

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 April 17, 1947.

Maturing July 17, 1947.

Dated at

.....1947

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 April 11, 1947, 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 April 11, 1947, 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 April 17, 1947, and are to mature on July 17, 1947.

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.

(OVER)

April 17, 1947

To Officers and Chiefs, and
Others Concerned

Bulletin #7204

From John J. Clarke

Subject: President's Report to
Directors for 1946.

There is transmitted herewith a copy of the President's Report to Directors for 1946. You will note from Mr. Sproul's letter, dated March 31, 1947, transmitting the report to the directors, that he believes that the report in its present form should be discontinued; and that he proposes that Part 1 be continued in some form, that Part 2, the statistical summary, be discontinued, and that the material now in the Appendix be made available as an internal bulletin. The directors' comments concerning this proposal have been invited.

Comments and suggestions with respect to the foregoing proposal are also invited from the officers and the chiefs and other employees receiving copies of the report. It will be appreciated if such comments and suggestions are forwarded to me prior to June 1, 1947. For your convenience, the attached form may be used.

OFFICE CORRESPONDENCE

DATE 1947

TO Mr. Clarke

SUBJECT: Suggestions Regarding President's

FROM

Report to Directors

In reply to Bulletin #7204, I have the following comments and suggestions:

Part 1

Part 2

Appendix

(Signature)

(Title)

(Division)

(Department)

(Use reverse side if necessary)

FEDERAL RESERVE BANK OF NEW YORK

President's Report
to
Directors
for 1946



CONFIDENTIAL

FEDERAL RESERVE BANK
OF NEW YORK

March 31, 1947.

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

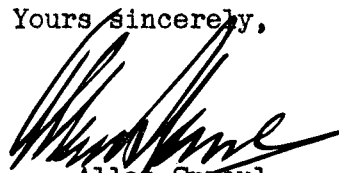
Herewith is a detailed report on the operations of the bank during the year 1946.

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 1946 is set forth in Part 2, and the functions of each of the operating units of the bank are described in the Appendix.

The President's Report to Directors was first issued in 1943 (for the year 1942) upon an experimental basis; and subsequent reports, containing such improvements as were indicated by experience, have been issued upon the same basis. It is now believed that our experience with these reports justifies the conclusion that, balancing cost and effort against utility, the report in its present form should be discontinued, but that certain of its features, which seem to have the greatest usefulness, should be preserved. Therefore, I propose for the future that Part 1 of the report be continued in some form, because of its informational and record value; that Part 2 of the report be discontinued; and that the material contained in the Appendix be eliminated from the report, while being made available to the staff in the form of an internal bulletin. I shall be glad to receive your comments concerning this proposal.

Yours sincerely,



Allen Sproul,
President.

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PART 1

INTRODUCTION

The year 1946 was a year of gradual transition from war to peacetime operations, with some decline in volume of work, particularly in the fiscal agency function. Reduction in staff lagged behind reduction in volume of work, partly because of the difficulty in reducing personnel in an orderly manner, partly because of the continued reemployment of returning service men, and partly because of prospective adjustment to a five-day work week.

The fact of excessive staff plus the probably valid assumption that wasteful and inefficient practices had crept into our operations during the war period made it essential that all of our departments be checked for performance. In July 1946, therefore, a study of the organization and expenses of the bank was initiated, together with an intensification of the work of our Planning Department which is constantly surveying operations and expenditures with a view to promoting economy and efficiency. The results of this study should show themselves during the year 1947.

Problems of personnel have assumed an increasingly important place in the bank as they have in the whole banking community and in the business community generally. The Federal Reserve Bank of New York has always prided itself, and with considerable reason, on its high standards of personnel performance, the working conditions which it has maintained, and the morale of its staff. In order to continue and improve this record, we began, in July 1946, a complete review of all of the jobs in the bank, which will lead to a revised job evaluation and salary classification schedule. This initial task should be completed during the first half of 1947, but there will be a continuing task involved in keeping the schedules alive and abreast of new

developments. If competently done and fairly administered, this job evaluation and salary classification plan should assure each employee of compensation which is appropriate to the duties and responsibilities of his job, and which is properly related to the compensation of others in the bank. This is essential to individual satisfaction with employment conditions and to the maintenance of general staff morale.

Both in the review of the bank's organization and expenses and in the program of job evaluation and salary classification, the objective is a higher standard of personal performance and increased output of work per man hour and per man year. Only in this way can the higher salaries and shorter working week, which we have established and which we favor, be justified and maintained.

PART 1

IMPORTANT AND INTERESTING DEVELOPMENTS
IN OPERATIONS DURING 1946

FISCAL AGENCY OPERATIONS

Government Financing Operations

The Victory Loan Drive in November and December of 1945, marked the end of the period of war financing. The funds raised in that drive increased the Treasury's cash balance to \$26 billion. As the result of the sharp reduction in the Treasury's current deficit, because of the rapid decline in military expenditures and the continuation of high tax receipts, the Treasury was able not only to meet the deficit without further borrowing (other than continued sales of savings issues), but also to enter upon a program of debt retirement during 1946. The three principal phases of the Government's financing program in the past year were (1) redemption of \$23 billion of marketable Government securities held largely by banks, (2) refunding all or part of certain matured issues and (3) continued sales of Savings Bonds to non-bank investors.

From a high point of \$280 billion on February 28, 1946, the public debt was reduced \$21 billion to \$259 billion at the year end. In addition to cash redemptions of maturing securities aggregating \$23 billion, other maturing securities (excluding Savings Bonds) in a total amount of \$30 billion were replaced by a corresponding amount of securities issued in exchange. Gross sales of Savings Bonds were \$7 billion, whereas redemptions amounted to \$6 billion, including approximately \$284 million of bonds presented for payment at maturity.

As a contribution to the Treasury's fall campaign to sustain interest in the savings bond program, and particularly the payroll deduction plan, this bank helped sponsor, and paid for, a series of dinner meetings arranged by the State offices of the United States Savings Bond Division in New York and New Jersey. The dinners, which were held during the month of October in Buffalo, Rochester, Syracuse, Binghamton, Albany, New York City, and Newark, N. J., were attended by industrial leaders of each area. At each meeting there were talks by a local industrialist, and by representatives of the Federal Reserve Bank and the United States Savings Bond Division. Total attendance at the seven meetings was about 1,250. The State Directors of the Savings Bond Division have indicated that these dinner meetings produced increased interest and participation in the payroll deduction plan.

Government Securities Issued

The end of the period of war financing brought about a substantial decline in the volume of securities delivered on original issue by the bank, as fiscal agent of the United States. The volume of such transactions handled during 1946, however, was substantially in excess of the volume handled in any year before the beginning of defense and war financing. 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 seven 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
1946	12,255,000	380,000	12,635,000
<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
1946	1,171,375,000	74,840,521,000	76,011,896,000

This decline in volume of issues following the period of war financing has required a reduction in the staff engaged in such work. The number of persons engaged in work related to original issues of securities, on selected dates, is estimated as follows:

<u>Date</u>	<u>Number of Employees</u>
June 30, 1944	533
December 31, 1944	490
June 30, 1945	459
December 31, 1945	436
June 30, 1946	264
December 31, 1946	191

Government Securities Redeemed or Exchanged

During the year 69 marketable Government issues (bonds, notes, bills and certificates of indebtedness), aggregating \$121.5 billion face amount, matured or became due. At this bank, 530,028 pieces with a total par value of \$87.7 billion were received for redemption or exchange, compared with 440,591 pieces aggregating \$72.14 billion par value in 1945. Exchanges, transfers and other transactions in connection with outstanding issues were at levels substantially comparable with those of the previous year.

The total amount of Savings Bonds redeemed in this Federal Reserve District during the year was approximately the same as in 1945. During the last seven months of the year, however, there was a noticeable decline in the volume of redemptions, and the number and amount of bonds received for redemption in November were the lowest in 20 months. In 1946, 21 million redeemed Savings Bonds having a total maturity value of \$1,101 million were handled by this bank and its branch, compared with 21 million pieces aggregating \$940 million (maturity value) in 1945.

Government Coupons

The number and amount of Government coupons paid by this bank reached a new peak in 1946. During the year 7,262,390 coupons amounting to

\$1,769,487,000 were paid as compared with 6,473,837 coupons amounting to \$1,501,151,000 paid in 1945 - an increase of 12.18% and 17.87% respectively.

Armed Forces Leave Bonds

Commencing in October 1946, this bank undertook certain functions in connection with the issuance and redemption of Armed Forces Leave Bonds. The bonds are issued by the Army and the Navy, and electric accounting machine cards representing the bonds issued are forwarded to the Federal Reserve Banks with deposits, in the aggregate face amount of the bonds, for credit to the Treasurer of the United States. The Federal Reserve Banks verify the amount of the deposits, sort and list the cards mechanically, and forward the cards and the related lists to the Treasury Department. This bank receives about 10,000 cards each day, and will continue to receive them at that rate for the first four or five months of 1947 when it is expected all of the bonds will have been issued.

The Federal Reserve Banks will also redeem Armed Forces Leave Bonds prior to maturity in cases in which the owner dies or assigns his bond to the Veterans Administration in payment of premiums, reserve or loans on a United States Government life insurance policy or a national service life insurance policy.

Reconstruction Finance Corporation

On March 25, 1946, by Executive Order No. 9689 the War Assets Administration was established within the Office of Emergency Management to administer the disposal of domestic surplus property theretofore administered by the War Assets Corporation, a subsidiary of the Reconstruction Finance Corporation. As the War Assets Administration is not affiliated with the Reconstruction Finance Corporation, our agency operations in connection with the disposal of such surplus property have since been discontinued.

During the period January 1 to November 30, 1946, we received and handled about 11,500 Surplus Declaration Forms transferring from our inventory

records to the disposal agency (now the War Assets Administration) the record of surplus real and personal property owned by the Reconstruction Finance Corporation, which originally cost the Corporation approximately \$353,000,000. Over the same period we received the cash proceeds of direct sales made by the Reconstruction Finance Corporation of surplus property amounting to about \$73,000,000.

The activities of the War Damage Corporation, a subsidiary of the Reconstruction Finance Corporation, were so curtailed during 1946 that the section of the R. F. C. Custody Department established to handle this operation was abolished.

The volume of our operations as fiscal agent for the Commodity Credit Corporation remained constant throughout the year but the volume of our operations as fiscal agent for the Reconstruction Finance Corporation decreased somewhat.

United Nations Deposit Account

In March 1946, we opened a deposit account for the United Nations at the request of, and as fiscal agent of, the United States Treasury. This account is used as a depository for contributions to the organization's working fund received from member nations. The funds are transferred as needed to a local commercial bank and withdrawn from that bank to meet expenses. The account is maintained without charge.

