

FEDERAL RESERVE BANK OF NEW YORK

Fiscal Agent of the United States

{ Circular No. 3071 }
March 22, 1946

Public Notice of Offering of \$1,300,000,000, or thereabouts, of 91-Day Treasury Bills

Dated March 28, 1946

Maturing June 27, 1946

To all Incorporated Banks and Trust Companies in the
Second Federal Reserve District and Others Concerned:

Following is the text of a notice today made public by the Treasury Department with respect to a new offering of Treasury bills payable at maturity without interest to be sold on a discount basis under competitive and fixed-price bidding.

FOR RELEASE, MORNING NEWSPAPERS,
Friday, March 22, 1946.

TREASURY DEPARTMENT
Washington

The Secretary of the Treasury, by this public notice, invites tenders for \$1,300,000,000, or thereabouts, of 91-day Treasury bills, to be issued on a discount basis under competitive and fixed-price bidding as hereinafter provided. The bills of this series will be dated March 28, 1946, and will mature June 27, 1946, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$500,000, and \$1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard Time, Monday, March 25, 1946. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of \$1,000, and the price offered must be expressed on the basis of 100, with not more than three decimals, e. g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, tenders for \$200,000 or less from any one bidder at 99.905 entered on a fixed-price basis will be accepted in full. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve Bank in cash or other immediately available funds on March 28, 1946.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under Federal tax Acts now or hereafter enacted. The bills shall be subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest. Under Sections 42 and 117 (a)(1) of the Internal Revenue Code, as amended by Section 115 of the Revenue Act of 1941, the amount of discount at which bills issued hereunder are sold shall not be considered to accrue until such bills shall be sold, redeemed or otherwise disposed of, and such bills are excluded from consideration as capital assets. Accordingly, the owner of Treasury bills (other than life insurance companies) issued hereunder need include in his income tax return only the difference between the price paid for such bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made, as ordinary gain or loss.

Treasury Department Circular No. 418, as amended, and this notice, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or Branch.

In accordance with the above announcement tenders will be received at the Securities Department of this bank (9th floor, 33 Liberty Street) New York 7, N. Y., or at the Buffalo Branch of this bank (270 Main Street) Buffalo 5, N. Y., up to two o'clock p. m., Eastern Standard Time, on Monday, March 25, 1946. It is requested that tenders be submitted on special form printed on reverse side and returned in special envelope enclosed herewith. *Payment for the Treasury bills cannot be made by credit through the War Loan Deposit Account. Payment must be made in cash or other immediately available funds.*

ALLAN SPROUL, President.

(Extract from Treasury Department statement released for publication March 19, 1946, announcing results after tenders were opened for Treasury bills dated March 21, 1946 maturing June 20, 1946)

	Federal Reserve District	Total Applied for	Total Accepted
Total applied for		\$2,074,769,000	
Total accepted		\$1,315,311,000 (includes \$49,839,000 entered on a fixed-price basis at 99.905 and accepted in full)	
Average price		99.905+	Equivalent rate of discount approx. 0.375% per annum
Range of accepted competitive bids:			
High		99.910	Equivalent rate of discount approx. 0.356% per annum
Low		99.905	Equivalent rate of discount approx. 0.376% per annum
	Boston	\$ 19,680,000	\$ 12,341,000
	New York	1,491,760,000	915,140,000
	Philadelphia	29,765,000	23,615,000
	Cleveland	36,175,000	30,845,000
	Richmond	16,042,000	13,582,000
	Atlanta	5,095,000	4,931,000
	Chicago	298,665,000	187,965,000
	St. Louis	27,625,000	17,662,000
	Minneapolis	3,800,000	3,472,000
	Kansas City	18,690,000	17,436,000
	Dallas	11,270,000	9,840,000
	San Francisco	116,202,000	78,482,000
	TOTAL	\$2,074,769,000	\$1,315,311,000

(59 percent of the amount bid for at the low price was accepted)

IMPORTANT — If it is desired to bid on a competitive basis, fill in rate per 100 and maturity value in paragraph headed "Competitive Bid". If it is desired to bid on a fixed-price basis, fill in only the maturity value in paragraph headed "Fixed-Price Bid". DO NOT fill in both paragraphs on one form. A separate tender must be used for each bid.

No.

TENDER FOR 91-DAY TREASURY BILLS

Dated March 28, 1946.

Maturing June 27, 1946.

Dated at

.....1946

To FEDERAL RESERVE BANK OF NEW YORK,
Fiscal Agent of the United States.

COMPETITIVE BID

Pursuant to the provisions of Treasury Department Circular No. 418, as amended, and to the provisions of the public notice on March 22, 1946, as issued by the Secretary of the Treasury, the undersigned offers to pay

.....* for a total amount of
(Rate per 100)

\$..... (maturity value)
of the Treasury bills therein described, or for any less amount that may be awarded, payment therefor to be made at your bank in cash or other immediately available funds on the date stated in the public notice.

FIXED-PRICE BID

Pursuant to the provisions of Treasury Department Circular No. 418, as amended, and to the provisions of the public notice on March 22, 1946, as issued by the Secretary of the Treasury, the undersigned offers to pay a fixed-price of 99.905 (rate per 100) for a total amount of

\$..... (maturity value)
(Not to exceed \$200,000)

of the Treasury bills therein described, payment therefor to be made at your bank in cash or other immediately available funds on the date stated in the public notice.

The Treasury bills for which tender is hereby made are to be dated March 28, 1946, and are to mature on June 27, 1946.

This tender will be inserted in special envelope entitled "Tender for Treasury bills."

Name of Bidder.....
(Please print)

By.....
(Official signature required) (Title)

Street Address

(City, Town or Village, P. O. No., and State)

If this tender is submitted for the account of a customer, indicate the customer's name on line below:

.....
(Name of Customer) (City, Town or Village, P. O. No., and State)

Use a separate tender for each customer's bid.

IMPORTANT INSTRUCTIONS:

1. No tender for less than \$1,000 will be considered, and each tender must be for an even multiple of \$1,000 (maturity value). A separate tender must be executed for each bid.

2. If the person making the tender is a corporation, the tender should be signed by an officer of the corporation authorized to make the tender, and the signing of the tender by an officer of the corporation will be construed as a representation by him that he has been so authorized. If the tender is made by a partnership, it should be signed by a member of the firm, who should sign in the form "....., a copartnership, by....., a member of the firm."

3. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

4. If the language of this tender is changed in any respect, which, in the opinion of the Secretary of the Treasury, is material, the tender may be disregarded.

Payment by credit through War Loan Deposit Account will not be permitted.

* Price must be expressed on the basis of 100, with not more than three decimal places. Fractions may not be used.

FEDERAL RESERVE BANK OF NEW YORK

President's Report
to
Directors
for 1945



CONFIDENTIAL

FEDERAL RESERVE BANK
OF NEW YORK

March 28, 1946.

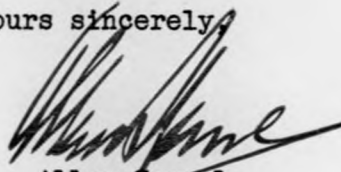
To the Directors of the
Federal Reserve Bank of New York:

Herewith is a detailed report on the operations of the bank during the year 1945.

This is a confidential report of internal operations giving a more detailed and intimate view than is possible or appropriate in a public document such as our annual report to the stockholders of the bank which will be issued shortly.

As in previous years, the important and interesting developments in our operations during the year are reviewed in Part 1, a statistical summary of the principal operations of the bank during 1945 is set forth in Part 2, and the functions of each of the operating units of the bank are described in the Appendix.

Yours sincerely,



Allan Sproul,
President.

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PART 1

IMPORTANT AND INTERESTING DEVELOPMENTS IN OPERATIONS DURING 1945

The year 1945 saw victory achieved in the world's most devastating war and signalled the end of another significant period in the operations of the Federal Reserve System. Undertaking its initial responsibilities at the outbreak of World War I the bank, and many key members of its staff, were experienced and prepared, in a measure, for the new tasks and responsibilities which were forced upon them by World War II. Between 1940 and 1945 the staff of the bank nearly doubled and the volume of work handled in most departments a great deal more than doubled in spite of the accelerated turn-over in personnel occasioned principally by war-time conditions.

OPERATIONS IN AID OF THE WAR FINANCING PROGRAM

As in the previous war years, among the bank's most important functions were its various operations in aid of the war financing program.

The Government's programs for demobilization, domestic reconversion, international cooperation, veterans' aid and maintenance of the military establishment, necessitated continuance throughout the year at war-time levels of the Treasury's financing operations.

There was an increase of \$48 billion in the national debt during the year (from \$231 billion to \$279 billion) represented by the sale of new securities. Redemptions of matured public issues, excluding savings bonds, totaled \$112.5 billion and were replaced by an additional amount of new securities sold or issued in exchange.

War Loan Drives

There were two drives in 1945, the Seventh War Loan Drive during April, May and June, and the Victory Loan Drive in November and December. The Victory Loan Drive concluded the use of the drive technique of financing. Significant data for the last two drives are set forth below (in millions of dollars):

<u>Drive</u>	<u>Goal</u>	<u>Total Sales</u>	<u>Sales in 2nd F.R. District</u>	<u>Percent of Total</u>
Seventh	\$14,000	\$26,313	\$9,678	36.7%
Victory	11,000	21,144	8,040	38.0

In addition to securities issued against subscriptions received by the bank and the Buffalo Branch, a substantial amount of securities were delivered against subscriptions entered in other Federal Reserve Districts.

Government Securities Issued

The number of pieces (individual securities) delivered by the bank in connection with original issue and the total issue price of such securities for the last six years were approximately as follows:

<u>Year</u>	<u>Savings Bonds</u>	<u>Other Treasury Issues</u>	<u>Total</u>
	<u>Number of Pieces</u>		
1940	310,000	107,000	417,000
1941	2,340,000	556,000	2,896,000
1942	17,330,000	848,000	18,178,000
1943	32,063,000	931,000	32,994,000
1944	37,927,000	1,202,000	39,129,000
1945	30,904,000	1,133,000	32,037,000
	<u>Issue Price</u>		
1940	\$ 73,503,000	\$ 4,954,183,000	\$ 5,027,686,000
1941	674,232,000	7,756,006,000	8,430,238,000
1942	1,549,259,000	29,649,259,000	31,198,518,000
1943	2,025,592,000	58,030,565,000	60,056,157,000
1944	2,201,204,000	75,161,723,000	77,362,927,000
1945	1,846,559,000	89,956,133,000	91,802,692,000

Government Securities Redeemed or Exchanged

During the year sixty-eight marketable Government issues (bonds, notes, bills and certificates of indebtedness), aggregating \$105.7 billion face amount, matured or became due. At this bank 584,449 pieces with a total par value of \$72.93 billion were received for redemption or exchange, compared with 651,622 pieces aggregating over \$48.97 billion par value in 1944. This decline in the number of pieces handled and increase in aggregate par value redeemed is the result of a greater concentration of securities holdings in higher denominations.

There was a further increase in the volume of savings bonds redeemed by the bank during the year, particularly after the end of hostilities in August, but it is expected that redemptions should begin to decline slowly in 1946 after the March tax payments. The following schedules show the number of pieces and the maturity value of Savings Bonds, Series A through G, redeemed by the bank and the Buffalo Branch in 1945, compared with the totals for 1944:

<u>Series A Through E</u>	<u>Year</u>	<u>Month</u>	<u>Number of Pieces</u>	<u>Maturity Value</u>
	1944		11,732,058	\$444,491,930
	1945	January	1,673,769	\$ 65,313,565
		February	1,260,396	50,260,450
		March	1,675,257	67,951,505
		April	1,542,227	61,262,710
		May	1,578,930	63,506,395
		June	1,533,088	62,531,655
		July	1,571,144	62,575,605
		August	1,874,550	73,274,990
		September	1,918,687	75,720,045
		October	2,436,089	101,541,915
		November	1,972,241	84,774,980
		December	2,294,712	95,328,615
		Total	21,331,090	\$864,042,430

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	<u>Number of Pieces</u>	<u>Par Value</u>	<u>Number of Pieces</u>	<u>Par Value</u>
Series F	13,332	\$17,403,675	20,009	\$22,566,925
Series G	26,586	39,060,400	39,534	53,386,500

The foregoing figures include savings bonds of Series A through E paid by institutions qualified (since October 2, 1944) in this district as paying agents in accordance with Treasury Department Circular No. 750. That circular was amended on June 30, 1945, to permit qualification of savings and loan and building and loan associations, credit unions and similar financial institutions. At the end of the year 1,120 out of the 1,130 commercial banks, trust companies, savings banks, and industrial banks in the District were so qualified. 62 savings and loan and building and loan associations and 11 credit unions were also qualified. Qualified agents reporting to the head office of the bank paid during 1945 a total of 17,247,654 individual bonds with an aggregate maturity value of \$702,175,275.

The increase in redemptions in this district does not exceed the nation-wide increase, which, in turn, is not excessive in view of the increase in bonds outstanding. During the year the total of Series E bonds outstanding increased from \$25.5 billion to \$30.8 billion (redemption value). Total sales since the date of initial issue, May 1, 1941, amounted to \$40.2 billion, of which 75% remains outstanding.

OPEN MARKET OPERATIONS

The Federal Reserve Bank of New York, as agent for and under the general direction of the Federal Open Market Committee, operates the System Open Market Account in which the resources of the twelve Federal Reserve Banks are pooled for the purpose of conducting open market operations in United States Government securities.

The objectives of Federal Reserve policy and the problems of the national economy in the monetary and fiscal fields remained much the same during the previous war years. The termination of hostilities in May and August brought some curtailment in war expenditures but since Federal outlays remained at high levels open market operations in execution of System policy differed

only in degree and in detail. They continued to be the principal instrument by which reserve funds were supplied to the banking system to support the increased deposit liabilities of the banks, to offset continuing increases in currency circulation, and to a smaller extent to offset gold losses.

