. Austin,
Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Austin:

Receipt is acknowledged of your letter of January 13th enclosing tables I-e, II-e and III-e covering banks in the Third District for the year 1928.

Very truly yours,

J. H. Riddle
Secretary, Committee on Branch,
Group and Chain Banking.

421. 11 (3)

January 14, 1931.

Mr. Arthur E. Post,
Assistant Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Post:

On November 24, 1930, we returned to you the suspension schedules which had been prepared for Pennsylvania and asked whether certain revisions could not be made. At the same time we requested the schedules for ten additional banks which according to our list had suspended but for which no schedules had been forwarded.

Will you be good enough to let us know when we may expect to receive these schedules? The Committee is very anxious that we push ahead as fast as possible with the tabulation of this material.

Very truly yours,

J. H. Riddle
Secretary, Committee on Branch,
Group and Chain Banking.

421,11(3)

FEDERAL RESERVE BANK OF PHILADELPHIA

THIRD DISTRICT

RICHARD L. AUSTIN
CHAIRMAN OF THE BOARD
AND FEDERAL RESERVE AGENT

January 13, 1931

*Correct
P C*

J. H. Riddle, Esq.,
Chairman, Committee on Branch, Group and Chain Banking,
Federal Reserve Board,
Washington, D. C.

Dear Sir -

We take pleasure in enclosing Tables I-e, II-e,
III-e, covering banks in this district during 1928. The
tables for Pennsylvania are preliminary, as we have not yet
heard from two banks to which we have written for further
information.

Very truly yours,

R. L. Austin
Chairman

RECEIVED
FEDERAL RESERVE BOARD
WASHINGTON
JAN 14 1931 AM

421.11(3)

January 3, 1931.

Mr. Arthur E. Post,
Assistant Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Post:

Receipt is acknowledged of your letter of
January 2nd enclosing summary tables I-e, II-e and
III-e for the year 1927.

Very truly yours,

J. H. Riddle
Secretary, Committee on Branch,
Group and Chain Banking.

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

421.11(3)
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JAN - 5 1931
DIVISION OF RESEARCH
AND STATISTICS.

OFFICE OF THE
CHAIRMAN OF THE BOARD AND
FEDERAL RESERVE AGENT

January 3, 1931.

Federal Reserve Board,
Washington, D.C.

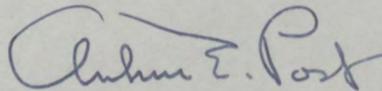
Attention - Mr. E. A. Goldenweiser, Chairman,
Committee on Branch, Group and Chain Banking.

Dear Sirs:-

Your letter of December 19 outlines the principles
which the Committee on Branch, Group and Chain Banking feels
should be followed in the allocation of expenses.

Up to this time we have not incurred any outside ex-
pense which is to be reimbursed and charged as a committee ex-
pense.

Very truly yours,



Arthur E. Post,
Assistant Federal Reserve Agent.

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WASHINGTON
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421.11(3)

FEDERAL RESERVE BANK OF PHILADELPHIA

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JAN -3 1931
DIVISION OF RESEARCH
AND STATISTICS.

OFFICE OF THE
CHAIRMAN OF THE BOARD AND
FEDERAL RESERVE AGENT

January 2, 1931.

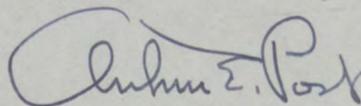
Federal Reserve Board,
Washington, D.C.

Attention - Mr. J. H. Riddle, Secretary,
Committee on Branch, Group and Chain Banking.

Dear Sirs:-

We take pleasure in enclosing summary tables, I-e,
II-e, and IIIe for the year 1927.

Very truly yours,



Arthur E. Post,
Assistant Federal Reserve Agent.

MR.

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JAN - 3 1931 AM

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January 2, 1931.

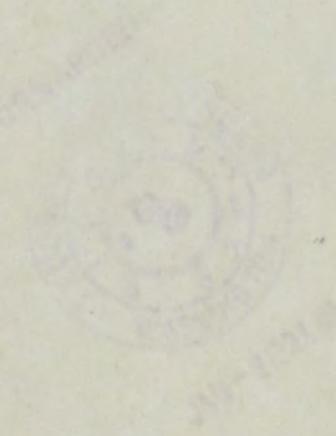
Mr. Arthur E. Post,
Assistant Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Post:

Receipt is acknowledged of your letter of
December 31st enclosing summary tables I-e, II-e
and III-e for the year 1926.

Very truly yours,

J. H. Riddle
Secretary, Committee on Branch,
Group and Chain Banking.



421.11(3)

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE
CHAIRMAN OF THE BOARD AND
FEDERAL RESERVE AGENT

December 31, 1930.

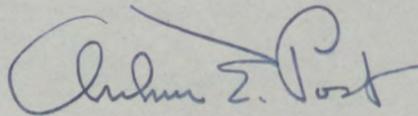
Federal Reserve Board,
Washington, D.C.

Attention - Mr. J. H. Riddle, Secretary,
Committee on Branch, Group and Chain Banking.

Dear Sirs:-

We take pleasure in enclosing summary tables I-e,
II-e, and III-e for 1926, which is in accordance with your
letter of October 10. Tables for 1927 and 1928 will be for-
warded to you shortly.

Very truly yours,



Arthur E. Post,
Assistant Federal Reserve Agent.

Enclosure
MR.

FORWARDED



JAN - 2 1931 AM

FEDERAL RESERVE BANK
OF CLEVELAND

421.11 (3)
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540

December 24, 1930

Mr. J. H. Riddle, Secretary,
Committee on Branch, Group and Chain Banking,
c/o Federal Reserve Board,
Washington, D. C.

Dear Mr. Riddle:

In replying to your letter of December 12 we find that we cannot give you as satisfactory an answer as we had hoped. The following statements cover the points noted in your letter:

1. There is no statutory priority of lien of the various types of deposits in Ohio considering time and demand deposits as the only types defined in the Ohio statutes, although Section 710-80 of the General Code, in effect, gives deposits in an unincorporated bank priority of lien over other creditors.

2. Both time and demand deposits are reported on the suspension schedules as secured, preferred and general claims. The following types of claims are included under secured, preferred and general claims on the bank suspensions previously forwarded to you.

(A) Secured claims

Deposits of public funds secured by a pledge of assets.

(B) Preferred claims

Deposits given a statutory preference under Section 710-80

Special deposits.

Postal savings funds by reason of the United States statute giving such deposits a preference.

FEDERAL RESERVE BANK
OF CLEVELAND

Mr. J. H. Riddle

December 24, 1930

-2-

Since 1927 preferred claims have included those permitted by Sections 712-13-14 of the General Code which Sections, in effect, give a preference to unpaid drafts in payment of cash letters and the proceeds of collection items.

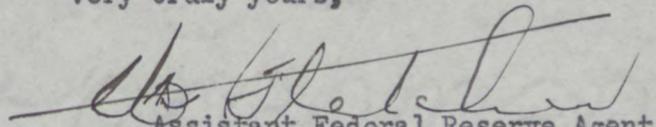
All other claims which have a preference under the common law.

(C) General claims

All other claims except for bills payable and borrowed money.

We find that each bank which is being liquidated in this state seems to be the exception to any established rule in the matter of the filing of claims, and further, it is the policy of the liquidating department to have the judges of the Common Pleas Courts in the various counties allow all preferences in the matter of claims.

Very truly yours,


Assistant Federal Reserve Agent

C:K

421.1131

December 23, 1930.

Mr. E. C. Hill,
Assistant Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Hill:

In accordance with the request in your letter of December 22nd to Dr. Goldenweiser we are sending you herewith 12 additional blank suspension schedules.

Very truly yours,

J. H. Riddle
Secretary, Committee on Branch,
Group and Chain Banking.

Enc.

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE CHAIRMAN OF THE BOARD AND FEDERAL RESERVE AGENT

RICHARD L. AUSTIN
CHAIRMAN OF THE BOARD
AND FEDERAL RESERVE AGENT

ARTHUR E. POST
ASSISTANT FEDERAL RESERVE AGENT

DEPARTMENT OF BANK EXAMINATION

ERNEST C. HILL
ASSISTANT FEDERAL RESERVE AGENT
H. B. DIETZ
Z. G. FENNER
T. F. MAUDE
S. A. WALKER

EXAMINERS

December 22, 1930.

Federal Reserve Board,

Washington, D.C.

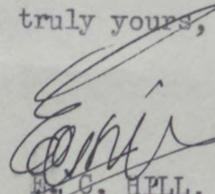
Attention: Mr. E. A. Goldenweiser, Chairman,
Committee on Branch, Group and
Chain Banking.

Dear Sirs:

Receipt is acknowledged of your letter of the 20th instant requesting that we secure from the respective State Banking Departments in this District schedules of the State bank failures occurring in Delaware, New Jersey and Pennsylvania during the second half of 1930 to supplement the schedules of the failures which have been prepared previously for the period from January 1, 1921 to June 30, 1930. We shall take this matter up with the respective State Banking authorities early in 1931 for the purpose of securing the desired information.

We will probably require in connection with the preparation of the additional schedules about one dozen additional forms and will appreciate it if you will be good enough to supply these at your early convenience.

Very truly yours,



E. C. HILL,
Assistant Federal Reserve Agent.



DEC 23 1930 AM

421.11
RECEIVED
DEC 23 1930
DIVISION OF RESEARCH
AND STATISTICS.

421.11(31)

December 20, 1930.

Mr. R. L. Austin,
Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Austin:

In our letter of July 25, 1930, submitting the schedule on suspensions you were requested to ask the state banking departments to prepare a schedule for each suspension from January 1, 1921, to June 30, 1930. At a recent meeting of our Committee it was decided that the period should be extended to the end of 1930 in order to bring the information up to date and round out the full ten year period. Therefore, we should like for you to have schedules prepared for the failures during the second half of 1930, in addition to those which have been prepared or are being prepared in the states whose capitals are located in your district.

