

PROCEEDINGS

of the

SEVENTH ANNUAL MEETING OF STOCKHOLDERS

of the

FEDERAL RESERVE BANK OF BOSTON

**HELD AT THE
BANKING
HOUSE**

FRIDAY : NOVEMBER 8

1929

FEDERAL RESERVE BANK OF BOSTON

Officers

WILLIAM P. G. HARDING, Governor. FREDERIC H. CURTISS, Federal Reserve
Agent.
WILLIAM W. PADDOCK, Deputy Governor. CHARLES F. GETTEMY, Assistant Fed-
eral Reserve Agent.
WILLIAM WILLETT, Cashier.
KRICKEL K. CARRICK, Secretary. HARRY F. CURRIER, Auditor.
ELLIS G. HULT, Assistant Cashier.
ERNEST M. LEAVITT, Assistant Cashier.
L. WALLACE SWEETSER, Assistant Cashier.

Directors

FREDERIC H. CURTISS, Chairman, Boston, Mass.
ALLEN HOLLIS, Deputy Chairman, Concord, N. H.
PHILIP R. ALLEN, East Walpole, Mass.
A. FARWELL BEMIS, Boston, Mass.
ALBERT C. BOWMAN, Springfield, Vt.
FREDERICK S. CHAMBERLAIN, New Britain, Conn.
EDWARD S. KENNARD, Rumford, Me.
CHARLES H. MANCHESTER, Providence, R. I.
ALFRED L. RIPLEY, Boston, Mass.

Counsel

ARTHUR H. WEED.

Member of Federal Advisory Council

ARTHUR M. HEARD.

ADVISORY COMMITTEE OF THE STOCKHOLDERS OF
THE FEDERAL RESERVE BANK OF BOSTON, 1929

Chairman—Charles S. Hichborn, President,
The First National Granite Bank,
Augusta, Maine

Members—Lester F. Thurber, President,
The Second National Bank,
Nashua, N. H.

Clarence L. Stickney, Assistant Cashier,
Vermont-Peoples National Bank,
Brattleboro, Vt.

Channing H. Cox, Vice President,
The First National Bank,
Boston, Mass.

John W. Smead, President,
First National Bank & Trust Company,
Greenfield, Mass.

Florrimon M. Howe, President,
Industrial Trust Company,
Providence, R. I.

R. La Motte Russell, President,
The Manchester Trust Company,
South Manchester, Conn.

Secretary—Krickel K. Carrick, Secretary,
Federal Reserve Bank of Boston,
Boston, Mass.

MEETING of the STOCKHOLDERS of the FIRST
FEDERAL RESERVE DISTRICT

HELD at the FEDERAL RESERVE BANK OF BOSTON
on FRIDAY, NOVEMBER 8, 1929, at 10 :30 A.M.

CHAIRMAN CHARLES S. HICHBORN

(*President, First National Granite Bank, Augusta, Maine*), Presiding

CHAIRMAN HICHBORN. Will the convention please come to order?

It must be very pleasing to you, Mr. Chairman, and to you, Mr. Governor, to see the size and the fine spirit of this convention. It is an inspiration to us all, and I am very sure that when we go to our respective homes we shall feel that this meeting has not only been pleasurable but highly profitable. To those two ends I invite your attention.

I have enjoyed my year's service as Chairman of your Advisory Committee,—although, as was expected, I have done nothing monumental,—and I appreciate the honor of presiding over this splendid convention,—albeit I confess that I shrink from it, in the presence of this distinguished company. For you are men of parts, men of high ideals and strong purpose; you represent the very hearts of your communities and the favor and confidence of those communities are the credentials which admit you to membership in this organization. You represent a political and geographic unit of which you may well be proud,—for New England culture and New England character have no superior in all the world.

You represent, too, in part, the great System upon which rests the financial structure of this country, and it is that representation which prompts me to ask your indulgence, for a very brief time, this morning.

I am a bit afraid that, in these days when the Federal Reserve System is so viciously and violently attacked, we are not quite valiant enough in its defense.

The people in general know very little about it. They have a certain sense of security under it, but when they see it so bitterly assailed they may,—and not unnaturally,—be conscious of a bit of quiet questioning.

It seems to me that we ought to answer these questions frankly and openly; that we ought to go out of our way to meet those charges,—not apologetically but aggressively,—as men who know the truth and, “knowing, dare maintain.”

If this System of which we are a part is what we profess to believe it to be, then we are not worth our salt if we do not defend it.

I have found audiences to which I have spoken willing to listen, eager to learn and generous in their approval when they came to understand. I get a genuine kick, to use a common expression, out of telling them and showing them, so far as I am able, that this System is entitled to their respect, their confidence and their cordial support; notwithstanding the harangues of the demagogue, whether in the halls of legislation or on the soap box on the common.

Put to the severest sort of a test almost before it was ready to function, the Federal Reserve System met every reasonable requirement of those hectic years, and, by admitted accomplishments, amply justified its existence.

It carried us through the great war; it stabilized our finances and so enabled us to do that without which the allies never could have won.

During that war we had done what every nation always has done which indulges in that which John Hay denominated as "the most ferocious and futile of human follies." We necessarily had been governed by emergencies. We threw economic truths on to the scrap-heap, because we had to. We said "Victory today; we will settle somehow tomorrow."

And tomorrow came.

The war over, the flags having been furled, the drums having ceased to beat and, necessarily, the enthusiasm having waned, we were faced with the less romantic but much more difficult task,—the trek back to normalcy.

No matter what you may have heard, no matter what you may have read, you know, my friends, that the Federal Reserve System was not responsible for the swollen rivers which we had to cross, nor for the torn and bleeding feet which we nursed at the campfires.

Slowly and steadily and sanely and safely it led us back to the old camp-ground, from which we were mustered out into the ways of abounding prosperity and, let us pray, a lasting peace.

Ten colorful years, my friends! And during those years the Federal Reserve System wrote a story which has no counterpart on the financial pages of the world's history.

Of course, in all of its administrative details it is not perfect. Nobody claims it to be, because it is a human instrument, and must be as flexible as human needs. It has been amended in some particulars. It will be amended further as years and experience and wisdom indicate. You remember at our last session certain amendments were presented, upon which the committees will duly report and upon which you will be privileged to act.

No man knows what bills affecting this System will be presented at the next session of the Congress, some wise, probably some most unwise.

Eternal vigilance is the price of safety as well as of liberty. We must be on our guard; we must support the wise; we must condemn the unwise.

Whatever changes are made, let them be made by friends of the System and not by its enemies; by those who would protect it and preserve it, and not by those who would destroy it; by statesmen and financiers working in co-operation, and not by charlatans and demagogues and peddlers of quack nostrums.

I thank you, gentlemen, for the courtesy of your attention.
[*Applause.*]

Shall we proceed to the business of the convention,—if you have recovered from the address of your Chairman sufficiently to normally consider things?

The first business to come before the convention is the selection of a secretary.

MR. R. LAMOTTE RUSSELL, (The Manchester Trust Company, South Manchester, Conn.). I would like to nominate Mr. William P. Calder, President of the Bristol American Bank & Trust Company, of Bristol, Connecticut, to serve as secretary.

CHAIRMAN HICHBORN. Mr. Russell nominates Mr. William P. Calder to serve you as secretary of this meeting. Is it your pleasure that he serve you in that capacity?

[*The motion was seconded and unanimously carried.*]

CHAIRMAN HICHBORN. The next business is the appointment of a committee on resolutions.

MR. LIBBY, (*Pittsfield, Maine*). I move that a committee on resolutions be appointed by the Chair, consisting of seven members, two from Massachusetts and one from each of the other States, due consideration being given in the appointment of the committee to impartial representation of national banks and State banks and trust companies.

[*The motion was seconded by Mr. Russell.*]

CHAIRMAN HICHBORN. You have heard the motion by Mr. Libby, seconded by Mr. Russell.

[*The motion was carried.*]

CHAIRMAN HICHBORN. The Chair will appoint as members of the Committee on Resolutions the following: Chairman, Mr. H. F. Libby, Cashier, Pittsfield National Bank, Pittsfield, Maine; Mr. Walter L. Barker, Cashier, Indian Head National Bank, Nashua, New Hamp-

shire; Mr. L. H. Bixby, Vice President, The Montpelier National Bank, Montpelier, Vermont; Mr. John E. White, President, Worcester Bank & Trust Company, Worcester, Mass.; Mr. John F. Tufts, President, The Union Market National Bank, Watertown, Mass.; Mr. A. R. Plant, President, Blackstone Canal National Bank, Providence, R. I.; and Mr. T. M. Steele, President, The First National Bank and Trust Company, New Haven, Connecticut. I wonder if they are all present?

[It was reported that all members of the Resolutions Committee were present.]

I am glad to know that they are all in the room.

I am sure that you will all agree with me that one of the things, probably the principal thing, that makes this New England bank so strong in the banking world is that we have had the rare good fortune,—and I hope that we shall have it for years to come,—to have as its chairman and its governor the two very able men who now fill, aye fill, those important positions. We always listen to them with great delight. This year I am sure will be no exception. And I take great pleasure now in presenting to you the Chairman, Mr. Curtiss.

*Address of Mr. Frederic H. Curtiss, Chairman of the Board of
Directors, Federal Reserve Bank of Boston.*

*Mr. Chairman, Guests and Stockholders of the Federal Reserve
Bank of Boston:*

It is now about six years since we held the first of these stockholders' meetings and it is a source of the greatest satisfaction to see the continued and increasing interest shown in these gatherings from year to year; this year there were over 400 advance registrations for this meeting. The greatest credit is due to the work that has been done by your Advisory Committee, which each year has taken pains to arrange interesting programs and has been able to induce speakers of national prominence in touch with the Federal Reserve System to address you on timely subjects. This year's meeting promised to be no exception, for as you know we had expected to have Senator Glass with us and it is a great disappointment to me as I know it is to you that he has been unable to come to Boston on this occasion.

During the past few years, and especially since we met here a year ago, there have been marked changes and new developments in the particular field of activity in which we are all so closely associated and interested; developments in chain banking, investment trusts, consolidations, changes in capital setups, etc. have been outstanding features of the changes in our financial life here in the United States,—changes so vast that it is difficult to adjust our ideas and judgment to the new problems which they bring forth, and doubly so to keep our feet on the ground and to realize that it is well to study and remember the experiences of the past when trying to analyze and solve the problems that confront us today.