Total holdings of Government securities by all the Federal Reserve Banks increased from \$18.8 billion at the end of 1944 to \$24.2 billion at the end of 1945, all of the increases being in the shorter term securities which included net increases of over \$1.7 billion in holdings of Treasury bills, \$3.5 billion in certificates of indebtedness, and \$700 million in 0.90% Treasury notes. Holdings of other Treasury notes, Treasury bonds and guaranteed issues declined \$500 million. During the year, this bank as the agent of the Federal Open Market Committee, purchased in the open market for the System Open Market Account securities having a total face value of over \$35.9 billion and sold or presented for payment securities having a face value of \$31.4 billion. The face amount of Treasury bills purchased by the bank for its own account, pursuant to the 3/8% buying rate and repurchase option established in 1942, amounted to \$27.6 billion while bills amounting to \$26.8 billion were sold or presented at maturity for payment. In addition, in order to provide the Treasurer of the United States with funds to avoid overdrafts at the Federal Reserve Banks the System Account purchased a total of \$488 million special 1/4% Treasury certificates of indebtedness which were retired in a few days.

CREDIT AND DISCOUNT OPERATIONS

Loans to Banks

With the continued heavy Government financing, member banks, which began borrowing heavily in the year 1944, increased their volume of borrowings during 1945. For the first time in several years member banks showed large borrowings on the closing day of the year, the total loans approximating \$200 million.

During the year a total of 261 banks borrowed at various times an aggregate amount in excess of \$20 billion. On June 9, 1945, 85 banks were borrowing \$702 million which was the largest amount of loans outstanding to banks on any day since March 14, 1933, at which time a total of 471 banks of this district were borrowing \$728 million from us. All such borrowings during 1945 were secured by United States Government obligations, principally those maturing or callable in one year or less on which the differential discount rate of 1/2% is applicable.

Financing Under Regulation V

The financing of war production by means of V loans continued to be carried on actively and in substantial volume until the Japanese surrender. This phase of war financing subsequently entered a liquidating stage and the number and dollar amount of V and VT loan commitments together with the volume of loans outstanding under such commitments have been substantially reduced. No new credits for war production purposes were guaranteed by the Government after V-J Day. A particularly important aspect of our activities during the year was the servicing of existing guaranteed loans to safeguard the interests of the guarantors (the War Department, the Navy Department and the Maritime Commission) in loans in material default or distress. There were 16 such loans at the end of 1945 as compared with 18 at the end of 1944.

Activity in T loans, representing purely interim termination financing, did not develop to any important extent. It appears that war contractors replenished their working capital by preparing their termination claims promptly (partly as the result of an educational program carried on by the Services regarding the procedure of filing claims) which enabled the contractors to obtain "prompt" partial payments. The Government procurement agencies apparently have also been active in making final settlements of claims, and, in addition, have afforded prime contractors with means of settling rapidly claims of their smaller subcontractors.

The entire program has been successful beyond original expectations. Established or probable losses on guaranteed loans are extremely small in relation to the aggregate amount of advances made, and such losses are amply covered by the guarantee fees paid to the guarantors after deduction of operating expenses. Probably the paramount reason for this result has been the Government procurement policy of allowing upward price adjustments to reasonably efficient contractors who had proved that they could not produce at a profit on the basis of original prices. Therefore, the excellent experience relative to this war-time financing program is not necessarily a criterion in determining the feasibility of a similar approach to any problem of large scale financing of peace-time industrial activities.

The indications are that the entire V-loan and T-loan activity will be practically completed so far as this bank is concerned during 1946.

FOREIGN OPERATIONS

Foreign Accounts

Considerable progress was made during 1945 in reconverting to a peace-time basis the bank's financial dealings with some of the principal central banks of Europe. In the early months of the war the accounts maintained for some of the central banks of the occupied countries became dormant, but most of them were either operated by officials in exile (in many instances the head offices of the banks were transferred abroad) or by governmental officials, or were transferred to accounts in the name of their governments. In other cases, such as the Bank of England, Bank of Canada, etc., arrangements were made early in the war to transfer all gold, securities and balances held by the Federal Reserve Banks to war-time accounts set up in the name of their governments.

With the end of hostilities, it became possible to proceed with the undoing of these war-time arrangements. In order to renew contacts with European central banks, Mr. Knoke, Vice President in charge of the Foreign

Function, together with Mr. Rozell of the Foreign Department, and Dr. Goldenweiser, Economic Adviser of the Board of Governors, visited a number of European central banks during the summer of 1945.

Arrangements were completed during the year for the opening of a considerable number of new foreign accounts or subaccounts and for the re-activation of several old accounts which had been dormant for some time. These arrangements included the opening or reactivation of accounts or subaccounts for the Bank for the Netherlands Indies and the central banks of Denmark, Finland, France, Greece, Italy, the Netherlands, Norway, China and Surinam. Negotiations were also under way at the close of the year for the reactivation of the accounts of the central banks of Czechoslovakia, Bulgaria and Yugoslavia.

Currency measures undertaken in a number of European countries following their liberation were reflected in arrangements for the receipt by this bank for the account of the Netherlands Government and the Danish National Bank, respectively, of Dutch and Danish currency deposited by holders in the United States. The owners of the currency turned in to us are to receive restitution by the Dutch and Danish authorities if the latter are satisfied that the notes are genuine and were acquired legitimately.

This bank also entered into arrangements during the year with three foreign central banks to act as their agent in the purchase (and in some cases also the sale) of cable transfers payable in their currencies. Such an arrangement was made with the Bank of France for the purchase on its behalf of cable transfers payable in French francs, first at the rate of \$0.0201 1/8, and, after the devaluation of the French franc on December 26, at \$0.008382. A similar arrangement with the National Bank of Belgium calls for the purchase and sale by us on its behalf of Belgian francs at the rates of \$0.02275 and \$0.0228 7/8, respectively. Coincidentally with the changeover of "registered sterling" accounts to "American" accounts in July, this bank arranged to buy and sell, on behalf of the Bank of England, spot sterling in "American" accounts.

This arrangement, however, constituted a revision of an earlier one made in 1940, the only difference being that, under the system of "American" accounts, transactions are now consummated at "the rate of the day", rather than at a guaranteed rate, as had been the case with respect to "registered" accounts.

Loans on Gold

In last year's report reference was made to the \$100,000,000 loan, against gold held under earmark at this bank, made to the Kingdom of the Netherlands by a group of New York banks with the comment that, under the circumstances, this loan might more appropriately have been made by the Federal Reserve Banks. Toward the end of 1945 the Federal Reserve Banks did make a short-term loan to the same borrower similarly secured by gold, in the amount of \$35 million, at one per cent per annum. It was understood that the proceeds of this loan were to be used largely for the purchase in the United States of urgently needed goods and that repayment would be made out of the "frozen" Dutch funds in New York when they are unfrozen. During the year the Federal Reserve Banks also made further loans secured by gold to Uruguay, the largest amount outstanding under this arrangement being \$12 million. As in previous years, the loans were requested by Uruguay because of the shortage of shipping facilities which retarded Uruguayan exports with a consequent delay in the receipt of dollar exchange.

Gold Movements

The export of gold released from the earmarked holdings of foreign central banks and governments, which first became evident in 1943, continued during 1945, but at a considerably diminished rate, as compared with the previous year. The export of gold in 1945, amounting to \$197 million, brought the total from the beginning of the movement to about \$1.2 billion. Of this amount, \$955 million was exported in 1944 alone. The net conversion by foreign central banks and governments of their dollar holdings into gold, although

well below the aggregate amount so converted in 1944, nevertheless continued to exceed the rate at which gold was exported. As a result, the total of gold held under earmark at this bank for foreign account rose to a new record high of \$4.2 billion in late December and closed the year at \$4,191,000,000, to show a net increase of \$254 million for 1945.

FISCAL AGENCY OPERATIONS

Approximately one-third of the expenses of the bank during 1945 were incurred as fiscal agent of the United States subject to reimbursement by the Treasury Department and other Government agencies. In addition to the issuance, exchange, redemption, safekeeping and servicing of United States Government securities and securities issued by certain Government agencies, and the issuance and processing of V, VT and T guarantee agreements, referred to above, this bank acts as fiscal agent of the United States in connection with: (1) the handling of certain types of Government checks; (2) the clearing of ration checks; (3) the receipt of amounts withheld on account of income taxes under the Current Tax Payment Act of 1943; (4) the control of foreign funds under Executive Order No. 8389; (5) various foreign financial transactions, such as the operation of the Stabilization Fund, the maintenance of accounts here and abroad in connection with stabilization arrangements or the financial requirements of our armed forces and governmental agencies. Similarly, we act as fiscal agent for the Reconstruction Finance Corporation and its various subsidiaries and for the Commodity Credit Corporation. The volume of most of these operations reached its peak late in 1944 or early in 1945 and began to fall off late in 1945.

Treasury Currency Reports

Early in 1945 the Treasury Investigative Unit began to be seriously interested in the tax returns of holders of large denomination currency. The number of such notes in circulation had increased sharply during the war years.

Following newspaper discussion of the Treasury's interest in large note transactions, rumors developed in the press and on the radio to the effect that the Treasury was contemplating calling in large denomination currency or taking some other drastic action against persons who could not satisfactorily account for their holdings of large notes.

The Treasury Department issued instructions effective June 1, 1945, directing financial institutions to report monthly to the Federal Reserve Bank or Branch in their district any large or unusual transaction in currency which, in their judgment, was not commensurate with the legitimate business of the individual or firm involved. A Treasury Currency Reports Section was set up in the Cash Custody Division of this bank to handle these reports. We have received, tabulated and turned over to the Treasury between 5,000 and 7,000 reports a month. Currency transactions in large denomination notes totaling between \$11 million and \$18 million monthly were reflected.

This action by the Treasury and the rumors which preceded it led to a return flow of large denomination notes which, during the year, enabled this bank to retire to the custody of the Federal Reserve Agent notes of \$50 to \$1,000 denominations aggregating \$388 million. Nearly two-thirds of this amount, and four-fifths of the notes of \$500 and \$1,000 denominations, were retired before the effective date of the Treasury Department's directive. As of November 30 there were still in circulation Federal Reserve notes of this bank in denominations of \$50 and over, totaling \$1,848 million or nearly twice as much as the total of \$957 million in circulation on November 29, 1941.

Ration Checks

The volume of ration checks handled by the bank fell off sharply toward the end of the year. These checks, drawn on ration banking accounts in member and nonmember banks, are received by us and forwarded to the drawee banks for collection in the same manner as ordinary checks. In March 1945,

the peak month, we handled 655,000 ration checks. As various commodities were taken off the rationed list the volume declined rapidly. At present the only rationed commodity is sugar for which we are handling about 60,000 checks a month.

Reconstruction Finance Corporation

In August, 1945, the bank undertook to supplement the inventory records maintained by it of the real and personal property, costing \$820 million, owned by the Defense Plant Corporation (now the Office of Defense Plants of the Reconstruction Finance Corporation) to reflect the individual items of property which have been sold or declared to be surplus and available for sale. It is estimated that at least another year will be required for the completion of this program.

Prior to November, 1945, the administrative expenses of the several Loan Agencies of the Corporation were paid by its Treasurer. On November 30, 1945, the bank undertook to pay all administrative expenses, including payrolls, of the New York Loan Agency of the Corporation through the issuance of checks drawn on the Treasurer of the United States. This program requires the issuance by the bank of approximately 5,000 such checks per month.

The fiscal agency agreements between the several Federal Reserve Banks and the Corporation were entered into in 1932 and remained unchanged until 1945. Negotiations, the details of which were handled by our counsel in behalf of this bank, were commenced early in 1945 between the Reserve Banks and the Corporation for revised fiscal agency agreements defining in greater detail the duties of the Reserve Banks. These negotiations were concluded satisfactorily with the execution of revised fiscal agency agreements which became effective December 31, 1945.

Foreign Funds Control

The liberation of certain European countries, followed by the end of hostilities and the consequent restoration of communications facilities and

sovereignty to the formerly occupied nations, caused many of the owners of frozen assets in this country to reassert their rights and to put into use these assets. As a result there was an increase of more than 11,000 in the number of applications for licenses filed with the bank in 1945 over the number filed in 1944. Following these developments, the Treasury Department lifted some of the restrictions on the use of these assets. This program, referred to as "defrosting", included certain safeguards intended to prevent the release of property indirectly owned by enemy interests, which will apparently necessitate, for an indefinite period, the continued function of the Foreign Funds Control, although on a constantly diminishing scale.

CHECK COLLECTIONS

One of the important services rendered by the Federal Reserve System is the expeditious collection of checks for member and nonmember clearing banks. The volume of checks collected by this bank has grown very substantially in recent years. In October, for example, this bank collected 29.6 million checks, an increase of 7% or nearly 3 million more than in October 1944. These figures include 9 million Government checks of which over 6 million were payable "through" the Federal Reserve Bank of New York.

Officials of the bank and of the System, principally through the Standing Committee on Collections of the Presidents Conference, are constantly studying methods to facilitate and speed up the collection of checks and instruments of all kinds. Several important steps, described below, were taken during 1945 to facilitate the handling of the increasing volume of checks.

New Routing Symbol

In June of this year the Federal Reserve System and the American Bankers Association jointly launched a far-reaching program to have a new routing symbol uniformly placed on all checks and drafts. By means of this symbol bank clerks everywhere should be able more quickly and accurately to

sort and list checks, thus speeding up their collection, or return if unpaid. This bank has energetically advocated the adoption of this program through correspondence and direct conversations with banks and numerous business concerns who are large users of checks. By the end of November, investigation showed that at least some checks drawn on more than 300 banks in this district bore the new routing symbol.

Use of Air Express

In October this bank began to use Air Express, on an experimental basis, to forward its cash letters to most other Federal Reserve Banks and Branches. While transportation facilities are not yet back to normal, the results of our experiment indicate that the use of air transport would eventually save on the average at least one day in the presentation of inter-district items.

Night Force Restored

Another factor speeding up the collection of checks in this district has been the restoration of the night force of men in our Clearings Division. The return of men from the armed services and the hiring of some additional men has enabled us to rebuild this force to nearly its pre-war levels, while at the same time the day force of women has been correspondingly reduced. As a result, it will soon again be possible to present all checks drawn on New York City banks for clearings on the day of receipt.

BANK SUPERVISION AND RELATIONS

Membership

Six banks in this district were admitted to membership in the Federal Reserve System during the year. At the end of the year, there were 263 State member banks and trust companies as compared with 132 nonmember State banks and trust companies in this district. 86% of all the commercial banks (national banks and State banks and trust companies) in the district were members of the System.