Your bank or the various state banking departments will doubtless have on hand a sufficient supply of forms to cover the additional suspensions. If not, we can make arrangements to supply them.

Very truly yours,

E. A. Goldenweiser
Chairman, Committee on Branch,
Group and Chain Banking.

421.11 (3)

December 19, 1930.

Mr. R. L. Austin,
Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Austin:

The question of the expense incurred by the various Federal reserve banks in connection with the investigations of the Committee on Branch, Group and Chain Banking was brought before the full meeting of the Committee on December 16, 1930. It was the view of the Committee that all payments by the Federal reserve banks to state commissioners of banking or other outside agents or individuals for compiling data or for other services in connection with the Committee's work should be borne by the Committee.

Wherever the expense represents work done by the bank itself, however, even though it entails the hiring of additional help, the Committee felt it should be borne by the bank. It was suggested in this connection that if the work done by the Federal reserve banks for the Committee cannot be taken care of by their regular budgets, then the expense incurred on account of the work of the Committee should be shown as a separate item.

I suggest that at your convenience you send us an itemized statement of your payments for outside assistance, if any, in order that we may reimburse your bank and carry the amount as a Committee expense.

Very truly yours,

E. A. Goldenweiser
Chairman, Committee on Branch,
Group and Chain Banking.

421, 11(3)

December 17, 1930.

Mr. E. C. Hill,
Assistant Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Hill:

This will acknowledge with thanks your letter of December 16th with its enclosure of schedules of bank changes in Delaware from 1921 to 1930, and also the classification of active state banks in Delaware as of 1920, 1925 and 1930.

We enclose the additional copies of Form A-2 which you requested.

Very truly yours,

J. H. Riddle
Secretary, Committee on Branch,
Group and Chain Banking.

Enc.

421.11(3)

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE CHAIRMAN OF THE BOARD AND FEDERAL RESERVE AGENT

RICHARD L. AUSTIN
CHAIRMAN OF THE BOARD
AND FEDERAL RESERVE AGENT

ARTHUR E. POST
ASSISTANT FEDERAL RESERVE AGENT

DEPARTMENT OF BANK EXAMINATION

ERNEST C. HILL
ASSISTANT FEDERAL RESERVE AGENT
H. B. DIETZ
Z. G. FENNER
T. F. MAUDE
S. A. WALKER

EXAMINERS

December 16, 1930.

Federal Reserve Board,

Washington, D.C. Attention: Mr. E. A. Goldenweiser,
Chairman, Committee on Branch,
Group and Chain Banking.

Dear Sirs:

We beg leave to enclose you herewith schedules of bank changes in Delaware during 1921 to 1930, together with supporting summaries and classification data relating to active state banks in Delaware as of June 30, 1920, June 30, 1925 and June 30, 1930.

Although fifteen days remain in 1930, the summary for the year has been closed because in the opinion of the State Banking authority no additional changes will occur this year. If, however, a suspension or any other change should take place we will secure additional data and a corrected summary will be forwarded to you immediately following the end of the year.

It will be appreciated if you will be good enough to forward us one-half dozen copies of form A-2.

Very truly yours,

E. C. HILL,
Assistant Federal Reserve Agent.



DEC 17 1930 AM

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE CHAIRMAN OF THE BOARD AND FEDERAL RESERVE AGENT

RICHARD L. AUSTIN
CHAIRMAN OF THE BOARD
AND FEDERAL RESERVE AGENT

ARTHUR E. POST
ASSISTANT FEDERAL RESERVE AGENT

file

DEPARTMENT OF BANK EXAMINATION

ERNEST C. HILL
ASSISTANT FEDERAL RESERVE AGENT
H. B. DIETZ
Z. G. FENNER
T. F. MAUDE
S. A. WALKER

EXAMINERS

December 13, 1930.

421.113
RECEIVED
DEC 15 1930
DIVISION OF RESEARCH
AND STATISTICS

Federal Reserve Board,
Washington, D.C.

Attention: Mr. J. H. Riddle, Secretary,
Committee on Branch, Group
and Chain Banking.

Dear Sirs:

Receipt is acknowledged of your letter of the 11th instant
requesting an explanation with respect to certain items contained in
the suspension schedules submitted by the State Banking Departments in
this District.

We are taking this matter up with the respective supervisory
authorities and will advise you just as soon as we receive replies to our
inquiries.

Very truly yours,

E. C. HILL,
Assistant Federal Reserve Agent.

RECEIVED
FEDERAL RESERVE BOARD
WASHINGTON
DEC 15 1930 AM

421.11(3)

December 11, 1930.

Mr. R. L. Austin,
Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Austin:

In tabulating the data reported on the suspension schedules by the various states it is apparent that in the case of certain items the material reported is not uniform for all states, and that for purposes of comparison an explanation of what is included is needed. This is true of sections 7, 8, 9 and 10. Would it be possible to secure the following information for each state in your district which has prepared or is preparing suspension schedules?

- (1) The statutory priority of lien of the various types of deposits in each state
- (2) Precisely what type or types of deposits are reported on the suspension schedules as (a) secured, (b) preferred and (c) general

The schedules ask for reports on deposit claims only, but in case other claims have been included by any state this fact should be stated, and the information requested above should likewise be furnished for these other claims.

Very truly yours,

J. H. Riddle
Secretary, Committee on Branch,
Group and Chain Banking.

421.1(3)

November 26, 1930.

Mr. Arthur E. Post,
Assistant Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Post:

We acknowledge receipt of your letter of November 25th enclosing tables I-e, II-e, and III-e for the year 1929.

In accordance with your request I am sending you herewith 50 additional copies each of tables IV-e and V-e. If these are not sufficient, please let me know.

Very truly yours,

J. H. Riddle,
Secretary, Committee on Branch,
Group and Chain Banking.

Enc.

421.11(3)

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE
CHAIRMAN OF THE BOARD AND
FEDERAL RESERVE AGENT

November 25, 1930.

RECEIVED
NOV 26 1930
DIVISION OF RESEARCH
AND STATISTICS.

Federal Reserve Board,
Washington, D. C.

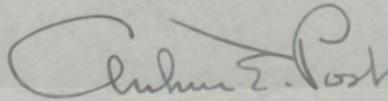
Attention Mr. J. H. Riddle, Secretary,
Committee on Branch, Group and Chain Banking.

Dear Sirs:-

We take pleasure in enclosing summary tables Ie, IIe, and IIIe for 1929, requested in your letter of October 10. Tables for the earlier years will be forwarded as soon as completed. ✓

We shall appreciate it if you will send a further supply of forms IVe and Ve; practically the entire number forwarded with your letter of November 12 is required in making working copies for a single year.

Very truly yours,



Arthur E. Post
Ass't Federal Reserve Agent

Enclosures

RECEIVED
FEDERAL RESERVE BOARD
WASHINGTON
NOV 26 1930 AM

421.11 (3)

November 24, 1930.

Mr. Arthur E. Post,
Assistant Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Post:

We acknowledge with thanks your letter of November 19th enclosing suspension schedules for the state of Pennsylvania.

According to records of the Division of Bank Operations, there were ten other suspensions in Pennsylvania for which no schedules were supplied. The names of these banks not accounted for are shown on the attached list, with their location and the dates of closing and reopening. Will you kindly ask the bank commissioner to investigate these cases and supply schedules for them if they are properly considered suspensions?

In looking over those schedules which already have been received from Pennsylvania, we find a few respects in which a good many of them are not entirely satisfactory. We are, therefore, returning them to you in the hope that these difficulties can be cleared up with a minimum of trouble.

On practically all the schedules more than one primary cause of suspension has been designated in answer to section 11, while no contributing causes whatever are indicated. Now a good many factors probably have combined in ultimately causing suspension, but surely one of these must have been more fundamental than the others in each case. The reasons checked on the schedules lead one to suspect that the primary cause for suspension was not carefully distinguished from others which, while more immediate, were nevertheless secondary or contributing.

In answer to section 11 on the Mechanics & Merchants Bank of Philadelphia (suspended Feb. 13, 1923) only the percentage of payments to claims allowed is shown. We should like, if at all possible, to have the actual dollar amounts involved, since otherwise it is impossible to summarize results for a number of banks.

Will you kindly ask the Pennsylvania bank commissioner whether the information regarding causes of suspension can be supplied in the desired form? We shall be glad also if you will express

ans. 1-20-31

Mr. Arthur E. Post #2

November 24, 1930.

to him our appreciation for his cooperation in giving us as complete an account as possible of the bank suspensions in Pennsylvania.

We would also appreciate it if you could have some one in the Reserve Bank who is familiar with conditions in the district, review these schedules with a view to making any suggestions or comments that may seem appropriate regarding the causes of failure. Such comments may be both specific and general. The Committee is very anxious to secure all information possible regarding this subject.

Very truly yours,

J. H. Riddle,
Secretary, Committee on Branch,
Group and Chain Banking.

Enc.

Bank suspensions for which no schedules were received

<u>Name and location of bank</u>		<u>Closed</u>	<u>Reopened</u>
Bank of Comeautville	Comeautville	2-9-22	
Center County Bkg. Co.	Bellefonte	5-15-22	
Brown & Stevens	Philadelphia	2-11-25	
Producers & Consumers Bk	Philadelphia	5-4-25	
Dime Savings Bank	Philadelphia	10-26-26	
Peoples Bank	Maytown	6-21-26	
Italian Merchants Bank	Philadelphia	11-5-26	
Steel City Bkg. Co.	Pittsburgh	1-12-26	
Banca Italiana	Philadelphia	1-6-30	
Peoples State Bank	McKees Rocks	10-30-29	

November 22, 1930.

Mr. R. L. Austin,
Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Austin:

In our letter of November 12th we outlined a proposal for classifying the banks of the country according to size of loans and investments and according to size of capital stock. In order to supplement that data it seems desirable to make an additional classification, that is, according to the size of the towns or cities in which the banks are located. Accordingly we have prepared and are enclosing two additional forms, B-8 and B-9, for classifying state and private banks according to population on three different dates; June 30, 1920; June 30, 1925; and June 30, 1930. In accordance with previous practice you are requested to compile this information for the banks in those states whose capitals lie within your district.