Someone has aptly called the period that we have been passing through, the romantic age, but there are some of us who have believed that there are many good rules of the classic age which it is still wise to follow and I think some of those who have been recently accepting the new doctrines of this romantic age are now coming to appreciate again that there may be some good guiding principles laid down in the old classic age which are still sound.

There has been a considerable change in the character of business done by the member banks not only in New England but also throughout the entire country. I have had some studies made by our statistical department showing the changes in the balance sheets of our member banks here in New England, and I have had some charts prepared which show, I think, in rather a graphic manner what changes have taken place in the character of their assets and liabilities.*

*The charts exhibited by Mr. Curtiss are reproduced on pages 10 to 12 of this record.

MEMBER BANK CREDIT

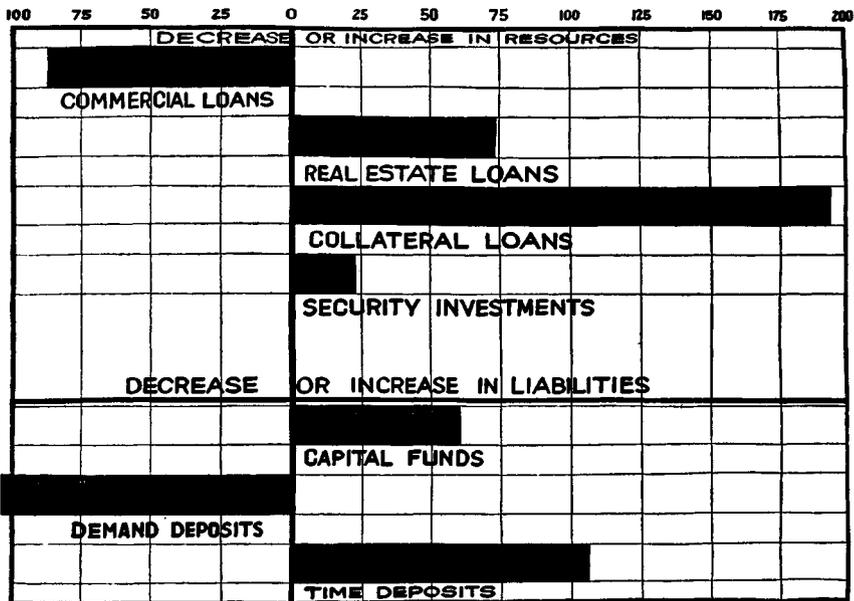
ALL MEMBER BANKS F. R. DISTRICT I

NET CHANGES IN LOANS, INVESTMENTS AND DEPOSITS FROM JUNE 30, 1926 TO JUNE 29, 1929

IN MILLIONS OF DOLLARS

DECREASE

INCREASE



MEMBER BANK CREDIT

ALL MEMBER BANKS IN BOSTON (CITY)

NET CHANGES IN LOANS, INVESTMENTS AND DEPOSITS FROM JUNE 30, 1926 TO JUNE 29, 1929

IN MILLIONS OF DOLLARS

DECREASE

INCREASE

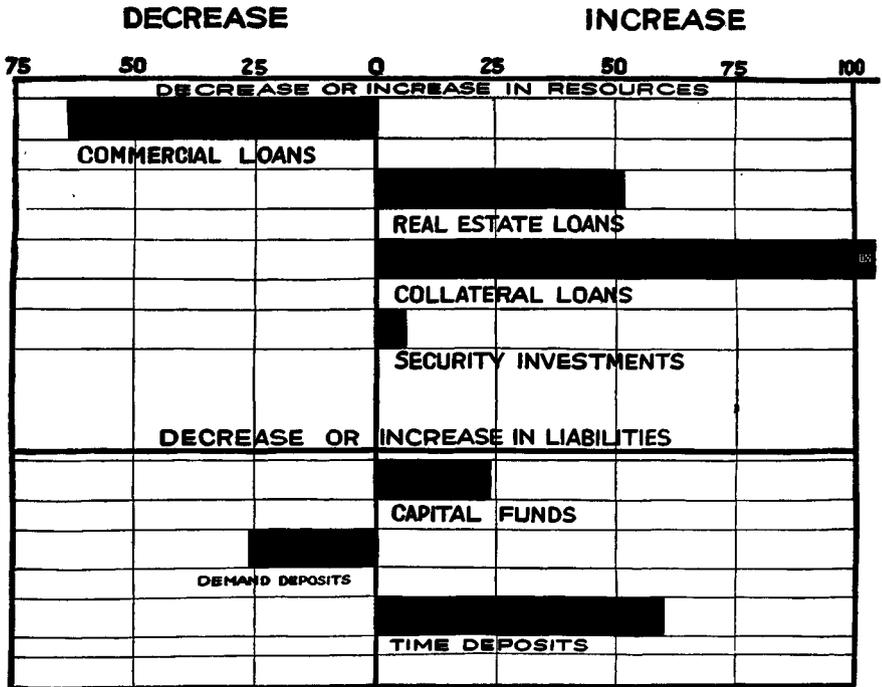
75	50	25	0	25	50	75	100
DECREASE OR			INCREASE IN RESOURCES				
	COMMERCIAL LOANS						
			REAL ESTATE LOANS				
			COLLATERAL LOANS				
			SECURITY INVESTMENTS				
			DECREASE OR	INCREASE IN LIABILITIES			
			CAPITAL FUNDS				
	DEMAND DEPOSITS						
			TIME DEPOSITS				

MEMBER BANK CREDIT

ALL MEMBER BANKS IN F. R. DISTRICT 1 OUTSIDE OF BOSTON

NET CHANGES IN LOANS, INVESTMENTS AND DEPOSITS FROM JUNE 30, 1926 TO JUNE 29, 1929

IN MILLIONS OF DOLLARS



There are certain outstanding changes shown, as you will see, notably the large *increase* in time deposits and the large *decrease* in demand deposits; the heavy increase in collateral and real estate loans, and on the other hand, the heavy decrease shown in commercial loans. Up until a few years ago our banks were largely commercial institutions but today the tendency is more toward their becoming investment institutions, somewhat analogous to the saving banks. These changes have brought new problems, for the average commercial loan has been a somewhat more liquid asset in normal times than long term bonds and real estate loans. On the other hand, time and savings deposits, if properly classified, are subject to less fluctuations than demand deposits, and therefore do not need to be invested in as quickly convertible security as demand deposits. A bank's policy should be made dependent, on the one hand, on the probable demands of its depositors for cash and loans, and, on the other hand, its investments should be of such a character and maturity not only to meet such demands but to do so without loss of principal or interest.

The trend of changes in the deposit liabilities of member banks, as shown from the decrease of demand and the increase in time deposits, has been accompanied, of course, by higher rates of interest paid on deposits and there has been, therefore, a rather marked tendency in banks, as might be supposed, to seek investments yielding higher returns. This tendency has manifested itself in real estate loans, high yield bonds and collateral loans. In the case of mortgage loans and high yield bonds there is, of course, the question of marketability, for local mortgages, however good, have a narrow market and high yield bonds even if listed must have a fairly narrow market or their yield would not be out of line with the general run of high grade bonds. Therefore the proportion of a bank's assets that can safely be carried in such investments depends, as I said before, on the class of business that a bank is doing.

From time to time I have had occasion to discuss with executives of member banks an investment policy calculated to meet the changing conditions in the business done by their banks, and this has led to our having drawn up what we have come to call a liquidity chart, a copy of which you see here before you.* You will notice that on this chart the assets of the bank have been divided into four classes:—*Primary reserves*, *Secondary reserves*, what we have termed a *Permanent Investment Fund*, and finally *Fixed Assets*. In laying out a policy of operation for a bank, I believe it is desirable to segregate a bank's investments and classify them in somewhat the manner that is outlined in this chart, and I have no doubt that many, and perhaps all of you,

*The liquidity chart exhibited by Mr. Curtiss is reproduced on page 14 of this record.

LIQUIDITY CHART

PRIMARY RESERVES

(Immediately Available Without Loss Or Depreciation
Of Principal Or Interest)

VAULT CASH
COLLECTED BALANCE IN FEDERAL RESERVE BANK
COLLECTED BALANCES IN OTHER BANKS
EXCHANGES FOR CLEARING HOUSE

SECONDARY RESERVES

(A Reserve With Somewhat Slower Availability,
But Readily Usable)

NOTES ELIGIBLE FOR REDISCOUNT WITH FEDERAL RESERVE BANK
(Both As To Character And Maturity)
BANKERS ACCEPTANCES (Eligible For Sale To Federal Reserve Bank)
UNITED STATES SECURITIES UNPLEGGED
(Collateral For Loan At Federal Reserve Bank)
CALL LOANS TO BROKERS (Properly Margined)
SHORT TERM BONDS
OTHER CHECKS IN PROCESS OF COLLECTION, ETC.

INVESTMENT FUND

LONG TERM BOND
PURCHASED PAPER INELIGIBLE FOR REDISCOUNT
TIME LOANS TO BROKERS
REAL ESTATE LOANS
COLLATERAL LOANS TO CUSTOMERS
NOTES OF CUSTOMERS NOT ELIGIBLE FOR REDISCOUNT
WITH FEDERAL RESERVE BANK

FIXED ASSETS

BANK BUILDING
FURNITURE AND FIXTURES
OTHER REAL ESTATE OWNED

Demand
Deposits

Time and
Savings
Deposits

Capital,
Surplus and
Undivided Profits

are doing something of this kind. Now, what proportion a bank should hold of each of these classes of assets depends, of course, on the character of a bank's business,—the stability of its demand and time deposits and other liabilities, and the size of its capital and surplus and the character of the accommodation it is called upon to furnish its customers. You will notice that I have set up these liabilities against these classified assets, and I have also bracketed them in each case so that they overlap. This is because there is always a certain proportion of each group that is subject to variation. A certain proportion of demand deposits are stable and not subject to quick withdrawal, and on the other hand, a certain proportion of savings and time deposits may be subject to withdrawal. So also in the case of capital, surplus, etc., the investment and fixed asset fund might be broadened to meet a seasonal demand.

The seasonal demand for credit on any particular bank and the seasonal fluctuation of its deposits call for a different diversity of investment than that of a bank in a suburban community, and therefore such a bank as the latter need not carry itself in as liquid a position as one in an active industrial community.

There are many of you who may disagree or have different views as to the classification of certain of the assets that are shown on this chart, for there has been much discussion among ourselves as to them, but I am presenting it in its present form in the hope that it may be of some help to you all in assisting you to solve the principal problem that must confront each of you, and that is, how to invest your money so that it may yield the highest return to your stockholders, and at the same time maintain a position of liquidity that will give your depositors the protection to which they are entitled.