Foreign Funds Control

The Treasury Department has made considerable progress during the year in lifting the blocking controls on the use of property owned by certain foreign countries and their nationals imposed under Executive Order No. 8389, as amended. Notwithstanding this, our work in Foreign Funds Control has not declined materially because of the transfer to us during the year of the Foreign Funds Control functions of five other Federal Reserve Banks, namely,

Boston, Philadelphia, Cleveland, Richmond and Atlanta. Arrangements have now been made to concentrate all field operations of Foreign Funds Control at this bank commencing January 1, 1947.

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.

Open market operations were the principal means of effectuating the wartime policy of (1) providing commercial banks with sufficient reserves to enable them to act as residual buyers of United States Government securities, and (2) maintaining stability, or a fixed "pattern of rates", in the Government security market. Although acceptable during the period of war financing, this policy, which largely or wholly deprived the Federal Reserve System of the initiative with respect to the supply of credit, has become inappropriate in a postwar climate of strong inflationary pressures. Its timely abandonment has been advocated by this bank.

During 1946, open market operations made what contribution they could, under existing commitments, in the implementation of a credit and debt management policy designed to exercise some restraint upon increases in the supply of credit. The policy was made effective largely through a program of public debt retirement of issues held by the banking system. The elimination by the Federal Reserve Banks of the preferential discount rate of 1/2 of 1%, on loans to member banks secured by United States Government securities due or callable within one year, was also a part of the program. Open market operations were chiefly compensatory, affecting changes in the availability of reserve funds due to other causes.

Large sales of United States Government securities by the Federal Reserve System during the early part of 1946 were effective in absorbing reserve funds made available to commercial banks as the result of a decline in Treasury balances at the Federal Reserve Banks, a return flow of currency from circulation, and an increase in gold stock. Later in the year extensive purchases of United States Government securities were forced by the strain on bank reserves resulting from the Treasury's debt retirement program (which drew funds from commercial banks to redeem Government securities held in part by the Federal Reserve System), expansion of currency in circulation, and an increase in private deposits.

Total holdings of Government securities at all the Federal Reserve Banks amounted to \$23.3 billion at the end of 1946, as compared with \$24.2 billion at the end of 1945. The net change was the result of declines of \$2.3 billion in certificates of indebtedness and 0.90% Treasury notes and \$0.5 billion in other Treasury notes and bonds, and an increase of \$1.9 billion in Treasury bills. During the year, under the direction of the Federal Open Market Committee, we purchased in the open market, for the twelve Federal Reserve Banks, securities having a total face value of over \$40.9 billion and sold or presented for payment securities having a face value of \$41.9 billion. The face amount of Treasury bills purchased by us for our own account, pursuant to the 3/8% buying rate and repurchase option established in 1942, amounted to \$30.4 billion, while bills amounting to \$30.2 billion were sold or presented at maturity for payment.

As agent for member banks, foreign correspondents and other Federal Reserve Banks for account of their member banks, and as fiscal agent of the United States Treasury, we purchased \$1 billion and sold \$1.1 billion total amount of securities.

CREDIT AND DISCOUNT OPERATIONS

Loans to Member Banks

During the year 1946, 299 member banks obtained advances from us, all secured by Government obligations, as compared with 261 in the previous year. The amount of borrowings was reduced to approximately \$8.5 billion, however, from \$20.6 billion in 1945. The curtailment in borrowings followed the elimination on April 25, 1946, of the 1/2% preferential discount rate on advances secured by short term obligations of the United States, which had been established to facilitate war financing operations. Prior to April 25, 1946, 193 banks had borrowed \$6.7 billion, while during the rest of the year, 106 banks borrowed \$1.8 billion.

Consumer Credit Control (Regulation W)

A system-wide review of the enforcement aspects of Regulation W was made in April 1946. Thereafter, we intensified our enforcement activities. As a consequence, during 1946 we examined credit records of 3,743 individuals and concerns whose activities were subject to the Regulation, against 2,413 examined in 1945. During the last quarter of 1946, the number of examinations per month made by our staff averaged 427, as compared with 285 during the same period of 1945. We have continued our policy of non-punitive disciplinary action to the fullest extent possible and have endeavored to obtain compliance by persuasion and education as to the purpose of the Regulation and its relation to the public welfare. It has not been necessary to suspend or revoke any license in the Second Federal Reserve District.

As of December 1, 1946, Regulation W was revised and simplified and its restrictions were limited to instalment transactions. The number of categories of consumers' articles to which the Regulation applied was reduced from 36 to 12, and the current provisions are applicable to a moderately smaller number of registrants. Some of the classes of registrants in which there was

a large proportion of violators are no longer subject to the Regulation. The over-all result has been to make the administration of the Regulation somewhat less complex than heretofore, while not necessarily interfering with its role as an aid to general credit control.

Loans to Industry

After a lapse of several years during which no applications were received for loans to industry for working capital pursuant to Section 13b of the Federal Reserve Act, there was some evidence of renewed interest in such loans during the latter part of 1946, but only one application was received up to the close of the year.

FOREIGN OPERATIONS

Foreign Accounts

Further progress was made during 1946 in the return of this bank's foreign operations to a peacetime pattern. This was reflected in the reopening of a number of central bank accounts which had been closed or had become dormant during the war, as well as the opening of several new central bank accounts.

Accounts for the central banks of Canada, England, and Norway were reopened during the year, and the wartime government accounts of these countries were closed. The account of the central bank of Czechoslovakia, which had been dormant throughout the war period, also was set in operation again.

The new central bank accounts established during the year include the accounts of the recently organized Banco de Guatemala, the Reserve Bank of India, the Bank of Siam, and the Central Corporation of Banking Companies (Hungary)*. An account, limited to the custody of gold, was also opened for

*Intended as an interim arrangement pending reopening of the account of the central bank of Hungary.

Banco de Reservas de la Republica Dominicana. At the close of the year consideration was being given to the opening of an account for Banque d'Etat du Maroc (in place of the account maintained for it by us as fiscal agent of the United States).

Still dormant, partly for political and partly for other reasons, are the accounts on our books of the central banks of Bulgaria, Hungary, Rumania, and Yugoslavia and of the Government of Yugoslavia. The account of the Reichsbank has been vested by the Alien Property Custodian. The accounts of De Javasche Bank (Netherlands East Indies) and of the Governments of Estonia, Latvia, and Lithuania are being operated on a limited basis by governmental representatives in the United States.

There was a noticeable increase in the volume of operations handled for foreign account. Investment transactions, which showed a considerable increase, included not only transactions in United States Government securities, but also purchases for a number of foreign central banks of prime endorsed bankers' acceptances. These acceptances carry our guarantee of payment at maturity, for which we charge a commission of 1/8%. At the end of the year we held a total of \$6.5 million of bankers' acceptances purchased for foreign account; prior to October 1946 no such acceptances had been held since the latter part of 1939. In 1939, the total amount of purchased acceptances held by us for foreign account reached a peak of \$547 million.

Loans on Gold

There was a substantial increase during the year in both the number and size of loans made by this bank against gold held under earmark in our vaults. These loans, all of which carry an interest rate of 1% per annum (our discount rate), were of a short term nature and were intended primarily to cover temporary dollar deficiencies in connection with foreign countries'

trade with the United States. The largest loan arrangement entered into during 1946 was with De Nederlandsche Bank; we agreed to lend up to \$135 million for periods of three months, with no loan to mature later than April 15, 1947. At the end of the year a total of \$147.3 million of foreign loans on gold was outstanding, representing loans to 5 different central banks.

In addition to gold-secured loans actually extended by the Federal Reserve Bank, a variety of proposals was presented to us for foreign loans on gold to be made by commercial banks against gold. All of these proposals involved our processing, as fiscal agent of the United States, applications to the Treasury for licenses which would permit the lending banks to acquire a pledge interest in gold which we hold in custody for foreign account. As the year closed, this bank, in conjunction with the Treasury Department and the Board of Governors, was reviewing questions of policy so that consistent treatment of loans on gold may be accorded to foreign countries seeking loans and to domestic institutions which are attempting to consummate such loans.

International Bank and Fund

Pursuant to the Bretton Woods Agreements Act, this bank was appointed depository of the International Monetary Fund and of the International Bank for Reconstruction and Development. In this capacity, a considerable amount of work was undertaken by the Foreign Function during 1946. This was particularly true with respect to the International Bank, for which two dollar accounts and a gold custody account were opened to receive payments from member countries on account of individual capital subscriptions. Two security custody accounts were also opened and general safekeeping services were rendered to the International Bank for its holdings of market issues of United States Government securities, and for the United States Government non-negotiable demand notes which were issued in substitution for currency payments.

Our work as depository of the International Monetary Fund was less active. By the end of the year we had established a dollar account and a gold custody account into which were received member payments for administrative expenses, as well as partial advance payments on account of individual subscriptions. In anticipation of the beginning of the Fund's exchange operations, preparations were made for the opening of an additional dollar account, the earmarking of sizable amounts of gold, and the safekeeping of non-negotiable demand notes.

In addition to these services, our advice and assistance was sought by both the International Bank and the Fund on many technical and general problems in connection with the organization and initial activities of both institutions.

Export-Import Bank

In June 1946, we were authorized by the Treasury Department to act as fiscal agent in connection with a \$200 million loan by the Export-Import Bank of Washington which that bank had previously granted to the Netherlands Government. Some 40 commercial banks had agreed to take over roughly one-half of the total amount of the loan, and we, and other Federal Reserve Banks through us, were authorized to make the necessary arrangements with the commercial banks and the Export-Import Bank. By the end of 1946, 20% of this loan had been utilized by the Netherlands. The services rendered by our bank in connection with the initial drawings against this loan consisted primarily of arranging for the payments to be made by each commercial bank, and for the delivery of promissory notes of the Netherlands Government against the payments received.

Gold Movements

This country's net gain of gold from abroad, a movement which began soon after V-J Day, continued uninterrupted during 1946. For the year as a

whole United States net acquisitions of foreign-owned gold amounted to \$711 million. This net gain compared with a net loss of about \$450 million in 1945 and of \$1.3 billion in 1944. The year's net gain arose both from the purchase by the Treasury of gold which had been imported from abroad and the net purchase of gold which was released from earmark at this bank.

Gold held under earmark for foreign account was drawn down not only by the sale of gold, but also by releases for export. During the year the total amount of gold so released and exported aggregated \$273 million, of which \$196 million was shipped to Argentina, \$55 million to China, and \$20 million to Uruguay. The total amount shipped, which was larger than in 1945, brought to nearly \$1.5 billion the total of all gold exported since the movement began in 1943.