For 1920 and 1930 the census figures of population should be used. The detailed 1930 figures for about half of the states have already been completed, and it is understood that by the end of December the figures for all states should be available. For 1925 the Bankers Directory will have to be relied upon.

Very truly yours,

E. A. Goldenweiser,
Chairman, Committee on Branch,
Group and Chain Banking.

* Enc. letter of same date in subject file
* See Classification of Banks.

421.11(3)

To Mr. Riddle

To Mr. Horbett

From Caskey

Joy

11-22-30

Board's records cover the following suspensions of banks located in Pennsylvania from January 1, 1921 to June 30, 1930, for which no questionnaires were received:

Bank suspensions for which no schedules were received

Dist. Number	Name and location of Bank	Closed	Reopened	Class of bank
4	✓ Bank of Conneautville Conneautville	2-9-22 ✓		Nonmem priv
	✓ Center County Bkg. Co Bellefonte	5-13-22		" "
3	✓ Brown & Stevens Philadelphia	2-11-25 ✓		" "
	✓ Producers & Consumers Bk "	5-4-25 ✓		" "
	✓ Dime savings Bank "	10-26-26 ✓		" "
	✓ Peoples Bank Maytown	6-21-26 ✓		" "
	✓ Italian Merchants Bank Philadelphia	11-5-26 ✓		" "
4	✓ Steel City Bkg. Co Pittsburgh	1-12-26 ✓		" "
3	Banca Italiana Philadelphia	1-6-30		" "
4	✓ Modern State Bank Pittsburgh (Closed again August 4, 1928)	*12-22-27	12-22-27	Nonmember
4	✓ Peoples State Bank McKees Rocks	10-30-29		"

*Closed and reopened the same day. ~~Negro bank.~~

omit (Should not have been treated as a suspended bank, if it reopened the same day.)

Joy

11/22/30

421.11(3)

November 20, 1930.

Mr. R. L. Austin,
Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Austin:

In our letter of November 6th we made a request for information to be procured from the state banking commissioners on changes in the number of state banks since 1920. In order to supplement that data and make the study more complete, it seems desirable to get similar information on changes in the number of private banks. It may be necessary, however, for the Reserve Bank itself to compile the greater part of these data for the reason that in many states the commissioners have no supervision over private banks at all, and in others they have only partial supervision. The unsatisfactory nature of available figures on private banks may be indicated by the fact that the Comptroller of the Currency reports 391 as of June 29, 1929, whereas the Bankers' Directory for January 1930 shows 616. Even in states where the commissioner has supervision, the number of private banks reported in some times only half the number shown in the Bankers' Directory. In spite of such discrepancies, however, it is apparent from a cursory examination of the available sources that private banks are almost always small institutions, and that they have been declining very rapidly in number and in relative importance.

The Committee believes that statistics of this decline should be assembled, and is making the request that each Federal Reserve bank compile, or have compiled, the figures for those states whose capitals lie within its district for the period from 1920 through 1930. Forms A-4 and A-5, copies of which are attached, have been prepared for this purpose; A-4 to show the summary of changes, and A-5 to give the supporting data for each bank making a change. Unless there is better information in your files or readily procurable from the state commissioners, the Bankers' Directory may be used as the basis of the study. We understand, of course, that in many cases all the information called for on Form A-5 will not be available, but in every case we should like to have at least the name or names of the banks involved in the change.

The Definition of Terms sent you with our letter of November 6th, 1930, in connection with the study of state bank changes may be followed in principle for private banks. The term "consolidation" will apply to the absorption of a private bank by a state

Mr. R. L. Austin #2

November 20, 1930.

or national bank, as well as to the union of one private bank with another; and the term "conversion" will apply where a private bank incorporates and without union with another bank continues its business under state or national charter.

Very truly yours,

E. A. Goldenweiser,
Chairman, Committee on Branch,
Group and Chain Banking.

*Enc.

* See letter of Nov. 21, in subject file on Bank
Changes.

421.11(3)

November 20, 1930.

Mr. Horbett

Mr. Riddle

I am sending you the suspension schedules for
the state banks and trust companies in Pennsylvania which
the Philadelphia Reserve Bank has forwarded to us. Will
you please check these with your list?

421.11 (3)

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

RECEIVED
NOV 20 1930
DIVISION OF RESEARCH
AND STATISTICS.

OFFICE OF THE
CHAIRMAN OF THE BOARD AND
FEDERAL RESERVE AGENT

November 19, 1930.

Federal Reserve Board,

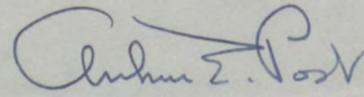
Washington, D.C.

Attention: Mr. J. H. Riddle, Secretary,
Committee on Branch, Group
and Chain Banking.

Dear Sirs:

Complying further with the request contained in your letter of July 25, 1930, we enclose schedules containing data relating to state banks and trust companies in Pennsylvania which failed during the period between January 1, 1921 and June 30, 1930, which have just been received by us. These schedules were prepared personally by an official of the Pennsylvania State Banking Department.

Very truly yours,



Arthur E. Post,
Assistant Federal Reserve Agent.

FORWARDED



NOV 20 1930 AM

ans Nov 24, 1930

421.11(3)

November 12, 1930.

Mr. R. L. Austin,
Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Austin:

We are sending you herewith a supply of Tables IV-e and V-e which are to be used in further tabulating information compiled in connection with the earnings project outlined to you in our letter of August 11th. There is also enclosed a memorandum on the method of filling out these tables.

Very truly yours,

J. H. Riddle,
Secretary, Committee on Branch,
Group and Chain Banking.

*Enc.

* See letter of same date in subject file on Earnings.

421.11(3)

November 12, 1930.

Mr. R. L. Austin,
Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Austin:

In connection with its various investigations the Committee on Branch, Group and Chain Banking finds it essential to have the banks of the country classified according to size of loans and investments and according to size of capital stock. This information is necessary in the study of banking concentration, as well as for comparisons in the study of failures and in the development of branch banking. Accordingly a set of blank tables has been prepared for making these classifications of state and private banks on three different dates, June 30, 1920, June 30, 1925, and June 30, 1930. Copies of these forms, which are labelled B-3, B-4, B-5, and B-6, are enclosed herewith and the Committee would like for you to have this information compiled for those states whose capitals lie within your district. A supply of these forms is being forwarded to you under separate cover.

In classifying the state banks you can probably use the reports of the state banking departments or even secure directly the assistance of these departments. If, however, it becomes necessary in any case to use the Bankers Directory for this material, you can doubtless first get from the banking department a list of all the banks in the state on the specified dates in order that your totals may agree with the official records. As to the private banks, the information may be somewhat more difficult to compile except where they are under the supervision of the state commissioner of banking. In other states, of course, the Bankers Directory will have to be relied upon.

In determining what items should be included in loans and investments we suggest that you follow the instructions given in articles 1 to 4 inclusive of the Board's Form 105a, a copy of which is enclosed. This will insure uniform treatment at the three dates in the various states.

Very truly yours,

E. A. Goldenweiser,
Chairman, Committee on Branch,
Group and Chain Banking.

* Enc. * *see letter of same date in subject file on
Classification of Banks*

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE
CHAIRMAN OF THE BOARD AND
FEDERAL RESERVE AGENT

421.11(3)
RECEIVED
NOV 13 1930
DIVISION OF RESEARCH
AND STATISTICS

NOV 13 1930 AM
FEDERAL RESERVE BANK
WASHINGTON
FORWARDED

November 12, 1930.

Federal Reserve Board,

Washington, D.C.

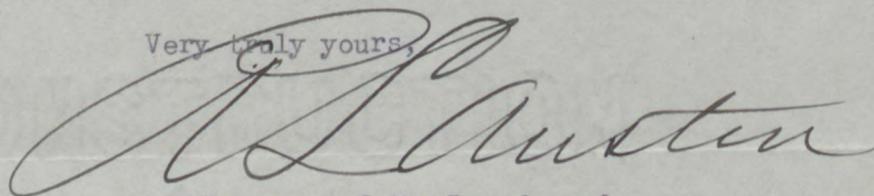
Attention: E. A. Goldenweiser,
Chairman, Committee on
Branch, Group and Chain
Banking.

Dear Sirs:

Receipt is acknowledged of your letter of the 6th instant enclosing an outline of a study regarding the changes in the number of banks since 1920 which your committee has prepared as a part of its investigation of banking concentration in the United States, with material and forms for submission to the various Banking Commissioners in this district for use in compiling the desired information relating to State bank changes.

We will forward the material and forms to the respective State Banking authorities and seek their co-operation in the study to the extent of supplying the information requested. The completed data will be transmitted to you promptly after it is received by us.

Very truly yours,



Chairman of the Board, and
Federal Reserve Agent.

421. 11(3)

November 6, 1930.

Mr. R. L. Austin,
Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Austin:

We are sending you herewith an outline of a study regarding the changes in the number of banks since 1920 which the Committee on Branch, Group and Chain Banking has prepared as a part of its investigation of banking concentration in the United States. The figures regarding changes in national banks have already been compiled as shown on the attached forms and it is the desire of the Committee to complete this study by getting corresponding summaries of changes in the number of state banks. The enclosed material is self explanatory, and we request that you forward it to the Banking Commissioners of the states whose capitals are in your district and ask them to give us the information indicated. The forms for their use in compiling this information are being sent to you under separate cover.

The period covered by the inquiry includes the year 1930, but it is our desire that the material for prior years be prepared and forwarded to us as soon as possible without waiting for the 1930 figures. The latter may be added as soon as possible after the end of the year.

Very truly yours,

E. A. Goldenweiser,
Chairman, Committee on Branch,
Group and Chain Banking.

* Enc.
* See letter of Nov. 15, in subject file on Bank
Changes

421.113

October 29, 1930.

Mr. J. F. Rehfass,
Acting Asst. Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Rehfass:

In accordance with the telephone request
from your office I am sending you herewith 15 addition-
al copies of the schedule on bank suspensions.