On behalf of our Board of Directors, I extend to you a warm welcome and the best wishes for a successful meeting. We are looking forward to having you as our guests for luncheon, and to the opportunity which the occasion will offer for us to meet each of you individually.

In connection with the studies reflected by these charts I want to confess frankly that this study was prompted by a suggestion from Mr. Thomas M. Steele, President of The First National Bank and Trust Company of New Haven, who is here today and tells me he is using the chart. I hope, Mr. Chairman, you will ask Mr. Steele to say a few words in regard to it. [*Applause.*]

MR. HICHBORN. Is Mr. Steele present and would he like to supplement what Mr. Curtiss has said?

MR. THOMAS M. STEELE, (*The First National Bank and Trust Company, New Haven*). I am present, and I would like to supplement

what Mr. Curtiss has said, if it were possible to supplement anything that Mr. Curtiss has said. As a matter of fact, he covered the subject so completely that I could not add to it.

This is a problem which had been troubling us for some little time and we had not come to a satisfactory solution. We were working on a chart of this sort when fortunately I mentioned the subject to Mr. Curtiss and found that the bank here was working on something along the same line and, as usual, we got a very great deal of help from the Federal Reserve Bank. We have put this into effect, and we are finding it extremely helpful in tracing our trends.

We have a chart made up as of the last day of every month and we have also a table, so that we can follow exactly what our progress is. There may be certain differences that arise between us which will always have to be decided by the particular bank. For example, I think there will be the question whether time loans to brokers should not be classified in the same bracket with short-term bonds, because they rest on securities presumably with a ready market, just as ready a market as the bonds. That is the only thing on which we had any particular difference of opinion.

I also think that that last bulletin which was sent out by the Clearing House Section of the American Bankers' Association will be found extremely helpful by anyone who wishes to study into the subject. I had not expected to be called on, but I do welcome the opportunity to express my thanks to Mr. Curtiss and his associates here for the help which they have given us in this matter and which I know they will be glad to give to any other bank which calls upon them as we have. Thank you. [*Applause.*]

CHAIRMAN HICHBORN. And now shall we listen for a few moments to him for whom our love is almost an obsession,—Governor Harding.

*Address of Hon. William P. G. Harding, Governor of the
Federal Reserve Bank of Boston.*

Mr. Chairman and Gentlemen of the Convention:

I am glad to be able to present to you this morning the very strong statement of condition of this bank, at the close of business November 6, which you see before you. It is one of the strongest statements ever made by any bank in the Federal Reserve System. It shows a reserve of 85.6 percent.

CONDENSED STATEMENT OF CONDITION

RESOURCES

	<i>Close of Business Nov. 7, 1928</i>	<i>Close of Business Nov. 6, 1929</i>
Gold	\$215,468,305	\$299,797,447
Other cash	23,912,756	32,316,520
U.S. Government Securities	6,887,800	7,077,350
Bankers' acceptances	43,420,539	12,514,728
Rediscounts	32,474,406	37,546,476
Checks in process of collection	64,627,731	73,889,611
Banking House	3,824,032	3,701,984
Other assets	230,709	1,178,776
Total resources	<u>\$390,846,278</u>	<u>\$468,022,892</u>

LIABILITIES

	<i>Close of Business Nov. 7, 1928</i>	<i>Close of Business Nov. 6, 1929</i>
Capital paid in	\$ 10,122,050	\$ 10,790,700
Surplus	17,893,173	19,618,865
Member Banks' reserve deposits	149,879,864	154,586,063
Deposits of uncollected checks	56,003,925	69,797,940
Other deposits	4,074,969	3,277,271
Circulation	150,907,695	207,349,330
Other liabilities	1,964,602	2,602,723
Total liabilities	<u>\$390,846,278</u>	<u>\$468,022,892</u>

Analyzing it, you will notice that our gold reserves are nearly \$300,000,000 as against \$215,000,000 on November 7, 1928; other cash is \$32,316,520 against \$23,912,756; United States Government securities \$7,077,350 against \$6,887,800; bankers' acceptances \$12,514,728 against \$43,420,539.

Rediscounts at the close of business November 6, 1929, amounted to \$37,546,476 against \$32,474,406 last year; checks in process of collection \$73,889,611 against \$64,627,731; banking house, showing its usual amortization, \$3,701,984 against \$3,824,032; other assets, \$1,178,776 against \$230,709.

On the other side you will notice our capital has been increased, due to the increase in capital and surplus of member banks, to \$10,790,700, against our capital paid in last year of \$10,122,050; surplus, \$19,618,865 against \$17,893,173; member banks' reserve deposits \$154,586,063 against \$149,879,864. That indicates an increase in the deposits of our member banks. Deposits of uncollected checks this year amount to \$69,797,940 against \$56,003,925; other deposits, \$3,277,271 against \$4,074,969; circulation of Federal Reserve notes, \$207,349,330 against \$150,907,695; other liabilities, \$2,602,723 for this year against \$1,964,602.

I want to say that in the matter of check collections our schedules are so nicely balanced that frequently there is less than a million dollars' difference between those two items on the different sides of the ledger. This difference here is larger than usual on account of the holiday in New York on Tuesday. Generally speaking, there is less than a million dollars' difference between our checks in process of collection on one side and deposits of uncollected checks on the other.

The circulation of Federal Reserve notes outstanding is about \$57,000,000 higher than last year. That is due largely to the demand incident to the recent change in the size of currency. The new currency was put in circulation on July 10 and, as we did not get a supply of gold certificates from the Treasury, we were obliged for a time to put out Federal Reserve notes instead of gold certificates. Our circulation of gold certificates is therefore smaller and that of Federal Reserve notes is larger. Our bank's Federal Reserve notes, however, are virtually gold certificates in themselves, as the gold reserve against them is 98 per cent.

I am very sorry indeed that our prospective guest of honor and principal speaker, Senator Carter Glass, is not with us this morning. He fully expected to be here. I received a letter from him yesterday morning, dated the day before, saying that he would leave Washington last night at eight o'clock and would be here this morning. But yes-

terday afternoon I received a telegram from him saying that circumstances had arisen which make it impossible for him to be here. Hon. Charles S. Hamlin, member of the Federal Reserve Board, who is here this morning, has brought a letter from him, which I will read.

While Senator Glass is a member of the minority party, he probably is one of the most influential of all the senators in connection with matters relating to the Federal Reserve System. That is due to the fact that he was Chairman of the House Committee on Banking and Currency which put through the original Federal Reserve Act, was later Secretary of the Treasury, and has at all times shown himself a most intelligent and consistent friend of the Federal Reserve System.

Senator Glass' letter is as follows:

“My dear Governor Harding: After writing you yesterday that I would attempt the trip to Boston, circumstances arose in the Senate situation here which, added to my physical disability, seem to make it impossible for me to get away. All appeals to defer two certain schedules of the tariff bill in which my State is imperatively interested were unavailing. These will be voted on today and tomorrow; they are of such importance to Virginia as to make it exceedingly desirable that I shall be in my place.

Aside from this, I am just out of a nerve-racking political campaign, with my voice badly broken and my already somewhat depleted physical condition in great tension. In this situation I would feel much disquieted in appearing before a company of precise New England bankers.

With respect to the informal talk which I had genuinely hoped to make before the member banks of the Boston Federal Reserve District, I merely wanted to indicate to them my own view, and to seek their concurrence, of the desirability of so modifying the Federal Reserve Act and the National Bank Act as to make the Federal Reserve System more attractive to the stockholding banks. It is my purpose to press upon the attention of Congress the bill which I introduced at the last session giving to member banks of the Federal Reserve System a larger participation in the net earnings of the System. The Government has not one dollar of proprietary interest in the Federal Reserve Banks. The only substantive governmental privilege is the note issue right; and for this the Government is more than compensated, over and over again, by the routine and incidental service rendered by the banks as Government agencies. Apart from this invaluable routine service, the agencies of the Federal Reserve Banks have

been, time and time again, employed in floating Government securities both of a permanent and current nature. In addition to this, the Federal Reserve System has already paid into the Federal Treasury earnings vastly in excess of all the franchise tax received from all the national banks in the United States for the entire period from the establishment of the national bank system to the adoption of the Federal Reserve System. One year alone these earnings aggregated sixty-two millions of dollars.

For the reasons briefly stated I shall very earnestly press my proposition for a larger per centage for the member banks; for unless this should be done and other incentives be applied, we are certain to continue to lose member banks. In fact, should the present rate of defection persist, it will soon be a question as to whether the Federal Reserve System will pre-dominate in the American banking community or yield to the dangerous and irresponsible holding companies, now already reaching out over the country.

There are other matters which need grave attention, such as modification of the National Bank Act and the Federal Reserve Act so as to make it more mandatory, if possible, upon the administrators of the banking laws to prevent by penalization such disasters in stock gambling operations as have recently disgraced the country. If there are men in the financial world, as I think undoubtedly there are, who imagine themselves superior to the existing governmental banking system and who are totally indifferent to the real commercial and industrial interests of the nation, the sooner such men are restrained and severely disciplined by adequate punishment, the better will it be for the country. In my view it is the imperative obligation of the administrators of the Federal Reserve banking system to assert to the limit the powers which the laws confer and, in this way, to assert the dignity of a Federal banking system which was intended to be supreme within its sphere.

Permit me again to tell you of my distress over my inability to be the guest on Friday of your Association, so that I might personally elaborate and stress what I have in mind and also, by word of mouth, express my very great appreciation of the honor implied by your invitation.

Always with cordial regards and best wishes,

Sincerely yours,

CARTER GLASS.''

We have a very powerful ally in Senator Glass.

I want to remind you of the fact that, although we are just one corner of the United States, up in the extreme northeastern end, sometimes resolutions passed at stockholders' meetings like this have great influence upon legislation. You may recall the meeting of three years ago when the McFadden Bill was pending in Congress. The House passed the McFadden bill with the Hull amendment. The Senate rejected the Hull amendment and there was a disagreement between the two houses. The bill went to conference. The Conference Committee could not agree and then the House took a separate vote to see whether it would be willing to recede from the previous position and adopt the Senate bill. Your meeting here three years ago passed a resolution demanding the passage of the McFadden bill without the Hull amendment. A copy of this action was sent to every New England Congressman, and the separate vote taken in the House showed a majority by just the number of the New England delegation.

Now, the passage of the Federal Reserve Act, looking backward, seems almost a miracle. The original Federal Reserve Act was the result of compromise. Some things which ought to have been included were left out. Some things in it perhaps should have been omitted. But I want to tell you that it is always possible to amend the Federal Reserve Act. All it needs is intelligent co-operation on the part of the member banks generally all over the country.