As a result of the release of gold from earmark either for sale or export, gold held under earmark at this bank was reduced to a total of \$3,823 million by the end of 1946. This compared with the peak of \$4,326 million reached in March and with \$4,294 million at the end of 1945.

Staff Group on Foreign Interests

An informal group of representatives of the Board of Governors of the Federal Reserve System and the Federal Reserve Bank of New York was organized in 1945 to consider matters connected with the foreign business of the Reserve System and developments abroad of interest to the Reserve System. Monthly meetings were held during 1946, alternating between Washington and New York, which representatives of this bank and the Board's staff and a representative of the Philadelphia Reserve Bank attended. The members of the Staff Group benefited from the discussions of foreign subjects and the Group prepared recommendations to the Policy Group (consisting of two members of the Board of Governors and the President of the New York Reserve Bank) on important questions.

Foreign Central Bank Visitors

A number of foreign central banks, whose program of sending officers and other members of their staffs abroad for study, training, and observation had been interrupted by the war, and several other central banks desirous of initiating such program, made arrangements with us to receive their representatives. As a result, during 1946 one representative of Banque de France, three from Commonwealth Bank of Australia, six from Bank Melli Iran, one from Banco del Paraguay, and one from the central bank in process of organization in the Dominican Republic made their headquarters at this bank for varying periods and we arranged for them to study various activities of the bank and, in some cases, of commercial and savings banks.

In addition to these visitors, there were opportunities to confer here with senior officials of foreign central banks during the past year, as a result of the meetings of the governors and executive directors of the International Monetary Fund and International Bank for Reconstruction and Development, which took place in the United States during 1946.

Mexico City Central Bank Conference

In August, Horace L. Sanford, Assistant Vice President, Foreign Department, and Henry C. Wallich, Chief, Foreign Research Division, attended the "First Meeting of Experts on Central Banking Problems of the American Continent", which was sponsored by Banco de Mexico. Other members of the Federal Reserve System delegation included two men from the staff of the Board of Governors and a vice president of the Dallas Reserve Bank. This meeting, which was attended by representatives of the central banks (or governments) of eighteen countries of the Americas, afforded an opportunity not only to discuss central banking questions of common interest but also to become acquainted with representatives of the other central banks of the Western Hemisphere. A Permanent Committee of the Conference was established whose

function it is to facilitate the interchange of economic and banking statistics and information, and of personnel for training purposes among the central banks of the Americas.

RESEARCH STUDIES AND BANK PUBLICATIONS

Our research studies during 1946 were concentrated largely on the problems of reconversion of the domestic economy to a peacetime basis and of the restoration of some measure of economic and financial stability abroad.

As a part of the domestic field of study, considerable attention was devoted to the various aspects of management of the public debt and the inter-relationships between fiscal and monetary policies. The effects of the Treasury's debt retirement program were studied, as well as postwar shifts in bank deposits, savings bond sales, and currency circulation. A major study of the great wartime changes which occurred in commercial banking was undertaken, with the cooperation of the Banking and Credit Policy Committee of the System's research departments, and is now almost completed. Close to 100 memoranda on domestic topics were prepared for distribution to officers and, in some cases, to directors; in a few instances, copies were also made available to the public upon request. Over 100 articles were prepared for the domestic section of our internal periodical, the Business and Financial Summary, and 23 special articles on domestic economic developments or problems (in addition to the regular articles on the money market and department store trade) were published in our Monthly Review of Credit and Business Conditions.

Some of the more important domestic research studies completed during 1946 are listed below:

- Estimates of the Labor Force in 1950
- Postwar Shifts in Bank Deposits
- Debits and Clearings in New York City, 1919-45
- The Problem of Bank-Held Government Debt
- Federal Trust Fund Investments
- Changes in "Real" Earnings since 1939
- Port of New York
- The Changing Significance of the Interest Rate.

Some of the domestic statistical work was improved and expanded, notably in the field of retail trade, and a manual of merchandise classifications in department stores, as well as other special material, was prepared for System research committees. Our index of wages was thoroughly revised and a memorandum explaining the revision was prepared for internal and public use. Considerable work was done on a planned System revision of the weekly reporting bank series. The annual retail credit survey was carried out on a wider scale than in the past, and we participated in a new System survey of commercial and industrial loans.

In the foreign and international field, attention was devoted especially to postwar exchange problems, the scope and methods of monetary reforms abroad, the setting up of the World Fund and Bank, the progress of lending for international reconstruction, and the effects of the rise in American prices and wages on the international exchange rate structure and the foreign reconstruction program. Studies were made of the nationalization of central and commercial banks in various countries, of the status of foreign branches of American banks, and of the outlook for the world price of gold. In all, over 350 studies on foreign and international topics were prepared, and 13 articles on such topics were published in our Monthly Review. Foreign and international developments were regularly summarized and analyzed in the Business and Financial Summary.

A plan for export credit information was brought to completion during the year and with the start of the new year it is expected that reports will be obtained regularly from the New York banks financing international trade and will be published in special releases or in our Monthly Review, together with data on unfilled export orders which will soon be collected by Dun and Bradstreet.

Among the most important memoranda on foreign and international topics during 1946 were the following:

Exchange-Rate Policy of the International Fund
International Lending Since the End of the War
Recent Developments in Britain's International
Financial Position
Scaling Down of Britain's External Debts
France's Reconstruction Program
France's Balance of Payments Problem and United
States Financial Aid
Monetary Reform in Liberated Europe
Central Banking in an Export Economy.

Members of our research staff took an active part in the work of the various research committees of the System, including the Staff Group on Foreign Interests. Several of our economists also took part in technical conferences or committee work outside the System, e.g., in connection with the Government's financial negotiations with France, the Investment Bankers' Association committee on securities of the International Bank, and the Export-Import Bank's study of the feasibility of a system of export credit transfer insurance. Important public meetings of trade and research organizations during the year were covered and reported upon by members of our staff.

Foreign Missions

Four members of our research staff were absent on one or more foreign missions during the year. One served for five months as a financial adviser to the Economic and Scientific Section of SCAP in Tokyo and then for five months as Financial Adviser to the Executive Yuan in China. Another was away during the summer, first to continue last year's work on monetary reform in the Dominican Republic, then to gather information in Cuba on that country's central bank project, and finally to attend the Mexico City Central Bank Conference. A third economist made a brief visit to Ottawa to gather information on Canadian banking and economic problems. Finally, one of our economists went to Austria in October for up to one year's service as chief of the Taxation Section of the Military Government.

CHECK COLLECTIONS

One of the more important services rendered by the Federal Reserve System on a nation-wide scale is the expeditious collection of checks for member and nonmember clearing banks. The volume of commercial checks collected by us has grown substantially in recent years. In December 1946, for example, we collected 24.5 million such checks, which is 14% or 3 million more than in December 1945.

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

Speeding Collections by Air Freight

In June 1946, we began sending cash items in process of collection to other Federal Reserve Banks and branches by air freight. By combining special pick-ups here in New York and special deliveries at destination with the speed of air transit, we were able to develop a much faster collection system which now enables us to present cash items in the next morning's clearings as far west as Kansas City.

From the beginning, our shipments were combined with a number of the larger sending banks in New York City. Our initial shipments averaged 200 pounds a night to Chicago alone. The method proved so satisfactory, on an experimental basis, that we extended it and are now shipping nearly 1,000 pounds a night to 17 other Federal Reserve Banks and branches. The service is being expanded as fast as we can arrange for the necessary facilities.

The costs of air freight shipments are prorated to the participating banks, including ourselves, in proportion to the weight of checks shipped by each. Including the extra charges for pick-up and delivery, they have averaged

about 30¢ a pound as compared with 48¢ a pound for first-class mail and 80¢ a pound for air mail. For most of these shipments, we are using a shipping container designed to withstand the impact of a plane crash and any resultant fire.

The results of the quicker collection of cash items, made possible by the use of air freight, can best be illustrated by our shipments to Chicago for the month of October. Before we began using air freight our debit float on Chicago averaged about \$12,000,000 daily. During October, notwithstanding some delay due to weather conditions, our debit float on Chicago averaged only \$5,000,000 daily. At the same time, by reducing availability deferment, on Chicago city items, from two days to one, the participating banks obtained an average of \$14,000,000 a day in additional reserve balances.

On nearby points, such as Boston, no gain in day of presentation is possible, but our shipments are delivered to the consignee Federal Reserve Bank three or four hours earlier each morning, which assists it materially in processing the items and clearing them through earlier exchanges.

Check Routing Symbol Plan

The Federal Reserve System and the American Bankers Association continue jointly to sponsor a program calling for the use of a new uniformly placed symbol on all checks and drafts, which will greatly facilitate the sorting, collection and presentation of checks and drafts. By vigorously sponsoring the plan through visits to banks, posters and correspondence, as well as indirectly through published articles, the routing symbol has been adopted by 905, or 96%, of the 942 commercial banks in our district according to a survey made at the end of September 1946. This compared with a nationwide ratio of 75%. The volume of checks bearing the symbol has also increased. During November approximately 30% of the checks going through our Check Department bore the symbol. This percentage was somewhat above the nationwide average for the corresponding period.

Change in Operating Procedure

Since 1940 we have been experimenting with the use of punch card equipment in the collection of checks. This system, which has been given careful consideration by us and by the engineers of the International Business Machines Corporation, has been found to be unsatisfactory both from the standpoint of cost and the quality of the service rendered by us to our member banks. We plan, therefore, to revert to the use of adding machines in the preparation of cash letters as soon as the equipment is available. The experiment has been a costly one, but we still feel justified in having undertaken it. The Federal Reserve Banks have a responsibility to pioneer new methods and equipment in the field in which they operate and this will always involve some costly failures. We can only be blamed if our initial surveys of possibilities are not thorough and able or if we do not drop new processes or equipment as quickly as they have failed to demonstrate their usefulness and efficiency.

Decrease in Government Checks

An important development in 1946 was the marked decrease from 1945 of about 49 million (approximately 45%) in the number of Government checks which we handled, and a correlative reduction in the personnel assigned to this operation. This reduction was directly attributable to the substantial number of men released from the Armed Forces and the continued curtailment of civilian employment by the Government in late 1945 and during 1946.

BANK SUPERVISION AND RELATIONS

Membership

Five banks in this district were admitted to membership in the Federal Reserve System during the year. At the end of the year there were 259 State member banks and trust companies, as compared with 124 nonmember State banks and trust companies in this district. Nearly 87% of all the

commercial banks (national banks and State banks and trust companies) in the district were members of the System, and about 68% of all State banks and trust companies in the district were members.