Very truly yours,

J. H. Riddle,
Secretary, Committee on Branch,
Group and Chain Banking.

Enc.

421.11(3)

October 20, 1930.

Mr. R. L. Austin,
Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Austin:

Receipt is acknowledged of your letter of October 16th with regard to the present status of the material which you are preparing or collecting on various projects for the Committee on Branch, Group and Chain Banking. With regard to the study on earnings you state that you do not believe the work will be completed before the middle of next summer. While we appreciate that this is a substantial undertaking, we had hoped that the work in all districts would be completed in a much shorter time than that in order that the Committee's report might be expedited as much as possible. In fact we had expected that the compilations would be completed before the end of this year, and with one exception the other banks which have reported to us state that they will finish this project some time in November or December.

Two Federal reserve banks report that they expect to complete the work on earnings in about two weeks or by the end of October. One of these banks has about 800 national banks in its district and in view of its rapid progress I was very much interested in checking up the method of its procedure. It seems that this bank has had five or six people working on the project continuously, but the work is being done with very little extra cost because they are drawing the clerical help from the various departments of the bank. When work is slack in some particular department, they use temporarily a clerk from that department who can be spared without affecting the routine work. By this process of drawing clerical help from the various departments or divisions of the bank they have been able to keep a good staff on the earnings study under proper supervision and have now almost finished it. I do not know to what extent other

Mr. R. L. Austin #2

October 20, 1930.

banks might be able to follow the same procedure but presumably something could be done along that line in order to expedite the work without increasing the cost to the bank.

The Board desires to have the Committee complete its report at the earliest possible date, and anything that you can do to expedite it will be greatly appreciated.

Very truly yours,

E. A. Goldenweiser,
Chairman, Committee on Branch,
Group and Chain Banking.

421.11(3)

October 20, 1930.

Mr. R. L. Austin,
Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Austin:

In connection with Table II-e which was submitted to you with our letter of October 10th, the question has been raised as to what population figures should be used in classifying the communities in which banks are located. We feel that for our purpose the population figures for one year will be sufficient to make the classifications for each of the four years. We suggest, therefore, that you use the population figures given in the January 1928 edition of Rand McNally's Bankers' Directory.

Very truly yours,

J. H. Riddle,
Secretary, Committee on Branch,
Group and Chain Banking.

421.11(3)

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE
CHAIRMAN OF THE BOARD AND
FEDERAL RESERVE AGENT

October 16, 1930.

OCT 17 1930 AM



Federal Reserve Board,
Washington, D. C.

Attention Mr. Riddle, Secretary,
Committee on Branch, Group and Chain Banking.

Dear Sirs:-

Your letter of October 11 requests information regarding the present status of our work in connection with your study of bank suspensions and earnings.

Data on suspensions for New Jersey and Delaware already have been forwarded to you, and the Pennsylvania banking department is collecting data from their records which will be ready possibly in a month or two.

We have completed the transcription of the 1929 figures from earnings and condition reports, although the checking is less than one-half completed and little progress has been made in the calculation of the percentages. Figures for 1926 have been transcribed from the original reports and the first call has been partially checked; no totaling or averaging of the call report figures has been done. The data for 1927 and 1928 have not yet been touched. (We do not believe that this work will be completed before the middle of next summer, although every effort will be made to expedite it.)

Very truly yours,

Chairman of the Board and
Federal Reserve Agent.

421. 11(3)

October 11, 1930.

Mr. R. L. Austin,
Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Austin:

At the recent Conference of Governors and Agents it was suggested that the Committee on Branch, Group and Chain Banking make an estimate of the time when its report will be submitted. To do this it is necessary to have reports from the Federal reserve banks as to the status of information which they are compiling or having compiled for the Committee and an estimate as to the time when we may expect this information. Will you be good enough, therefore, to check up on the work in your district and give us an estimate as to when the material being prepared or collected on the following subjects will be completed:

Suspensions

Earnings.

Very truly yours,

J. H. Riddle,
Secretary, Committee on Branch,
Group and Chain Banking.

421.11(3)

October 10, 1930.

Mr. R. L. Austin,
Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Austin:

Enclosed please find copies of three tables, Ie, IIf, and IIIe, for use in grouping information compiled on the "Analysis of Bank Earnings" blanks sent you with our letter of August 11th. A supply of these tables is being forwarded to you under separate cover. A copy of each table should be prepared for each state or fraction of a state in your district for each of the four years. These tables call for a primary grouping of banks according to the rate of net profits on invested capital and then regroupings according to the stubs.

It is requested that you send to us these tables for each year as you finish them without waiting for the completion of the whole project as this will enable us to begin reviewing the material. The grouping of the banks on the basis of net loss or net profit to invested capital should be kept in that form for a time, if possible, as we shall send you presently a table form for presenting the typical operating ratios of banks according to this grouping. The original forms on which you have worked out the ratios for the individual banks should, of course, be retained at your bank.

Very truly yours,

J. H. Riddle,
Secretary, Committee on Branch,
Group and Chain Banking.

*Enc.
* See letter of same date in subject file
on Earnings.

421.11(3)

September 25, 1930.

Mr. R. L. Austin,
Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Austin:

In connection with the earnings project of the Committee on Branch, Group and Chain Banking transmitted to you with our letter of August 11th, one of the reserve banks has made some suggestions with reference to the handling of negative items, which are in accord with what we deem to be sound practice in this respect, and we are accordingly passing them along to you for your information and guidance.

Very truly yours,

J. H. Riddle,
Secretary, Committee on Branch,
Group and Chain Banking.

*Enc.
* See letter of same date in subject file on Earnings

Mr. Blatten

421.11(3)

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE
CHAIRMAN OF THE BOARD AND
FEDERAL RESERVE AGENT

September 20, 1930

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SEP 22 1930
DIVISION OF RESEARCH
AND STATISTICS

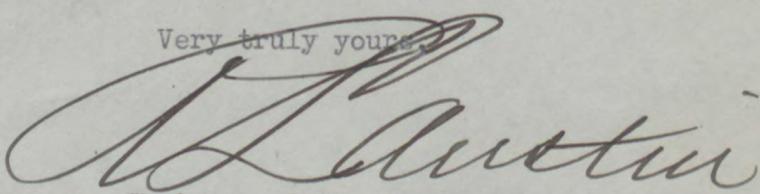
Federal Reserve Board,
Washington, D. C.

Attention: Dr. E. A. Goldenweiser.

Dear Sirs:

Your letter of September 17 gives us the benefit of a ruling on the inclusion of merged banks in the study of earnings and expenses now being made for the Committee on Branch, Group, and Chain Banking. We shall be guided accordingly in the handling of such problems as may arise in the course of our work.

Very truly yours,



Chairman of the Board and
Federal Reserve Agent

RECEIVED



SEP 22 1930 AM

Havent finished one year as yet 9/23/30

421.11(B)

September 17, 1930.

Mr. R. L. Austin,
Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

My dear Mr. Austin:

In connection with the earnings project of the Committee on Branch, Group and Chain Banking we have been asked to rule on certain points with respect to the elimination of banks from a particular year's compilation because of suspension, consolidation, or the like. We are enclosing for your information and guidance a mimeograph of the points raised and our replies thereto.

We trust that the project is moving smoothly at your bank and shall be glad to be advised of its progress.

Very truly yours,

E. A. Goldenweiser, Chairman
Committee on Branch, Group
and Chain Banking.

* Enc.

gwb/ch

* *See letter of same date in subject file on Earnings*

FEDERAL RESERVE BANK OF PHILADELPHIA

THIRD DISTRICT

RICHARD L. AUSTIN
CHAIRMAN OF THE BOARD
AND FEDERAL RESERVE AGENT

September 13, 1930

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SEP 15 1930
DIVISION OF RESEARCH
AND STATISTICS.

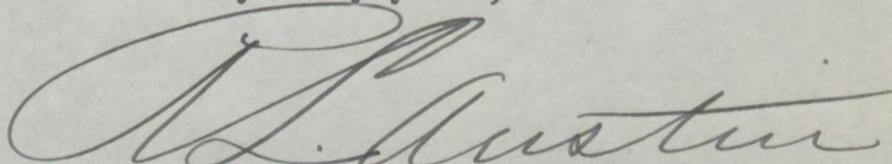
FEDERAL RESERVE BOARD,
Washington, D. C.

Attention of Mr. C. B. Hammond,
Committee on Branch Group and Chain Banking.

Dear Sirs -

We are duly in receipt of your letter of
the 12th, with reference to the Suspensions Schedules
and calling attention to certain points which it seems
desirable to emphasize in making up these schedules.
In our work on these schedules we will be guided in-
accordance with your letter and its contents.

Very truly yours,



Federal Reserve Agent.

RECEIVED
FEDERAL RESERVE BOARD
WASHINGTON
SEP 15 1930 AM

421, 11(3)

September 12, 1930.

Mr. R. L. Austin,
Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

My dear Mr. Austin:

Now that actual work on the Suspensions Schedules, submitted to you with our letter of July 25th, is under way, questions are arising in certain states which reflect the different methods of keeping records and the difficulties in reporting exactly what is asked for. It is manifestly impossible to expect that any one schedule could be found equally well adapted to all states and to the Comptroller's office, and it is, therefore, unavoidable that in some states it will be much more difficult to fill out the Schedules than it is in others. To insure as much uniformity as possible, however, and to insure accuracy in interpreting the reports, it seems desirable to emphasize the following points:

1. Sections 9 and 10 of the schedule, as well as sections 7 and 8, call for data on claims by depositors only, but where the records are such that depositors' claims cannot be segregated from other claims, that is, bills payable and notes evidencing borrowed money, then total claims should be reported, and a notation made to that effect.
2. Secured claims should include only those claims secured by collateral or by collateral and surety bond both, but not claims secured by surety bonds alone. The latter should be listed among general claims.
3. It is apparently the practice in some states not to list as claims those deposits which are secured by collateral, because they are assumed to be self-liquidating. For purposes of this schedule, however, all such deposits should be listed as secured claims allowed and the amounts realized by the depositors on the collateral should be

September 12, 1930.