The average Congressman is not a specialist in banking and financial matters—his attention is directed in other ways—and he is naturally impressed by what he hears from the bankers of the country in regard to banking matters. The original Federal Reserve Act has been amended in a great many particulars and up to January 1922, no amendment to the Federal Reserve Act was made except upon recommendation of the Federal Reserve Board and every recommendation made by the Federal Reserve Board for amendment to the Federal Reserve Act was concurred in by Congress with the single exception of some recommendations in regard to branch banks. Since 1922 Congress has been more or less of a free lance with respect to the Federal Reserve Act, but I do not recall that the Federal Reserve Board has been very persistent in proposing amendments since that time.

We have with us today a member of the Federal Reserve Board, a resident of this district, and I hope we can impress on him the reasonableness of what I know you desire. There are some resolutions which you are going to consider. They strike me as being eminently fair. In this connection I want to say that we have had the most friendly co-operation on the part of our member banks, this year particularly.

We have had an unusual experience this year. We have run the gamut from low to high in our reserve position. From the 26th of January to the 1st of February our reserve was around 52 per cent, the lowest in the System. Then we began to crawl up until today we are at the top, 85.6 per cent, over nine points above the next highest and 33 points above the lowest. That is due for the most part to the co-operation of our member banks. We had occasion early in the year to send them a letter or two, giving them a word of advice or caution, which so far as we have heard was well received.

But I have noticed a sort of a feeling of unrest on the part of some of our member banks, due to what they term the expense of membership in the System. I take it the banks in New England may have to pay more on their deposits than banks in other sections. Now, the member banks know that the reserve balances which they carry with the Federal Reserve Bank yield them no interest. If those balances were carried with other banks they would get interest. They inquire why it is that the Federal Reserve Bank cannot pay them interest. I will tell you.

It is because this bank is a reserve bank. You carry on an average about five per cent of all your deposits as a reserve with this bank. In the old days a national bank located outside of a reserve or central reserve city had to carry six per cent lawful money in its own vault, on which it got no interest. You carry about five per cent with the Federal Reserve Bank. It would take at least \$3,000,000 a year for us to pay you two per cent interest on your reserve deposits. Ordinarily that is more than we make. We have had an exceptionally good year this year, but our total net earnings this year will hardly exceed \$2,900,000, or \$3,000,000. That includes a dividend of about \$600,000. After paying the dividend we would still be \$600,000 short of enough to pay you six per cent interest on your reserve deposits.

In order to do that we would have to ask Congress to amend the law, lose entirely our character as a reserve bank and enter into competition with you. In other words, we might be placed in the position of saying to your best customer, "Come here and borrow money direct from us; we will lend you money at four per cent." Do you want to lose two per cent or three per cent on your best paper for the sake of getting two per cent interest on five per cent of your deposits? Figure it out and see how you stand.

What you want is a reserve bank, something you can call on in case of need, and something that you can depend on and not a big competing bank, which would be a nuisance.

At the same time, there is a matter of gross injustice which member banks may call in a temperate way to the attention of the Federal

Reserve Board and the Congress of the United States in the hope that they can get it remedied. The Government, as Senator Glass has pointed out, has not one dollar of proprietary interest in the Federal Reserve Bank. The Federal Reserve Bank belongs to its member banks. It is all right, of course, that the Federal Reserve Banks should be under very strict governmental regulation, but in other respects they are very much like the national banks. The national banks operate under Government charters and the Federal Reserve Bank operates under a Government charter, a charter signed in each case by the Comptroller of the Currency.

The law provides that you may have six per cent cumulative dividends on your stock and requires your Federal Reserve Bank to build up its surplus and when the surplus reaches a certain point, that is, after the surplus is equal to the subscribed capital or double the paid-in capital, the Government gets 90 per cent of all the rest of the earnings of the Federal Reserve Bank, the remaining 10 per cent going to surplus.

Every dollar with which the Federal Reserve Bank operates, as to capital stock, and almost every dollar as to deposits, comes from the member banks. The Government deposits are small and temporary in character and their value is far more than offset by the actual out-of-pocket expense incurred by the Federal Reserve Bank in acting as fiscal agent for the Government. Senator Glass has pointed out that the Government is tremendously compensated for anything it may have done for the Federal Reserve Banks. The earnings of the Federal Reserve Bank properly belong to you, and I believe if you stand up for your rights you are going to get them. I know the banks in other sections of the country feel as you do, and there are other sections that seem to have more political power than New England.

There is another matter. The Federal Reserve Act provides that in the event of liquidation of a Federal Reserve Bank, the member banks get back their deposits, they get back what they have paid in on the capital stock, and all the rest of the assets go to the Government of the United States. Now, we have approximately \$10,800,000, paid-in capital. This bank can only be dissolved by an act of Congress or be liquidated for violation of law. It cannot be liquidated by vote of the stockholders. It may continue in business as long as Congress permits; Congress could put us out of business tomorrow. What I want to point out is this: In the event of liquidation of this bank, you would get back approximately \$10,800,000. The Government of the United States would get about \$20,000,000. That money, that surplus, belongs to you; it has been made with money furnished by you, and it has been made principally by transactions which this bank had with you. That

fund is the result of members dealing with this bank. Now, I ask where is the justice of the great Government of the United States saying that your share in the earnings of your own bank, every dollar of the stock of which is owned by you, shall be treated in that way, that a certain amount shall be carried to surplus regardless of whether the bank needs the surplus or not, and that everything else shall go to the Government and that in the event of liquidation, all the accumulated profits and surplus shall go to the Government? I cannot see it and I do not believe any Congressman can see it. I believe in the spirit of right and justice and I believe that is recognized in the halls of Congress.

Let us analyze this situation today. I estimate that we may have net earnings of approximately \$3,000,000 this year. We have already paid you approximately \$300,000 in dividends for the first six months of this year. In addition, under the present law, you will get \$300,000 more in dividends. We must, as the law stands, accumulate a surplus equal to 100 per cent of our subscribed capital, or \$21,600,000 at this time. That means that we shall carry between \$1,800,000 and \$2,000,000 to surplus. There is no occasion for carrying \$2,000,000 more to surplus. Yet, under the present law, when we pay you a semi-annual dividend of \$300,000 on the 31st of December, we must carry at least \$1,800,000 more to surplus and pay the remainder or about \$600,000 to the Government of the United States as a franchise tax. This estimate is of course based upon present capital and earnings, both of which may change before December 31.

This arrangement regarding the accumulation of surplus does not work fairly even for the Government. The franchise tax paid to the Government depends primarily not only on the Reserve Bank's earnings but also on the proportion of the Reserve Bank's surplus to its capital. If member banks increase their capital, the capital of the Federal Reserve Bank increases.

What has been the history of this Government franchise tax? Up to the first of January 1929, the Government of the United States has received as franchise tax from the Federal Reserve Banks \$142,826,000 but those payments have not been at all regular. In 1920 the banks paid the Government something over \$60,000,000; in 1921 they paid the Government something over \$59,000,000; in 1922 and 1923 they fell off; in 1924 the banks all told paid the Government \$113,000; in 1925 they paid the Government \$59,000, and last year, although the total net earnings of the Federal Reserve Banks were over \$32,000,000 the Government received a franchise tax of \$2,500,000, which was paid by the six smaller banks in the System. Except for the year 1926, when it paid \$45,000, the Federal Reserve Bank of Boston has paid no franchise tax to the Government since 1923.

Last year the net earnings of the Federal Reserve Bank of New York were over \$11,000,000. The amount left after payment of \$2,700,000 in dividends was not enough to build up its surplus to the required amount and consequently it did not pay anything to the Government. The Federal Reserve Bank of Minneapolis, smallest in the System, made net earnings of over \$600,000 and, because it had a large surplus in proportion to its capital, it paid a franchise tax of \$390,000 to the Government.

If this proposed amendment had been in effect last year, looking at it from the Government standpoint, the Government would have received from the Federal Reserve Banks a franchise tax of about \$6,000,000 instead of \$2,500,000. That is a pertinent fact to bring to the attention of the Congress.

Now I want to refer again to that other provision of the Federal Reserve Act which provides that, in the event of liquidation of a Reserve Bank, the member banks take the par value of the stock and get back their reserves. All the rest of the assets goes to the Government. Take the case of a bank that is considering today whether or not it shall remain in the System. Such a bank might say, "Our stock is worth three times what we paid for it, but what is the use of staying in? All we are going to get is the par value of it. The Government is going to get the rest." If this Act were amended as proposed in your resolutions, a member bank deciding to withdraw would be getting \$50 per share (the paid-in subscription on each share of stock) for stock having an asset value of \$150. By withdrawal, it would accept one-third of the worth of the stock, abandoning the other two-thirds to increase the equity of the fellow who stays in. If the proposed amendment were adopted, it would be an inducement to the member bank to remain in the System, particularly if it knows there is going to be an extra dividend from time to time.

It seems to me that your whole proposal is equitable. It would not require the Reserve Bank to pay you two per cent interest on your deposits or any rate of interest, but the Reserve Bank would be in a position to assure you an equitable division of any excess profits made. That I think is desirable.

There may be from time to time further amendments that might be desirable. There is the question of reserves. I have no doubt that all these things can be ironed out in the course of time. I believe that if you adopt the resolutions before you and put a strong committee to work on them, you can bring about this change in the law, and I will pledge you to use every personal effort in that direction.

CHAIRMAN HICHBORN. I am sure you have been more than well repaid for the attention which you gave to the address of our beloved Governor, and if we are called upon to divide our affections, for the third time, the next man must be Charlie Hamlin, of Massachusetts, and of the Reserve Board, and of everywhere where good men are known and loved. Will you say a word, General Hamlin?

Address of Hon. Charles S. Hamlin, Member of the Federal Reserve Board.

Mr. Chairman and Stockholders of the Federal Reserve Bank of Boston:

Your Chairman has always in the past referred to me unofficially as "General." I am not entitled to be designated as such. Personally I should much prefer to be called "Admiral." I see he at last broke loose and called me "Charlie" and, as this is not to be taken down, I should say that pleased me most of all.

I cannot tell you what a pleasure it is to come on from Washington and attend this annual meeting of stockholders. When I first received your invitation I was afraid—because of circumstances I need not now narrate to you—that it would not be possible to come, but on reflection I really felt that a request from this body to appear before it was really a command. But it was a command which it was a great pleasure to obey, and here I am.