Farm Credit File

We have continued the distribution and servicing of the Farm Credit File which was undertaken in November 1945 at the request of the New York State Bankers Association. We felt that sponsorship of the file would afford us an opportunity to assist the smaller banks of the district in their function of servicing agriculture. At the year end, 202 banks, approximately 45% of the banks operating in farm areas of the district, were using the file in whole or in part.

PERSONNEL

At the close of 1946, the number of employees in our head office was 4,142, slightly less than at the 1945 year end, and approximately 14.4% below the peak of 4,737 reached in July 1944. Declining activity of certain departments of the bank, principally those performing fiscal agency operations, will result in a greater decrease in personnel during 1947. Turnover in 1946 was 26.24% compared with 26.09% in 1945 and 31.25% in 1944.

Returning Veterans

During the war period, 824 of our employees left the bank to enter military service (including the Merchant Marine). By the end of 1946, 540 of these employees were reemployed, and 421 of them are still in our employ. We believe there are only 29 yet to be heard from. During 1946, 277 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. There are still in our employ 218 of these 277.

Salaries

Two important changes in the salary program were made during 1946, in view of economic conditions: (1) effective January 1, supplemental compensation, which was at the rate of 15% of the first \$3,000 of basic annual salary, was made permanent by including it in annual salary; and, in addition, the salary of each employee was increased by an amount equal to 10% of his basic annual salary as of December 31, 1945, and (2) effective October 1, the salary of each employee was increased by 10%.

Payroll Deductions for Series E Savings Bonds

Following the general salary increase in October a campaign was undertaken to increase the participation of employees in the payroll deduction plan for the purchase of Series E Savings Bonds. As a result 319 new participants were obtained and 444 employees increased their deductions.

Employee Training Program

During 1946, Job Relations Training Classes were attended by 56 head office employees and Job Instruction Training Classes were attended by 75 head office employees.

Music

During 1946, our use of "Muzak" was extended to certain sections of the Accounting Department and to the R. F. C. Custody Department. It is now installed in the following divisions employing a total of 1,420 people: Transit, Card Check, Treasury Check, Clearings, Redemption, R. F. C. Custody (95 Maiden Lane), Accounting and Tabulating.

The Federal Reserve Club

The Club has continued to function in the interests of the employees. Previous activities along educational, athletic, social and thrift lines have been carried on, the scope of many has been widened, and development of additional athletic sports has been fostered. In 1946 innovations, namely, a

beach party, an outing at Steeplechase Park, a noontime dance, a fashion show with our own girls acting as models, a dressmaking class and an afternoon tea dance and bridge, were arranged by the Club, and in every case were enthusiastically patronized. The ending of the war also made possible again the presentation by the Club of a musical and dramatic revue.

At the request of the Bank, the Club conducted a canvass of the employees when the Blue Cross Hospital Plan and the Doctors' Plan were made available to them. About 86% of the employees eventually joined (they pay 1/3 of the cost and the bank pays 2/3) and, counting dependents, over 7,000 persons became eligible for the benefits.

BUFFALO BRANCH OPERATIONS

The Buffalo Branch, which directly serves the ten westerly counties of New York State, including the cities of Buffalo and Rochester, renders most of the services rendered by the Head Office. It provides, for the banks located within its territory, all such services that are needed by those banks, and that can be effectively and efficiently provided. Significant developments in relation to the operations of the Branch during 1946 are indicated below.

In recent years we have also begun to use the Branch as a training and proving ground for executive personnel.

Amendment of Branch By-laws

During the year the Board of Governors amended its Regulations relating to branches of Federal Reserve Banks so as to give effect to a System policy that the chief executive officers at Federal Reserve Bank branches should not be members of branch boards of directors. An amendment to the by-laws of the Buffalo Branch, effective January 1, 1947, implements the Board's amended Regulations and provides for a change in the title of the chief executive officer at the Branch from Managing Director to General Manager. Because

the General Manager is no longer on the branch board, all of the four branch directors appointed by this bank (instead of three as formerly) are now appointed for three-year terms. At present, all four are executive officers of member banks within the branch territory.

Savings Bond Redemption Division

Two representatives of the Treasury Department assisted in the installation of a new procedure in our Savings Bond Redemption Division during October. This system, which is gradually being installed in all Federal Reserve Banks and Branches, is designed to provide uniformity of methods and to permit more rapid recordings of redemptions by the United States Treasury Department.

R. F. C. Division Operations

It was necessary to increase the personnel assigned to the Reconstruction Finance Corporation Division during the year due to various changes in the character of this work following V-J Day in 1945, the full impact of which was felt in 1946.

Regulation W - Consumer Credit

Regulation W enforcement activities of the Branch were greatly accelerated during the year. As a result, approximately 25% of all registrants in the branch territory were examined. This exceeded by a wide margin the number of investigations made during the previous two years and was in line with the program adopted by the Head Office, whereby a minimum of 20% of all registrants were scheduled to be examined during the year. As a result of the revision of Regulation W, effective December 1, however, the investigation work has been sharply reduced.

Check Routing Symbol

The check routing symbol program has received the enthusiastic cooperation of the banks in the Buffalo Branch territory. Several banks in the

area have informed us that the sorting of checks prior to the preparation of cash letters containing outgoing items will be done entirely by symbol when a sufficient percentage of individual items has been revised to include the symbol. The fact that this point is approaching is demonstrated by a recent survey of checks drawn on banks in the Buffalo area. This survey indicated that over 26% of all checks now carry the symbol correctly located.

Not only have checks been rearranged to provide for the routing symbol, but through conversations with individuals and officers of banks and corporations using specially prepared checks, many objectionable check forms have been eliminated.

Bank Relations

During the year the total number of banks in the Buffalo Branch territory was reduced from 117 to 112 by the merger of independent banks into metropolitan institutions. Branch offices are now operated in each instance. Two banks in the territory were admitted to membership in the Federal Reserve System during the year, making a total of 71 members or nearly 69% of the total number of all national banks and State banks and trust companies in the branch territory.

Personnel

The number of employees at the Branch declined in 1946 from 221 to 213 due in part to decreased activities in certain fiscal agency functions.

In October, 2 classes of 10 employees each were instructed in Job Instruction Training by a member of the New York staff, and refresher courses were given to approximately 30 employees. In addition, films were shown to nearly all the employees, demonstrating the costliness of errors and carelessness both in training and performance.

All but one of the employees at the Branch enrolled in the Blue Cross and Blue Shield plans for hospitalization and surgical benefits, and 166,

or 78%, of the employees participate in the Group Life Insurance deduction plan.

Following the general salary increase in October an effort was made to increase the participation of employees in the payroll deduction plan for the purchase of Series E Savings Bonds. As a result 140 increased their deductions. The Branch continues to show 100% participation in this plan.

Results from the installation of "muzak" in one of our divisions in December 1945 have been entirely satisfactory. This service has now been extended to the Redemption, Check and Cash (Money Counting Unit) Divisions with a total of 106 employees.

FEDERAL RESERVE BANK OF NEW YORK

President's Report to Directors for 1946

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 1947)

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
 Harold M. Wessel, Manager, Planning Department

ACCOUNTING DEPARTMENT

Accounting Division

	1945	1946
Entries posted to reserve, and nonmember clearing accounts	4,075,272	4,145,878
Penalties assessed for reserve deficiencies	177	216
Transactions with other Federal Reserve Banks	4,197,248	3,892,335

Disbursing Division

	1945		1946	
	Number	Amount (000 Omitted)	Number	Amount (000 Omitted)
Employee compensation payments, including overtime	171,369	\$9,691	156,400	\$11,576
Checks cashed for employees (approximate)	32,000	-	29,000	-
Petty cash payments (approximate)	12,000	145	9,000	204
Checks drawn other than pay checks	9,336	5,491	8,742	6,449
Claims for reimbursement of Fiscal Agency expenses	429	5,303	405	4,310

PART 2 STATISTICAL SUMMARY

<u>Tabulating Division</u>	<u>1945</u> (Approximate No.)	<u>1946</u>
Receipts for compensation paid employees	155,000	165,000
Advices of immediate and deferred credits to banks arising from check clearings	440,000	500,000
Cards punched incident to maintenance of records of this bank's expenses	125,000	125,000
"Ins and outs" affecting punch card records of securities held in safekeeping	225,000	225,000
Coupon-cutting requisitions covering securities held in safekeeping	170,000	170,000

<u>Withheld Taxes Division</u>	<u>1945</u>		<u>1946</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*	780,468	\$1,727,173	823,777	\$1,547,591
Depository receipts received from Collectors of Internal Revenue	768,885	1,714,147	808,586	1,539,818
Largest number of receipts received from any one bank (Manufacturers Trust Company)	120,203	174,066	123,912	177,566
Duplicate receipts issued to replace originals lost by employers	3,971	-	3,752	-

*915 qualified depositories in 1945; 896 in 1946.

PART 2 STATISTICAL SUMMARY

SERVICE DEPARTMENT

<u>Food Supply Division</u>	1945		1946	
	Number	Receipts	Number	Receipts
Meals served in cafeteria	702,013	\$204,870	782,640*	\$238,480
Daily average	2,324	669	2,736	833
Meals served in dining room	14,694	15,490	13,018*	12,557
Daily average	48	50	46	44

*On account of the Saturday closing of the bank during the period June 1 to September 30, 1946, no lunches were served on Saturdays during that period except on Saturday, June 29, luncheon was served in the Cafeteria in connection with the examination by examiners of the Board of Governors.

<u>Post Office Division</u>	1945	1946
	<u>Pieces handled</u>	<u>Pieces handled</u>
Registered Mail		
Incoming	371,976	272,728
Outgoing	360,942	272,927
Ordinary Mail		
Incoming	7,770,501	6,750,097
Outgoing	4,013,691	2,831,500

The decrease in the number of pieces of mail handled was due primarily to fewer transactions in United States Savings Bonds.