421.11(3)

shown as payments on these claims. The amounts realized on the collateral should also be shown under collections.

4. In many cases it is difficult to show a figure for Secured Claims that does not include items which in part are present also as General Claims. The reason for this is that Secured Claims are assumed to be self-liquidating and, therefore, are not part of the receiver's direct responsibility, which covers only claims allowed for dividend purposes. Any portion of a Secured Claim not liquidated by the collateral segregated to it may, however, be allowed as a General Claim, and, therefore, increase the claims allowed for dividend purposes. When this happens and a corresponding change is not made in what was originally reported as secured claims, it results in duplication. Where it is possible within a reasonable time to get accurate figures of Secured Claims that are net and do not include amounts also included as General Claims, it is desired that they be so reported. If this is not possible, however, and the only available figures of Secured Claims include amounts also present in General Claims, it should be clearly indicated on the schedule that this is the case.

5. Under section 10 the amounts shown as "offsets to claims" should not be included either under collections or under claims allowed.

6. If records are in such shape that the figures cannot be supplied in exactly the form called for in the above section or any other sections of the schedule, then the best figures available should be given and a notation made as to exactly what they represent. This is essential as a guide in tabulating this material in order that we may not compare wholly unlike figures from different states.

Very truly yours,

C. B. Hammond,
For the Committee on Branch,
Group and Chain Banking.

Enc.

421.11 (3)

September 6, 1930.

Mr. R. L. Austin,
Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

My dear Mr. Austin:

In the absence of Mr. Goldenweiser and
Mr. Riddle I wish to acknowledge your letter of
September 4 together with the reports on accounts
gained or lost as a result of business mergers.

Very truly yours,

C. H. Hammond,
For the Committee on Branch,
Group and Chain Banking.

421,11 (3)

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE CHAIRMAN OF THE BOARD AND FEDERAL RESERVE AGENT

RICHARD L. AUSTIN
CHAIRMAN OF THE BOARD
AND FEDERAL RESERVE AGENT

ARTHUR E. POST
ASSISTANT FEDERAL RESERVE AGENT

DEPARTMENT OF BANK EXAMINATION

ERNEST C. HILL
ASSISTANT FEDERAL RESERVE AGENT
H. B. DIETZ
Z. G. FENNER
T. F. MAUDE
S. A. WALKER

EXAMINERS

August 23, 1930.

Federal Reserve Board,

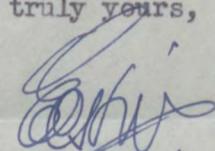
Washington, D.C.

Attention: Committee on Branch, Chain
and Group Banking.

Dear Sirs:

Referring further to your telephone inquiry of recent date relative to the teller's window at one time maintained at Macungie, Penna., by the Perkiomen National Bank, East Greenville, Penna., we have just been informed by the subject bank that this office was closed November 6, 1926.

Very truly yours,


E. C. HILL,

Assistant Federal Reserve Agent.

RECEIVED



AUG 25 1930 AM

Philadelphia

4421.11 (3)

August 15, 1930.

Mr. E. C. Hill,
Assistant Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Hill:

Thank you very much for the reports on Branch
Banking 1900 - 1915 in New Jersey which you reconciled for us
and returned.

After talking with you over the telephone yester-
day, I confirmed the fact from correspondence that the other set
of reports had come in from New York, but in any event we should
have had to ask you for a reconciliation. I am sorry though that
we did not submit the inquiry to you in a clearer form.

Yours very truly,

C. B. Hammond,
For the Committee on Branch,
Group and Chain Banking.

CBH/K

421.11 (3)

August 14, 1930.

Mr. E. C. Hill,
Assistant Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Hill:

This is to thank you for the suspension reports on New Jersey banks which came in today and which are the first that we have received from any of the districts.

Very truly yours,

C. B. Hammond
For the Committee on Branch,
Group and Chain Banking.

CBH:H

421.11 (3)

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE CHAIRMAN OF THE BOARD AND FEDERAL RESERVE AGENT

RICHARD L. AUSTIN
CHAIRMAN OF THE BOARD
AND FEDERAL RESERVE AGENT

ARTHUR E. POST
ASSISTANT FEDERAL RESERVE AGENT



August 14, 1930.

Federal Reserve Board,
Washington, D.C.

Attention: Committee on Branch, Group
and Chain Banking.

Dear Sirs:

Receipt is acknowledged of your letter of the 13th instant enclosing reports submitted to you on Branch Banking 1900 - 1915 in New Jersey, some of which are duplicates, and requesting that we examine them and return the set which should be used.

The reports which were furnished on the cream colored forms were made by us but we do not know from what source you received those made on the white sheets. Possibly they were sent to you by the Federal Reserve Bank of New York.

Our reports are based on information received from the State Banking Department of New Jersey and have been re-checked to the original data and found to be in agreement therewith. The only change which appears to be in order, based on a further inquiry made by us of the New Jersey authorities, is the addition of the information supplied on the white sheets relating to the following institutions:-

Peoples Safe Deposit and Trust Company, Jersey City,
Peoples Bank and Trust Company, Passaic.

We have, therefore, clipped and banded together our reports and the two additional ones covering the above named institutions, which we believe supply correctly the information which you desire. These reports, together with those designated by you as A 1 and B 1 are returned herewith.

Very truly yours,

E. C. HILL,
Assistant Federal Reserve Agent.

Philadelphia

421.11 (3)

August 13, 1930.

Mr. Richard L. Austin,
Chairman of the Board and Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
925 Chestnut Street,
Philadelphia, Pennsylvania.

Dear Mr. Austin:

Owing to the necessity of waiting till information on Branch Banking 1900-1915 had come in from all parts of the country, we only recently began the detailed examination of the data. In the case of that transmitted by you for the state of New Jersey, we are puzzled by the fact that there are two sets of information which do not exactly duplicate one another, and that there are in addition a few reports which are without duplicates at all. In order to get the matter straight it seemed best to return the reports to you so that you could see just what the difficulty is, and return to us the set that we should use.

I do not know if you have been advised that Mr. Riddle, the Secretary of the Committee, is away from Washington for several weeks. I am writing in his stead.

Very truly yours,

CBH/mek
Enc.

C. B. Hammond,
For the Committee on Branch,
Group and Chain Banking.

see letter 8/14/30

421.11 (3)

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE CHAIRMAN OF THE BOARD AND FEDERAL RESERVE AGENT

RICHARD L. AUSTIN
CHAIRMAN OF THE BOARD
AND FEDERAL RESERVE AGENT

ARTHUR E. POST
ASSISTANT FEDERAL RESERVE AGENT

DEPARTMENT OF BANK EXAMINATION

ERNEST C. HILL
ASSISTANT FEDERAL RESERVE AGENT
H. B. DIETZ
Z. G. FENNER
T. F. MAUDE
S. A. WALKER

EXAMINERS



August 13, 1930.

Federal Reserve Board,

Washington, D.C.

Attention: Mr. J. H. Riddle, Secretary,
Committee on Branch, Group
and Chain Banking.

Dear Sirs:

In conformity with the request contained in your letter of July 25, 1930, we enclose schedules containing data relating to state banks and trust companies in Delaware and New Jersey which failed during the period between January 1, 1921 and June 30, 1930. This information was furnished by the respective state banking departments.

It is rather generally understood that the closing of the Newport Trust Company was made necessary by reason of the fact that large extensions of credit were made to one person or interest for the purpose of financing a real estate development which failed to justify the expectations of its sponsors. Conditions locally in other respects were reasonably favorable to the continued operation of the institution, although the town is small and the volume of business available to a bank is quite limited.

Each of the closings in New Jersey was due to special causes and may not be attributed to local or state wide influences. The Hobart Trust Company lost the confidence of the community because its affairs came under the domination of the New Jersey Bankers Securities Corporation, one of the earlier bank holding companies, whose operations and policies brought it into general ill repute. The Vineland Trust Company, situated in a prosperous South New Jersey city which provided sufficient banking business to support the three banking institutions located there, was forced to close because of developments which resulted from mismanagement and apparent criminal irregularities.

We will transmit to you the data relative to Pennsylvania state institutions which have closed during the period under review just as soon as it is received by us.

Very truly yours,

ERNEST C. HILL,
Assistant Federal Reserve Agent.

421.11(3)

August 11, 1930.

Mr. R. L. Austin,
Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Austin:

The Committee on Branch, Group and Chain Banking has outlined a program for analyzing the earnings of national banks over a period of four years. At the heart of the discussion with respect to the changing nature of our banking structure is the matter of wholesale bank suspensions, repeatedly cited as evidence of the failure of the unit system in certain quarters. Back of the failures is, of course, the question of profits and losses. The motivating force of banks as of other business enterprises is profits and their success or failure is measured by their ability or lack of ability to show satisfactory earnings. This is especially significant with respect to banks, for a banker who is not showing a fair rate of earnings is under the constant temptation to take greater and greater risks, thereby jeopardizing the safety of his depositors' money.

It is very important, therefore, to know what type of banks are not justifying their economic existence, where they are located and why they are in this position. The problem is to approach these questions statistically for a period of years. Data should be available in such form that they can be classified in various ways in order to show any significant trends in earnings. Such material could be classified by states to indicate tendencies of success or failure in the different sections of the country and in the various types of industrial and agricultural communities, and cross classified to see if a degree of profitableness is associated with size, either of the bank or of the community in which it is located. Having determined the classifications of banks not showing reasonable profits, it is desirable to know the operating conditions that are associated with such a situation. This requires a more detailed analysis of earnings, expenses, losses, composition of deposits and capital funds.

August 11, 1930.

Many of the Federal Reserve Banks have devoted considerable time and effort to analyzing the earnings of banks in their districts. It is unfortunate, however, that there exists no body of statistical data on earnings covering the whole country for a period of years that would permit grouping banks in a variety of ways or that is strictly comparable in the various districts.