I want to tell you how Governor Young regrets that he can not be here this morning. He had it all arranged but at the last moment he felt that, under existing conditions, he ought to stay in Washington. I am sure you will sympathize with him in that feeling.

Governor Harding has told you also the deep regret of Senator Glass that he was unable to come here. He takes the very deepest interest in this bank and in its officers, and from his letter you will see that he is in perfect sympathy with what I believe to be your wish as to the amendment of the Federal Reserve Act.

I can only say that to me it is a real pleasure to come here. I really feel at home. One day last week our Board was in session all day long; we did not even adjourn for lunch, but I ate two apples from my Mattapoissett farm, and there was something about the flavor that suggested this good old district, and I was happy. That was all the lunch I needed.

The Federal Reserve System has piloted our financial craft through two major crises in the fifteen years, more or less, of its existence. The first crisis, as you know, was the world war crisis. That crisis carried to suspension, and almost to destruction, practically every monetary system of the world except that of the United States. And that kind of crisis was not dreamed of by the Congress which enacted the Federal Reserve Act.

Having established a system to promote sound banking in the United States, to supply credit where credit was needed, we soon found ourselves, like Atlas, with the whole credit structure of the world practically resting on our shoulders. How well that burden was

maintained by the Federal Reserve System, history alone can tell, but I think the verdict already has been rendered, that our success in going through that terrible crisis of inflation and of destruction, was due not only to the relatively strong economic position of the United States but in large part to the magnificent manner in which the crisis was handled by the Federal Reserve Banks.

Then came the current crisis, in the throes of which we are now, and we are facing the terrible collapse of inflated security values. At the same time the surprising fact will stand forth in history, that throughout this crisis money was freely available to agriculture and industry. There was, to be sure, an extra cost, but it was freely available.

The credit demands of course increased enormously and it necessitated an increase in one week in the member bank reserves of \$275,000,000, or ten percent. I think we can easily see that if that crisis had overtaken us without the Federal Reserve Act and the Federal Reserve System we might have had one of the greatest panics in the world's history.

The present crisis through which we are passing is typical of the kind of crisis that the framers of the Federal Reserve Act had in mind. The Act was designed to prevent the close dependence or interdependence of American industry upon speculative activity throughout the community. Industry, of course we know, is closely affiliated with the security markets. It is the security markets that fix the going price of capital in the United States. It is through the security markets that most of our capital must be obtained or marketed.

We sought to avoid the regularly recurring sequence of events leading to financial panics that seemed to be part of the regular order in former days but, fortunately, is not part of the regular order of today. The Federal Reserve System was designed to break up the vicious circle under which a speculative orgy accompanied every forward step of industry and would drag with it in its collapse the very prosperity on which it was based.

The success of the Federal Reserve System is apparent today. In spite of the collapse of a speculative movement of such huge proportions the business elements of the country look with perfect confidence to the future. Readjustments will have to be made. They always have to be made. The return to reality of inflated hopes may be reflected in a diminished demand for some luxuries. The real losses of small traders whose credulity exceeded their knowledge will undoubtedly impose privations in many cases among our people. These events are deplorable, but they were of course inevitable and could not have been avoided. Their effects, however, will be largely, I believe, confined to those who made the foolish venture.

The Federal Reserve System for over two years has pursued a firm policy against the further increase of credit to the security markets. Today business remains sound with credits readily available to all trade and industry where there is a genuine need for credit accompanied by sound assets. For once the effects of a speculative collapse will, it is believed, be confined largely to those who took the risks and sought to participate in the outcome.

I believe that when history records this crisis through which we have gone, it will be the consensus of judgment that the Federal Reserve System has brought about soundness in our banking system and that it has operated for the greatest good of the greatest number of our people.

I want to state again the pleasure it has given me to come here before you this morning. I want to repeat, what I have said over and over again, my confidence and admiration in your executive officers, in the chairman of your Board, Mr. Curtiss, and in the splendid work of that great banker, Governor Harding, your Governor. I want to tell you what confidence we have in your Board of Directors. They are sound, conservative, able men. You have a splendid organization here. I am proud indeed that I come from New England, the seat of this Federal Reserve Bank, and I want you to feel that the Federal Reserve Board looks with the deepest gratification upon the splendid work which your bank has performed during this major crisis.

The boards of directors in the other districts throughout the system have also behaved wisely and conservatively. Occasionally you may hear rumors of differences between a board of directors and the Federal Reserve Board. You will, I am sure, appreciate that sometimes the action of one Federal Reserve Bank has far-reaching effects over the whole country, and that our Board has to consider the country as a whole, but between our view of the good of the country as a whole and the good of the particular Federal Reserve District, any little difference that there may be is cleared up in a few moments of heart-to-heart conference.

Again I want to thank you for this opportunity, and I can only say that every year, at the beginning of the year, I put down in my diary a note to remember the meeting of the stockholders of the Federal Reserve Bank of Boston. You speak with force; you have great influence, and I hope that out of your deliberations today will come a resolution with which I need scarcely say I have the deepest sympathy. I hope that out of this meeting we may have a resolution that will meet all of our hopes and all our desires. I thank you. [*Applause.*]

CHAIRMAN HICHBORN. Governor Harding has already expressed his personal regret that Senator Glass is not able to attend this meet-

ing. The Chair also will take opportunity to express to the Senator, with whom he has a delightful personal acquaintance, the great regret of the meeting that he was not able to be here.

You were notified, I think, in advance, that lunch would be served by the Federal Reserve Bank, at which we would be guests, at one o'clock, but we have an abundance of time at our disposal now, and the Chair is going to take the liberty of changing the program, somewhat, and move it ahead; so that instead of taking the recess now, we will get rid of some of that part of the program that would have come afterwards, and if you will all move your appointments ahead thirty minutes,—our luncheon being moved ahead to 12:30 instead of one,—the Committee on Resolutions will move its meeting ahead thirty minutes, and we can get through the meeting after recess in time so that all of us who are going east on the Pine Tree, and you who are going west on some other train, will have abundance of time to reach the train. I apprehend there will not be a long session after recess.

In the first place, to get rid of this underbrush of one kind or another.

You remember at the meeting last year, Resolution No. 1 referred to a proposed change in Section 5219 U.S.R.S., in the matter of taxation of banks, and you instructed your Advisory Committee to take whatever steps might be necessary to impress your feelings upon the Committee of Congress, and you authorized us to employ counsel to carry out your wishes. But, inasmuch as this organization has no treasury and no treasurer upon whose private funds we can draw, it did not seem a very easy thing for us to employ counsel; because we have found that counsel, unlike the rest of us, do not work for nothing.

The Chair was instructed to see what he could do under the circumstances; and he found that the Massachusetts National Bank Association had employed Mr. Philip Nichols, one of the recognized authorities in this country in the matter of taxation, to appear before the Committee at Washington. It seemed to us that it would possibly strengthen Mr. Nichols' hands if he appeared as representing all of New England, that is, every member bank in New England,—rather than simply those of one State. The Massachusetts National Bank Association was entirely willing for us to associate him with us. Mr. Nichols felt that it would strengthen him; and so we were generous enough to allow Mr. Nichols to appear in Washington as representing this entire New England membership. We felt that so far as Resolution No. 1 was concerned we had been a success in our conduct of the case.

As to Resolutions No. 2 and No. 3, in regard to the continuation of the circulation of the national banks. We passed, at our meeting last

year, you will remember, a very strong resolution, condemning the proposition of retiring the national bank circulation. The Advisory Committee caused to be printed and sent copies of that resolution to all the Senators and Representatives from the New England States. I do not know what returns you got, but so far as my State was concerned, our Senators and Representatives replied to me, "We will stand with you." That is the way we have of doing down in Maine. There is no politics among us, but we stand together.

You also directed us to take up the matter of amending Section 19 of the Federal Reserve Act so that no reserves would be required on postal savings deposits. We did. We caused inquiry to be made as to the attitude of the Federal Reserve Board upon that proposition. We received an adverse report. Inasmuch as the Federal Reserve Board appeared to be opposed to the change suggested, we did not think it was necessary to stir it up. It was a small matter anyway. We had more important things to come up and we thought it best to let the subject rest.

In the matter of the maturity on short-term notes given by the member banks to the Federal Reserve Banks, making a minimum of seven days on the fifteen days' paper, we took up the subject with the Federal Reserve Board and they agreed with us, and replied to the effect that no such minimum would be incorporated in the regulations.

The only other matter that you referred to us was that of the division of the earnings of the Federal Reserve Banks, upon which we have very definite views, all of us. The present injustice in regard to this seems apparent to all of us, and you instructed your Advisory Committee to take what action they deemed wise in the premises. You instructed your Chairman to appoint a committee of not less than three to make an investigation of the subject and report at this meeting. Acting on your instructions the Chairman appointed a special committee consisting of Hon. Channing H. Cox, Vice President of The First National Bank of Boston, Mass., Chairman; and Messrs. A. M. Heard, President of The Amoskeag National Bank, Manchester, N. H.; E. A. Onthank, President of The Safety Fund National Bank, Fitchburg, Mass.; A. R. Plant, President, Blackstone Canal National Bank, Providence, R. I.; and T. M. Steele, President of The First National Bank and Trust Company, New Haven, Connecticut. They have considered the matter and I am pleased at this time to ask Governor Cox in person to present his report and—if he thinks it necessary—to justify it by any argument that occurs to that active and virile brain.

*Report of Committee on More Equitable Participation by
Member Banks in the Earnings of the Federal Reserve
Banks, by Hon. Channing H. Cox, Committee Chairman.*

I sympathize heartily in your desire to clean up the rubbish and underbrush, and I shall try to be as brief as possible.

It is needless to say that any committee appointed by the stockholders of this Federal Reserve District would be apt to take the officials of the Reserve Bank into their confidence. We have done so, and I think Governor Harding has made a far clearer and better report of the matters we were to investigate than the combined efforts of the Committee could present to you. He has stated the reasons which have prompted us to offer the resolution which will later be considered by the Committee on Resolutions. In addition to what he said, your Committee was greatly impressed as we came to find the number of banks located in this district which are not members of the Reserve System. For instance, today there are in Connecticut 49 banks with total assets of over \$200,000,000, which are eligible for membership; in Maine, 42 banks with total assets of \$171,000,000; in Massachusetts, 65 banks, with total assets of over \$325,000,000; in New Hampshire, 10 banks with total assets of over \$25,000,000; in Rhode Island, four banks with assets of over \$22,000,000, and in Vermont, 31 banks with assets of more than \$76,000,000.

