

Statement of Condition

FEDERAL RESERVE BANK

OF NEW YORK

Dec. 31, 1924

Dec. 31, 1923

Accounting Department

[Circular No. 651]
[January 15, 1925]

Tenth Annual Statement

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

We hand you herewith a condensed statement of the condition of this bank at the close of its fiscal year, December 31, 1924, and of the Profit and Loss account for that year.

For convenient comparison, the relative items for the previous year, 1923, are also shown.

Supplementing the Profit and Loss account is a statement showing the size and approximate cost of the various operations conducted by the bank in 1924.

We trust that you will find these various statements of interest, pending the issuance of the annual report of the bank which you will receive shortly.

Very truly yours,

BENJ. STRONG,

Governor.

Statement of Condition

RESOURCES	Dec. 31, 1923	Dec. 31, 1924
CASH RESERVES held by this bank against its deposits and note circulation:		
GOLD HELD BY THE FEDERAL RESERVE AGENT as part of the collateral deposited by the bank when it obtains Federal Reserve notes. This gold is lodged partly in the vaults of the bank and partly with the Treasurer of the United States.....	\$583,625,240.61	\$384,306,965.61
GOLD REDEMPTION FUND in the hands of the Treasurer of the United States to be used to redeem such Federal Reserve notes as are presented to the Treasury for redemption.....	9,441,006.21	11,557,070.44
GOLD AND GOLD CERTIFICATES in vault.....	168,615,033.36	277,262,589.82
GOLD IN THE GOLD SETTLEMENT FUND lodged with the Treasurer of the United States for the purpose of settling current transactions between Federal Reserve districts.....	109,813,734.55	286,475,438.52
LEGAL TENDER NOTES, SILVER, AND SILVER CERTIFICATES in the vaults of the bank (available as reserve only against deposits).....	24,437,091.00	21,867,394.00
TOTAL CASH RESERVES	\$895,932,105.73	\$981,469,458.39
NON-RESERVE CASH consisting of National Bank Notes, Federal Reserve Bank Notes, and minor coin.....	\$11,845,810.23	\$18,517,186.90
LOANS AND INVESTMENTS		
LOANS TO MEMBER BANKS:		
On the security of obligations of the United States.....	\$136,174,500.00	\$68,744,642.50
By the discount of commercial or agricultural paper or acceptances.....	28,360,300.73	12,577,441.02
ACCEPTANCES bought in the open market.....	93,151,232.70	101,823,154.40
UNITED STATES GOVERNMENT bonds, notes, and certificates of indebtedness.....	46,755,950.00	169,898,350.00
FOREIGN LOANS on Gold.....		1,746,000.00
TOTAL LOANS AND INVESTMENTS (or Earning Assets).	\$304,441,983.43	\$354,789,587.92
MISCELLANEOUS RESOURCES		
BANK PREMISES.....	\$14,671,614.78	\$16,242,897.76
CHECKS AND OTHER ITEMS IN PROCESS OF COLLECTION...	115,064,470.49	156,377,299.73
ALL OTHER MISCELLANEOUS RESOURCES.....	1,067,449.28	8,656,803.63
TOTAL MISCELLANEOUS RESOURCES	\$130,803,534.55	\$181,277,001.12
TOTAL RESOURCES	\$1,343,023,433.94	\$1,536,053,234.33

Federal Reserve Bank of New York

LIABILITIES	Dec. 31, 1923	Dec. 31, 1924
CURRENCY IN CIRCULATION		
FEDERAL RESERVE NOTES in actual circulation, payable on demand. These notes are secured in full by gold and discounted and purchased paper.....	\$420,371,240.00	\$387,352,885.00
TOTAL CURRENCY IN CIRCULATION.....	\$420,371,240.00	\$387,352,885.00
DEPOSITS		
RESERVE DEPOSITS maintained by member banks as legal reserves against the deposits of their customers.....	\$712,857,792.81	\$883,861,349.67
UNITED STATES GOVERNMENT DEPOSITS carried at the Reserve Bank for current requirements of the Treasury.....	9,562,383.00	16,904,418.11
OTHER DEPOSITS including foreign deposits, deposits of non-member banks, etc.....	12,405,744.27	28,194,141.08
TOTAL DEPOSITS.....	\$734,825,920.08	\$928,959,908.86
MISCELLANEOUS LIABILITIES		
DEFERRED ITEMS, composed mostly of uncollected checks on banks in all parts of the country. Such items are credited as deposits after the average time needed to collect them elapses, ranging from 1 to 8 days.....	\$95,341,849.44	\$129,054,958.09
ALL OTHER MISCELLANEOUS LIABILITIES.....	3,116,157.21	1,769,392.67
TOTAL MISCELLANEOUS LIABILITIES.....	\$98,458,006.65	\$130,824,350.76
CAPITAL AND SURPLUS		
CAPITAL PAID IN, equal to 3 per cent. of the capital and surplus of member banks.....	\$29,439,300.00	\$30,166,800.00
SURPLUS—That portion of accumulated net earnings which the bank is legally permitted to retain.....	59,928,967.21	58,749,289.71
TOTAL CAPITAL AND SURPLUS.....	\$89,368,267.21	\$88,916,089.71
TOTAL LIABILITIES.....	\$1,343,023,433.94	\$1,536,053,234.33