The present program has been worked out in consultation with several of the Federal reserve banks which have already been making investigations in this field. It consists in working out various operating ratios for each national bank for each of the years 1926, 1927, 1928 and 1929, and each Federal reserve bank is requested to compile the data for its district. A special form has been prepared and printed for transcribing the earnings data and recording the various ratios. The enclosed copy of this form has been filled out as a specimen and seems to be self explanatory.

Page 2 gives the primary items which are to be compiled from the reports of condition and reports of earnings, expenses, and dividends. On page 4 complete instructions are given as to the composition of these items and the reconciliations from call to call. The earnings and expense figures will, of course, be the sum of the figures on the two semi-annual reports of earnings, expenses, and dividends for the year in question. Report of conditions figures will be the result of averaging the respective figures on the four reports of condition (Spring, June, Autumn, and December). In the year 1926 there were only three calls. On page 3 of the form provision is made for recording the desired operating ratios computed from combinations of figures set down on page 2.

I am sending you a supply of these forms equal approximately to four times the number of national banks in your district. We are aware that there will doubtless be various questions arising when the work gets under way about which you may wish to confer. There may be cases where a change in the status of a bank through merger or otherwise so affects the condition or earnings figures in a given year, that it should be omitted from the compilations of that year. It is hoped, however, that in each of these cases a special effort will be made to perfect a reasonably good set of the necessary income and balance sheet figures for the year in question. A too generous program of elimination of banks would obviously cause the loss of much valuable information.

We are working out plans for grouping and analyzing the various operating ratios after they have been computed. These plans will be sent you as soon as they are completed. It is suggested, therefore, that the blanks which are now being forwarded to you should not

Mr. R. L. Austin, #3

August 11, 1930.

be returned to Washington when completed, but should be held for the purpose of making the various tabulations desired.

For the time being this analysis of earnings is limited to national banks only, in the interest of time and economy. It is somewhat doubtful whether the inclusion of state member banks would add materially to the value of the study. The Committee is open to suggestions on this point, however, and it would be a simple matter to add the member state banks to the study at a later date if it should be deemed advisable.

Very truly yours,

J. H. Riddle,
Secretary, Committee on Branch,
Group and Chain Banking.

* Enc.

* See letter of same date in subject file on
Earnings.

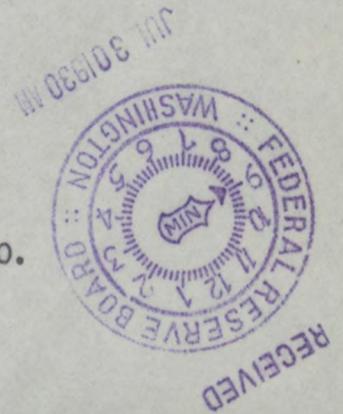
421.11(3)

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE
CHAIRMAN OF THE BOARD AND
FEDERAL RESERVE AGENT

July 29, 1930.



Federal Reserve Board,

Washington, D.C.

Attention: Mr. J. H. Riddle, Secretary,
Committee on Branch, Group
and Chain Banking.

Dear Sirs:

Receipt is acknowledged of your letter of the 25th instant enclosing schedules for the submission of data relating to bank suspensions during the period between January 1, 1921 and June 30, 1930.

As suggested in your letter we will present copies of this schedule to the banking departments of Delaware, New Jersey and Pennsylvania, with the request that they supply as much of the information as is available to them on each state bank which suspended during the period covered by the study. We shall be glad to extend any necessary assistance to the respective state authorities in the preparation of the schedules.

When the schedules are completed and returned to us we will review them and supplement them with any additional information which we have, after which they will be transmitted to you accompanied by statements as to our observations on the causes of failures in our district.

Very truly yours,

Chairman of the Board, and
Federal Reserve Agent.

421.11 (3)

July 25, 1930.

Mr. R. L. Austin,
Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Austin:

The Committee on Branch, Group and Chain Banking decided some weeks ago that an essential part of its work should be a detailed analysis of bank suspensions since the beginning of 1921. The rapid growth in recent years in group and branch banking is regarded by many as an outgrowth of the large number of bank suspensions which have taken place during the past decade. Whether or not this is true, it is obvious that before the Committee can determine the full significance of this mortality among banking institutions and its relation to the new trends in banking it will be necessary to make a more complete analysis of failures than the data compiled at present will permit.

The program proposed is a substantial undertaking, and to be successful it is necessary to have the full cooperation of the various state banking departments, as well as the various Federal reserve banks. This program will entail considerable effort and expense on some of the state banking departments, but in view of the wide spread suffering caused by bank suspensions it is hoped that the state superintendents will give the System every possible assistance in this study. In each of sixteen states of the Union over twenty per cent of the banks in existence in 1920 have failed since that time, and in seven of these over forty per cent of the banks have failed. These failures are continuing at a high rate, more banks having suspended so far this year than in any similar period since 1924. This is one of the most important problems facing many states and certainly one of the major problems of the whole country, and many states are doubtless already struggling to devise ways and means for bringing about greater stability and security among the banks of their state. Under the circumstances it is anticipated that the states will welcome the opportunity to cooperate with the Committee in this work.

July 25, 1930.

It is appreciated, of course, that many states are operating on very limited budgets and may find it somewhat difficult to undertake this extra work, but it is hoped that in no case will the difficulties prove insuperable. It may be advisable in certain cases for the Reserve Bank to offer its services in devising ways and means for collecting the data, and this cooperation, if necessary, might actually improve the quality of the information secured.

A tentative schedule for collecting information on bank suspensions was submitted for suggestions to the banking departments of some twelve or fifteen states in which suspensions have been unusually heavy. The response from these states and the apparent willingness to cooperate in compiling the data were very gratifying. At the same time a number of suggestions were made as to revisions of the schedule. Wherever possible these suggestions have been incorporated in whole or in part. In some cases, however, the suggestions could not be completely adopted because of the differences in terminology and records in the various states. It has been necessary to draw up the schedule in terms which would fit as nearly as possible the records of the various banking departments. The Comptroller of the Currency has given his full cooperation to the Committee and has expressed his willingness to furnish the information regarding national banks.

The schedule as finally adopted has been printed and a few copies are enclosed herewith. A supply is being forwarded to you under separate cover. The Committee would like you to present these schedules to the banking departments of those states whose capitals are located within your district with the request that they fill out a schedule for each bank which suspended between January 1, 1921, and June 30, 1930. It is hoped that the information will be supplied as fully and as carefully as possible and not in a perfunctory manner. The importance of the subject and the value to each state of the results of the investigation would seem to warrant special care in the preparation of the schedules.

As these schedules are completed and returned to you, you may wish to review them and supplement them with any special information which you may have. Your views as to the causes of the failures in your district would be especially valuable to the Committee.

Very truly yours,

J. H. Riddle,
Secretary, Committee on Branch,
Group and Chain Banking.

*Enc.

* See letter of same date in subject file on
Suspension Schedules.

421.11(3)

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

RECEIVED

JUL 23 1930

DIVISION OF RESEARCH
AND STATISTICS

July 23, 1930.

OFFICE OF THE
CHAIRMAN OF THE BOARD AND
FEDERAL RESERVE AGENT



Federal Reserve Board,
Washington, D. C.

Att.: Mr. J. H. Riddle, Secretary,
Committee on Branch, Group, and Chain Banking.

Dear Sirs:-

In response to your letter of June 25, enclosing a memorandum concerning the proposed study of bank earnings, we are enclosing a statement embodying our comments on the several points raised by you.

We feel that an analysis of bank earnings such as you propose to make is timely and should throw considerable light on the relative position of various groups of banks. It may be pointed out that many of the difficulties experienced by banks are attributable to poor management. It is quite probable that such statistical analysis will show, in part at least, the results of incompetency; nevertheless, we are of the opinion that an additional study of the reports of bank examination, more especially in the case of those banks which have failed, might be of assistance in drawing conclusions from the figures.

Valuable results also might be obtained from a statistical study of those banks which have not realized a reasonable amount of profit or which have been forced to close. It may be desirable to set up their operating figures separately and then compare them with those banks which have shown adequate earnings.

Very truly yours,

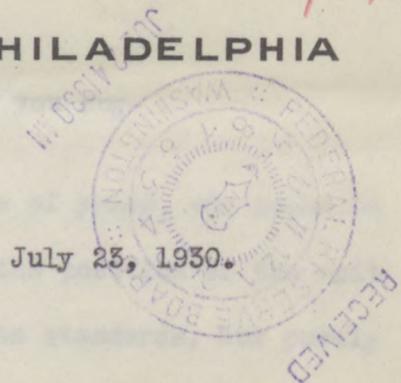
A large, flowing handwritten signature in dark ink, which appears to read 'R. S. Austin'.

Chairman of the Board and
Federal Reserve Agent.

421.11(B)

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET



July 23, 1930.

OFFICE OF THE
CHAIRMAN OF THE BOARD AND
FEDERAL RESERVE AGENT

Federal Reserve Board,
Washington, D. C.

Att.: Mr. J. H. Riddle, Secretary,
Committee on Branch, Group, and Chain Banking.

Dear Sirs:-

We enclose a memorandum and copies of our studies of member bank earnings and expenses which should have accompanied Mr. Austin's letter to you relating to your proposed study of bank profits.

Very truly yours,

J. Frank Rehfuss
J. Frank Rehfuss, Mgr.,
Dep't of Statistics and Research.

Percentages given are in terms of
average loans and investments

	Aggregative method	Average of 4 middle ratios	Average of 5 middle ratios
Total earnings.....	6.25%	6.25%	6.25%
Total expenses.....	2.50%	2.50%	2.50%
Recoveries on charged-off assets...	.05%	0	0
Losses and depreciation.....	.30%	.30%	.30%
Net profits.....	3.50%	3.50%	3.50%

Under the aggregative method total earnings plus recoveries, minus the sum of expenses and losses and depreciation, gives net profits, whereas under neither of the columns of the individual ratio method is this result strictly attained, al-

1. Which method or compromise plan would you suggest for adoption? Why?

Through the study of bank figures over a series of years, one seeks to throw light on banking developments which have affected the position of the unit bank. The results, probably, are not intended to serve as standards, but purely as indicators. Therefore, we favor the aggregative method of tabulation, varied as in compromise I by the calculation of a single ratio of net profits for individual banks to serve as a check.