Then, too, there are other non-member banks which would be eligible under the 60 per cent clause, with assets of more than \$48,000,000.

In other words, while the total assets of the member banks today are \$3,190,000,000, there are banks in the district which would be eligible for membership whose total assets are \$870,000,000. That is a very large percentage of eligible banks which have not become members. Evidently the principal reason why they have not become members or have failed to retain their membership was, as Governor Harding has said, the element of expense. Already four large institutions that were once members of the Reserve System, have withdrawn, and at the time of their withdrawal their total assets were over \$65,000,000.

Now, as a result of our investigation, which was really made by Governor Harding and Mr. Curtiss and the officials of the district bank, we have presented the resolution which will go to the Committee on Resolutions. I think it carries out in every way the principles which Governor Harding advocated before us this morning. I will not read it, but it provides in brief that we would seek an amendment to the Federal Reserve Act which would provide that after payment

of a six per cent cumulative dividend to the stockholders, the remaining net earnings of each Federal Reserve Bank shall be distributed as follows: 25 per cent of such earnings to the United States as a franchise tax, 50 per cent of such earnings to member banks, and 25 per cent of such earnings to the surplus of such Federal Reserve Bank until such surplus shall amount to 100 per cent of the subscribed capital of each Federal Reserve Bank.

In the case of our district bank, as has been indicated, where we have not only a surplus equal to our paid-in capital but almost equal to our subscribed capital, if such a law were in effect this year the earnings coming to the member banks would be very considerable, which would be very welcome to all of the member banks.

The other provision of the resolution calls for a distribution of any surplus, in case of liquidation, to the member banks rather than that it should go to the Government.

When we come to consider the matter of the justice of our claim that we should have a larger division of the profits, it would only be fair to call attention to the fact that not only does the Government receive a really great amount in the way of earnings from a bank in which it has no investment but in addition, all the time the Federal Reserve System is performing fiscal duties for the Government which at any reasonable rate of compensation would cost millions of dollars.

I anticipate that the Committee on Resolutions may desire to make a further explanation when it reports the resolution, as we hope it will. [*Applause.*]

CHAIRMAN HICHBORN. You have heard the report of the special committee.

[*On motion duly seconded, it was voted that the report be accepted.*]

This report will automatically go to the Committee on Resolutions, which will report immediately after lunch.

There is nothing else on our program but general discussion, save two or three minor matters, and then the announcement of the election of the Chairman of the Advisory Committee for the ensuing year, to come up after lunch.

The luncheon having been moved ahead half an hour and the meeting of the Resolutions Committee having been moved ahead half an hour, of which please take notice, our coming together will also be moved ahead half an hour, so that instead of reconvening at three o'clock we will reconvene at 2:30. Then we will have an abundance of time for general discussion. If anybody wants to take up any germane propositions we will give him all the time he needs.

MR. LIBBY. I would suggest that the Resolutions Committee meet in the conference room at 1:15.

CHAIRMAN HICHBORN. The Chairman of the Resolutions Committee suggests that the Committee meet in the conference room at 1:15 instead of 1:45. Please take note of that,—in the conference room at 1:15.

Will you get back here as promptly as you may after lunch, so that we can assemble not later than 2:30 and begin our short afternoon's work?

If there is anything that might come up after lunch which someone would like to bring up now, instead of taking 15 minutes to stretch your legs—which you want to do, I know,—we will take them up now, but I think you better adopt the stretching process and adjourn until 2:30 sharp. Shall we recess?

[A recess until two o'clock was suggested by several of the delegates and on motion duly seconded, it was voted that a recess be taken till two o'clock.]

MR. LIBBY. I am not sure that would give the Resolutions Committee time enough.

CHAIRMAN HICHBORN. The Chairman of the Resolutions Committee feels that between the time of picking chicken bones and the time they would have to report there might not be time to take care of the resolutions if you meet as early as that.

MR. LIBBY. The Resolutions Committee does not want to miss anything, you know.

CHAIRMAN HICHBORN. I am sure it will not miss any part of the lunch.

The Secretary says there will be sufficient time after luncheon for the Committee meeting. We will meet at two o'clock.

[Whereupon a recess was taken till 2 P.M.]

AFTERNOON SESSION.

CHAIRMAN HICHBORN. Will the convention please come to order? Will the gentlemen in the rear of the hall kindly come in and take seats?

Is the Committee on Resolutions ready to report?

REPORT OF COMMITTEE ON RESOLUTIONS.

By Mr. H. F. Libby, Committee Chairman.

Your Committee has attended to its arduous duties and is ready to report. In view of the discussion which we have had here I think the resolutions submitted by the Committee on a more equitable participation by member banks in the earnings of the Federal Reserve Banks are thoroughly understood, having been printed and distributed in advance of the meeting and carefully presented by the Governor this forenoon. Therefore, your Committee simply recommends the passage of those resolutions.

CHAIRMAN HICHBORN. You have heard the report of the Committee. Is it your pleasure to accept the report?

[On motion duly seconded, it was voted that the report of the Resolutions Committee be accepted.]

It is a vote.

Is it your pleasure now to adopt the resolutions as presented by the Committee?

[On motion duly seconded the resolutions were adopted.]

[The following are the resolutions which were thus adopted.]

Whereas the continuance of the functions and services of the Federal Reserve System is of vital importance to the commercial, agricultural, industrial and banking interests of the country and such services cannot be furnished in an adequate and dependable degree unless the membership of commercial banks and trust companies, which furnish all the capital and practically all of the deposits of the Federal Reserve Banks, is maintained and encouraged, and,

Whereas some banks and trust companies have felt compelled, because of the cost of membership, to withdraw from membership in, or to remain out of, the System, and

Whereas the present distribution of the earnings of the Federal Reserve Banks is inequitable to member banks in that proper recognition is not given to their contribution to the resources and earnings of the System; and such distribution is at the same time unfair to the Government because of the provisions of the existing law for the accumulation of surplus, the further rapid accumulation of which is no longer necessary as a safeguard for the operation of the System,

Now therefore be it resolved that the member banks of the First Federal Reserve District favor an amendment of Section 7 of the Federal Reserve Act to provide that after expenses have been paid or provided for and a six per centum cumulative dividend has been paid to stockholders, the remaining net earnings of each Federal Reserve Bank shall be distributed as follows—twenty-five per centum of such earnings to the United States as a franchise tax, fifty per centum of such earnings to member banks and twenty-five per centum of such earnings to the surplus of such Federal Reserve Bank until such surplus shall amount to one hundred per centum of the subscribed capital of such Federal Reserve Bank, any portion of such twenty-five per centum which shall not be needed for the creation of such one hundred per centum surplus to be distributed to the member banks, and

Resolved further that we favor an amendment of said Section 7 so that in the event of the dissolution or the liquidation of a Federal Reserve Bank, any surplus remaining, after the payment of all debts and obligations of every description, shall be distributed among the stockholding member banks in proportion to the capital stock held by each of them in such Federal Reserve Bank, and

Resolved further that, believing that an amendment such as proposed herein would recognize more equitably the contributions of the member banks to the Federal Reserve Banks and the interest of the Government in their operation, the member banks of the First Federal Reserve District respectfully petition the Congress to amend the Federal Reserve Act accordingly, and

Resolved further that the Chairman of this Convention be instructed to send a copy of these resolutions to each Senator and Representative in Congress from New England.

The resolution provides that the chairman of this meeting shall cause a copy of these resolutions to be transmitted to each member of the Congressional delegation from New England and that will be done, together with any added words that may be deemed necessary on the part of the chairman, to the effect that he personally hopes that the New England delegation will get busy.

Governor Harding wants to say one word to you before we take up general discussion.

GOVERNOR HARDING. Gentlemen, I just want to make one point clear that I overlooked this morning.

We have net earnings up to date, for the year, of \$2,602,000. Let us estimate that at the end of the year that figure will be about \$3,000,000 of which, as I outlined before, you have already received about \$300,000 and will receive as much more in dividends; a franchise tax

would be paid to the Government, after carrying \$1,800,000 or more to surplus in order to bring our total surplus up to 100 per cent of subscribed capital or about \$21,600,000. It does not make any difference to us whether our surplus is \$21,600,000 or \$21,000,000. I merely want to point out that if the law were amended as suggested in your resolutions, we could pay you on December 30, instead of \$300,000, approximately \$1,500,000, which would represent the semi-annual dividend of \$300,000 and \$1,200,000 besides. That would mean five times as much as you will receive for the second half year, under the present law, or, adding in the dividend already paid for the first half of the year, three times the present return on the stock for the year, while the payment to the Government as franchise tax would not be affected. It would be about \$600,000 in either case. [*Applause.*]

CHAIRMAN HICHBORN. I am sure, Governor Harding, that we who partook of your repast upstairs will already conclude that we have got one extra dividend this year out of you.

The floor is now open for general discussion. Is there anybody present who desires to address the convention? There is nothing cut and dried about this affair. If you have anything to say, the opportunity is freely given.

MR. LIBBY. This will not be a proper motion for you to put, but the Secretary may put it.

I move that we give a rising vote of thanks to the Chairman for the able and dignified manner in which he has conducted the affairs of this meeting.

[*The motion was carried.*]

CHAIRMAN HICHBORN. That is very gracious, gentlemen.

MR. RUSSELL. I think it has been usual at these meetings and apparently has been overlooked today, to offer our thanks to the Federal Reserve Bank and its officers for the hospitality which they have extended to us in this meeting, and I offer such a resolution at this time.

CHAIRMAN HICHBORN. I assure you it had not been overlooked; it was still on the program, but we had not gotten to it. There might be something more we wanted them to do for us, and we did not want to thank them until we got through.

MR. RUSSELL. I am sorry. I withdraw the motion.

CHAIRMAN HICHBORN. We will take matters in order, so they will not be confused.

Heretofore the Federal Reserve Bank has printed the proceedings of the convention. I presume they will do so again if they understand

it is the desire of the convention that they shall do so. Is it your desire that we ask the Federal Reserve Bank to print the proceedings in order that they may be kept in permanent form?

[On motion duly seconded it was voted that the officials of the Federal Reserve Bank of Boston be asked to have the proceedings of the 1929 meeting printed.]

It is a unanimous vote.

Now, Mr. Russell moves that the thanks of this convention be tendered to the officers and directors of the Federal Reserve Bank for their courtesies extended to us during this session.

[The motion was carried.]

It is a unanimous and earnest vote.