Profit and Loss Account

For the calendar years 1923 and 1924

	1923	1924
EARNINGS		
FROM LOANS TO MEMBER BANKS and paper discounted for them.....	\$8,255,645.84	\$2,613,565.96
FROM ACCEPTANCES OWNED.....	1,969,837.16	1,446,693.25
FROM UNITED STATES GOVERNMENT OBLIGATIONS owned.....	1,087,250.95	4,165,856.35
OTHER EARNINGS.....	100,448.81	343,234.80
TOTAL EARNINGS.....	\$11,413,182.76	\$8,569,350.36
DEDUCTIONS FROM EARNINGS		
FOR CURRENT BANK OPERATION. (These figures include most of the expenses incurred as fiscal agent of the United States).....	\$6,458,906.87	\$6,155,270.43
FOR FEDERAL RESERVE CURRENCY, mainly the cost of printing new notes to replace worn notes in circulation, and to maintain supplies unissued and on hand.....	421,229.30	195,550.43
FOR DEPRECIATION, SELF-INSURANCE, AND OTHER RESERVES, ETC.....	1,489,367.49	1,601,677.18
TOTAL DEDUCTIONS FROM EARNINGS.....	\$8,369,503.66	\$7,952,498.04
NET INCOME available for dividends, additions to surplus, and payment to the United States Government.....	\$3,043,679.10	\$616,852.32
DISTRIBUTION OF NET INCOME		
IN DIVIDENDS paid to member banks, at the rate of 6 per cent. on paid-in capital.....	\$1,749,239.47	\$1,796,529.82
IN ADDITIONS TO SURPLUS—The bank is permitted by law to accumulate out of net earnings, after payment of dividends, a surplus amounting to 100 per cent. of the subscribed capital; and after such surplus has been accumulated to pay into surplus each year 10 per cent. of the net income remaining after paying dividends.....	129,443.96	
IN PAYMENT TO THE UNITED STATES GOVERNMENT, representing the entire net income of the bank after paying dividends and making additions to surplus. (Federal Reserve notes are not taxed, and this payment is in lieu of taxes on notes and other Federal taxes.).....	1,164,995.67	
DEFICIT OF NET INCOME AFTER DIVIDEND PAYMENTS, which has been charged to Surplus Account.....		1,179,677.50
TOTAL NET INCOME DISTRIBUTED.....	\$3,043,679.10	\$616,852.32

EXPENSES IN 1924

Gross Earnings by Months

The following figures show in comparison the gross earnings of the bank by months for the years 1923 and 1924:

	1923	1924
January.....	\$1,140,852.65	\$718,395.69
February.....	997,794.40	712,361.85
March.....	978,235.89	639,017.63
April.....	890,673.93	666,883.12
May.....	928,004.73	523,448.69
June.....	895,873.77	588,622.38
July.....	985,718.48	652,694.06
August.....	919,201.97	652,090.88
September.....	882,311.28	747,929.62
October.....	899,078.26	822,473.60
November.....	884,234.02	802,295.96
December.....	1,011,203.38	1,043,136.88
	\$11,413,182.76	\$8,569,350.36

Ratio of Net Earnings

	1923	1924
Per Cent. earned on capital paid in.....	10.4	2.1
Per Cent. earned on capital and surplus.....	3.4	0.7
Per Cent. earned on capital, surplus, and deposits.....	0.4	0.07

EXPENSES OF OPERATION DURING 1924

The principal expenses of the Federal Reserve Bank are incurred in carrying out functions prescribed by law, or in performing services to member banks and through them to the whole business, agricultural, and industrial community, which the legally prescribed functions imply. About one-third of all the banking resources of the country are within this Federal Reserve district, and the New York Reserve Bank conducts about one-third of the business of the entire Federal Reserve System. At the close of business on December 31, the total personnel of the New York Reserve Bank, including the Buffalo Branch, numbered 2,653 persons.