Farm Credit File

In 1944 the New York State Bankers Association, with the cooperation of the Extension Service of the New York State College of Agriculture and the various bank supervisory agencies, devised a Farm Credit File for use of banks operating in agricultural sections. Subsequently, the New York State Bankers Association requested us to take over the distribution and servicing of this file for the banks in New York State. Believing that compliance with this request would afford an opportunity to assist the smaller banks of the district in their function of serving agriculture, we undertook in November 1945 to distribute and service the file, not only for banks in New York State but also for banks in those portions of Connecticut and New Jersey which are within the Second Federal Reserve District. The file consists of a special folder and about a dozen forms which include credit statements, live stock appraisal sheet, machinery and equipment inventory, certificate of search, order on proceeds of produce, etc. We feel that the information which should be found in a properly maintained credit file, together with the banker's knowledge and judgment, should enable the bank to serve adequately the credit needs of its community and to grant borrowers the credit to which they are entitled without exposing the bank to undue risks.

DESTRUCTION OF RECORDS

The Accounting Department, at the beginning of 1945, was using four floors of the bank's Annex building at 95 Maiden Lane, aggregating approximately 40,000 square feet, for the storage of the bank's records. During the year the Presidents Conference approved a recommendation made by one of its committees that all the Federal Reserve Banks shorten the period of retention of certain of their records. As a result, this bank disposed of about 25% of the records held in storage, thereby releasing for other use an entire floor in the Annex building. It is estimated that the records so disposed of would occupy about 12,000 ordinary file drawers, and that these records weighed approximately 240 tons.

RESEARCH STUDIES AND BANK PUBLICATIONS

The directors' committee on research and public information at its meeting on April 26, 1945, suggested the following topics in the domestic field as deserving of immediate and continuing study:

1. Banking and credit policy
2. Management of the national debt
3. The proposed Full Employment Act of 1945 (S. 380) to establish a national policy and program for assuring continuing full employment
4. Regional studies of particular interest to the Second Federal Reserve District or parts of the district.

Work had already been undertaken in each of these fields and was carried on during the year, in some cases in cooperation with representatives of other Federal Reserve Banks and of the Board of Governors in committee activities. To supplement the work of our own staff, Dr. Lawrence H. Seltzer of Wayne University was engaged for work during the summer in the fields of monetary policy and public debt management. His study "The Banking System and the Management of the Public Debt" has been distributed to the directors, to other Federal Reserve Banks, and to the Board of Governors. Special studies and memoranda completed during the year included the following:

Regional

Wartime Manufacturing Facilities Expansion
in the Second District
New York City's Commodity Exchanges
New York City as a Center of Wholesale Trade
Department Store Sales and Disposable Income
in New York State, 1929-44
Postwar Employment Problems in Paterson, N. J.
Economic Trends in Northeastern New Jersey

Other studies in the domestic field

Some Aspects of Long-Run Postwar Problems
Per Capita Output in Various Segments of
the National Economy with Particular
Reference to the Service Industries
The Growth of the Service Industries
Outline and Critical Analysis of the Full
Employment Act of 1945 (S. 380 and
S. Res. 198)
National Debt and National Income
Critical Analysis of Postwar Federal Tax
Plans
Credit Policy after the War
Limitations on Further Increase in Bank
Earnings
Analysis of the Implications of the Patman
Bill (H. R. 90)

In the foreign field a wide variety of studies was undertaken, in addition to the continuing work of following monetary and general economic developments in the foreign or international field. Among the subjects studied were methods of financing the operations of the International Bank and effects of the organization and operations of both the International Monetary Fund and the International Bank on the monetary and banking situation in this country, possible control of capital exports from the United States, export credit insurance, a plan for developing Latin American export credit information, the British financial position and need for financial assistance, British financial agreements with the United States and with other countries, monetary and financial reorganization in European countries, and the nationalization of the central banks of England, France and New Zealand. The Chief and other members of the Foreign Research Division participated in the work of the Staff Group on Foreign Matters which was set up jointly by this bank and the Board of Governors in the spring of 1945.

Following are the titles of a few of the studies in the foreign field completed during 1945:

British Financial Agreements with Foreign
Countries (5 studies)
The British Loan Agreement
The International Trade Organization
Financing of International Bank for Re-
construction and Development
Credit and Transfer Insurance for United
States Exporters
Regulation of Private Capital Exports from
the United States
Financial Position of China and Japan
Bank of Mexico and Its Problems
Monetary Reform in the Caribbean
Currency Reform in Holland
Belgian and French Monetary Policies

Foreign Missions

Five members of our research staff participated in foreign missions during the year. Two of these members were released for a few months to participate in the Strategic Bombing Survey in Germany and one to participate in a survey of handicraft industries in Italy. Another member spent a few weeks in Mexico at the invitation of the Bank of Mexico, and also spent nearly three months in the Dominican Republic on a joint mission with a member of the staff of the Board of Governors to draft a plan of monetary and banking re-organization for that country. The Manager of the Research Department was on a leave of absence for most of the year serving first as a member of the American Financial Mission to Iran, and subsequently as Treasurer-General of Iran. On his return trip to this country he visited the central banks of India, Australia and New Zealand.

PERSONNEL

At the close of 1945 the number of employees at the main office was 4,317, slightly less than at the 1944 year-end, and approximately 9% below the all-time high of 4,737 reached in July, 1944. Indications are that declining activity of certain departments of the bank, principally those performing fiscal agency operations, will result in a substantially greater decrease in personnel during 1946. Turnover in 1945 was 26.09%, compared with 31.25% in 1944 and 47.2% in 1943.

The reversal in trend of the labor market in 1945, particularly in the second half, is indicated by an increase over 1944 of 26.7% in the number of applicants interviewed and a decrease of 24.4% in the number employed.

Returning Veterans

During 1945, 226 returned service men and women were reinstated in their former positions, or in higher job classifications, at salaries approximating those which they might reasonably have expected had they been on the bank's payroll during the period of their military service. We have reason to believe that at least 106 men who were discharged from the service took positions elsewhere, leaving 345 yet to be heard from.

Music

The success of our experiment with "Muzak" in several departments of the Cash and Collection Function led to its installation, in 1945, in the Savings Bond Redemption Department.

Executive Training Program

The executive training program was continued in 1945 and its developments during the year were covered in the President's report to the directors on November 29, 1945. Job Relations Training classes (initiated in 1944) were attended by 129 head office employees whose duties are of a supervisory nature. Job Instruction Training classes were attended by 188 employees.

The "Federal Reserve Club"

The Club has been increasingly active in the interest of bank employees. Additional athletic and hobby groups have been formed in an attempt to bring together as many of the staff as possible for congenial "after hours" diversion. The Club Office, Club Store and Club Library were completely refurnished and the latter enlarged. Reaching out beyond the immediate personnel of the bank, the Club, for the first time, arranged a party for small children of employees. Another 1945 innovation was the holding of the

bank's regular Christmas party elsewhere than in the bank building. The experiment was successful and similar arrangements for the 1946 Christmas party are under consideration.

BUFFALO BRANCH OPERATIONS

New Check Routing Symbol

Representatives of all commercial banks in Buffalo met at the Buffalo Branch on May 11 to discuss the proposed new check routing symbol sponsored by the American Bankers Association and the Federal Reserve Banks. The representatives present were in favor of the adoption of the new symbol and the improvement of the forms of checks used by their respective banks. As indicated on page 13 above, this symbol is now in use; and the officers of the Branch are continuing to advocate its adoption by banks in the Buffalo territory.

Savings Bond Redemption Division

On July 28 the Savings Bond Redemption Division was moved from the first and second floors of the Ellicott Square Building to the third floor of the Merchants Mutual Building, which is adjacent to the Buffalo Branch building. This move provided enlarged quarters and better facilities for closer supervision and more efficient work. During the month of December music was introduced in this division and the results during the short period since have been very satisfactory.

Seventh War Loan and Victory Loan Drives

During the year the Buffalo Branch increased its security activities in connection with the Seventh and Victory Loan drives. Prior to the latter drive a letter was sent to all banks in the Branch territory calling their attention to the notation on the subscription blanks to the effect that these forms should be mailed to the Buffalo Branch, and further informing them that

subscriptions for Series F and G Savings Bonds and Series C Treasury Savings Notes could be forwarded to the Branch throughout the year. As a result 4,929 subscriptions were received, aggregating \$121,694,500, for the marketable issues offered during the Victory Loan Drive, as compared with 1,313 subscriptions totaling \$64,956,500 received during the Seventh War Loan Drive conducted in the middle of 1945, and as further compared with 2,233 subscriptions totaling \$74,796,500 received during the Fourth, Fifth and Sixth War Loan Drives in 1944. Careful policing of the subscriptions during the Victory Loan Drive resulted in the reduction or total rejection of subscriptions by an amount of \$1,090,000, and preliminary discussions prevented the offering of many other subscriptions which would have been unacceptable to the United States Treasury. Likewise, 86 of the 118 banks in the territory forwarded to the Branch their subscriptions for Savings Bonds or Treasury Savings Notes, as compared with only 15 banks which had used the Branch's facilities for this purpose during the Seventh War Loan Drive.

Personnel

The number of employees at the Branch increased from 202 to 221 as the result, in part, of a further increase in certain fiscal agency operations at the Branch which were formerly handled in New York.

In May three Job Relations Training courses were conducted by a member of the New York staff. The classes were given in cooperation with the Buffalo Chapter of the American Institute of Banking; and, in addition to members of the staff at the Branch, thirteen representatives from seven commercial and savings banks attended. Additional classes were conducted by the American Institute of Banking and attended by five members of our staff, so that all employees in supervisory positions at the Branch attended at least one course. It is the consensus that these courses have resulted in an improved approach to personnel problems.

FEDERAL RESERVE BANK OF NEW YORK

President's Report to Directors for 1945

PART 2

STATISTICAL SUMMARY OF PRINCIPAL OPERATIONS OF THE BANK
AND THE BUFFALO BRANCH

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(Officers named under each function are those in charge March 1946)

PART 2 STATISTICAL SUMMARY

STATISTICAL SUMMARY OF PRINCIPAL OPERATIONS
OF THE BANK BY DEPARTMENTS

ACCOUNTING, PLANNING AND SERVICE

Officers in charge:

Herbert H. Kimball, Vice President
 Otto W. Ten Eyck, Assistant Vice President
 Spencer S. Marsh, Jr., Manager, Accounting Department
 James J. Carroll, Manager, Planning Department

ACCOUNTING DEPARTMENT

Accounting Division

	<u>1944</u>	<u>1945</u>
Entries posted to reserve, and nonmember clearing accounts	4,016,362	4,075,272
Penalties assessed for reserve deficiencies	186	177
Transactions with other Federal Reserve Banks	4,485,755	4,197,248

Disbursing Division

	<u>1944</u>		<u>1945</u>	
	<u>Number</u>	<u>Amount</u> (000 Omitted)	<u>Number</u>	<u>Amount</u> (000 Omitted)
Employee compensation payments, including overtime	186,300	\$9,620	171,369	\$9,691
Checks cashed for employees (approximate)	30,000	-	32,000	-
Petty cash payments (approximate)	16,200	217	12,000	145
Checks drawn other than pay checks	8,700	5,976	9,336	5,491
Claims for reimbursement of Fiscal Agency expenses	400	5,879	429	5,303

PART 2 STATISTICAL SUMMARY

<u>Tabulating Division</u>	<u>1944</u> (Approximate No.)	<u>1945</u> (Approximate No.)
Receipts for compensation paid employees	160,000	155,000
Advices of immediate and deferred credits to banks arising from check clearings	440,000	440,000
Cards punched incident to maintenance of records of this bank's expenses	100,000	125,000
"Ins and outs" affecting punch card records of securities held in safekeeping	200,000	225,000
Coupon-cutting requisitions covering securities held in safekeeping	150,000	170,000
Cards punched to record Series E Savings Bonds sold by issuing agents in Second Federal Reserve District other than during Loan drives	150,000	150,000
Cards punched to record sales of securities in Second Federal Reserve District during war loan drives	1,400,000	650,000
Cards punched in preparing reports of Series E Savings Bonds redeemed in Second Federal Reserve District	-	250,000

<u>Withheld Taxes Division</u>	<u>1944</u>		<u>1945</u>	
	<u>Number</u>	<u>Amount</u> (000 Omitted)	<u>Number</u>	<u>Amount</u> (000 Omitted)
Depository receipts and withheld taxes received from banks*	743,177	\$1,567,420	780,468	\$1,727,173
Depository receipts received from Collectors of Internal Revenue	738,758	1,548,918	768,885	1,714,147
Largest number of receipts received from any one bank (Manufacturers Trust Company)	117,687	157,440	120,203	174,066
Duplicate receipts issued to replace originals lost by employers	2,885	-	3,971	-

* 920 qualified depositories in 1944; 915 in 1945.

PART 2 STATISTICAL SUMMARY

SERVICE DEPARTMENT

<u>Food Supply Division</u>	1944		1945	
	Number	Receipts	Number	Receipts
Meals served in cafeteria	679,098	\$209,148.49	702,013	\$204,870.56
Daily average	2,241	690.25	2,324	669.51
Meals served in dining room	13,956	14,537.51	14,694	15,490.52
Daily average	46	47.97	48	50.62

<u>Post Office Division</u>	1944	1945
	<u>Pieces handled</u>	<u>Pieces handled</u>
Registered Mail		
Incoming	1,796,066	371,976*
Outgoing	398,127	360,942
Ordinary Mail		
Incoming	8,888,568	7,770,501
Outgoing	6,878,918	4,013,691*

* The reduction in the volume of incoming registered mail and outgoing ordinary mail was due, respectively, to a decrease in the number of United States Savings Bonds received by mail for redemption, and the checks mailed in payment therefor.