This completes the prepared program. Only one thing is left. That is the announcement of your present Chairman that he has filled the term of one year which custom has allotted to the Chairman and it becomes his duty now to turn over to his successor the trust which you reposed in him. It is with some degree of pride that I extend my thanks to you. There is some pleasure in thinking even of the little I have done; but it is a greater pleasure to transfer this trust to one of the very best known and one of the ablest bankers in New England. I am privileged now to present him to you, in the person of Mr. Florrimon M. Howe, President of the Industrial Trust Company, of Providence. *[Great applause.]*

Remarks of Chairman-Elect Florrimon M. Howe.

That is quite an introduction. It is rather embarrassing. All I can say is that you had some experience with me fifteen years ago, and it is quite flattering that you are willing to try it again. I wish I could say that I will do as well as your present Chairman. Anyhow, I will try.

CHAIRMAN HICHBORN. There remains now nothing except the singing of the doxology. Mr. Hiram Ricker, will you please lead?

Mr. Ricker pretends that he is no singer, but he has sung a good many songs in my ear in the last 20 years, and he is generally correct both as to pitch and tune; because he is one of our really big men, not only of Maine but of New England. I thought it would be fine if we had him up here singing, "Thank God From Whom All Blessings Flow."

[Whereupon, on motion duly seconded, it was voted to adjourn without date.]

LIST OF REPRESENTATIVES FROM MEMBER BANKS WHO
 REGISTERED AT STOCKHOLDERS' MEETING
 NOVEMBER 8, 1929

Boston

Atlantic National Bank	Arthur P. Stone, Vice-President Arnold Whittaker, Vice-President Richard F. Churchill, Assistant Cashier Olney S. Morrill, Assistant Cashier
Beacon Trust Company	L. A. Haskell, Vice-President A. S. Nelson, Vice-President
Day Trust Company	W. D. Clark, Jr., Vice-President and Treasurer
Engineers National Bank	T. M. Ragan, President
Exchange Trust Company	Robert E. Fay, Vice-President John J. Martin, Jr., Vice-President
Federal National Bank	Daniel C. Mulloney, President
First National Bank	B. W. Trafford, President Channing H. Cox, Vice-President George W. Hyde, Vice-President Charles F. Mills, Vice-President Edwin R. Rooney, Vice-President
Merchants National Bank	Robert D. Brewer, President Carl J. Swenson, Vice-President William B. Coy, Asst. Vice-President W. F. Burdett, Assistant Cashier
National Rockland Bank	William B. Carolan, Assistant Vice-President
National Shawmut Bank	William F. Augustine, Vice-President R. E. Chambers, Vice-President
New England Trust Company	Edward B. Ladd, Vice-President John W. Pillsbury, Treasurer Francis B. Lothrop, Assistant to President
Old Colony Trust Company	James C. Howe, Vice-President Llewellyn D. Seaver, Vice-President
Second National Bank	Herbert E. Stone, Cashier
State Street Trust Company	Charles F. Allen, Vice-President David E. Hersee, Vice-President
United States Trust Company	Frederick W. Stockman, Vice-Pres.
Webster and Atlas National Bank	Raymond B. Cox, President

Massachusetts

Abington National Bank	ABINGTON	William S. O'Brien, President
First National Bank	ADAMS	W. W. Wilson, Cashier
Greylock National Bank		Frank Hanlon, Cashier
First National Bank	AMHERST	E. W. Elwell, Cashier
Andover National Bank	ANDOVER	Chester W. Holland, Vice-Pres. and Cashier
Millers River National Bank	ATHOL	Walter M. Hunt, President
First National Bank	ATTLEBORO	Frederick G. Mason, Vice-President
First National Bank	AYER	C. A. Normand, Cashier
Second National Bank	BARRE	Clyde H. Swan, Cashier and Director
Beverly National Bank	BEVERLY	Edward S. Webber, Vice-Pres. and Cashier
Brockton National Bank	BROCKTON	Clarence R. Fillebrown, President Francis C. Stacey, Vice-President
National City Bank	CHELSEA	Samuel R. Cutler, President
Cohasset National Bank	COHASSET	Ralph H. Cahouet, Secretary Edward R. Hastings, Jr., Director
Concord National Bank	CONCORD	C. Fay Heywood, Vice-Pres. and Cashier
Dedham National Bank	DEDHAM	Ralph W. Redman, President G. Gordon Watt, Vice-President
Lechmere National Bank	EAST CAMBRIDGE	Fred B. Wheeler, President C. W. S. Wheeler, Cashier

Massachusetts

Everett National Bank	EVERETT	E. Leroy Sweetser, President
National Bank of Fairhaven	FAIRHAVEN	George B. Luther, President
B. M. C. Durfee Trust Company	FALL RIVER	John S. Brayton, President John C. Batchelder, Vice-President
Fall River National Bank		F. E. Bemis, Cashier
Falmouth National Bank	FALMOUTH	E. K. Dean, Vice-Pres. and Cashier Sumner Crosby, Director
Safety Fund National Bank	FITCHBURG	Elmer A. Onthank, President
Worcester County National Bank		F. W. Holden, Vice-President
Franklin National Bank	FRANKLIN	J. E. Barber, Cashier
First National Bank	GARDNER	Amasa B. Bryant, President Marcus N. Wright, Cashier
Cape Ann National Bank	GLOUCESTER	J. Hollis Griffin, Asst. Cashier
National Mahaiwe Bank	GREAT BARRINGTON	J. H. Lansing, President
First National Bank & Trust Company	GREENFIELD	John W. Smead, President
Essex National Bank	HAVERHILL	Harold M. Goodwin, Vice-President
First National Bank		C. E. Dole, President
Haverhill National Bank		Herman E. Lewis, President John A. Towle, Director
Park National Bank	HOLYOKE	John M. Henderson, Cashier
Hopkinton National Bank	HOPKINTON	H. E. Corwin, Cashier
Hudson National Bank	HUDSON	Fred H. Fosgate, Cashier

Massachusetts

LAWRENCE

Bay State National Bank

Philip L. Wheeler, Cashier

John A. Perkins, Director

Merchants Trust Company

H. L. Sherman, President

A. C. Dame, Treasurer

LEE

Lee National Bank

Frank J. Diamond, Cashier

LENOX

Lenox National Bank

George A. Mole, President

LEOMINSTER

Leominster National Bank

Fred A. Young, President

Merchants National Bank

John M. McPhee, President

LOWELL

Appleton National Bank

Stanley A. Griffin

Middlesex National Bank

James E. O'Donnell, President

Old Lowell National Bank

John L. Robertson, President

J. M. Andrews, Vice-President

Union National Bank

John F. Sawyer, President

LYNN

Central National Bank

Roger L. Carrant, Cashier

Manufacturers National Bank

Walter M. Libbey, President

Earle I. Foster, Cashier

MALDEN

First National Bank

Arthur W. Walker, Vice-President

Second National Bank

Bartholomew F. Griffin, Director

MANSFIELD

First National Bank

Justin L. Cobb, President

Ira C. Gray, Cashier

William H. Bannon, Director

Fred W. Brigham, Director

MARLBORO

First National Bank

George E. Greeley, Cashier

Peoples National Bank

S. R. Stevens, President

MEDFORD

First National Bank

John Dean Corley, Cashier

Massachusetts

METHUEN

Methuen National Bank Edward F. Byrnes, Director

MILFORD

Home National Bank J. Allen Wallace, Cashier
Milford National Bank and Trust Company
Victor W. Collier, President

MILLBURY

Millbury National Bank R. W. Brigham, Cashier

NEEDHAM

Needham National Bank I. J. Davis, Cashier

NEW BEDFORD

First National Bank Louis W. Tilden, Asst. Cashier
Stanley Kendrick, Asst. Cashier
Merchants National Bank Edmund H. Leland, President
Safe Deposit National Bank William S. Cook, President

NEWBURYPORT

First and Ocean National Bank J. H. Balch, Jr., Vice-President
L. S. Finger, Vice-President
Norman Russell, Director
Merchants National Bank William Ilsley, President
Charles W. Goodwin, Director
Jerome A. Hardy, Director
Henry B. Trask, Director

NEWTON

Newton National Bank Thomas Weston, President
Newton Trust Company Seward W. Jones, President

NORTH ADAMS

North Adams National Bank William H. Pritchard, President

NORTH ATTLEBORO

Manufacturers National Bank John L. Thompson, President
Ernest C. Mulvey, Cashier

NORTH EASTON

First National Bank of Easton George C. Barrows, Cashier

NORTHFIELD

Northfield National Bank William F. Hoehn, President

NORWOOD

Norwood Trust Company Walter F. Tilton, President
Hon. James A. Halloran, Vice-President
Roland K. Bullard, Treasurer

Massachusetts

	ORANGE	
Orange National Bank		Frank A. Howe, President Franklin H. Gath, Cashier
	PALMER	
Palmer National Bank		Louis J. Brainerd, President
	PEABODY	
Warren National Bank		Harry E. Trask, Cashier
	PITTSFIELD	
Agricultural National Bank		Clark J. Harding, Cashier
Pittsfield-Third National Bank and Trust Company		Malcolm W. Lehman, Vice-President and Cashier
	PLYMOUTH	
Old Colony National Bank		George L. Gooding, President
Plymouth National Bank		Edward R. Belcher, President
	PROVINCETOWN	
First National Bank		Horace F. Hallett, Vice-Pres. and Cashier
	QUINCY	
National Mount Wollaston Bank		George F. Hall, Cashier
Quincy Trust Company		Herbert E. Curtis, President George H. Lowe, Jr., Director
	READING	
First National Bank		Walter S. Parker, President Clarence C. White, Cashier
	SHELBURNE FALLS	
Shelburne Falls National Bank		Frank S. Field, Cashier J. L. R. Brown, Director
	SPRINGFIELD	
Springfield Chapin National Bank and Trust Company		E. J. Wheeler, Vice-President
Third National Bank and Trust Company		Frederick M. Jones, President
	STOCKBRIDGE	
Housatonic National Bank		Ralph E. Heath, President
	TAUNTON	
Machinists National Bank		William O. Kingman, President
	TOWNSEND	
Townsend National Bank		C. B. Willard, President
	UXBRIDGE	
Blackstone National Bank		H. C. Bridges, Cashier