<u>Telephone Section</u>	1945	1946
Number of calls handled	1,141,386	1,091,912

BUILDING OPERATING

<u>Power Plant Division</u>		1945	1946
Total amount of steam used	Lbs.	206,820,000	194,282,000
(a) For generating electricity	"	199,962,600	188,861,300
(b) Air Conditioning turbines, heating and other purposes	"	6,857,400	5,420,700
Electric current generated	KW Hrs.	5,568,930	5,453,270
(a) Used for lighting	"	2,495,560	2,488,580
(b) Used for power	"	3,073,370	2,964,690
Pounds of steam required to generate one KWH of current		35.91	34.63

PART 2 STATISTICAL SUMMARY

BANK SUPERVISION AND BANK RELATIONSOfficers in charge:

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

BANK EXAMINATIONS DEPARTMENTBank Examinations

<u>Regular Examinations:</u>	<u>1945</u>		<u>1946</u>	
Jointly with New York State Examiners	192		184	
Jointly with New Jersey State Examiners	65		60	
Jointly with Connecticut State Examiners	6		6	
Independently	<u>-</u>	263	<u>1</u>	251
<u>For Membership:</u>				
Jointly with New York State Examiners	-		2	
Jointly with New Jersey State Examiners	1		-	
Independently	<u>2</u>	<u>3</u>	<u>3</u>	<u>5</u>
Total		<u>266</u>		<u>256</u>

Trust Department Examinations

<u>Regular Examinations:</u>				
Jointly with New York State Examiners	35		17	
Jointly with New Jersey State Examiners	12		11	
Jointly with Connecticut State Examiners	3		1	
Independently	<u>126*</u>	176	<u>139**</u>	168
<u>For Membership:</u>				
Jointly with New Jersey State Examiners	1		-	
Independently	<u>1</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total		<u>178</u>		<u>170</u>

During 1946, all State member banks and their trust departments, with the exception of seven located in the State of New Jersey, were examined once. The State Examiners were not able to examine these seven New Jersey banks in 1946 but the banks have been scheduled for examination early in 1947. In the circumstances, we did not feel it necessary to make independent examinations of the seven banks in 1946. Five State member banks were admitted to membership in 1946 compared with six in 1945. Two applications for membership were in process on December 31, 1946, compared with two on December 31, 1945.

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

**Includes 19 examinations in which the State Examiners participated to the extent of checking the securities to the records of the trust department.

PART 2 STATISTICAL SUMMARY

BANK RELATIONS DEPARTMENT

During 1946, visits were made to 1,608 banks, as compared with 1,082 in 1945. Officers of the bank visited 367 member banks and 127 nonmember institutions, as compared with 187 and 62, respectively, in 1945.

Special representatives made 940 visits to member banks and 174 to nonmember banks, as compared with 711 and 122, respectively, in 1945.

Officers and members of the staff attended 202 meetings, as compared with 130 in 1945, and addresses were made before bankers' associations, trade organizations, clubs, and various other groups, as follows:

<u>Subject</u>	<u>1945</u>	<u>1946</u>
Treasury Financing	5	7
Federal Reserve System	1	8
Farm Credit File	1	10
Check Routing Symbol	2	3
Other banking subjects	<u>6</u>	<u>11</u>
Total	15	39

During the war period up to V-J Day the number of visitors to the bank declined substantially from about 3,000 to fewer than 500 persons per year. Since that time the number has increased. Our banking premises were shown to 1,452 visitors on 212 separately conducted tours during 1946, as compared with 559 visitors and 164 tours during 1945.

* * * * *

PART 2 STATISTICAL SUMMARY

CASH AND COLLECTIONSOfficers in charge:

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

CASH DEPARTMENT

<u>Receiving Division</u>	<u>1945</u>		<u>1946</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	43,562	\$30,431,180	32,493	\$37,516,171
Currency	62,412	3,621,375	62,545	3,826,181
Currency received by mail	38,344	1,049,730	43,325	1,267,658
Currency received by express	15,295	66,273	17,056	75,155

<u>Sorting and Counting Division</u>	<u>1945</u>	<u>1946</u>
Number of Pieces Counted:		
1's	374,522,533	418,474,420
2's	9,701,873	8,349,948
5's	142,696,455	160,977,203
10's	184,412,818	226,302,106
20's	39,896,685	54,117,270
50's	4,960,634	5,010,461
100's	5,836,031	2,934,214
500's	172,745	78,826
1000's	132,536	58,150
5000's	476	222
10000's	5,149	548
	<u>762,337,935</u>	<u>876,303,368</u>
Currency sorted as unfit:		
Number of Pieces	231,082,412	266,590,405
Value	\$840,252,404	\$892,769,486
Errors found in deposits of currency	12,527	15,333
Counterfeits detected	295	203
U. S. currency received as fiscal agent under General Ruling No. 5:		
Separate lots	441	817
Value	\$1,671,743	\$6,110,883

PART 2 STATISTICAL SUMMARY

<u>Paying Division</u>	1945		1946	
	<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	98,490	\$ 114,845	89,177	\$ 121,161
Banks over the counter	39,385	4,030,850	43,087	4,224,491
Banks by mail	87,149	877,968	90,923	923,076
Cash payments of Govern- ment coupons	532	19	589	26
Federal Reserve notes shipped to banks in Boston and Philadelphia districts	16,896,072	185,867	21,331,667	228,615

Coin and Bullion Division

Coin handled:

	Amount Received***	Pieces Received*	Pieces Counted*
1945	\$162,249,263	2,187,153,947	1,491,254,000
1946	189,330,590	2,581,280,414	1,824,030,200

	Amount Paid Out	Pieces Paid Out	Amount Wrapped**
1945	\$161,840,583	2,237,916,388	\$ 13,517,000
1946	188,395,544	2,568,288,246	17,160,050

*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:

	1945	1946
Cents	\$ 2,000,000	\$ 2,000,000
Nickels	900,000	1,800,000
Dimes	1,700,000	5,000,000
Quarters	5,000,000	2,700,000
Halves	600,000	-
Dollars	940,000	400,000
	<u>\$11,140,000</u>	<u>\$11,900,000</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 1946 compared with 1945 were as follows:

	1945		1946	
	Number	Value (000 Omitted)	Number	Value (000 Omitted)
Received for earmark:				
Bars	64,675	\$ 937,861	13,079	\$ 183,815
Bags of coin	5	-	-	-
Released from earmark:				
Bars	36,768	513,243	24,984	353,506
Bags of coin	313	2,321	209	1,512
Gold held under earmark at year end:				
Bars	302,266	4,276,202	290,361	4,106,511
Bags of coin	13,119	89,030	12,910	87,518

CHECK DEPARTMENT

The following table shows the number of items handled in the Check Department in 1945 and 1946:

	1945	1946
Clearings Division	94,327,637	110,566,017
Transit Division	135,405,453	168,917,001
Return Items Division*	1,572,034	1,890,676

*On March 16, 1946, the City Collection Section of the City Collection and Return Items Division was transferred to the Country Collection Division, Collection Department, and the name of the first Division was changed to Return Items Division.

COLLECTION DEPARTMENT

	1945	1946
Noncash items handled for collection		
(a) Country Collection Division	414,286	451,837
*City Collection Section	25,163	32,686
(b) Coupon Collection Division	601,356	544,249
Peak days - January 2, 1945;		
January 2, 1946	20,290	16,818
Government coupons paid	6,473,837	7,262,390
Peak days - December 15, 1945;		
December 16, 1946	821,151	1,070,358
Wire Transfers of funds		
Number	166,389	187,528
Value (000 Omitted)	\$77,468,401	\$90,786,525

*See footnote under Check Department.

PART 2 STATISTICAL SUMMARY

GOVERNMENT CHECK DEPARTMENT

	1945		1946	
	Number (000 Omitted)	Amount	Number (000 Omitted)	Amount
Treasury "paper" checks handled for collection	14,346	\$23,104,310	10,167	\$12,772,109
Punch-card checks payable "through" this bank:				
(a) Dependency Benefit checks	52,160	3,237,196	14,166	881,934
(b) Brooklyn Navy Yard checks	3,272	271,203	1,697	138,123
(c) Regional Disbursing Officer checks	13,716	3,014,637	20,505	3,617,361
(d) Terminal Leave checks	-	-	278	3,973
Punch-card checks payable "through" other Federal Reserve Banks	<u>18,265</u>	<u>2,391,695</u>	<u>11,685</u>	<u>1,947,465</u>
Total Government checks handled	101,759	\$32,019,041	58,498	\$19,360,965

Number of ration checks handled 5,925 653

Treasury "paper" checks handled
Peak day: December 14, 1945, 99,734 - January 4, 1946, 83,022

Card Checks handled
Peak day: February 13, 1945, 989,500 - February 13, 1946, 424,240

* * * * *

PART 2 STATISTICAL SUMMARY

FOREIGNOfficers in charge:

L. Werner Knoke, Vice President
 Norman P. Davis, Assistant Vice President
 Horace L. Sanford, Assistant Vice President
 Peter P. Lang, Manager, Foreign Department
 Walter H. Rozell, Jr., Manager, Foreign Department

FOREIGN DEPARTMENT

Foreign Operations Division
Foreign Accounts Section

Foreign Accounts held under section 14(e) of the Federal Reserve Act:	December 31, 1945		December 31, 1946	
	Number	Amount (000 Omitted)	Number	Amount (000 Omitted)
Dollar	54	\$ 822,039	57	\$ 484,490
Earmarked gold				
Foreign account	40	3,640,017	43	3,286,361
Domestic account	1	102,814	-	-
Security custody	16		20	
U. S. securities		1,484,004		859,450
Bankers Acceptances (Guaranteed)		-		6,547
All other		21,161		23,174
Foreign currency held	2	104	3	86
Total		\$6,070,139		\$4,660,108

Volume of transactions in such accounts	1945		1946	
	Transac- tions	Amount (000 Omitted)	Transac- tions	Amount (000 Omitted)
Dollar payments and receipts	43,712(r)	\$ 6,788,946(r)	53,937	\$11,886,737
Items received for collection	32,471(r)	679,026(r)	57,860	359,402
Gold earmarked and released	237	1,081,346	143	908,983
Transfers between earmarked gold accounts	21*	76,207*	18*	81,649*
Direct sales of imported gold	5	48,300	45	463,814
Foreign loans on gold	4**	57,000**	21**	486,100**
Receipts and deliveries of securities and bills	1,065	8,384,457	1,284	9,695,627
Applications for Foreign Funds Control licenses	475	-	262	-
Reports to Foreign Funds Control of transactions effected	310	-	240	-
Total	78,300	\$17,115,282	113,810	\$23,882,312

(r) Revised

*Excluding certain special transfers between accounts maintained for the same foreign country.