The expenses for carrying on the work of the bank, divided as nearly as possible according to functions, and with miscellaneous items of overhead similarly apportioned among the various functions, were as follows:

1. MAINTAINING THE ACCOUNTS OF THE BANK

This work includes making about 9,704,000 entries a year in the accounts maintained with member and other banks, and the current determination of reserve balances which are required by law.....	\$212,128
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2. SUPPLYING CURRENCY AND COIN

PAYING OUT, RECEIVING, AND REDEEMING CURRENCY, involving the count of about 754,000,000 individual notes during the year.....	\$888,261
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PAYING OUT AND RECEIVING COIN. This service was formerly performed largely by the Subtreasury, and is now entirely in the hands of the Federal Reserve Bank. Receipts and issues amounted to \$274,869,000 for the year.....	173,233
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CURRENCY AND COIN SHIPMENTS to and from out-of-town banks. There were 252,210 such shipments in and out during the year.....	483,546
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PRINTING NEW FEDERAL RESERVE CURRENCY to replace worn notes in circulation and to maintain supplies unissued and on hand, including cost of transportation. Currency is printed by the Government but the cost is borne by the bank.....	195,550
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SUPPLYING CURRENCY AND COIN.....	\$1,740,590
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3. MAKING LOANS AND INVESTMENTS

MAKING DISCOUNTS AND ADVANCES TO MEMBER BANKS. The number of items handled during the year was 39,622, aggregating \$7,031,000,000	\$244,023
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PURCHASING ACCEPTANCES AND GOVERNMENT OBLIGATIONS for the account of this bank and other Federal Reserve Banks. The items purchased during the year aggregated \$3,672,000,000.....	118,720
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MAKING LOANS AND INVESTMENTS.....	\$362,743
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4. COLLECTING CHECKS, DRAFTS, NOTES, AND COUPONS

COLLECTION OF CASH ITEMS, mostly checks. The average number collected was 447,914 a day, or 136,200,000 for the year, aggregating \$68,398,000,000	\$1,649,443
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COLLECTION OF NON-CASH ITEMS, including drafts, notes, and coupons. The number of items handled during the year was about 2,429,000, aggregating \$1,874,000,000.....	444,533
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COLLECTING CHECKS, ETC.....	\$2,093,976
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5. SUPPLEMENTARY SERVICES

CUSTODY OF SECURITIES. This service involved holding in safekeeping on the average about \$683,000,000 of securities for the United States Government, \$34,000,000 for the War Finance Corporation, and \$262,000,000 from other sources..... \$260,019

PURCHASE AND SALE OF BANKERS ACCEPTANCES and other securities for member banks and foreign banks, amounting for the year to \$173,682,000, and receiving and delivering securities for the account of member banks, amounting for the year to about \$645,000,000. In addition the bank has acted for the Treasury Department in the purchase and sale of Government securities..... 129,488

TELEGRAPHIC TRANSFER OF FUNDS. This service is performed over the telegraph wires of the Federal Reserve System, and is used by the Treasury Department and member banks. It involved making an average of 942 transfers of funds to all parts of the country each day, amounting to about \$115,269,000 and aggregating for the year \$35,041,900,000 118,492

SUPPLEMENTARY SERVICES..... \$507,999

6. SERVICES IN CONNECTION WITH GOVERNMENT LOANS

This work included during 1924 the receipt or delivery of 2,383,000 individual Government bonds, notes, and certificates, amounting to \$3,014,000, which were exchanged or converted or handled in connection with registration; and the payment of 14,055,477 individual coupons on Government bonds, notes, and certificates. It also involved the sale and issue of 71,975 pieces amounting to \$578,582,000, and the redemption of 175,634 pieces amounting to \$1,430,212,000, of Government bonds, notes, and certificates. Aside from amounts received from the Treasury in partial reimbursement, the cost of such operations to the bank was..... \$413,460

(In addition to these operations for the Treasury, the bank performed other work for the Government connected with the currency, the collection of checks, the custody, purchase and sale of securities, the transfer of funds, etc., which have been referred to under their respective headings.)

7. GENERAL OR SUPERVISORY EXPENSES, not apportioned among the functions specified above:

EXECUTIVE SALARIES (Chairman, governor, four deputy governors, and secretary of the bank, and managing director and cashier of the Buffalo Branch)..... \$222,300

WORK OF THE FEDERAL RESERVE AGENT'S FUNCTION, including note issues, examination of member banks, visits to member banks, statistical and information services, such as the preparation of weekly bank statements and the publication of the Monthly Review..... 339,270

MAINTAINING THE GENERAL AUDIT, including the daily checking of transactions and records, together with periodical verifications of securities, cash, and cash items..... 257,695