<u>Telephone Section</u>	1944	1945
Number of calls handled	<u>1,297,834</u>	<u>1,141,386</u>

<u>Protection Division</u>	1944 (3 months)	1945
Reservations Made		
Rail	144	481
Air	1	37
Hotel	52	120
Theatre Tickets, etc.	77	248

BUILDING OPERATING

<u>Power Plant Division</u>		1944	1945
Total amount of steam used	Lbs.	<u>200,702,000</u>	<u>206,820,000</u>
(a) For generating electricity	"	195,947,300	199,962,600
(b) Air Conditioning turbines, heating and other purposes		4,754,700	6,857,400
Electric current generated	KW Hrs.	5,430,280	5,568,930
(a) Used for lighting	"	2,323,600	2,495,560
(b) Used for power	"	3,106,680	3,073,370
Pounds of steam required to generate one KWH of current		36.08	35.91

PART 2 STATISTICAL SUMMARY

On September 22, 1945 the Power Plant, which, since January 31, 1943, had been operated with steam purchased from the New York Steam Corporation, was reconverted to the use of fuel oil, and since that time all steam required has been generated in our own boilers. On the basis of present conditions and the present price of fuel oil it is estimated that this reconversion will result in a decrease of \$29,394 in the expenses for 1946 as compared with 1945.

* * * * *

BANK SUPERVISION AND BANK RELATIONS

Officers in charge:

Reginald B. Wiltse, Vice President
 William F. Sheehan, Chief Examiner
 Franklin E. Peterson, Manager, Bank Relations Department

BANK EXAMINATIONS DEPARTMENT

Bank Examinations

<u>Regular Examinations:</u>	<u>1944</u>	<u>1945</u>
Jointly with New York State Examiners	169	192
Jointly with New Jersey State Examiners	75	65
Jointly with Connecticut State Examiners	5	6
Independently	<u>2</u> 251	<u>-</u> 263
<u>For Membership:</u>		
Jointly with New York State Examiners	4	-
Jointly with New Jersey State Examiners	2	1
Jointly with F.D.I.C. Examiners	1	-
Independently	<u>17</u> 24	<u>2</u> 3
Total	<u>275</u>	<u>266</u>

Trust Department Examinations

<u>Regular Examinations:</u>		
Jointly with New York State Examiners	20	35
Jointly with New Jersey State Examiners	7	12
Jointly with Connecticut State Examiners	3	3
Independently	<u>135*</u> 165	<u>126**</u> 176
<u>For Membership:</u>		
Jointly with New York State Examiners	1	-
Jointly with New Jersey State Examiners	2	1
Jointly with F.D.I.C. Examiners	1	-
Independently	<u>11</u> 15	<u>1</u> 2
Total	<u>180</u>	<u>178</u>

During 1945, all State member banks and their trust departments were examined once. Six State banks were admitted to membership in 1945, compared with twenty-one in 1944. Two applications for membership were in process on December 31, 1945, compared with six on December 31, 1944.

* Includes 27 examinations in which the State Examiners participated to the extent of checking the securities to the records of the trust department involved. Does not include investigations requested by Board of Governors of the Federal Reserve System of trust departments of 2 national banks, in liquidation, as required by Section 16(c) of Regulation F.

** Includes 29 examinations in which the State Examiners participated to the extent of checking the securities to the records of the trust department involved.

PART 2 STATISTICAL SUMMARY

BANK RELATIONS DEPARTMENT

During 1945 there were 1,082 visits made to banks as compared with 1,020 in 1944. Officers of the bank visited 187 member banks and 62 nonmember institutions, as compared with 73 and 36, respectively, in 1944. Special representatives made 711 visits to member banks and 122 to nonmember banks as compared with 699 and 212, respectively, in 1944. Officers and members of the staff attended 130 group meetings in 1945 and a like number in 1944. Addresses were made before bankers associations, trade organizations, clubs and various other groups, as follows:

<u>SUBJECT</u>	<u>1944</u>	<u>1945</u>
War Finance	2	5
Farm Credit File	-	1
Check Routing Symbols	-	2
Federal Reserve System	-	1
Regulation Q	6	-
Other Banking Subjects	<u>10</u>	<u>6</u>
Total	18	15

During last year 559 visitors were shown through the bank, as compared with 390 in 1944. This involved a total of 164 tours, compared with 150 in 1944.

* * * * *

PART 2 STATISTICAL SUMMARY

CASH AND COLLECTIONS

Officers in charge:

Valentine Willis, Vice President
 Harold A. Bilby, Assistant Vice President
 Dudley H. Barrows, Manager, Cash Department
 Ralph W. Scheffer, Manager, Check Department
 Roy E. Wendell, Manager, Government Check Department
 Paul R. Fitchen, Manager, Cash Custody Department
 Michael J. McLaughlin, Manager, Collection Department

CASH DEPARTMENT

<u>Receiving Division</u>	<u>1944</u>		<u>1945</u>	
	<u>Number of Deposits</u>	<u>Amount</u> (000 Omitted)	<u>Number of Deposits</u>	<u>Amount</u> (000 Omitted)
Received over counter -				
Checks	51,742	\$24,917,925	43,562	\$30,431,180
Currency	61,183	3,336,540	62,412	3,621,375
Currency received by mail	38,031	932,756	38,344	1,049,730
Currency received by express	15,131	64,884	15,295	66,273

<u>Sorting and Counting Division</u>	<u>1944</u>	<u>1945</u>
Number of Pieces Counted:		
1's	366,085,323	374,522,533
2's	11,779,283	9,701,873
5's	145,837,265	142,696,455
10's	187,153,361	184,412,818
20's	45,596,605	39,896,685
50's	4,735,819	4,960,634
100's	5,619,878	5,836,031
500's	70,091	172,745
1000's	53,329	132,536
5000's	581	476
10000's	3,612	5,149
	<u>766,935,147</u>	<u>762,337,935</u>
Currency sorted as unfit:		
Number of Pieces	209,744,124	231,082,412
Value	\$653,721,874	\$840,252,404
Errors found in deposits of currency	10,535	12,527
Counterfeits detected	455	295
U. S. currency received as fiscal agent under General Ruling No. 5:		
Separate lots	502	441
Value	\$2,670,641.45	\$1,671,743.47

PART 2 STATISTICAL SUMMARY

<u>Paying Division</u>	1944		1945	
	<u>Number</u>	<u>Amount</u> (000 Omitted)	<u>Number</u>	<u>Amount</u> (000 Omitted)
Payments of currency to:				
Individuals and Govern- ment Officers	123,223	\$ 163,744	98,490	\$ 114,845
Banks over the counter	39,825	3,950,568	39,385	4,030,850
Banks by mail	85,352	913,226	87,149	877,968
Cash payments of Govern- ment coupons	589	28	532	19
Federal Reserve notes shipped to banks in Boston and Philadelphia districts	15,873,624	172,978	16,896,072	185,867

Coin and Bullion Division

Coin handled:

	Amount Received***	Pieces Received*	Pieces Counted*
1944	\$155,682,745	2,184,377,185	1,413,356,000
1945	162,249,263	2,187,153,947	1,491,254,000
	Amount Paid Out	Pieces Paid Out	Amount Wrapped**
1944	\$155,273,300	2,165,847,689	13,961,000
1945	161,840,583	2,237,916,388	13,517,000

* The difference between Pieces Received and Pieces Counted is due to the fact that (1) new coin received from the Mint is not counted, and (2) certain coin is deposited under special arrangements for the account of certain member banks pursuant to which some or all of the coin is paid out to such banks the following day without being counted by us.

** This coin was wrapped in accordance with our practice of furnishing the smaller out-of-town banks with a limited amount of wrapped coin.

*** The amount received includes new coin received from the Mint and silver dollars received from the Assay Office as follows:

	1944	1945
Cents	\$ 2,750,000	\$ 2,000,000
Nickels	1,200,000	900,000
Dimes	3,600,000	1,700,000
Quarters	7,200,000	5,000,000
Halves	-	600,000
Dollars	800,000	940,000
	<u>\$15,550,000</u>	<u>\$11,140,000</u>

PART 2 STATISTICAL SUMMARY

CASH CUSTODY DEPARTMENT

Currency, coin and earmarked gold are held in the vaults under control of this department. Earmarked gold transactions during 1945 compared with 1944 were as follows:

	1944		1945	
	Number	Value (000 Omitted)	Number	Value (000 Omitted)
Received for earmark:				
Bars	99,066	\$1,392,606	64,675	\$ 937,861
Bags of Coin	1,493	13,279	5	-
Released from earmark:				
Bars	62,099	858,070	36,768	513,243
Bags of Coin	52	410	313	2,321
Gold held under earmark at year end:				
Bars	274,359	3,851,584	302,266	4,276,202
Bags of coin	13,427	91,351	13,119	89,030

CHECK DEPARTMENT

The following table shows the number of items handled in the Check Department in 1945 as compared with 1944:

	1944	1945
Clearings Division	97,420,518	94,327,637
Transit Division	129,606,559	135,405,453
City Collection and Return Items Division:		
Hand presentations	20,892	25,163
Return items	2,356,707	1,572,034

COLLECTION DEPARTMENT

	1944	1945
Noncash items handled for collection		
(a) Country Collection Division	430,050	414,286
(b) Coupon Collection Division	645,886	601,356
Peak days - January 3, 1944;		
January 2, 1945	23,225	20,290
Government coupons paid	5,669,734	6,473,837
Peak days - September 15, 1944;		
December 15, 1945	713,334	821,151
Wire Transfers of funds		
Number	159,418	166,389
Value (000 Omitted)	\$76,401,524	\$77,468,401

PART 2 STATISTICAL SUMMARY

GOVERNMENT CHECK DEPARTMENT

	1944		1945	
	Number (000 Omitted)	Amount	Number (000 Omitted)	Amount
Treasury "paper" checks handled for collection	18,202	\$26,750,538	14,346	\$23,104,310
Punch-card checks payable "through" this bank:				
(a) Dependency Benefit checks	50,369	2,688	52,160	3,237
(b) Brooklyn Navy Yard checks	3,792	256	3,272	271
(c) Regional Disbursing Officer checks	7,492	1,344	13,716	3,015
Punch-card checks payable "through" other Federal Reserve Banks	<u>12,084</u>	<u>1,471</u>	<u>18,265</u>	<u>2,392</u>
Total Government checks handled	91,939	\$26,756,297	101,759	\$23,113,225
Number of ration checks handled	5,686*		5,925**	

Treasury "paper" checks handled
Peak day: January 6, 1944, 141,337 - December 14, 1945, 99,734

Card Checks handled
Peak day: November 13, 1944, 885,314 - February 13, 1945, 989,500

* Handled by the City Collection and Return Items Division, Check Department.

** This activity was transferred to the Treasury Check Division, Government Check Department, on February 5, 1945, and the figures for the entire year 1945 are shown here.

* * * * *

PART 2 STATISTICAL SUMMARY

FOREIGN

Officers in charge:

L. Werner Knoke, Vice President
 Norman P. Davis, Assistant Vice President
 Horace L. Sanford, Assistant Vice President
 Daniel J. Liddy, Manager, Foreign Department
 Peter P. Lang, Acting Manager, Foreign Department
 Harold M. Wessel, Manager, Foreign Funds Control Department

FOREIGN DEPARTMENT

Foreign Operations Division
Foreign Accounts Section

Foreign Accounts held under section 14(e) of the Federal Reserve Act:	December 31, 1944		December 31, 1945	
	Number	Amount (000 Omitted)	Number	Amount (000 Omitted)
Dollar	51	\$1,155,387	54	\$ 822,039
Earmarked gold				
Foreign account	41	3,550,603	40	3,640,017
Domestic account	-	-	1	102,814
Security custody	13		16	
U. S. securities		789,546		1,484,004
All other		23,837		21,161
Foreign currency held	-	-	2	104
Total		\$5,519,373		\$6,070,139

Volume of transactions in such accounts	1944		1945	
	Transac-tions	Amount (000 Omitted)	Transac-tions	Amount (000 Omitted)
Dollar payments and receipts	35,978	\$ 6,627,467	43,614	\$ 6,538,008
Items received for collection	22,373	601,970	32,582	759,226
Gold deposited or withdrawn from earmark	532	2,877,844	278	1,232,360
Receipts and deliveries of securities and bills	1,027	4,783,466	1,065	8,384,457
Applications for Foreign Funds Control licenses	439	-	475	-
Reports to Foreign Funds Control of transactions effected	249	-	310	-
Total	60,598	\$14,890,747	78,324	\$16,914,051

PART 2 STATISTICAL SUMMARY

Foreign Exchange Section

Foreign Accounts held as Fiscal Agent of the United States	December 31, 1944		December 31, 1945	
	Number	Amount (000 Omitted)	Number	Amount (000 Omitted)
Dollar	7	\$ 46,050	7	\$ 38,960
Earmarked gold	4	386,567	4	550,993
Security custody U. S. securities	1	169,977	1	169,977
Total		\$602,594		\$759,930

Volume of transactions

	1944		1945	
	Transac- tions	Amount (000 Omitted)	Transac- tions	Amount (000 Omitted)
<u>Bank Functions</u>				
Foreign exchange and related transactions effected for foreign correspondents and member banks	507	\$ 5,470	487	\$ 6,257
<u>Fiscal Agency Functions</u>				
<u>Stabilization Fund</u>				
(a) Gold purchased	64	1,343,491	47	887,323
(b) Gold sold	174	1,303,964	167	873,766
(c) Foreign exchange purchased and sold	602	202,158	666	108,922
Foreign accounts held as fiscal agent				
(a) Gold earmarks and releases	22	162,700	60	430,788
(b) Security custody	4	174,977	-	-
(c) Dollar receipts, disburse- ments and collections	559	442,248	693	887,986
Drafts, cable transfers, and payments for account of Treasurer	2,134	973,249	2,209	530,646
Interdistrict Settlement Fund	41	1,251,000	20	555,000
Deposits and withdrawals of gold held for Treasurer of U. S. and various Government agencies	31	804,737	17	365,077
Drafts, checks, etc., handled under General Ruling No. 5A:				
Items impounded	734	408	1,820	1,523
Items released	699	421	1,984	1,554
Affidavits on imported fine gold bars	35	27,347	2	41,308
Total	5,606	\$6,692,170	8,172	\$4,690,150

PART 2 STATISTICAL SUMMARY

<u>Reports and Analysis Division</u>	<u>1944</u>	<u>1945</u>
Number of exchange rates certified	6,117	7,272
Number of reports tabulated	10,731*	11,174*

* Exclusive of special studies and reports.