**Including renewals or replacements.

PART 2 STATISTICAL SUMMARY

	December 31, 1945		December 31, 1946	
	Number	Amount (000 Omitted)	Number	Amount (000 Omitted)
<u>International Bank and International Monetary Fund Accounts held under Section 6 of the Bretton Woods Agreements Act</u>				
Dollar	-	-	2	\$ 10,606
Earmarked gold	-	-	2	5,874
Security custody U. S. securities	-	-	<u>1</u>	<u>395,585</u>
Total			5	\$412,065

Volume of transactions in such accounts	1945		1946	
	Transac- tions	Amount (000 Omitted)	Transac- tions	Amount (000 Omitted)
Dollar payments and receipts	-	-	193	\$245,935
Items received for collection	-	-	8	378
Gold earmarked and released	-	-	12	28,645
Receipts and deliveries of securities and notes	-	-	<u>23</u>	<u>395,585</u>
Total			236	\$670,543

Foreign Exchange Section

Foreign Accounts held as Fiscal Agent of the United States	December 31, 1945		December 31, 1946	
	Number	Amount (000 Omitted)	Number	Amount (000 Omitted)
Dollar	7	\$ 38,960	7	\$ 23,251
Earmarked gold	4	550,993	4	536,171
Security custody U. S. securities	1	<u>169,977</u>	1	<u>110,000</u>
Total		\$759,930		\$669,422

PART 2 STATISTICAL SUMMARY

Volume of Transactions

<u>Bank Functions</u>	<u>1945</u>		<u>1946</u>	
	<u>Transac- tions</u>	<u>Amount</u> (000 Omitted)	<u>Transac- tions</u>	<u>Amount</u> (000 Omitted)
Foreign exchange and related transactions effected for foreign correspondents and member banks	487	\$ 6,257	555	\$ 37,376
<u>Fiscal Agency Functions</u>				
<u>Stabilization Fund</u>				
(a) Gold purchased	47	887,323	59	501,360
(b) Gold sold	167	873,766	46	322,464
(c) Foreign exchange purchased and sold	666	108,922	700	65,430
Foreign accounts held as fiscal agent				
(a) Gold earmarks and releases	60	430,788	11	94,771
(b) Security custody	-	-	8	399,931
(c) Dollar receipts, disbursements and collections	693	887,986	602	380,703
Drafts, cable transfers and payments for account of Treasurer	2,209	530,646	2,007	1,111,707
Interdistrict Settlement Fund	20	555,000	2	50,000
Deposits and withdrawals of gold held for Treasurer of U. S. and various Government agencies	17	365,077	4	140,666
Drafts, checks, etc., impounded and released under General Ruling No. 5A	3,804	3,077	-	-
Affidavits on imported fine gold bars	<u>2</u>	<u>41,308</u>	<u>27</u>	<u>194,301</u>
Total	8,172	\$4,690,150	4,021	\$3,298,709

PART 2 STATISTICAL SUMMARY

<u>Reports and Analysis Division</u>	<u>1945</u>	<u>1946</u>
Number of exchange rates certified	7,272	9,002
Number of reports tabulated*	11,174	11,539

*Exclusive of special studies and reports.

<u>Cable Division</u>	<u>1945</u>	<u>1946</u>
Number of cablegrams and radiograms handled	13,834	16,483

<u>FOREIGN FUNDS CONTROL DEPARTMENT</u>	<u>1945</u>	<u>1946</u>
Number of license applications received	83,716	71,174
Daily average of same	277	236
Licenses issued	58,758	51,194
Letters written	53,711	54,714
Miscellaneous reports received	51,903	10,315
Personal interviews	8,587	7,619
Telephone inquiries	23,165	31,830

* * * * *

PART 2 STATISTICAL SUMMARY

GOVERNMENT BOND AND SAFEKEEPING

Officers in charge:

Arthur Phelan, Vice President
 John H. Wurts, Assistant Vice President
 William F. Abrahams, Manager, Security Custody Department
 Harry M. Boyd, Manager, Safekeeping Department
 Wesley W. Burt, Manager, Savings Bond Redemption Department
 Marcus A. Harris, Manager, Government Bond Department

GOVERNMENT BOND DEPARTMENT

	Number of Pieces Handled		Par Value Handled (000 Omitted)	
	1945	1946	1945	1946
<u>United States Savings Bonds</u>				
Deliveries to agents on consignment	29,552,266	10,800,880	\$ 1,777,486	\$ 755,266
Payments and stubs received from agents	29,461,387	11,436,523	1,715,721	818,216
Direct Sales	1,442,756	818,378	578,935	573,305
Reissues and corrections	319,943	337,420	37,506	54,434
<u>War Savings Stamps</u>				
Sales and redemptions	7,159*	4,954*	127	45
<u>All Other Government Issues</u>				
Payments for new issues	1,084,800	368,314	82,353,119	69,551,029
Denominational exchanges and wire transfers	866,166	803,838	21,297,232	22,568,554
Redemptions, transfers and exchanges of registered securities	140,901	140,960	1,410,552	892,335
Redemptions and exchanges of bearer securities and redemptions of Series C notes	745,731	747,768	74,752,684	89,593,662
Redemptions of adjusted service bonds	660,381	40,793	33,079	2,039
Volume Handled	<u>64,281,490</u>	<u>25,499,828</u>	<u>\$183,956,441</u>	<u>\$184,808,885</u>

*Number of albums

War Loan Deposit Accounts: The activity in War Loan Deposit Accounts maintained by qualified depositaries, as measured by the sum of deposits and withdrawals, decreased from \$45,839,057,360 in 1945 to \$13,245,684,752 in 1946.

PART 2 STATISTICAL SUMMARY

SAVINGS BOND REDEMPTION DEPARTMENT

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

	<u>1945</u>	<u>1946</u>
Number of pieces redeemed	18,289,000	18,457,588
Redemption value of bonds redeemed	\$576,696,000	\$677,881,644
Maturity value of bonds redeemed	\$756,904,000	\$875,324,450

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>
1945 (Pieces)	398,629	13,923,724	2,484,347	1,274,154	70	110,358	97,999
1946 (Pieces)	675,040	13,055,996	2,715,999	1,669,616	24,728	163,484	152,725

*Issued only to members of the armed forces.

Redemptions of
U.S. Savings Bonds,
Series F

	<u>1945</u>	<u>1946</u>
Number of pieces redeemed	20,009	33,109
Maturity value of bonds redeemed	\$22,566,925	\$39,596,325

Redemptions of
Series F Bonds
by Denomination

	<u>\$25</u>	<u>\$100</u>	<u>\$500</u>	<u>\$1,000</u>	<u>\$5,000</u>	<u>\$10,000</u>
1945 (Pieces)	5,265	5,143	2,008	5,467	1,162	964
1946 (Pieces)	5,889	10,576	3,527	9,443	1,911	1,763

Redemptions of
U.S. Savings Bonds,
Series G

	<u>1945</u>	<u>1946</u>
Number of pieces redeemed	39,534	65,627
Maturity value of bonds redeemed	\$53,404,000	\$77,839,800

Redemptions of
Series G Bonds
by Denomination

	<u>\$100</u>	<u>\$500</u>	<u>\$1,000</u>	<u>\$5,000</u>	<u>\$10,000</u>
1945 (Pieces)	14,880	5,867	14,285	2,068	2,434
1946 (Pieces)	25,278	10,274	23,810	3,257	3,008

PART 2 STATISTICAL SUMMARY

SAFEKEEPING DEPARTMENT

	1945		1946	
	<u>Accounts</u>	<u>Par Value</u> (000 Omitted)	<u>Accounts</u>	<u>Par Value</u> (000 Omitted)
Savings bonds held for owners	38,987	\$ 60,595	38,302	\$ 64,136
Securities held for member banks	1,029	3,598,613	1,042	3,792,927
Securities held for Treasury and special accounts	202	2,925,503	203	2,291,275
Notes and acceptances held for member banks	8	3,821	14	2,405

Volume of pieces handled in the foregoing accounts:

	1945		1946	
	<u>Number</u>	<u>Par Value</u> (000 Omitted)	<u>Number</u>	<u>Par Value</u> (000 Omitted)
Pieces received	33,395,996	\$298,890,482	13,623,873	\$299,648,645
Pieces delivered	33,609,555	283,251,747	14,032,908	314,577,785

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

	1945		1946	
	<u>Number</u>	<u>Par Value</u> (000 Omitted)	<u>Number</u>	<u>Par Value</u> (000 Omitted)
Items received	13,688	\$65,020	9,851	\$63,884
Items delivered	10,324	56,788	9,378	72,462

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

	1945		1946	
	<u>Items</u>	<u>Par Value</u>	<u>Items</u>	<u>Par Value</u>
Over Window	31,517	\$26,131,347,500	20,833	\$20,595,461,000
Safekeeping	7,203	51,815,765,000	5,044	53,542,134,500
Shipped by Registered Mail	53,092	1,512,216,000	23,835	818,075,500
Wired to Other Reserve Banks	516	468,982,000	224	184,532,000
Wired from Other Reserve Banks for delivery in New York	8,018	7,790,836,000	870	5,764,717,500
Total	100,346	\$87,719,146,500	50,806	\$80,904,920,500

PART 2 STATISTICAL SUMMARY

SECURITY CUSTODY DEPARTMENT

The following table shows deposits and withdrawals of securities in the vault during 1946 as compared with 1945 in the following classifications (which are more fully explained at page AP - 11 in the Appendix):

	1945		1946	
	No. of Pieces	Par Value (000 Omitted)	No. of Pieces	Par Value (000 Omitted)
(1) Safekeeping and Open Market*				
Deposits	918,814	\$117,300,066	699,601	\$116,815,176
Withdrawals	851,795	110,607,440	786,044	126,440,886
(2) R. F. C.				
Deposits	24,277	340,885	54,702	511,640
Withdrawals	75,417	522,295	55,481	641,252
(3) Unissued stock				
Deposits	32,373,037	181,249,529	12,823,430	182,321,829
Withdrawals	32,537,496	172,122,011	13,320,115	187,495,647
(4) Coupons				
Detached	1,986,459	624,269	2,052,508	692,272
Re-attached	1,080	257	2,347	2,052

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

Deposit Tickets	1,499	43,048,753	1,314	47,717,779
Withdrawals	327	38,535,862	696	48,649,036

* * * * *

PART 2 STATISTICAL SUMMARY

LOANS, CREDITS AND R. F. C. CUSTODYOfficers in charge:

J. Wilson Jones, Vice President
 Curtis R. Bowman, Manager, Credit Department and Discount Department
 Charles N. Van Houten, Manager, R. F. C. Custody Department

CREDIT DEPARTMENTV-loans and T-loans

No applications for new loans were received during 1946.

