

# FEDERAL RESERVE BOARD

577

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO  
THE FEDERAL RESERVE BOARD

November 28, 1934  
B-1040

SUBJECT: Net earnings under Section 13b

Dear Sir:

Reference is made to the Board's letters B-997 and B-998 of July 16, 1934, relating to net earnings on industrial advances and reports thereof to be submitted to the Federal Reserve Board.

Paragraph numbered 6 on page 9 of the regulations issued by the Secretary of the Treasury pursuant to subsection (e) of Section 13b of the Federal Reserve Act, as amended, which were inclosed with the Board's letter X-8034 of October 3, 1934, reads as follows:

"The amounts of all payments to be made to the United States by the Reserve Bank pursuant to the provisions of subsection (e) of Section 13b of the Federal Reserve Act shall be computed in the manner prescribed by the Federal Reserve Board in agreement with the Secretary. There shall be such an apportionment in determining the net earnings of the Reserve Bank for a calendar year derived from the use of the sum paid by the Secretary to the Reserve Bank under Section 13b, as the Federal Reserve Board and the Secretary shall deem just and fair."


You will note from the above quoted paragraph that the amounts of all payments to be made to the United States under the provisions of subsection

(e) of Section 13b are to be computed in the manner prescribed by the Federal Reserve Board in agreement with the Secretary of the Treasury. Pending such agreement, it is requested that reports of net earnings on industrial advances and commitments be furnished the Board currently each month, in duplicate, on Form B-23, one copy of which will be delivered to the Treasury Department. A copy of Form B-23 is attached, and a supply is being mailed you under separate cover.

Reports on Forms B-18, B-19 and B-20, inclosed with the Board's letters of July 16, may be discontinued. Expenses reported on Form B-23 should include an equitable proportion of the expenses of the provision of space function, rental of furniture and equipment (whether owned by Federal Reserve bank or rented from outside agencies), retirement system contributions at the full rate, and all other expenses incurred in connection with the making of industrial advances and commitments under Section 13b, except such expenses as are paid by the applicants for loans.

It is requested that, in addition to reports on Form B-23, earnings on industrial advances, and on commitments to make such advances, be reported as separate items on Form 95 following items 2 and 6, respectively, and that all expenses incurred in connection with industrial advances and commitments under Section 13b, other than those paid by applicants for advances, be included in the appropriate expense items on Form 96. Expenses or per diem allowances paid members of the Industrial Advisory Committee should be reported following item 7 on Form 96.

Very truly yours,



Chester Morrill,  
Secretary.

Inclosure