<u>Cable Division</u>	<u>1944</u>	<u>1945</u>
Number of cablegrams and radiograms handled	9,747	13,834

<u>FOREIGN FUNDS CONTROL DEPARTMENT</u>	<u>1944</u>	<u>1945</u>
Number of applications for licenses received	72,696	83,716
Daily average of same	238	277
Census reports of foreign-owned property received (TFR-300)	15,564	4,265
Census reports of American-owned property abroad received (TFR-500)	9,456	351
Reports of transactions under licences received	209,210	47,292
Average weekly number of reports of payments from free foreign accounts received	750*	500*
Number of names on which files of enforcement information are maintained	250,000*	260,000*
Personal interviews conducted	7,280	8,587

* Approximate - Discontinued during 1945

* * * * *

PART 2 STATISTICAL SUMMARY

GOVERNMENT BOND AND SAFEKEEPING

Officers in charge:

J. Wilson Jones, Vice President
 John H. Wurts, Assistant Vice President
 William F. Abrahams, Manager, Security Custody Department
 Harry M. Boyd, Manager, Savings Bond Redemption Department
 Wesley W. Burt, Manager, Government Bond Department
 Charles N. Van Houten, Manager, Safekeeping Department

GOVERNMENT BOND DEPARTMENT

	<u>Number of Pieces Handled</u>		<u>Par Value Handled (000 omitted)</u>	
	<u>1944</u>	<u>1945</u>	<u>1944</u>	<u>1945</u>
<u>United States Savings Bonds</u>				
Deliveries to agents on consignment	37,883,708	29,552,266	\$ 2,203,945	\$ 1,777,486
Payments and stubs received from agents	36,008,385	29,461,387	2,053,459	1,715,721
Direct Sales	1,938,795	1,442,756	700,970	578,935
Reissues and corrections*	279,859	319,943	35,764	37,506
<u>War Savings Stamps</u>				
Sales and redemptions	11,650**	7,159**	232	127
<u>All Other Government Issues</u>				
Payments for new issues	1,155,588	1,084,800	69,890,718	82,353,119
Denominational exchanges and wire transfers	559,687	866,166	16,978,680	21,297,232
Redemptions and transfers of registered securities and exchanges	104,929	140,901	1,394,918	1,410,552
Redemptions of bearer securities and tax notes	809,482	745,731	50,663,881	74,752,684
Redemptions of adjusted service bonds	21,635	660,381	1,081	33,079
Volume Handled	<u>78,773,718</u>	<u>64,280,490</u>	<u>\$143,923,648</u>	<u>\$183,956,441</u>

* Transferred from Savings Bond Redemption Department in October, 1944.

** Number of albums.

War Loan Deposit Accounts: The activity in War Loan Deposit Accounts maintained by qualified depositories, as measured by the sum of deposits and withdrawals, increased from \$40,041,796,000 in 1944 to \$45,839,057,360 in 1945.

PART 2 STATISTICAL SUMMARY

SAVINGS BOND REDEMPTION DEPARTMENT

Redemptions of
U.S. Savings Bonds,
Series A-E*

	<u>1944</u>	<u>1945</u>
Number of pieces redeemed	10,986,000	18,289,000
Redemption value of bonds redeemed	\$328,667,000	\$576,696,000
Maturity value of bonds redeemed	\$434,554,000	\$756,904,000

* Series F and G bonds are transmitted to Division of Loans and Currency of the Treasury Department in Chicago for redemption.

Redemptions of
Series A-E Bonds
by Denomination

	<u>\$10*</u>	<u>\$25</u>	<u>\$50</u>	<u>\$100</u>	<u>\$200</u>	<u>\$500</u>	<u>\$1,000</u>
1944 (Pieces)	10,298	8,875,014	1,330,164	662,217	-	58,504	50,593
1945 (Pieces)	398,629	13,923,724	2,434,347	1,274,154	70	110,358	97,999

* Issued only to members of the armed forces.

SAFEKEEPING DEPARTMENT

	<u>1944</u>		<u>1945</u>	
	<u>Accounts</u>	<u>Par Value</u> (000 Omitted)	<u>Accounts</u>	<u>Par Value</u> (000 Omitted)
Savings bonds held for owners	35,630	\$ 52,469	38,987	\$ 60,595
Securities held for member banks	1,019	3,760,373	1,029	3,598,613
Securities held for Treasury and special accounts	207	2,901,172	202	2,925,503
Notes and acceptances held for member banks	10	3,677	8	3,821

Volume of pieces handled in the foregoing accounts:

	<u>1944</u>		<u>1945</u>	
	<u>Number</u>	<u>Par Value</u> (000 Omitted)	<u>Number</u>	<u>Par Value</u> (000 Omitted)
Pieces received	43,987,853	\$252,479,821	33,395,996	\$298,890,482
Pieces delivered	42,432,336	235,717,675	33,609,555	283,251,747

PART 2 STATISTICAL SUMMARY

Securities impounded by the Treasury Department under General Ruling No. 5, issued under Executive Order No. 8389 (Foreign Funds Control), were handled as follows:

	1944		1945	
	Number	Par Value (000 Omitted)	Number	Par Value (000 Omitted)
Items received	9,020	\$43,498	13,688	\$65,020
Items delivered	8,702	31,600	10,324	56,788

Original issue transactions handled for the Treasury Department and its various agencies:

	1944		1945	
	Items	Par Value	Items	Par Value
Over Window	33,331	\$28,805,930,900	31,517	\$26,131,347,500
Safekeeping	8,879	39,390,420,500	7,203	51,815,765,000
Shipped by Registered Mail	59,277	1,403,433,000	53,092	1,512,216,000
Wired to Other Reserve Banks	774	720,255,000	516	468,982,000
Wired from Other Reserve Banks for delivery in New York	10,080	6,364,209,500	8,018	7,790,836,000
Total	112,341	\$76,684,248,900	100,346	\$87,719,146,500

SECURITY CUSTODY DEPARTMENT

The following table shows deposits and withdrawals of securities in the vault during 1945 as compared with 1944 in the following classifications (which are more fully explained at page AP - 11 in the Appendix):

	1944		1945	
	No. of Pieces	Par Value (000 Omitted)	No. of Pieces	Par Value (000 Omitted)
(1) Safekeeping and Open Market*				
Deposits	775,153	\$101,480,260	918,814	\$117,300,066
Withdrawals	572,091	89,923,752	851,795	110,607,440
(2) R. F. C.				
Deposits	29,074	587,755	24,277	340,885
Withdrawals	136,470	799,452	75,417	522,295
(3) Unissued stock				
Deposits	43,106,070	150,999,560	32,373,037	181,249,529
Withdrawals	41,752,515	144,258,644	32,537,496	172,122,011
(4) Coupons				
Detached	1,930,655	466,349	1,986,459	624,269
Re-attached	186	328	1,080	257

* Open Market Account transactions included in (1) were approximately as follows:

Deposit Tickets	1,847	29,133,605	1,499	43,048,753
Withdrawals	394	21,943,491	327	38,535,862

* * * * *

PART 2 STATISTICAL SUMMARY

LOANS, CREDITS AND R. F. C. CUSTODY

Officers in charge:

Arthur Phelan, Vice President
 Felix T. Davis, Assistant Vice President
 Curtis R. Bowman, Manager, Credit Department and Discount Department

CREDIT DEPARTMENT

Regulation V (Financing of War Production and War Contract Termination)

A comparison of the activities of the Credit Department under Regulation V for the years 1944 and 1945, follows:

Applications for V Loan Guarantees Acted Upon During Year

	<u>1944</u>	<u>1945</u>
Held over from previous year	45	16
Received during year	396	135
	<u>441</u>	<u>151</u>
Less:		
Withdrawn before consideration	34	21
Held over into next year	16	-
Net applications acted on	<u>391</u>	<u>130</u>

	No.	Amount of Proposed		No.	Amount of Proposed	
		Loans	Amount Guaranteed		Loans	Amount Guaranteed
		(000 Omitted)			(000 Omitted)	
<u>Action taken on applications:</u>						
Declined	43	\$ 16,980*	\$ -	9	\$ 4,325	\$ -
Approved (gross number)	348	1,052,517*	914,479*	121	219,296	185,399
Less:						
Applications withdrawn after approval, or approval canceled	47	29,668*	24,721*	9	4,850	4,227
Approved (net number)	301	1,022,849	889,758	112	214,446	181,172

* Revised

Applications for T Loan Guarantees Acted Upon During Year

	<u>1944</u>	<u>1945</u>
Held over from previous year	-	14
Received during year	37	105
	<u>37</u>	<u>119</u>
Less:		
Withdrawn before consideration	2	6
Held over into next year	14	-
Net applications acted on	<u>21</u>	<u>113</u>

PART 2 STATISTICAL SUMMARY

Action taken on applications:	Amount of Proposed Loans			Amount of Proposed Loans		
	No.	(000 Omitted)	Amount Guaranteed	No.	(000 Omitted)	Amount Guaranteed
Declined	-	\$ -	\$ -	3	\$ 695	\$ -
Approved (gross number)	21	9,650	8,192	110	42,988	38,147
Less:						
Applications withdrawn after approval, or approval cancelled	-	-	-	14	4,359	3,852
Approved (net number)	21	9,650	8,192	96	38,629	34,295
Approved (net number V and T combined)	322	\$1,032,499	\$897,950	208	\$253,075	\$215,467

Guarantees Outstanding at Year End
(000 Omitted on dollar amounts)

	V Loans			T Loans		
	No.	Amount of Loans Authorized	Guarantors' Risk in Loans Authorized	No.	Amount of Loans Authorized	Guarantors' Risk in Loans Authorized
December 31, 1944	334	\$3,277,511	\$2,807,266	15	\$ 5,550	\$ 4,733
December 31, 1945	130	665,954	542,469	64	23,150	20,373

Regulation W (Consumer Credit)

Changes during the year in the registrations of persons licensed to engage in consumer credit activities under Regulation W were as follows:

<u>Number</u>	<u>1944</u>	<u>1945</u>
Registrants at beginning of year	19,574	19,466
Registration certificates issued during year	513	660
*Registration certificates cancelled during year	621	669
Registrants at end of year	19,466	19,457

* All cancellations resulted from discontinuance of business by registrants. No licenses were cancelled or suspended during either year as a punitive measure.

Enforcement Activities (including Buffalo Branch):

	<u>1944</u>	<u>1945</u>
Number of registrants inspected	2,882	2,413
Credit transactions examined:		
Instalment sales	181,113	142,724
Charge sales	111,256	58,980
Instalment and single payment loans	1,821	220
Disciplinary conferences held, or letters written to apparently willful violators	86	63

PART 2 STATISTICAL SUMMARY

The relatively small number of loans inspected by our staff is due to the fact that, in accordance with arrangements made by the Board of Governors of the Federal Reserve System, the policing of most of these transactions is conducted by the respective Federal and State supervisory agencies concerned with the general activities of such lenders.

DISCOUNT DEPARTMENT

Applications from member banks for advances against United States Government obligations were received and processed as follows:

	<u>1944</u>	<u>1945</u>
Number of applications received	2,113	3,004
Number of banks accommodated	202	261
Aggregate borrowings (000 Omitted)	\$11,036,595	\$20,648,435
Borrowings on peak day:	Nov. 29	June 9
Number of banks	67	85
Amount (000 Omitted)	\$463,695	\$702,090*

* Highest since March 14, 1933 when 471 banks borrowed \$728,057,000 of which \$157,000,000 was rediscounted by us with other Federal Reserve Banks.

During 1945, 1,093 loans aggregating \$4,790,539,000 were repaid wholly or in part before maturity, while during 1944 there were effected 724 prepayments aggregating \$2,055,615,000.

R. F. C. CUSTODY DEPARTMENT

During the year amounts received and paid out for the account of the Commodity Credit Corporation, the Reconstruction Finance Corporation and certain of its subsidiaries in connection with the purchases and sales of commodities were as follows:

	<u>Number of Commodities Acquired</u>	<u>Amounts Disbursed</u>	<u>Amounts Received</u>
		(000 Omitted)	
Commodity Credit Corporation	314	\$418,563	\$448,528
307,669 Dairy Production, Beef, Sheep and Lamb drafts paid		48,056	
Reconstruction Finance Corporation			
Office of Defense Supplies	71	119,077	228,408
Office of Metals Reserve	80	110,010	400,817
Office of Rubber Reserve		8,121	73,079
Rubber Development Corporation		51,180	178
U. S. Commercial Company	102	595,320	223,757

PART 2 STATISTICAL SUMMARY

Loans made by the Smaller War Plants Corporation, the Reconstruction Finance Corporation and certain of its subsidiaries were serviced during the year as follows:

	<u>Number on books at end of year</u>	<u>Balance due at end of year</u> (000 Omitted)
Federal National Mortgage Association	26	95,000
Reconstruction Finance Corporation	469	679,809
RFC Mortgage Company	240	2,507
Smaller War Plants Corporation	134	7,820

In connection with loans serviced for the Smaller War Plants Corporation, the Reconstruction Finance Corporation and its subsidiaries, receipts, disbursements and collateral held at the end of the year were as follows (000 Omitted):

	<u>Amounts Disbursed</u>	<u>Amounts Received</u>	<u>Collateral held at end of year</u>
Federal National Mortgage Association	\$ -	\$ 1,801	\$ 93
Reconstruction Finance Corporation	32,383	234,155	998,785
RFC Mortgage Company	160	1,429	2,456
Smaller War Plants Corporation	-	35,532	1,625

Transactions were effected for account of the Reconstruction Finance Corporation (Office of Defense Plants) during 1945, as compared with 1944, as follows:

<u>Year</u>	<u>Number of Projects</u>	<u>Amounts Disbursed</u> (000 Omitted)	<u>Amounts Received</u> (000 Omitted)
1944	400	\$124,448	\$91,926
1945	456	74,031	55,866

Machinery and equipment, etc., owned by the Reconstruction Finance Corporation (Office of Defense Plants) declared surplus or transferred from one plant to another during the year 1945 were as follows:

<u>Aggregate cost value of machinery and equipment, land and buildings, etc., declared surplus</u> (000 Omitted)	<u>Aggregate cost value of machinery and equipment transferred to projects functioned by this bank</u> (000 Omitted)	<u>Aggregate cost value of machinery and equipment transferred from projects functioned by this bank</u> (000 Omitted)
\$16,354	\$26,017	\$9,973