Guarantees remaining outstanding at end of 1945 and 1946:

(000 Omitted on dollar amounts)

	<u>V-loans</u>			<u>T-loans</u>		
	<u>No.</u>	<u>Amount of Loans Authorized</u>	<u>Guarantors' Risk in Loans Authorized</u>	<u>No.</u>	<u>Amount of Loans Authorized</u>	<u>Guarantors' Risk in Loans Authorized</u>
December 31, 1945	130	\$665,954	\$542,469	64	\$23,150	\$20,373
December 31, 1946	10	22,564	18,899	3	679	611

Regulation W (Consumer Credit)

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

<u>Number</u>	<u>1945</u>	<u>1946</u>
Registrants at beginning of year	19,466	19,457
Registration certificates issued during year	660	1,346
Registrants who discontinued business during year	669	516
Registrants at end of year	19,457	20,287

Enforcement Activities (including Buffalo Branch):

	<u>1945</u>	<u>1946</u>
Number of registrants examined	2,413	3,743
Credit transactions examined:		
Instalment sales	142,724	262,717
*Charge sales	58,980	106,427
*Instalment and single-payment loans	220	1,026
Violators who required disciplinary action (conferences or disciplinary letters)	63	168

*Charge sale and single-payment loan credits not subject to regulation beginning December 1, 1946.

PART 2 STATISTICAL SUMMARY

DISCOUNT DEPARTMENT

Applications from member banks for advances against United States Government obligations were received and processed through the Head Office and Buffalo Branch as follows:

	<u>1945</u>	<u>1946</u>
Number of applications received	3,004	2,305
Number of banks accommodated	261	299
Aggregate borrowings (000 Omitted)	\$20,648,435	\$8,496,609
Borrowings on peak day:	June 9	Mar. 13
Number of banks	85	67
Amount (000 Omitted)	\$702,090	\$552,650

During 1946, 917 loans aggregating \$3,199,068,000 were repaid wholly or in part before maturity, while during 1945 there were effected 1,093 prepayments aggregating \$4,790,539,000.

R. F. C. CUSTODY DEPARTMENT

During 1946 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> (000 Omitted)	<u>Amounts Received</u> (000 Omitted)
Commodity Credit Corporation	150	\$449,586	\$689,541
233,920 Dairy Production, Beef, Sheep and Lamb drafts paid		39,330	
Reconstruction Finance Corporation			
Office of Defense Supplies	126	124,891	112,982
Office of Metals Reserve	98	150,421	327,190
Office of Rubber Reserve		15,934	156,909
Rubber Development Corporation		206,491	174
U. S. Commercial Company	52	75,517	68,939

Under the blanket participation agreements entered into between the Reconstruction Finance Corporation and banks, whereby the Corporation is obligated to purchase up to 75% of loans to business enterprises made by such banks, the number of transactions effected for the account of the Corporation during 1946 as compared with 1945 were as follows:

	<u>Number of Agreements</u>	<u>Number of Loans Made</u>
1945	188	70
1946	274	962

PART 2 STATISTICAL SUMMARY

Loans made by the Smaller War Plants Corporation, the Reconstruction Finance Corporation and certain of its subsidiaries were serviced during 1946 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	24	\$ 80
Reconstruction Finance Corporation	436	584,990
RFC Mortgage Company	219	1,766
Smaller War Plants Corporation	131	5,167

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:

	<u>Amounts Disbursed</u> (000 Omitted)	<u>Amounts Received</u> (000 Omitted)	<u>Collateral held at end of year</u>
Reconstruction Finance Corporation	\$28,486	\$224,010	\$909,106,565
RFC Mortgage Company	391	1,244	1,653,809
Smaller War Plants Corporation	8,101	19,299	684,722

Transactions were effected for account of the Reconstruction Finance Corporation (Office of Defense Plants) during 1946, as compared with 1945, as follows:

<u>Year</u>	<u>Number of Projects</u>	<u>Amounts Disbursed</u> (000 Omitted)	<u>Amounts Received</u> (000 Omitted)
1945	456	\$74,031	\$55,866
1946	383	31,998	48,265

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 1946 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)
\$371,419	\$1,299	\$2,610

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>
108,629	\$1,138,028,342

* * * * *

PART 2 STATISTICAL SUMMARY

OPEN MARKET OPERATIONS, TREASURY ISSUES,
AND MARGIN REGULATIONS

Officers 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

SECURITIES DEPARTMENTBill Division

	1945		1946	
	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	4,354	\$68,897,200
(c) Member banks	-	-	8	48,642
(d) Foreign correspondents	708	11,107,731	954	18,190,117

Securities Division

	1945		1946	
	Trans- actions	Amount (000 Omitted)	Trans- actions	Amount (000 Omitted)

Purchases of Securities

System Open Market Account:				
Open Market Transactions	1,680	\$35,911,092	1,430	\$40,935,467
Special Certificates of Indebtedness	5	488,000	-	-
Received in exchange from Treasury	14	6,684,661	11	6,746,312
Federal Reserve Bank of New York:				
U.S. Treasury Bills under re-purchase option	4,002	27,578,751	3,538	30,402,664
Member Banks	1,069	66,073	1,070	60,672
Government Accounts	2	1,035	23	16,774
Other Federal Reserve Banks	19	6,680	7	3,950
Foreign Correspondents	141	657,500	255	938,815
	<u>6,932</u>	<u>\$71,393,792</u>	<u>6,334</u>	<u>\$79,104,654</u>

Sales and Redemptions of Securities

System Open Market Account:				
Open Market Transactions	316	\$ 654,334	755	\$ 2,710,100
Redemptions	52	30,708,867	66	39,191,624
Special Certificates of Indebtedness	6	488,000	-	-
Tendered in exchange to Treasury	15	6,684,661	11	6,746,312
Federal Reserve Bank of New York:				
U.S. Treasury Bills under re-purchase option sold and redeemed	2,853	26,820,935	2,418	30,197,218
Member Banks	1,749	43,336	2,141	73,159
Government Accounts	405	298,139	278	555,185
Other Federal Reserve Banks	7	975	17	5,563
Foreign Correspondents	94	476,610	92	468,877
	<u>5,497</u>	<u>\$66,175,857</u>	<u>5,778</u>	<u>\$79,948,038</u>

PART 2 STATISTICAL SUMMARY

Other Operations of the Securities Division

During the year 675 certificates of capital stock of the Federal Reserve Bank of New York were issued and 624 certificates were canceled.

New Issues Function

On weekly offerings of Treasury bills 3,032 tenders were received during the year and allotted in accordance with instructions received from the Treasury Department, as compared with 4,385 last year.

Cash and Exchange Subscriptions to Public Offerings

During the year there were no cash subscriptions for market issues of United States Government securities. However, during the year 11,332 exchange subscriptions for market issues of United States Government securities totaling \$18,734,702,000 were processed and allotted on a percentage basis in accordance with Treasury instructions.

* * * * *

PART 2 STATISTICAL SUMMARY

PERSONNELOfficers in charge:

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

PERSONNEL DEPARTMENT

	<u>1945</u>	<u>1946</u>
Confidential loans to employees		
From Educational Loan Fund		
(a) Number of borrowers during year	92	50
(b) Aggregate amount of loans made	\$ 3,969	\$ 2,426
(c) Number of borrowers since 1924	2,993	3,043
(d) Aggregate amount of loans since 1924	132,450	134,876
Number of employees receiving educational refunds during year	175	167
Aggregate amount of educational refunds made	4,697	4,032

Personnel Division

Confidential loans to employees		
From Officers Loan Fund (including Buffalo Branch)		
(a) Number of borrowers during year	138	101
(b) Aggregate amount of loans made during year	\$ 24,558	\$ 18,081
(c) Number of borrowers at end of year	121	82
(d) Aggregate amount outstanding at end of year	16,394	10,012
Applicants interviewed	6,002	8,346
Applicants hired	1,043	948

Personnel Records Division

(Officers and Buffalo Branch not included)

Total employees at year end	4,317	4,142
Total employees leaving service	1,114	1,096
Entering military service	29	8
Resigned	926	793
Dismissed	120	246
Retired	27	40
Died	8	9
Employees appointed officers	4	4
Employees retained in service after attaining retirement age (65)	-	-
Rate at year end of basic annual salary liability	\$8,382,419	\$11,242,354
Rate at year end of average basic annual salary	1,942	2,714
Deductions from salaries		
1. Federal withholding tax	1,057,997	1,065,440
2. Purchases of savings bonds	548,827	430,920
3. Retirement System contributions	509,501	667,872
4. Associated Hospital insurance	26,527	33,316
5. Group insurance premiums	36,537	51,801
6. Systematic savings	98,550	98,538
7. Salary savings insurance premiums	796	711
8. New York Income Tax on non-residents	9,250	12,415
9. Garnishee orders	215	439
10. Repayments to Officers Loan Fund	18,716	19,093
Total deductions	<u>\$2,306,916</u>	<u>\$2,380,545</u>

PART 2 STATISTICAL SUMMARY

PERSONNEL DEPARTMENT (Continued)

<u>Medical Division</u>	As of Dec. 31, 1945	As of Dec. 31, 1946	Total No. of Examinations of Applicants for Employment	Total No. of Contacts with Employees and Applicants
Professional Personnel				
Medical Director	1	1	1945 - 1,621	1945 - 40,327
Other Doctors	5	4	1946 - 1,233	1946 - 45,598
Nurses	7	7		
Dentist	1	1		
Hygienist	1	2		
Technicians	2	2		

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PART 2 STATISTICAL SUMMARY

BUFFALO BRANCHOfficers in charge:

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

Accounting Division

	<u>1945</u>	<u>1946</u>
Member bank reserve accounts	74	71
Nonmember clearing accounts	8	8
Number of entries posted	216,875	211,879

Withheld Taxes

Number of receipts received from depository banks	56,238	59,383
Amount	\$107,759,305	\$ 90,224,126
Number of receipts received from Collectors of Internal Revenue	59,466	63,554
Amount	\$112,985,493	\$ 92,620,961
Number transferred to other Federal Reserve districts	6,344	6,811
Amount	\$ 21,687,488	\$ 8,900,166
Number transferred from other Federal Reserve districts	1,947	2,031
Amount	\$ 18,071,673	\$ 5,322,810

Cash DivisionPaying Section

Number of transactions	14,983	15,169
Cash disbursed to:		
Banks in Buffalo	\$111,998,000	\$117,567,000
Banks outside Buffalo	104,649,000	92,331,000
Treasurer of the United States	40,560,360	63,440,160
All Others	27,154,640	32,556,840
Total Cash Disbursed	<u>\$284,362,000</u>	<u>\$305,895,000</u>

Receiving Section

Number of transactions	19,158	19,092
Cash received from:		
Banks in Buffalo	\$142,192,500	\$159,421,500
Banks outside Buffalo	55,140,300	68,367,000
Treasurer of the United States	81,467,000	67,881,000
All Other Sources	7,795,000	8,925,500
Total Cash Received	<u>\$286,594,800</u>	<u>\$304,595,000</u>