The aggregative method is far less laborious and more wieldy than the individual bank ratio method. It requires less training of individuals and a minimum of supervision. Its total cost would be much less than the individual ratio method. To the extent that it deals with individual figures (aggregated) it is simpler and less difficult for bankers and others to understand. The individual bank method may require several selections of medians in groups containing few banks. This is illustrated roughly by the fact that the aggregative method produces balanced results without forcing, as you will note from the following comparison, derived from a study of 24 banks with loans and investments of \$250,000 to \$500,000, and time deposits of from 40 to 60 per cent of gross deposits:

Percentages given are in terms of average loans and investments

	Aggregative method	Individual ratio method	
		Average of 2 middle ratios	Average of 6 middle ratios
Total earnings.....	6.25%	6.15%	6.18%
Total expenses.....	4.50"	4.26"	4.26"
Recoveries on charged-off assets...	.05"	0	0
Losses and depreciation.....	.59"	.38"	.38"
Net profits.....	1.21"	1.20"	1.17"

630
509
121

607
484
123

Under the aggregative method total earnings plus recoveries, minus the sum of expenses and losses and depreciation, gives net profits, whereas under neither of the columns of the individual ratio method is this result exactly attained, al-

though the number of banks in this group is fairly large.

While recommending the aggregative method, we realize fully that the results in some cases may be biased by the unusual figures of a few banks, but feel that this fault may be minimized by the selection of size groups which are not too broad, but still are broad enough to include a reasonable number of banks. We believe also that if any groupings other than size of bank are determined upon, such as population or ratio of time to total deposits, each main subdivision should be further divided to a certain extent so as to segregate banks according to size.

2 You cite the advantage possessed by the individual ratio method of being adaptable to regrouping. Unless regrouping is definitely intended, it can scarcely be worth the extra cost of tabulation merely as a contingency. Even if another grouping should be decided upon, a tabulation could be made later of the figures from the work sheets used in the aggregative method. It may be found, for example, that a special study of banks which have failed or which have shown a deficit or unusually low profits is desirable; if this is so, the banks can easily be picked out by examination of the single ratio of profits contemplated under compromise I and from a record of failures, and further analysis of their figures would not be difficult.

2. What period of time would you suggest covering - the full nine years or a shorter period? Would you suggest the same study for a few pre-war years?

The distinct tendency toward group, chain, and branch banking has been a matter largely of recent years. It appears desirable, however, to cover the whole period of nine years from 1921 to 1929 as this will make possible closer study of the evolution of banking changes with a view to ascertaining the development of any tendencies detrimental to the unit bank. It is not necessary to go back to pre-war years.

3. Would it be possible to make the same analysis of the nonmember banks in one or two states of your district through the cooperation of the state banking departments?

It has not been the practice in Pennsylvania or New Jersey to report earning and expense figures to the state banking departments, so that similar studies could not be made of nonmembers in those states.

4. Do the estimates of the cost for carrying out the two methods appear substantially accurate? What criticism do you have of the methods of procedure outlined?

Insofar as the straight tabulation and checking are concerned, the figures given in connection with the aggregative plan appear to be substantially correct. You provide for the checking of the earning and expense figures by the self-checking of totals for all banks in a group; if it should be found that an error has been made in transcription, considerable time might be required to isolate it.

Your time figures on the calculation of individual bank ratios in general appear reasonable, except for the large time allowance under step No. 3, and the relatively meager allowance for step No. 4. We believe, however, that the total of $3\frac{1}{2}$ years given in step No. 10 might in practice become nearly four years, in view of the fact that all banks do not work seven hours a day, and that vacations and other interruptions do not appear to have been taken into consideration. It is difficult to pass upon the time required for the selection of medians, etc. except by actual test, particularly as the proper selection of medians would involve much care and watchful supervision.

Some thought might be given to the possibility of saving time through the initial assembly of both earning and dividend and all call reports for each bank; this would make automatic the elimination of a bank for which reports are not complete.

5. Will a grouping according to size (using loans and investments as a measure of size) be sufficient, or should other groupings be made, for example according to population, according to ratio of time to total deposits, etc.? What groupings do you consider essential to the present study?

Certainly a grouping according to size is desirable. We do not think that much will be gained by a distribution according to population. There is a general relationship between size of bank and population which should enable one to derive from the first grouping much of the advantage to be expected from a population distribution. If the population grouping without subsidiary size distribution should be decided upon, it may affect the choice as between the aggregative and individual bank methods of computation, because of the many instances in which small and large banks would be found within the same population groups.

There is much to recommend a distribution according to ratio of time to gross deposits since a bank with the bulk of its deposits in savings accounts probably would have the greater part of its loans and investments in the form of investments, (reducing gross earnings), smaller salary costs, and larger interest payments, than banks holding demand deposits mainly.

The trust company and state bank members have always been separated from the national banks in our studies of earnings and expenses. As they do a larger amount of trust business and operate under different investment regulations, their operating figures may be expected to vary materially from those of the national banks.

6. Is loans and investments a satisfactory measure of size, or should some other measure be used, such as gross deposits, invested funds, capital, or total resources?

There appears to be no particular objection to loans and investments as a measure of size, and such figures have the recommendation of being readily understood and easily figured. However, in view of our answer to question No. 9, it may possibly be better to use "total available funds".

7. Assuming that a grouping according to loans and investments is desirable, is the proposed number of groups sufficient, and are the group limits the most appropriate ones?

In general the suggested distribution appears satisfactory. A better subdivision might result if the largest banks were classified to show separately banks with loans and investments of \$15,000,000 to \$49,999,999, and \$50,000,000 and over.

8. To what extent have analyses been made by your bank for individual member banks? To what extent have group analyses been made, To what extent can you use for this study the information you have compiled in the past?

We do not make a general practice of analyzing figures for individual member banks, although at times we have compiled their figures on request to show them how to make use of our studies of earnings and expenses. Within the bank certain records containing items from the call and earning and dividend reports are maintained for the information of the officers.

Studies of the earnings and expenses of member banks in this district have been made covering the years 1925, 1927, and 1929. In the case of the latest study, much of the information probably would^{be} of use for the type of analysis you have in mind; the 1927 figures, however, were entered on punched cards. Copies of the results of these studies are attached to this memorandum.

9. In calculating the various ratios, loans and investments have been used as one base, but some banks have used total available funds. What are the relative merits of each base?

We believe that "total available funds" (capital, surplus, profits, note issues, deposits, and borrowed money) would constitute a better base for the ratios than "loans and investments". If a bank carried a large investment in building, yielding a return in the form of office rent, its loans and investments would be

comparatively low and gross earnings, etc. would appear large if figured on "loans and investments". The proportionate distribution of resources into loans and investments, building, due from banks, reserves, etc. has an influence which probably would be more accurately reflected in ratios based upon "total available funds" than on "loans and investments". If this base should be adopted, it would be of value to show as a separate ratio the proportion of "loans and investments" to "total available funds".

10. How important is it to use average condition figures, which, of course, cost more to compile than the figures for one call date?

We have made a number of tests of 1929 figures and find that, in nine groups of over sixty banks each, the group totals of "loans and investments" as of June 29 did not vary more than 1.6 per cent from the group totals of "average loans and investments". We feel, therefore, that the results in general would be little affected by the use of an individual call, particularly if, by inspection of the figures, an attempt was made to select that call which most nearly approximated the annual average.

11. To what extent will changes in the status of banks in the calendar year interfere with the compilations - changes such as the absorption of a nonmember bank by a member bank?

We do not think it desirable to use the figures of any bank which has figured in a consolidation, even if it involved two member banks. It is difficult to get satisfactory reports in many instances on earnings and expenses, and, further, a merger may throw the bank into another size class.

12. Are the ratios provided for in this study sufficient in your opinion? What additions or subtractions would you suggest?

In general the ratios appear satisfactory. As suggested under No. 9, if

*Very
by
localities*

"total available funds" are selected as the base, it would be of interest to add the ratio of "loans and investments" to the base. If the ratios are not based on "total available funds", it might be helpful to show the ratio of "net profits" to such funds. Further split-up for the years during which such figures are available, to show "profit on securities sold" would be of value. The ratio of "dividends paid" to the base also would be helpful, although it is not always possible in the earning and dividend reports to distinguish between cash and stock dividends. We are not at all sure that much is to be gained by a ratio of demand to total deposits.

13. Are the condition and earnings reports for your district available at your bank, and are they filed in such a way as to make it possible to assemble them readily in the desired manner?

Yes.

421.11(3)

July 22, 1930.

Mr. E. C. Hill,
Assistant Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Hill:

Receipt is acknowledged of your letter of July 21st enclosing data on branch banks operating in Delaware during certain years.

I note that you have been unable to secure the information desired from the three state banks which were operating branches during those years.

Very truly yours,

J. H. Riddle,
Secretary, Committee on Branch,
Group and Chain Banking.

M. [unclear]

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE CHAIRMAN OF THE BOARD AND FEDERAL RESERVE AGENT

RICHARD L. AUSTIN
CHAIRMAN OF THE BOARD
AND FEDERAL RESERVE AGENT

ARTHUR E. POST
ASSISTANT FEDERAL RESERVE AGENT

DEPARTMENT OF BANK EXAMINATION

ERNEST C. HILL
ASSISTANT FEDERAL RESERVE AGENT
H. B. DIETZ
Z. G. FENNER
T. F. MAUDE
S. A. WALKER

EXAMINERS

July 21, 1930.

Federal Reserve Board,
Washington, D.C.

Attention: Committee on branch, group
and chain banking.