The sales and rentals of surplus war property, including aircraft, by the Reconstruction Finance Corporation during the year were as follows:

<u>Number of Sales and Rentals</u>	<u>Amount Received</u> (000 Omitted)
6,383	\$21,653

PART 2 STATISTICAL SUMMARY

Checks drawn on the Treasurer of the United States for the account of the Commodity Credit Corporation and the Reconstruction Finance Corporation during the year were as follows:

<u>Number of Checks</u>	<u>Amount</u>
133,308	\$1,476,384,176.30

Transactions were effected for the account of the War Damage Corporation during the year 1945, as compared with 1944, as follows:

<u>Year</u>	<u>Premiums Received</u> (000 Omitted)	<u>Policies Covered</u> (Approximate)	<u>Policies Renewed Without Cost</u>
1944	\$2,440	41,839	1,275,000
1945	253	7,710	1,350,000

* * * * *

PART 2 STATISTICAL SUMMARY

OPEN MARKET OPERATIONS, TREASURY ISSUES,
AND MARGIN REGULATIONSOfficers in charge:

Robert G. Rouse, Vice President
 Loren B. Allen, Assistant Vice President
 Norman P. Davis, Assistant Vice President
 Silas A. Miller, Assistant Vice President
 Marcus A. Harris, Manager, Securities Department

SECURITIES DEPARTMENTBill Division

	1944		1945	
	Number	Value	Number	Value
Transactions in bankers acceptances for account of				
(a) System Open Market Account	-	-	-	-
(b) Federal Reserve Bank of N.Y.	-	-	25	\$ 500,187.13
(c) Member banks	-	-	-	-
(d) Foreign correspondents	653	\$10,077,925.79	708	11,107,731.98

Securities Division

	1944		1945	
	Trans- actions	Amount (000 Omitted)	Trans- actions	Amount (000 Omitted)

Purchases of Securities

System Open Market Account:				
Open Market Transactions	2,030	\$25,145,321	1,680	\$35,911,092
Special Certificates of Indebtedness	-	-	5	488,000
Received in exchange from Treasury	10	4,012,734	14	6,684,661
Federal Reserve Bank of New York:				
U.S. Treasury Bills under re-purchase option	4,247	23,259,312	4,002	27,578,751
Member Banks	1,199	67,676	1,069	66,073
Government Accounts	72	42,362	2	1,035
Other Federal Reserve Banks	132	16,633	19	6,680
Foreign Correspondents	93	525,500	141	657,500
	<u>7,783</u>	<u>\$53,069,538</u>	<u>6,932</u>	<u>\$71,393,792</u>

Sales and Redemptions of Securities

System Open Market Account:				
Open Market Transactions	425	\$ 740,282	316	\$ 654,334
Redemptions	52	17,240,475	52	30,708,867
Special Certificates of Indebtedness	-	-	6	488,000
Tendered in exchange to Treasury	17	4,012,734	15	6,684,661
Federal Reserve Bank of New York:				
U.S. Treasury Bills under re-purchase option sold and redeemed	2,976	23,153,282	2,853	26,820,935
Member Banks	1,402	39,377	1,749	43,336
Government Accounts	193	258,345	405	298,139
Other Federal Reserve Banks	36	2,502	7	975
Foreign Correspondents	52	235,754	94	476,610
	<u>5,153</u>	<u>\$45,682,751</u>	<u>5,497</u>	<u>\$66,175,857</u>

PART 2 STATISTICAL SUMMARY

Other Operations of the Securities Division

During the year 656 certificates of capital stock of the Federal Reserve Bank of New York were issued and 561 certificates were canceled.

New Issues Function

On weekly offerings of Treasury bills 4,385 tenders were received during the year and allotted in accordance with instructions received from the Treasury Department, as compared with 5,986 last year.

Cash Subscriptions to Public Offerings

During the year 242,735 cash subscriptions for market issues of United States Government securities totaling \$15,680,895,500 were processed in accordance with Treasury instructions.

* * * * *

PERSONNELOfficers in charge:

Edward O. Douglas, Vice President
William A. Heintz, Manager, Personnel Department

PERSONNEL DEPARTMENT

	<u>1944</u>	<u>1945</u>
Confidential loans to employees		
From Educational Loan Fund		
(a) Number of borrowers during year	96	92
(b) Aggregate amount of loans made	\$ 4,586	\$ 3,969
(c) Number of borrowers since 1924	2,901	2,993
(d) Aggregate amount of loans since 1924	128,480	132,450
Number of employees receiving educational refunds during year	151	175
Aggregate amount of educational refunds made	3,605	4,697

Personnel Division

Confidential loans to employees		
From Officers Loan Fund (including Buffalo Branch)		
(a) Number of borrowers during year	169	138
(b) Aggregate amount of loans made during year	\$ 25,707	\$ 24,558
(c) Number of borrowers at end of year	134	121
(d) Aggregate amount outstanding at end of year	14,161	16,394
Applicants interviewed	4,736	6,002
Applicants hired	1,379	1,043

Personnel Records Division

(Officers and Buffalo Branch not included)

Total employees at year end	4,409	4,317
Total employees leaving service	1,426	1,114
Entering military service	61	29
Resigned	1,195	926
Dismissed	133	120
Retired	30	27
Died	7	8
Employees appointed officers	3	4
Employees retained in service after attaining retirement age (65)	15	None
Rate at year end of basic annual salary liability	\$8,111,112	\$8,382,419
Rate at year end of average basic annual salary	1,816	1,942
Deductions from salaries		
1. Federal withholding tax	890,633	1,057,997
2. Purchases of savings bonds	530,101	548,827
3. Retirement System contributions	502,336	509,501
4. Associated Hospital insurance	22,440	26,527
5. Group insurance premiums	35,693	36,537
6. Systematic savings	91,355	98,550
7. Salary savings insurance premiums	870	796
8. New York Income Tax on non-residents	7,404	9,250
9. Garnishee orders	None	215
10. Repayments to Officers Loan Fund	18,669	18,716
Total deductions	<u>\$2,099,501</u>	<u>\$2,306,916</u>

PART 2 STATISTICAL SUMMARY

PERSONNEL DEPARTMENT (Continued)

<u>Medical Division</u>	As of Dec. 31, 1944	As of Dec. 31, 1945	Total No. of Examinations of Applicants for Employment	Total No. of Contacts with Employees and Applicants
Professional Personnel				
Medical Director	1	1	1944 - 1,981	1944 - 43,147
Other Doctors	4	5	1945 - 1,621	1945 - 40,327
Nurses	6	7		
Dentist	1	1		
Hygienist	1	1		
Technicians	2	2		

* * * * *

PART 2 STATISTICAL SUMMARY

BUFFALO BRANCHOfficers in charge:

Insley B. Smith, Managing Director
 Halsey W. Snow, Cashier
 George J. Doll, Assistant Cashier
 M. Monroe Myers, Assistant Cashier

Accounting Division

	<u>1944</u>	<u>1945</u>
Member bank reserve accounts	74	74
Nonmember clearing accounts	7	8
Number of entries posted	199,047	216,875

Withheld Taxes

Number of receipts received from depository banks	52,747	56,238
Amount	\$105,764,185	\$107,759,305
Number of receipts received from Collectors of Internal Revenue	57,388	59,466
Amount	\$107,131,091	\$112,985,493
Number transferred to other Federal Reserve districts	6,341	6,344
Amount	\$ 22,955,931	\$ 21,687,488
Number transferred from other Federal Reserve districts	1,749	1,947
Amount	\$ 22,300,396	\$ 18,071,673

Cash DivisionPaying Section

Number of transactions	15,562	14,983
Cash disbursed to:		
Banks in Buffalo	\$126,391,000	\$111,998,000
Banks outside Buffalo	111,060,000	104,649,000
Treasurer of the United States	34,156,650	40,560,360
All Others	19,116,350	27,154,640
Total Cash Disbursed	<u>\$290,724,000</u>	<u>\$284,362,000</u>

Receiving Section

Number of transactions	19,887	19,158
Cash received from:		
Banks in Buffalo	\$128,348,000	\$142,192,500
Banks outside Buffalo	47,764,000	55,140,300
Treasurer of the United States	99,470,000	81,467,000
All Other Sources	15,471,000	7,795,000
Total Cash Received	<u>\$291,053,000</u>	<u>\$286,594,800</u>

PART 2 STATISTICAL SUMMARY

Shipping Section

	1944		1945	
	Packages	Amount	Packages	Amount
Shipments of:				
Mutilated currency	7,444	\$ 34,142,630	8,321	\$ 40,550,800
Fit Federal Reserve Notes to other F. R. Banks	489	18,358,000	570	26,485,000
Currency to banks	8,401	81,748,092	6,920	65,241,586
Mutilated coin	23	14,020	15	11,210
Coin to banks	3,808	1,490,206	3,465	1,416,218
Securities to Treasury, head office, and others	7,810	254,242,787	7,550	304,344,991

Currency and Coin Sorting Section

	1944		1945	
	Pieces (000 Omitted)	Amount	Pieces (000 Omitted)	Amount
Bills counted	36,189	\$184,086	37,652	\$208,776
Bills rehandled	3,446	31,722	4,336	39,885
Verification count	5,988	79,515	6,885	4,291
Coin	34,999	3,968	35,065	3,709

Wire Transfer Section

	1944		1945	
	Number	Amount	Number	Amount
Wire transfers	7,976	\$1,698,305,751	8,222	\$1,516,837,824
Mail transfers	739	2,668,016	431	1,781,530

Check Division

	1944		1945	
	Pieces (000 Omitted)	Amount	Pieces (000 Omitted)	Amount
Clearings through Buffalo Clearing House	4,622	\$2,570,959	4,780	\$2,519,388
Other Buffalo checks	445	66,834	464	71,542
Checks on us	5	181,473	5	179,262
Country checks	9,694	3,026,373	10,168	2,908,199
Return items	47	7,480	51	7,482
Government checks payable in Washington, D. C.	990	1,499,845	706	1,026,558
Punch card checks payable through F. R. Banks	1,026	65,577	1,523	89,439
	16,829	\$7,418,541	17,697	\$6,801,870
Daily average number of checks handled	55,726		58,803	
Number of cash letters sent	186,812		180,586	
Number of ration checks handled	781,904		763,374	

Collection Division

	1944		1945	
	Number	Amount (000 Omitted)	Number	Amount (000 Omitted)
Country items (ex- cept coupons)	16,025	\$21,053	15,998	\$33,559
City items (except coupons)	5,806	18,043	6,745	27,304
Coupons	50,057	2,709	51,848	2,839
Coupon transactions	6,548		6,451	
Registered articles received	103,283		7,963	
Direct sendings	2,484	2,664	2,228	3,079

PART 2 STATISTICAL SUMMARY

Credit and Discount Division

	1944		1945	
	Number	Amount	Number	Amount
Advances made to member banks	83*	\$52,555,000	165**	\$218,720,000
Prepayments by member banks	37	37,690,000	63	80,290,000

* Fifteen banks

** Twenty-five banks

Regulation W

	1944	1945
Number of inquiries received by letter	45	48
Number of oral inquiries received	175	185
Number of investigations made	415	267
Transactions examined:		
Instalment loans	350	-
Instalment sales	46,733	24,302
Charge sales	35,866	18,125
Number of violations disclosed:		
Wilful	524	382
Inadvertent	744	390

Office Service DivisionPersonnel Section

	1944		1945	
	Number	Amount	Number	Amount
Payroll operations:				
Basic salary payments	4,629	\$295,312	5,037	\$320,059
Supplemental compensation payments	-	29,049	-	39,594
Overtime payments	4,498	72,072	3,729	53,107
Breakfast allowance payments	-	1,307	-	1,395
Supper allowance payments	-	953	-	427
Claims for reimbursement of Fiscal Agency expenses	170	175,185	99	189,510
Applicants interviewed	631		382	
Applicants employed	103		81	
Employees resigned:				
Military service	7		3	
Voluntary	58		51	
Requested	15		8	
	80		62	
December 31:				
Number of employees	202		221	
Annual salary liability		310,124		347,914

PART 2 STATISTICAL SUMMARY

	<u>1944</u>	<u>1945</u>
Deductions from salaries of employees:		
Percentage of total salary paid	27.54%	26.23%
Federal Withholding Tax	\$28,304.00	\$ 46,758.29
Purchases of Savings Bonds	26,085.00	30,388.05
Retirement System contributions	19,145.00	20,554.10
Group insurance premiums	752.00	1,237.80
Systematic savings	5,517.00	7,443.00
Hospital Service Corporation of Western New York	1,329.00	1,422.31
United War and Community Fund	178.00	145.20
Repayments to Officers Loan Fund	17.00	331.25
	<u>\$81,327.00</u>	<u>\$108,280.00</u>

R.F.C. Custody Division

	<u>1944</u>	<u>1945</u>
Number of checks issued	10,794	3,002
Amount	\$16,788,088.84	\$5,826,050.00

Savings Bond Redemption Division

	<u>1944</u>	<u>1945</u>
Number of pieces redeemed	1,542,821	3,049,997
Maturity value	\$51,584,650	\$108,399,725
Number of checks issued	288,727	10,728

Securities Division

	<u>1944</u>		<u>1945</u>	
	<u>Pieces</u>	<u>Amount</u>	<u>Pieces</u>	<u>Amount</u>
Redemptions:				
Tax Notes	13,905	\$113,530,000.00	12,023	\$92,707,900.00
Gov't Securities	2,247	8,127,225.00	2,247	17,583,900.00
Other Gov't Guaranteed Issues	1,442	1,128,200.00	1,403	1,616,650.00
Gov't Coupons	41,537	1,295,862.61	52,763	1,877,031.89
Coupons of Gov't Guaranteed issues	4,717	77,687.52	2,725	44,147.09
Sales:				
U.S. Savings Bonds	30,927	27,526,300.00	33,058	34,111,900.00
U.S. Notes, Tax Series	9,938	87,509,200.00	7,090	57,572,500.00

	<u>1944</u>		<u>1945</u>	
	<u>Accounts</u>	<u>Par Value</u>	<u>Accounts</u>	<u>Par Value</u>
*Security Custody:				
Safekeeping for member banks	9	\$258,655	8	\$154,430
Pledged collateral of member banks	1	25,000	1	25,000
Pledged securities for account of Treasury Dept. and Agencies	5	397,530	5	401,690
Number of custody transactions		114		225
Coupons clipped		572		393

*Securities held on December 31

Number of Cashier's checks issued	1,379	1,446
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PART 2 STATISTICAL SUMMARY

Bank Relations

	<u>1944</u>	<u>1945</u>
Visits made to:		
Member banks	103	73
Nonmember banks	75	36
Corporations in connection with issuance of U.S. Savings Bonds	14	1
Meetings attended by officers and staff members	32	44

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FEDERAL RESERVE BANK OF NEW YORK

President's Report to Directors for 1945

APPENDIX

GENERAL INFORMATION REGARDING THE FUNCTIONS
OF VARIOUS DEPARTMENTS OF THE BANK

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(March 1946)

APPENDIX

ACCOUNTING, PLANNING AND SERVICE

ACCOUNTING DEPARTMENT

Accounting Division; Disbursing Division;
Tabulating Division; Withheld Taxes Division

The Accounting Division maintains the General Ledger of the bank, member bank reserve accounts, nonmember bank clearing accounts, settlement accounts with other Federal Reserve Banks, the general account of the Treasurer of the United States, and other deposit accounts with the bank, except foreign accounts. It receives remittances in payment of cash letters sent by the bank to other banks in the Second Federal Reserve District and handles certain adjustments relating to these cash letters, such as errors in listing or lost checks. It also acts as the custodian of bank records, other than certain correspondence, and arranges for the periodic destruction of temporary records.