PART 2 STATISTICAL SUMMARY

Shipping Section

	1945		1946	
	Packages	Amount	Packages	Amount
Shipments of:				
Mutilated currency	8,321	\$ 40,550,800	10,772	\$ 63,436,920
Fit Federal Reserve Notes to other F. R. Banks	570	26,485,000	621	32,090,000
Currency to banks	6,920	65,241,586	7,296	67,620,222
Mutilated coin	15	11,210	20	11,880
Coin to banks	3,465	1,416,218	4,436	1,781,735
Securities to Treasury, head office, and others	7,550	304,344,991	5,941	217,680,512

Currency and Coin Sorting Section

	1945		1946	
	Pieces	Amount	Pieces	Amount
	(000 Omitted)		(000 Omitted)	
Bills counted	37,652	\$208,776	41,394	\$236,936
Bills rehandled	4,336	39,885	4,332	43,925
Verification count	6,885	4,291	7,138	108,095
Coin	35,065	3,709	38,921	3,929

Wire Transfer Section

	1945		1946	
	Number	Amount	Number	Amount
Wire transfers	8,222	\$1,516,837,824	9,417	\$1,704,983,436
Mail transfers	431	1,781,530	947	4,646,032

Check Division

	1945		1946	
	Pieces	Amount	Pieces	Amount
	(000 Omitted)		(000 Omitted)	
Clearings through Buffalo Clearing House	4,780	\$2,519,388	4,883	\$2,544,712
Other Buffalo checks	464	71,542	478	92,649
Checks on us	5	179,262	5	175,776
Country checks	10,168	2,908,199	11,941	2,726,082
Return items	51	7,482	63	9,116
Government checks payable in Washington, D. C.	706	1,026,558	621	321,127
Punch card checks payable through F. R. Banks	1,523	89,439	1,411	81,743
	<u>17,697</u>	<u>\$6,801,870</u>	<u>19,402</u>	<u>\$5,951,205</u>
Daily average number of checks handled	58,803		68,324	
Number of cash letters sent	180,586		169,337	
Number of ration checks handled	763,374		60,674	

Collection Division

	1945		1946	
	Number	Amount	Number	Amount
	(000 Omitted)		(000 Omitted)	
Country items (ex- cept coupons)	15,998	\$33,559	14,999	\$37,562
City items (except coupons)	6,745	27,304	7,727	32,319
Coupons	51,848	2,839	42,971	2,230
Coupon transactions	6,451		5,589	
Registered articles received	7,963		6,504	
Direct sendings	2,228	3,079	2,260	3,293

PART 2 STATISTICAL SUMMARY

Credit and Discount Division

	1945		1946	
	Number	Amount	Number	Amount
Advances made to member banks	165**	\$218,720,000	194*	\$259,735,000
Prepayments by member banks	63	80,290,000	77	120,215,000

*25 banks; **30 banks.

Regulation W

	1945	1946
Number of inquiries received by letter	48	54
Number of oral inquiries received	185	258
Number of investigations made	267	857
Transactions examined:		
Instalment loans	-	-
Instalment sales	24,302	99,175
Charge sales	18,125	52,209
Number of violations disclosed:		
Willful	382	1,292
Inadvertent	390	1,225

Office Service DivisionPersonnel Section

	1945		1946	
	Number	Amount	Number	Amount
Payroll operations:				
Basic salary payments	5,037	\$320,059	5,607	\$443,463
Supplemental compensation payments	-	39,594	-	6
Overtime payments	3,729	53,107	1,266	8,059
Breakfast allowance payments	-	1,395	-	1,485
Supper allowance payments	-	427	-	786
Claims for reimbursement of Fiscal Agency expenses	99	189,510	104	198,564
Applicants interviewed	382		143	
Applicants employed	81		47	
Employees resigned:				
Military service	3		1	
Voluntary	51		44	
Requested	8		12	
	<u>62</u>		<u>57</u>	
December 31:				
Number of employees	221		211	
Annual salary liability		347,914		467,496

PART 2 STATISTICAL SUMMARY

	<u>1945</u>	<u>1946</u>
Deductions from salaries of employees:		
Percentage of total salary paid	26.23%	25.10%
Federal Withholding Tax	\$ 46,758.29	\$ 40,594.73
Purchases of Savings Bonds	30,388.05	26,303.50
Retirement System contributions	20,554.10	28,726.75
Group insurance premiums	1,237.80	1,965.00
Systematic savings	7,443.00	11,243.00
Hospital Service Corporation of Western New York	1,422.31	1,911.33
United War and Community Fund	145.20	135.55
Repayments to Officers Loan Fund	331.25	408.60
	<u>\$108,280.00</u>	<u>\$111,288.46</u>

R.F.C. Custody Division

	<u>1945</u>	<u>1946</u>
Number of checks issued	3,002	896
Amount	\$5,826,050.00	\$1,248,732.59

Savings Bond Redemption Division

	<u>1945</u>	<u>1946</u>
Number of pieces redeemed	3,049,997	2,798,887
Maturity value	\$108,399,725	\$109,143,565
Number of checks issued	10,728	5,137

Securities Division

	<u>1945</u>		<u>1946</u>	
	<u>Pieces</u>	<u>Amount</u>	<u>Pieces</u>	<u>Amount</u>
Redemptions:				
Tax Notes	12,023	\$92,707,900.00	7,891	\$58,379,275.00
Gov't Securities	2,247	17,583,900.00	3,447	22,270,638.19
Other Gov't Guaranteed Issues	1,403	1,616,650.00	261	372,875.00
Gov't Coupons	52,763	1,877,031.89	60,919	2,036,975.11
Coupons of Gov't Guaranteed Issues	2,725	44,147.09	1,265	18,828.13
Sales:				
U.S. Savings Bonds	33,058	34,111,900.00	29,997	40,680,000.00
U.S. Notes, Tax Series	7,090	57,572,500.00	2,522	17,916,700.00

	<u>1945</u>		<u>1946</u>	
	<u>Accounts</u>	<u>Par Value</u>	<u>Accounts</u>	<u>Par Value</u>
*Security Custody:				
Safekeeping for member banks	8	\$154,430	6	\$117,930
Pledged collateral of member banks	1	25,000	1	25,000
Pledged securities for account of Treasury Dept. and Agencies	5	401,690	5	393,920
Number of custody transactions		225		76
Coupons clipped		393		361

*Securities held on December 31

Number of Cashier's checks issued	1,446	1,270
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PART 2 STATISTICAL SUMMARY

Bank Relations

	<u>1945</u>	<u>1946</u>
Visits made to:		
Member banks	73	90
Nonmember banks	36	49
Corporations in connection with issuance of U.S. Savings Bonds	1	-
Meetings attended by officers and staff members	44	67

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FEDERAL RESERVE BANK OF NEW YORK

President's Report to Directors for 1946

APPENDIX

GENERAL INFORMATION REGARDING THE FUNCTIONS
OF VARIOUS DEPARTMENTS OF THE BANK

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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 determines the reserves required to be maintained by member banks and initiates appropriate action in cases of deficient reserves. 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 various 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 and functional expense distribution, claims for reimbursement of fiscal agency expenses, securities held in safekeeping accounts, coupon cutting requisitions and coupon credits, employee payrolls and earnings, inventory of furniture and equipment, and cost of supplies.

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

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

APPENDIX

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. This division also arranges for the purchase of rail and air transportation, and the making of hotel reservations.

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.

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.

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.

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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.

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.

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The Application & Records Division administers Regulation 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 circulated currency from member banks and other depositors. This division also receives deposits of Government checks from officers of the Government for credit to the Treasurer's General Account, and deposits of both Government checks and checks drawn on this bank in large dollar amounts which are presented by banks for immediate credit in their reserve accounts.

The Sorting and Counting Division verifies circulated paper currency deposited by member banks, and sorts out: (1) Federal Reserve notes of other Federal Reserve Banks (these are returned to those banks, except that notes of 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 shipments and counter payments of currency to banks; handles those Government checks and coupons which are presented over the counter for cash; and arranges for the shipment to our member banks of fit Federal Reserve notes of the Federal Reserve Bank of New York which are accumulated by the Federal Reserve Banks of Boston and Philadelphia, and makes reverse arrangements as to fit notes of those banks which are accumulated by the Federal Reserve Bank of New York. Notes of the Federal

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Reserve Bank of New York are requisitioned from, and retired with the Federal Reserve Agent in accordance with instructions given by this division to the Cash Custody Department.

The Coin and Bullion Division receives, handles and disburses all coin received by the bank. A limited amount of wrapped coin is prepared for the smaller out-of-town member banks.

Under the provisions of General Ruling No. 5, issued under Executive Order No. 8389 (Foreign Funds Control), United States currency seized by the United States Customs has been delivered to this bank since May 1942, to be held until the issuance of a release order. All receipts and releases of such seized currency have been handled in the Cash Department, except that currency which had not been released within three months after seizure was lodged with the Cash Custody Department until the issuance of a release order.

In December, the Treasury Department advised us that it expected to eliminate all import controls over currency in the near future. It is anticipated, therefore, that this particular function of the bank will be discontinued in a short time.

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 Check Routing Symbol and Treasury Currency Report Section of the Department handles the two operations its name describes. Promotion of the Check Routing Symbol plan is furthered by the development of information on the expanding use of the symbol, the consolidation of such information from all Federal Reserve districts and dissemination of the information to other Federal Reserve Banks, the press and publications. Assistance is given to banks and larger concerns in redesigning checks so as to provide for the Check Routing Symbol in the approved location. Treasury currency reports on unusual currency transactions are submitted to this bank under instructions from 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.

CHECK DEPARTMENT Clearings Division; Transit Division; Return Items Division

This department handles all checks and other cash items (other than Government checks) received for collection from member and nonmember clearing

APPENDIX

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 Return Items Division handles all cash items, originally deposited with us for collection, which are returned to us unpaid for any reason.

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) which are received by the bank for collection, including items payable in New York City.

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.

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.

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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, loans against earmarked gold, and purchases and sales of securities. All Federal Reserve Banks participate in all such accounts and are kept currently informed concerning operations therein. This section also handles transactions for the International Monetary Fund and the International Bank for Reconstruction and Development in our capacity of depository of these institutions, and operations for the Export-Import Bank as fiscal agent in connection with a \$200 million loan to the Netherlands Government.

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.

The Reports and Analysis Division compiles and analyzes information on international movements of capital and on 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 effects of foreign operations on this market and of developments in the United States balance of international payments, including United States Government foreign lending and other aspects 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.

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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

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.

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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.

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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 for release of registration prior to payment.
3. Redemption of Armed Forces Leave Bonds.
4. 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:

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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
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,

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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.
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:

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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;
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 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 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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