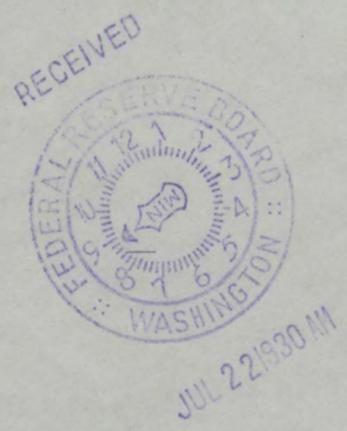
Dear Sirs:

Supplementing our letter of July 8th, and in compliance with the request contained in your letter of June 4, 1930, we enclose you herewith branch banking data pertaining to the state chartered institutions in Delaware for the years (or nearest dates available) called for by the form submitted for use in this connection.

We have been unable to secure the detailed information desired from the three state banks which had branches during the years covered by the survey, notwithstanding the fact that we made two separate requests for the data. We, therefore, are submitting the information which has been supplied us by the State Banking Department. These figures cover only two years due to the fact that the State Banking Department was not in existence prior to 1919 and its files do not contain data relating to the years 1900, 1910 and 1915.

Very truly yours,

E. C. Hill
E. C. HILL,
Assistant Federal Reserve Agent.



421.11 (3)

July 10, 1930.

Mr. R. L. Austin,
Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Austin;

Thank you for your letter of July 8 with the enclosed data on branch banks in New Jersey and Pennsylvania for specific years from 1900 to 1915.

I note that you have been unable to secure data from the Delaware state banking department, and that you are trying to secure the information directly from three state institutions which operated branches during 1915 and earlier years.

Very truly yours,

J. H. Riddle,
Secretary, Committee on Branch,
Group and Chain Banking.

W. H. Riddell

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

OFFICE OF THE
CHAIRMAN OF THE BOARD AND
FEDERAL RESERVE AGENT

July 8, 1930.



Federal Reserve Board,

Washington, D.C.

Attention: Committee on Branch, Group
and Chain Banking.

Dear Sirs:

In compliance with the request contained in your letter of June 4, 1930, as supplemented by your telegram, Trans 1217, we enclose you here-
with branch banking data pertaining to the state chartered institutions in
New Jersey and Pennsylvania for the years (or nearest date available) called
for by the form submitted for use in this connection. This information has
been secured from the respective state banking departments.

6-9-30

Owing to the fact that the Delaware State Banking Department was
not in existence prior to 1919, we are unable to secure from that source the
complete figures for the period covered by the survey on the three Delaware
state institutions which operated branches during 1915 or earlier. However,
we are endeavoring to secure the desired information from each bank and it will
be transmitted to you promptly upon its receipt by us.

Very truly yours,

W. H. Riddell

Chairman of the Board, and
Federal Reserve Agent.

421.11 (3)

June 25, 1930.

Mr. R. L. Austin,
Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Austin:

I am enclosing two copies of a memorandum regarding the proposed study of bank earnings by the Committee on Branch, Group and Chain Banking. This memorandum outlines two methods of procedure with various modifications, and raises a number of questions as to both the scope of the investigation and the method of procedure to be followed.

In view of the work which your bank has already done along these lines and the interest which you have in the subject, the Committee would appreciate your views regarding the proposals outlined and the various questions raised.

Very truly yours,

J. H. Riddle,
Secretary, Committee on Branch,
Group and Chain Banking.

*Enc.
~~* See letter of same date in subject file~~
~~on Earnings~~

421.113

June 5, 1930.

Mr. R. L. Austin,
Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Austin:

As you doubtless know the Committee on Branch, Group and Chain Banking has been preparing during recent weeks a program for its investigation, and various tables, schedules and forms for compiling data are in course of preparation. Some of these have already been submitted to you either for suggestions as to form or for the actual collection of data, and others will follow shortly.

I am leaving Washington tomorrow and will be away about three months, spending most of that time in Europe. In my absence the secretary of the Committee, Mr. Riddle, will keep in touch with you and will submit to you other schedules and forms as they are worked into final shape. I, of course, have gone over the general scope of the study with the secretary and some other members of the Committee and it merely remains to work out the final details of the proposals. These schedules and forms will be passed upon by other members of the Committee, in my absence, and in special cases by other members of the System before they are finally adopted and submitted for the collection of data in your district. You may be assured, therefore, that they have received careful attention.

Very truly yours,

Chairman, Committee on Branch,
Group and Chain Banking.

421.11 (31)

June 4, 1930.

Mr. R. L. Austin,
Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Austin:

In the study of branch banking the Committee on Branch, Group and Chain Banking thinks it desirable to show something of the development of branches as far back as 1900 in order to give a fairly complete statistical story of this movement. Apparently no reliable statistics on branch banking have been compiled for years prior to 1919 or 1920, and it is proposed, therefore, to ask the various state banking departments and the Comptroller of the Currency for certain data for selected years during that earlier period. Accordingly a simple schedule has been prepared asking merely for the number of branches, loans and investments and total resources of each bank which operated one or more branches in any of those years. There were probably not more than two or three hundred such banks in the whole country and the compilation, in so far as the data is available, will not be a burdensome one.

A copy of this schedule is enclosed and I suggest that you request the appropriate state banking departments to supply this information for the states or parts of states which are included within your district. A separate schedule is to be made out for each bank operating under state law which had branches in any of the years mentioned. The data for national banks will be supplied by the Comptroller of the Currency.

The secretary of the Committee will forward to you in a few days a supply of these schedules for use in your district.

Very truly yours,

Chairman, Committee on Branch,
Group and Chain Banking.

* Enc.

* See letter of same date in subject file on
Branch Banking Statistics

421.11(3)

June 3, 1930.

Mr. R. L. Austin,
Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Austin:

One of the functions of the Committee on Branch, Group and Chain Banking is to determine, if possible, the principal causes for the present tendencies in banking. It is believed that changes which have been going on in the organization and structure of industrial and commercial enterprises throughout the country have resulted in a shifting of banking connections and have been a factor in the situation. In nearly all communities there have doubtless been independent enterprises with local banking connections which during the past five years have been amalgamated with or absorbed by other enterprises with headquarters in some other city, usually some metropolitan district, with the result that their principal banking connections have likewise been transferred to banks in the larger cities and only nominal accounts left in the local banks. Other industries have passed into the control of capitalists located elsewhere with a consequent shift in banking connections. In some communities this has probably resulted in a net loss of business to the banks, while in others the gain may have equaled the loss. In still other communities, especially the

June 3, 1930.

metropolitan areas, the result has perhaps been a net gain in banking connections or in the volume of business.

While it is clearly not feasible to make a complete tabulation of these changes in bank connections so as to show just how much particular communities have lost or gained by the process, it is possible to secure for selected cities or communities a list of instances where industrial or trade combinations have resulted in the loss of business to the banks of that area. In fact one banker while testifying recently before the House Committee on Banking and Currency read such a list of consolidations or mergers which had resulted in the loss of accounts to his group of banks.

Perhaps you can secure such lists from the member banks in certain selected cities or communities of your district, i.e., names of industrial and commercial enterprises which through either change of control or through consolidation or merger with other enterprises have transferred all or a part of their business away from the banks with which they have been accustomed to do business to banks in other cities. The name of the city to which the account has been transferred should likewise be given. In making the reports the banks might also note the accounts which have been gained by the same process. It is suggested that you request this information from the member banks in some twelve or fifteen towns or cities in your district varying in size from the very small towns to the larger cities. It will, of course, be treated confidentially. Attached is a suggested schedule for collecting the information requested.

Mr. R. L. Austin #3

June 3, 1930.

Another factor which affects the banking situation in many communities is the change which has occurred in methods of distribution, especially the chain store, the chain restaurant and the chain service station. Perhaps the bankers from whom you request the above information would indicate roughly the extent to which they have been affected by this and similar developments.

Very truly yours,

Chairman, Committee on Branch,
Group and Chain Banking.

* Enc.

* ~~See letter of same date in subject file on~~
~~Economic Changes~~

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TELEGRAM

FEDERAL RESERVE SYSTEM

(LEASED WIRE SERVICE)

42111(3)

RECEIVED AT WASHINGTON, D. C.

26cs 18

Philadelphia 1130A Apl 29

1930

Young

Washn

Twill 1199 April 24 This bank agrees to your proposal

Norris

1031A

421.11(3)

March 20, 1930.

Dear Mr. Austin:

For your information I am enclosing herewith a copy of Part 2 of Volume 1 of the hearings before the Committee on Banking and Currency of the House of Representatives on Branch, Chain and Group Banking, H. R. No. 141.

Very truly yours,

(Signed) J. C. Noell

J. C. Noell,
Assistant Secretary.

Mr. R. L. Austin, Chairman,
Federal Reserve Bank,
Philadelphia, Pennsylvania.

Enclosure.

March 20, 1930.

Dear Mr. Norris:

For your information I am enclosing herewith a copy of Part 2 of Volume 1 of the Hearings before the Committee on Banking and Currency of the House of Representatives on Branch, Chain and Group Banking, H. R. No. 141.

Very truly yours,

(Signed) J. C. Noell

J. C. Noell,
Assistant Secretary.

Mr. George W. Norris, Governor,
Federal Reserve Bank,
Philadelphia, Pennsylvania.

Enclosure.

421.11 (3)

March 10, 1930.

Dear Mr. Norris:

Enclosed herewith for your information is a copy of the hearings held on February 25, 26 and 27, before the Committee on Banking and Currency of the House of Representatives, on Branch, Chain, and Group Banking.

Very truly yours,

(Signed) J. C. Noell

J. C. Noell,
Assistant Secretary.

Mr. Geo. W. Norris, Governor,
Federal Reserve Bank,
Philadelphia, Pa.

Enclosure:

NS

421.11 (31)

March 10, 1930.

Dear Mr. Austin:

Enclosed herewith for your information is a copy of the hearings, held on February 25, 26 and 27, before the Committee on Banking and Currency of the House of Representatives, on Branch, Chain and Group Banking.

Very truly yours,

(Signed) J. C. Noell

J. C. Noell,
Assistant Secretary.

Mr. Richard L. Austin, Chairman,
Federal Reserve Bank,
Philadelphia, Pa.

Enclosure:

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