The Disbursing Division makes payment of all salary and related items, together with all other expenses incurred by the bank. It also prepares vouchers for reimbursement from the United States Government and agencies thereof for expenses incurred by the bank in fiscal agency operations. In addition, the division prepares certain reports relating to the bank's expenses.

The Tabulating Division prepares certain records on International Business Machine equipment for various departments of the bank, the principal such records being those relating to: check collections, departmental expense distribution, securities held in safekeeping accounts, coupon cutting requisitions and coupon credits, payrolls, inventory of furniture and equipment, and sales of Series E Savings Bonds in the Second Federal Reserve District.

The Withheld Taxes Division handles the fiscal agency work of the bank in connection with the collection at the source of Federal income taxes on salaries. The division's functions are two-fold:

1. It receives remittances from qualified depository banks of funds representing withheld taxes paid to them by employers, it credits such funds to the General Account of the Treasurer of the United States, and it maintains accounting records for each authorized depository bank.
2. It receives from Collectors of Internal Revenue the original depository receipts issued by authorized depositories to employers, and reconciles these with the accounts it maintains for the authorized depositories.

PLANNING DEPARTMENT

Planning Division; Purchasing Division

In January 1945 the Planning Department was established and the Planning Division and the Purchasing Division of the Accounting Department were transferred thereto.

APPENDIX

The Planning Division supervises methods and practices throughout the bank, and as a part of that program examines all purchase requisitions for equipment and supplies, passes upon the specifications of all material ordered, and standardizes so far as practicable all printed forms. From time to time it conducts surveys of the various departments to analyze their problems and to suggest improved operating methods. It makes studies of the controllable expenses of such of the operating departments as are susceptible to such studies, and analyzes the causes of substantial deviations from the annual estimate of expenses. It prepares floor plans and equipment layouts whenever new units are set up or old units are moved. It also supervises the servicing and repairing of any mechanical office equipment used by the bank which is not serviced by the manufacturers.

The Purchasing Division buys all supplies for the bank and for the maintenance of its buildings. It stores the supplies, disburses them on requisition and maintains a perpetual inventory of all stock items.

SERVICE DEPARTMENT

Food Supply Division; Post Office Division; Protection Division; Telephone Section; Vault Division

The Food Supply Division selects food and prepares and serves luncheon for the officers and employees of the bank at prices substantially below cost. In addition to the mid-day luncheon, the Cafeteria also serves the night force from 3 to 6 a.m., and special dinners are occasionally prepared.

The Post Office Division operates a postal station which serves only this bank. It affords both ordinary and registered mail facilities.

The Protection Division provides protection for the main building and the building at 95 Maiden Lane. Protection is also provided for all messengers or clerks transporting valuables through the streets and for the registered mail trucks that operate between the bank and the General Post Office. The division operates the bank's automobiles and the employees' check room. It also operates the telephone switchboard in the Central Watch Room from midnight to 7 a.m. Monday through Friday, and from 9 p.m. Saturday to 7 a.m. Monday. In addition, it operates the emergency equipment in case of fire. The panel board controlling the alarms on the vaults is under the jurisdiction of the Protection Division. This division also arranges for the purchase of rail and air transportation, and the making of hotel reservations.

The Telephone Section handles all incoming calls, all outgoing toll calls and local calls for officers and employees who do not have dial telephones. It maintains two direct lines to the Treasury Department and two lines to the offices of the Board of Governors, one of which is direct and the other through the Federal Reserve Bank of Philadelphia. The switchboard is operated from 7 a.m. to midnight Monday through Friday and from 7 a.m. to 9 p.m. Saturday. At other hours service is available through a switchboard in the Central Watch Room which is operated by the Protection Division.

APPENDIX

The Vault Division sees that only authorized persons are admitted to the vault space and holds partial control on access to the bank's currency and securities.

BUILDING OPERATING

Building Maintenance Division; Power Plant Division;
Building Service Division

This unit operates and maintains the main bank building, the annex building at 95 Maiden Lane and also the building owned by the bank at 10 Gold Street.

The Building Maintenance Division maintains the three buildings, maintains and repairs all machinery thereof except business machines and machinery in the power plant, rearranges departmental and tenant's space and partitions, repairs bank equipment and builds certain new equipment.

The Power Plant Division operates and maintains the power plant, the air conditioning system and the heating systems of the three buildings and maintains and repairs all machinery of these units. The power plant generates all electricity for light and power for the main bank building. Between January 30, 1943 and September 22, 1945 all steam for power and heating was purchased from the New York Steam Corporation due to the shortage of fuel oil. On September 22, 1945 the Power Plant was reconverted to fuel oil and since that time all steam required has been generated in our own boilers.

The Building Service Division operates the elevators, cleans the buildings, examines and bales waste paper, moves furniture and equipment and furnishes utility porter service to various departments that require assistance in the performance of laborious work.

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BANK SUPERVISION AND BANK RELATIONS

BANK EXAMINATIONS DEPARTMENT

Examining Division; Analysis Division;
Application & Records Division

The Examining Division handles the examination of State member banks, banks applying for membership, and affiliates and holding company affiliates. The trust examiner handles the examinations of trust departments of State member banks and of banks applying for membership.

APPENDIX

The Analysis Division handles the analysis of examination reports of member banks and of banks applying for membership, the preparation of correspondence, memoranda, and studies relating to member banks, the relations of the bank with the Federal Deposit Insurance Corporation, the Reconstruction Finance Corporation and State banking departments with respect to bank supervisory matters, applications of member banks for permission to reduce their capital, reports of possible violations of certain criminal statutes, administration of Regulations L, O and R of the Board of Governors of the Federal Reserve System, and recommendations on war loan depositaries.

The Application & Records Division administers Regulations F, H, I, K, M, P, and Q of the Board of Governors; handles the inspection and recording of reports of condition and earnings of member banks; checks work copies of examiners' reports, types such reports and does the general typing and stenographic work of the department; and maintains the departmental files.

BANK RELATIONS DEPARTMENT

The function of this department is to visit the banks of the Second Federal Reserve District, to assist in keeping them informed of the operations of the Federal Reserve Bank and of the Federal Reserve System, to give helpful suggestions to the officers of the banks in matters tending to raise the standard of bank management and, generally, to promote harmonious and satisfactory relations between the Reserve Bank and its members. It is also the function of the department to promote better understanding with the nonmember banks, to give them assistance with their current problems where this is possible and to assist them in becoming members of the Federal Reserve System when desirable.

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CASH AND COLLECTIONS

CASH DEPARTMENT

Receiving Division; Sorting and Counting Division;
Paying Division; Coin and Bullion Division

The principal operations of this department relate to the receipt and distribution of coin and currency.

The Receiving Division receives shipments of new paper currency from the Treasury and deposits of used currency from member banks and other depositors. This division also receives deposits of Government checks from officers of the Government for immediate credit to the Treasurer's General Account, and a large volume of Government checks and checks drawn on this bank which are presented by banks over the counter for deposit, and immediate credit, in their accounts.

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The Sorting and Counting Division verifies used paper currency deposited by member banks, and sorts out: (1) Federal Reserve notes issued through other Federal Reserve Banks (these are returned to those banks, except that notes issued through the Federal Reserve Banks of Boston and Philadelphia are shipped direct to their member banks) and (2) currency which is unfit for further circulation (which is sent to the Treasury for destruction).

The Paying Division handles all currency shipments and counter payments, including those Government checks and coupons which are cashed over the counter, and arranges for the shipment of accumulations of fit Federal Reserve notes issued through the Federal Reserve Banks of Boston and Philadelphia to member banks in their respective districts. Federal Reserve notes are requisitioned from, and retired with the Federal Reserve Agent in accordance with instructions given by this division to the Cash Custody Department. All currency handled by this division is obtained from either the Cash Custody Department or the Sorting and Counting Division.

Since May, 1942, the receipt and delivery of United States currency and coin seized by the United States Customs and delivered to the bank under General Ruling No. 5, issued under Executive Order No. 8389 (Foreign Funds Control) have been handled in the Cash Department. The Sorting and Counting Division receives such currency and coin and holds it for three months or until it is released, whichever is shorter. If such currency has not been released within three months it is lodged with the Cash Custody Department. The Paying Division makes all releases in accordance with instructions from the Foreign Funds Control Department.

The Coin and Bullion Division receives, handles and disburses all coin received by the bank.

CASH CUSTODY DEPARTMENT Cash Custody Division

This department maintains the custody in the vaults of all currency, coin and bullion held by the bank, and receptacles containing other valuables, making delivery thereof to various departments of the bank on requisition. In accordance with the Vault Rules and Regulations of the bank, unissued Federal Reserve notes, and gold certificates pledged as part of the collateral to secure Federal Reserve notes, are held under joint control with the Assistant and alternate Assistant Federal Reserve Agents; and the bank's coin and currency, and bullion earmarked for foreign central banks and governments, are held under joint control with the Vault Division of the Service Department.

The Treasury Currency Reports Section of the division handles reports of unusual currency transactions submitted to this bank under a directive of the Treasury Department. Reports are received monthly from banks and other financial institutions and are tabulated for statistical purposes and turned over to a representative of the Treasury Department.

APPENDIX

CHECK DEPARTMENT

Clearings Division; Transit Division;
City Collection and Return Items Division

This department handles all checks and other cash items (other than Government checks) received for collection from member and nonmember clearing banks in this district, from other Federal Reserve Banks and direct sending member banks of other districts, and from or for the account of other depositors, such as the Treasurer of the United States, various other Government agencies and foreign central banks and governments.

The Clearings Division handles all checks and other cash items drawn on banks in The New York Clearing House Association, the Northern New Jersey Clearing House Association and on those banks in Greater New York which participate in the Manhattan, Bronx and Brooklyn collection arrangement. It also handles cash items drawn on members of the City Collection Department of The New York Clearing House Association.

The Transit Division handles checks and other cash items drawn on the other banks in the Second Federal Reserve District and on banks located in other Federal Reserve districts. Checks drawn on such banks located in the Second Federal Reserve District are processed on I.B.M. punch card equipment.

The City Collection and Return Items Division handles all cash items which are returned unpaid for any reason, makes hand presentation of noncash items payable at street addresses in New York City, below 59th Street, and provides messenger service for other departments of the bank.

COLLECTION DEPARTMENT

Country Collection Division; Coupon Collection Division;
Wire Transfer Division

The Country Collection Division handles certain noncash items (maturing notes, acceptances, drafts with or without documents attached and other evidences of indebtedness and orders to pay, except checks handled as cash items, maturing bonds and coupons and drafts with securities attached) which are received by the bank for collection. Items requiring hand presentation in New York City are forwarded to the City Collection and Return Items Division of the Check Department for presentation.

The Coupon Collection Division handles the work incident to the payment by the bank, as fiscal agent of the United States, of coupons detached from securities issued or guaranteed by the United States Government. It also handles maturing bonds and coupons (other than Government bonds), drafts with securities attached payable outside New York City and certain municipal warrants, received by the bank for collection.

The Wire Transfer Division handles telegraphic transfers of funds between the Federal Reserve Bank of New York and other Federal Reserve Banks made for account of the Treasurer of the United States or at the request of, or for credit to, member banks and nonmember clearing banks located in the Second Federal Reserve District.

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GOVERNMENT CHECK DEPARTMENT

Treasury Check Division; Card Check Division

The Treasury Check Division handles all paper checks drawn on the Treasurer of the United States payable in Washington which are received by the bank for collection from member and nonmember clearing banks or other sources in this district. The Ration Check Section* of this division handles for clearance ration checks drawn on "Ration Bank Accounts" maintained by member and nonmember banks. These checks are received by us and forwarded to the drawee banks in the same way as dollar checks.

The Card Check Division handles the punch-card checks, most of which are drawn on the Treasurer of the United States, "through" a designated Federal Reserve Bank. Whereas all traditional style (so-called "paper") checks drawn on the Treasurer are sent to Washington for examination and payment, most of the punch-card checks are examined and paid in the Federal Reserve Bank through which made payable. Punch-card checks drawn "through" other Federal Reserve Banks are forwarded to such banks for examination and payment.

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FOREIGN

FOREIGN DEPARTMENT

Foreign Operations Division; Reports and Analysis Division; Cable Division

The Foreign Accounts Section of the Foreign Operations Division handles the dollar, earmarked gold, and securities custody accounts maintained by this bank for foreign central banks and governments under authority of section 14(e) of the Federal Reserve Act, and also operates the Federal Reserve System accounts maintained abroad. Transactions in such foreign accounts on the books of the bank include payments and receipts, collections, gold earmarks and releases, and purchases and sales of securities. All Federal Reserve Banks participate in all such accounts and are kept currently informed concerning operations therein.