DIRECTORS' FEES AND TRAVELING EXPENSES..... 21,459

THIS BANK'S SHARE OF THE EXPENSES OF THE FEDERAL RESERVE BOARD 179,201

GENERAL OR SUPERVISORY EXPENSES..... \$1,019,925

TOTAL \$6,350,821

DIRECTORS AND OFFICERS, JANUARY 1, 1925

DIRECTORS

<i>Class</i>	<i>Group</i>	<i>Term Expires Dec. 31</i>	<i>Class</i>	<i>Group</i>	<i>Term Expires Dec. 31</i>
A	1	GATES W. MCGARRAH, New York City Chairman, The Mechanics and Metals National Bank	B	2	THEODORE F. WHITMARSH, New York City President, Francis H. Leggett & Company
A	2	ROBERT H. TREMAN, Ithaca, N. Y. President, The Tompkins County National Bank	B	3	SAMUEL W. REYBURN, New York City President, Lord & Taylor
A	3	DELMER RUNKLE, Hoosick Falls, N. Y. President, Peoples National Bank	C		PIERRE JAY, New York City, <i>Chairman</i>
B	1	OWEN D. YOUNG, New York City Chairman, General Electric Company	C		W. L. SAUNDERS, Plainfield, N. J., <i>Deputy Chairman</i> , Ingersoll-Rand Company
			C		CLARENCE M. WOOLLEY, New York City Chairman, American Radiator Company

MEMBER OF FEDERAL ADVISORY COUNCIL

PAUL M. WARBURG, New York City

OFFICERS

GENERAL OFFICERS

J. HERBERT CASE, *Deputy Governor*
LOUIS F. SAILER, *Deputy Governor*

BENJ. STRONG, *Governor*
GEORGE L. HARRISON, *Deputy Governor*
EDWIN R. KENZEL, *Deputy Governor*

DUDLEY H. BARROWS, *Secretary*

JAY E. CRANE, *Assistant Secretary*

L. RANDOLPH MASON, *General Counsel*

JESSE HOLLADAY PHILBIN, *Assistant General Counsel*

SENIOR OFFICERS

GILBERT E. CHAPIN, *Controller of Loans*
ARTHUR W. GILBERT, *Controller of Cash and Controller of Collections*
RAY M. GIDNEY, *Controller at Large*

LAURENCE H. HENDRICKS, *Controller of Fiscal Agency Function*
J. WILSON JONES, *Controller of Administration*
LESLIE R. ROUNDS, *Controller of Accounts*

JUNIOR OFFICERS

CHARLES H. COE, *Manager, Collection Department*
JAY E. CRANE, *Manager, Foreign Department*
EDWIN C. FRENCH, *Manager, Cash Department*
HOWARD M. JEFFERSON, *Manager, Personnel Department*
ALAN K. LAUCKNER, *Manager, Methods and Supplies Department*
ADOLPH J. LINS, *Manager, Check Department*

WALTER B. MATTESON, *Manager, Securities Department*
JOSEPH L. MORRIS, *Manager, Credit and Discount Department*
ROBERT M. O'HARA, *Manager, Bill Department*
JAMES M. RICE, *Manager, Accounting Department*
STEPHEN S. VANSANT, *Manager, Safekeeping Department*

I. WARD WATERS, *Manager, Administration Department*

EDWARD L. DODGE, *General Auditor*

FEDERAL RESERVE AGENT

W. RANDOLPH BURGESS, *Assistant Federal Reserve Agent*
PIERRE JAY, *Federal Reserve Agent*
CARL SNYDER, *General Statistician*
GEORGE B. ROBERTS, *Manager, Reports Department*

BUFFALO BRANCH

DIRECTORS

ARTHUR HOUGH, *President, Wiard Plow Company, Batavia, N. Y.*
WOLCOTT J. HUMPHREY, *President, Wyoming County National Bank, Warsaw*
JOHN A. KLOEFFER, *President, Liberty Bank of Buffalo*

ELLIOTT C. McDOUGAL, *President, Marine Trust Company, Buffalo*
HARRY T. RAMSDALL, *President, Mfrs. and Traders National Bank, Buffalo*
CARLTON M. SMITH, *President, Smith, Fassett & Company, Buffalo*

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HALSEY W. SNOW, JR., *Cashier*

CLIFFORD L. BLAKESLEE, *Assistant Cashier*
ELMER L. THEOBALD, *Assistant Cashier*

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A	1	1925	B	2	1926
		GATES W. MCGARRAH, New York City Chairman, The Mechanics and Metals National Bank			THEODORE F. WHITMARSH, New York City President, Francis H. Leggett & Company
A	2	1926	B	3	1927
		ROBERT H. TREMAN, Ithaca, N. Y. President, The Tompkins County National Bank			SAMUEL W. REYBURN, New York City President, Lord & Taylor
A	3	1927	C		1925
		DELMER RUNKLE, Hoosick Falls, N. Y. President, Peoples National Bank			PIERRE JAY, New York City, <i>Chairman</i>
B	1	1925	C		1926
		OWEN D. YOUNG, New York City Chairman, General Electric Company			W. L. SAUNDERS, Plainfield, N. J., <i>Deputy Chairman</i>
					Chairman, Ingersoll-Rand Company
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