The Foreign Exchange Section of the Foreign Operations Division handles foreign exchange transactions for foreign correspondents and out-of-town member banks; also certain fiscal agency transactions. The fiscal agency functions consist of: purchases and sales of gold and foreign exchange for the Stabilization Fund, operation of stabilization agreements (entered into between the Treasury and various foreign governments and central banks), maintenance of certain dollar and earmarked gold accounts (some of which relate to such stabilization and other similar agreements), purchases of silver under the Silver Purchase Act, purchases and sales of foreign exchange, and remittances of funds abroad for governmental purposes.

* This section was transferred to the Treasury Check Division of the Government Check Department on February 5, 1945.

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The Reports and Analysis Division compiles and analyzes information on international movements of capital and foreign exchange, obtained from reports collected by the division from banks, brokers, and others, pursuant to the Executive Order of January 15, 1934 and Treasury regulations. The division also makes studies of the effect of foreign operations on this market and of developments in the United States balance of international payments, including lend-lease and similar fields of international finance. Rates of foreign exchange are certified by this division to the Secretary of the Treasury, pursuant to Section 522 of the Tariff Act of 1930. The translation of foreign language letters, documents, and reports dealing with the foreign business of this bank is also handled here.

The Cable Division handles all incoming and outgoing cablegrams and radiograms, most of which are transmitted in our private code, and prepares code books and secret telegraphic test keys for use between ourselves and our foreign correspondents.

FOREIGN FUNDS CONTROL DEPARTMENT

Licensing Division; Application and Records Division

This department performs the duties delegated to this bank, as fiscal agent of the United States, by the Treasury Department in connection with the administration of Foreign Funds Control. The principal duties are as follows:

1. Assists the Treasury in determining policy matters involving the freezing control, and in the preparation of public documents in connection therewith.
2. Maintains public relations with banks and persons for the purpose of advising them with respect to Treasury policy and to assist them in connection with specific problems.
3. Receives applications for licenses relating to transactions affected by the freezing control; issues licenses or makes other disposition of the applications.
4. Receives and examines reports covering transactions effected under license.
5. Receives and forwards to the Treasury census reports of property in the United States owned by foreigners and of American-owned property abroad.

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6. Cooperates with various agencies of the Government, such as, Customs, Federal Bureau of Investigation, and the Alien Property Custodian with respect to matters of mutual interest involving persons or activities under investigation.

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GOVERNMENT BOND AND SAFEKEEPING

GOVERNMENT BOND DEPARTMENT

Savings Bond Issue Division; Treasury Bond Division

The Government Bond Department conducts the operations of the bank, as fiscal agent of the United States, in connection with the issuance, distribution, exchange and redemption of securities of the United States Government and certain of its agencies, except for redemptions of United States Savings Bonds which are handled by the Savings Bond Redemption Department. The department maintains detailed records with respect to public debt operations in the Second Federal Reserve District and submits periodic reports to the Treasury Department concerning such operations. The department also maintains records of the balances held in war loan deposit accounts by banking institutions qualified as special depositories of public funds and controls the securities pledged as collateral for such balances.

All organizations acting as issuing agents for sale of Series E Savings Bonds in the Second Federal Reserve District, except post offices, are qualified by the Government Bond Department which supplies them with bond stock to be issued, receives their remittances of the proceeds of bonds sold and credits such amounts to the account of the Treasurer of the United States.

SAVINGS BOND REDEMPTION DEPARTMENT

Redemption Division

This division handles the work of the bank, as fiscal agent of the United States, in the following operations:

1. Redemption of United States Savings Bonds of Series A-E, paid by banking institutions.
2. Payment and redemption of United States Savings Bonds of Series A-E submitted directly to this bank by the public. United States Savings Bonds of Series F and G are received and transmitted to the Division of Loans and Currency of the Treasury Department in Chicago.

APPENDIX

3. Maintenance of files for the department and for all general correspondence pertaining to United States Savings Bonds, including applications for issue.

SAFEKEEPING DEPARTMENT Safekeeping Division

This department handles the records and maintains control of securities held by the bank in safekeeping for account of member banks, the Treasury Department and various Government agencies, and foreign banks and governments, as well as the safekeeping of securities received as collateral in certain other departments and savings bonds held in safekeeping by the bank, as fiscal agent of the United States, for account of the registered owners thereof. The Security Custody Department maintains the actual custody in the vaults of all such securities.

This department also renders many services to the owners of securities held in safekeeping, including the acceptance and delivery of securities against purchases or sales, the presentation of bonds or coupons for collection at maturity, and notification to owners that their bonds have been called for redemption or that other events have occurred affecting their securities in safekeeping.

This department delivers Government securities to banks, brokers or individuals on original issue, either over our counter, by registered mail, or by wire transfer to other sections of the country; and also handles the delivery of Government securities in New York City upon instructions received from the other Federal Reserve Banks and branches.

SECURITY CUSTODY DEPARTMENT Security Custody Division

This department handles the actual custody in the vault of all securities held by the bank. These securities fall into the following classifications:

1. securities held for the System Open Market Account and securities held in safekeeping, including
 - (a) Treasury bills held by this bank in "Option Account"
 - (b) securities of member banks held for safekeeping, pledged as collateral in War Loan Deposit Account, or pledged to secure loans to member banks
 - (c) securities held in various accounts of the Secretary of the Treasury, and
 - (d) securities held for foreign correspondents and others, including Savings Bonds owned by individuals
2. securities held for account of the Reconstruction Finance Corporation
3. unissued stock of United States Government securities, and

APPENDIX

4. coupons clipped

- (a) from unissued stock and held for destruction, and
- (b) from securities owned by member banks or by the System Open Market Account, and to be delivered out for collection at maturity.

Securities other than unissued stock are received with vault receipt attached from the department of the bank having control thereof. The Security Custody Department validates each receipt, files the securities, maintains control of each account for which securities are held, cuts coupons as they mature in accordance with appropriate instructions, and releases the securities to the appropriate department of the bank upon receipt of a withdrawal requisition and return of the vault receipt.

Stocks of unissued Government obligations are requisitioned by the department as needed by the bank for purpose of sale or exchange; and the department dates, and otherwise completes, stocks of Treasury bills for the weekly issues thereof and stocks of Federal Intermediate Credit Bank and Federal Home Loan Bank obligations for the monthly issues thereof.

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LOANS, CREDITS AND R. F. C. CUSTODY

CREDIT DEPARTMENT
Credit Division

The work of this division consists of the following activities:

1. The procurement and analysis of credit and financial information necessary to establish the acceptability of commercial, agricultural and industrial paper offered by member banks for discount or as collateral to advances pursuant to Regulation A.
2. The processing of applications for industrial loans pursuant to Regulation S and Section 13b of the Federal Reserve Act, including the analysis of financial information submitted, the investigation of the applicant, and surveys, when appropriate, of applicant's production and financial management. Also all necessary servicing operations in connection with loans or commitments made.
3. Handling the work of the bank, as fiscal agent of the United States, pursuant to Regulation V relating to guaranteed war production and termination loans, including the receipt and processing of applications for guarantees, the issuance upon proper authority of such guarantees, and the servicing of the resultant guaranteed loans and credits.

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4. The administration of Regulation W relating to the control of consumer credit, including the distribution of suitable information, the receipt of registration statements from, and the issuance of registration certificates to, individuals subject to the regulation, enforcement activities in accordance with the general policies of the Board of Governors, including action in the case of willful violators, surveying of public opinion, and the development and analysis of various statistical data pertaining to consumer credit.
5. The procurement and analysis of credit and financial information upon the request of the officers of other departments of the bank and other Federal Reserve Banks, certain departments and agencies of the United States Government, and foreign central banks.

DISCOUNT DEPARTMENT Discount Division

This division processes all applications of member banks for discounts and advances pursuant to Regulation A, and determines the eligibility of all commercial, agricultural and industrial paper offered with such applications. It also handles the pledging with the Federal Reserve Agent of certain eligible collateral to secure Federal Reserve Notes. In connection with Regulation V, the department also maintains complete ledger records and other data respecting V-loan and T-loan balances, and it bills and collects guarantee and commitment fees on behalf of the respective guarantors. It also holds and services collateral against guaranteed loans which have been purchased by us for account of the guarantors.

R. F. C. CUSTODY DEPARTMENT R. F. C. Custody Division

The operations of the bank as fiscal agent, custodian and depository for the Reconstruction Finance Corporation and the Commodity Credit Corporation are effected by the R. F. C. Custody Department. Work for the Reconstruction Finance Corporation and its various subsidiaries involves:

1. the receipt and examination of corporate resolutions and letters of authorization prescribing the conditions precedent to the disbursement by, and the receipt of, funds;
2. the receipt, examination and safekeeping of promissory notes and collateral of borrowers in connection with loans;

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3. the receipt, examination and safekeeping of deeds, leases, invoices, bills of lading, warehouse receipts, and other papers and documents evidencing title to defense plants, the machinery and equipment therein, various metals, rubber and other strategic materials;
4. the disbursement, by checks drawn on the Treasurer of the United States, of the amounts of loans and participations therein, subsidy payments and payment for strategic materials and other purposes;
5. the maintenance of complete records of each transaction, including detailed inventory records reflecting the description and cost of machinery and equipment installed in defense plants, of various metals, rubber and other strategic materials and the preparation of appropriate reports;
6. the release of title documents necessary to effect sales of real property, machinery and equipment and strategic materials; and
7. the application of funds received in connection with payments of principal and interest on loans, sales of strategic materials, surplus war property and other purposes.

The operations of the bank as fiscal agent, custodian and depository for the Commodity Credit Corporation involve:

1. the disbursement, by checks drawn on the Treasurer of the United States, of the amounts of subsidy payments and payments for various commodities;
2. the application of funds received in connection with sales of such commodities; and,
3. the maintenance of records of each transaction and the preparation of appropriate reports.

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OPEN MARKET OPERATIONS, TREASURY ISSUES, AND MARGIN REGULATIONS

SECURITIES DEPARTMENT

Securities Division; Bill Division

The following operations of the bank are handled through the Securities Division: (1) purchases and sales of Government securities for the System Open Market Account and the allocation of such securities among the twelve Federal Reserve Banks, in accordance with general directions of the

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Federal Open Market Committee, (2) pledges of participations in direct obligations of the United States held in the System Open Market Account to secure Federal Reserve notes of each of the Federal Reserve Banks on instructions of the Reserve Bank and its Agent, and also pledges of such obligations held in this bank's own account to secure Federal Reserve notes of this bank on request of this bank, (3) purchases and sales of securities (other than corporate stocks) in the open market for account of member banks, the Treasury Department and foreign correspondents, (4) purchases and sales of Treasury bills at the Federal Reserve System's established buying rate of 3/8 per cent, (5) compilation of statistical information and other data to aid in the planning of new Treasury financing and the meeting of maturities, (6) making studies, and keeping the Treasury and the Board of Governors currently informed of market conditions in Government securities, and (7) preparation of reports covering market conditions and operations. This division also handles the operations of the bank, as fiscal agent of the United States, in receiving cash subscriptions for new issues of Government securities issued subject to allotment, making the allotments thereon, and in receiving tenders on both competitive and fixed-price bases for the weekly issues of Treasury bills and making allotments thereon.

The Securities Division is also charged with responsibility for the registration, issuance and cancelation of the capital stock of the bank and the payment of dividends on outstanding stock held by member banks.

The Bill Division buys and sells bankers acceptances for account of the System Open Market Account when directed by the Federal Open Market Committee, and also for account of member banks and foreign correspondents. Upon request, it confers with banks regarding the eligibility of acceptances. It assembles statistical data from accepting institutions regarding bankers' acceptances for publication and distribution to such institutions and to the market. It also receives weekly reports from dealers and compiles statistics therefrom for the use of this bank and the Federal Open Market Committee.

SECURITY LOANS DEPARTMENT

This department administers Regulations T and U of the Board of Governors of the Federal Reserve System governing, respectively, the extension and maintenance of credit by brokers, dealers, and members of national securities exchanges, and loans by banks for the purpose of purchasing or carrying stocks registered on a national securities exchange.

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PERSONNEL

PERSONNEL DEPARTMENT

Personnel Division; Personnel Records Division;
Medical Division; Stenographic Division; Corre-
spondence Files Division

The Personnel Division makes studies of policies affecting personnel, selects new employees, controls assignments, administers certain bank rules, controls insurance, and supervises educational and training programs.

The Personnel Records Division, as reorganized in May 1945, prepares payrolls, maintains employees' records, administers the personnel policies to conform with government legislation, and conducts research studies of current personnel trends in this area as well as studies of matters of general personnel interest.

The functions of the Medical Division under the Medical Director include (1) pre-employment physical examination of all applicants, (2) annual physical reexamination of all employees in so far as possible, (3) health advisory service as related to the staff as a whole as well as to individual employees, (4) minor emergency surgery and surgical dressings, (5) issuing excuses from work because of illness or accident, (6) issuing and renewing medical leaves of absence, and (7) supervising the sanitation of the building.

The Stenographic Division performs duplicating and photostating work for the bank, maintains mailing list addressograph plates, and furnishes stenographic, typing, and addressing service where needed.

The Correspondence Files Division maintains control of the bank's general files and keeps certain documents in bound form.

The Club Office cooperates with the Federal Reserve Club in the furtherance of the social and recreational interests of the bank, and publishes "The Federalist," a weekly publication of events of interest within the bank. The Club Office also handles educational loans and advises on educational and other matters.

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BUFFALO BRANCH

The Buffalo Branch - which directly serves the ten westerly counties of New York State, including the Cities of Buffalo and Rochester - also performs most of the functions performed by the head office of the bank in New York City. The Branch holds member bank reserve accounts and nonmember clearing accounts, pays out and receives currency, receives deposits for account of the Government, prepares the transcript of the Treasurer's general account, handles and clears ordinary dollar checks and ration checks, and handles noncash collection items and withheld taxes. It issues Treasury Savings Notes and all series of Savings Bonds, and redeems Savings Bonds of Series A through E, and certain other maturing Government bonds, notes, certificates, bills, and coupons. It also makes loans to member banks, performs custodian and other services for member banks, administers the consumer credit regulation, performs custodian, disbursing and other services for the Reconstruction Finance Corporation and the Defense Plant Corporation, and in other ways serves the financial community and banking institutions in western New York.

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