Massachusetts

	WALTHAM	
Waltham Trust Company		Clifford S. Cobb, Vice-President
	WAREHAM	
National Bank of Wareham		John C. Makepeace, President J. W. Whitcomb, Cashier
	WATERTOWN	
Union Market National Bank		John F. Tufts, President
	WEBSTER	
First National Bank		William A. Cash, Cashier
Webster National Bank		L. H. Tiffany, President J. C. Buffum, Cashier
	WELLESLEY	
Wellesley National Bank		B. W. Guernsey, Director
	WESTBORO	
First National Bank		E. H. Bigelow, Cashier
	WESTFIELD	
First National Bank		C. E. Avery, Cashier
Hampden National Bank		C. J. Little, President
	WEST NEWTON	
First National Bank of Newton		Charles E. Hatfield, President Clifford R. Eddy, Vice-President
	WHITMAN	
Whitman National Bank		Randall B. Cooke, Cashier E. W. Hunt, Director
	WINCHESTER	
Winchester National Bank		Edwin M. Nelson, Cashier
	WOBURN	
Tanners National Bank		Walter H. Wilcox, President A. Herbert Holland, Director
Woburn National Bank		John C. Buck, Vice-President Sidney M. Price, Cashier L. Waldo Thompson, Director
	WORCESTER	
Worcester Bank & Trust Company		John E. White, President
Worcester County National Bank		Walter Tufts, President H. R. McIntosh, Assistant to President
	WRENTHAM	
National Bank of Wrentham		Charles B. McDougald, Cashier
	YARMOUTHPORT	
First National Bank of Yarmouth		Thomas S. Crowell, Cashier

Maine

AUBURN

National Shoe & Leather Bank
Parker B. Smith, Vice-President and Cashier

AUGUSTA

First National Granite Bank C. S. Hieborn, President

BATH

Bath National Bank F. D. Hill, Cashier

BETHEL

Bethel National Bank Ernest M. Walker, President
Ellery C. Park, Cashier

BIDDEFORD

First National Bank A. F. Maxwell, Vice-President

BRUNSWICK

First National Bank Samuel L. Forsaith, Cashier
William H. Farrar, Asst. Cashier

CALAIS

Calais National Bank Percy L. Lord, President

CARIBOU

Caribou National Bank John B. Roberts, President

DAMARISCOTTA

First National Bank Leon A. Dodge, Cashier

ELLSWORTH

Union Trust Company Omar W. Tapley, President

FARMINGTON

First National Bank A. L. Wolcott, Assistant Cashier

FORT FAIRFIELD

Fort Fairfield National Bank Tom E. Hacker, President

FORT KENT

First National Bank Paul D. Thibodeau, President

GARDINER

National Bank of Gardiner H. M. Lawton, Cashier
David Bowie, Director

HOULTON

Farmers National Bank R. H. Britton, Cashier

KEZAR FALLS

Kezar Falls National Bank William A. Garner, President
O. L. Stanley, Cashier

Maine

LEWISTON

Manufacturers National Bank Hiram W. Ricker, Vice-President
E. E. Parker, Cashier

NORWAY

Norway National Bank Fred E. Smith, Cashier

PITTSFIELD

Pittsfield National Bank H. F. Libby, Cashier

PORTLAND

Canal National Bank William W. Thomas, President
Widgery Thomas, Director
Portland National Bank Charles G. Allen, President
Ralph A. Bramhall, Vice-President

PRESQUE ISLE

Presque Isle National Bank Carl A. Weick, President

ROCKLAND

North National Bank E. F. Perry, Cashier
Rockland National Bank Homer E. Robinson, President

RUMFORD

Rumford National Bank Edward S. Kennard, Vice-Pres. and Cashier

SANFORD

Sanford National Bank Eugene M. Hewett, Cashier
Sanford Trust Company Thomas W. Wallace, Treasurer

SEARSPORT

Searsport National Bank W. R. Blodgett, Cashier

THOMASTON

Georges National Bank Charles M. Starrett, Assistant Cashier
Thomaston National Bank J. Walter Strout, Cashier

VAN BUREN

First National Bank John J. Plourde, Vice-President

WATERVILLE

Ticonic National Bank John Ware, Director

New Hampshire

BERLIN

Berlin National Bank M. H. Taylor, Cashier

COLEBROOK

Colebrook National Bank Earl P. Wadsworth, Cashier
Farmers and Traders National Bank H. B. Hallett, Cashier

New Hampshire

	CONCORD	
First National Bank		Burns P. Hodgman, President
		Carl H. Foster, Vice-Pres. and Cashier
Mechanicks National Bank		Harry H. Dudley, President
National State Capital Bank		I. Reed Gourley, Cashier
	DERRY	
First National Bank		H. J. Curtis, Cashier
	DOVER	
Strafford National Bank		Frank R. Bliss, Cashier
	EXETER	
Rockingham National Bank		F. W. Peet, Cashier
	FRANKLIN	
Franklin National Bank		A. L. Smythe, Cashier
	HANOVER	
Dartmouth National Bank		Perley R. Bugbee, President
	KEENE	
Cheshire National Bank		W. R. Porter, Cashier
Keene National Bank		Wallace L. Mason, President
	LACONIA	
Laconia National Bank		William F. Knight, President
Peoples National Bank		George P. Munsey, President
	LAKEPORT	
Lakeport National Bank		Louis Hallas, Asst. Cashier
	LANCASTER	
Lancaster National Bank		H. A. Moore, Vice-President
		W. H. McCarten, Cashier
	MANCHESTER	
Amoskeag National Bank		Arthur M. Heard, President
		Marston Heard, Assistant Cashier
First National Bank		Harold A. Holbrook, Cashier
Manchester National Bank		N. S. Bean, President
		E. B. Stearns, Vice-Pres. and Cashier
Merchants National Bank		H. L. Additon, Vice-Pres. and Cashier
	MILFORD	
Souhegan National Bank		F. W. Sawyer, President
	NASHUA	
Indian Head National Bank		Walter L. Barker, Cashier
		Ernest J. Flather, Director
Second National Bank		Lester F. Thurber, President
		George F. Thurber, Vice-President

New Hampshire

NEWMARKET

Newmarket National Bank Arioeh W. Griffiths, Vice-President

PLYMOUTH

Pemigewasset National Bank Dr. George H. Bowles, President

PORTSMOUTH

First National Bank J. A. Borthwick, President

R. W. Junkins, Vice-Pres. and Cashier

F. E. Brooks, Director

F. A. Gray, Director

W. M. Norton, Director

C. H. Walker, Director

New Hampshire National Bank W. C. Walton, President

John W. Emery, Vice-President

SOMERSWORTH

Somersworth National Bank E. A. Leighton, Cashier

TILTON

Citizens National Bank Charles E. Smith, Cashier

WILTON

Wilton National Bank George G. Blanchard, President

H. P. Parker, Cashier

John K. Whiting, Director

David Whiting, Director

WINCHESTER

Winchester National Bank James S. Kellom, Cashier

WOLFEBORO

Wolfeboro National Bank Ernest H. Trickey, President

WOODSVILLE

Woodsville National Bank H. B. Knight, Cashier

Vermont

BARRE

Peoples National Bank W. C. Johnson, Jr., Vice-President

BELLOWS FALLS

National Bank of Bellows Falls Walter B. Glynn, President

Edmond C. Bolles, Cashier

BENNINGTON

County National Bank Homer H. Webster, Cashier

First National Bank Arthur J. Colgan, Vice-President

Vermont

National White River Bank	BETHEL	Christopher N. Arnold, Cashier
Bradford National Bank	BRADFORD	C. A. Haskins, Cashier
First National Bank	BRANDON	George H. Young, President F. W. Briggs, Cashier
Vermont-Peoples National Bank	BRATTLEBORO	Charles G. Staples, Cashier C. L. Stickney, Assistant Cashier
First National Bank	BRISTOL	Frederick R. Dickerman, President
Howard National Bank	BURLINGTON	F. H. Shepardson, Director
National Bank of Chester	CHESTER	C. O. Fullam, Director
First National Bank	ENOSBURG FALLS	Arthur J. O'Heare, Cashier
Island Pond National Bank	ISLAND POND	T. C. Dale, Director
Factory Point National Bank	MANCHESTER CENTER	W. H. Roberts, Cashier
National Bank of Middlebury	MIDDLEBURY	Peter J. Hincks, Cashier
First National Bank	MONTPELIER	A. G. Eaton, Cashier
Montpelier National Bank		L. H. Bixby, Vice-President
National Bank of Newport	NEWPORT	J. E. McCarten, President F. R. Sherman, Director
First National Bank	ORWELL	D. L. Wells, Cashier
Citizens National Bank	POULTNEY	George H. Norton, Cashier
First National Bank		J. E. Holmes, Cashier

Vermont

PROCTORSVILLE

National Black River Bank Henry L. Drugg, President

RANDOLPH

Randolph National Bank M. M. Wilson, President

RICHFORD

Richford National Bank A. L. Esty, President

RUTLAND

Central National Bank Fred C. Spencer, Cashier

Killington National Bank A. C. Hughes, Cashier

Rutland County National Bank R. D. Smith, Cashier

ST. ALBANS

Welden National Bank Harold P. Ledden, Assistant Cashier

ST. JOHNSBURY

Merchants National Bank J. F. Puffer, Cashier

VERGENNES

National Bank of Vergennes E. W. Graves, Cashier

WHITE RIVER JUNCTION

First National Bank Everett J. Eaton, Assistant Cashier

WINDSOR

State National Bank W. J. Saxie, Cashier

WOODSTOCK

Woodstock National Bank Henry C. Cushing, President

Rhode Island

ARCTIC

Centreville National Bank of Warwick
Everett W. Whitford, President

NEWPORT

Aquidneck National Exchange Bank and Savings Co.
Peter King, President
William H. Langley, Director
James T. O'Connell, Director
T. T. Pitman, Director
Newport National Bank William A. Leys, Director

Rhode Island

PROVIDENCE

Blackstone Canal National Bank Albert R. Plant, President
Charles H. Merriman, Director
Industrial Trust Company F. M. Howe, President
Mechanics National Bank Shirley Harrington, Cashier
National Bank of Commerce Henry L. Wilcox, President
Phenix National Bank James E. Thompson, Vice-President & Cashier
Rhode Island Hospital Trust Company George H. Capron, Secretary
Union Trust Company Walter F. Farrell, President

Connecticut

ANSONIA

Ansonia National Bank Frederick W. Davis, Assistant Cashier

BRISTOL

Bristol American Bank & Trust Company
William P. Calder, President

DERBY

Birmingham National Bank Byron W. Wheeler, Assistant Cashier

HARTFORD

Capitol National Bank & Trust Company Calvin C. Bolles, Cashier
First National Bank James W. Knox, President
Robert A. Boardman, Vice-President
Phoenix State Bank and Trust Company
A. D. Johnson, Vice-President
Charles A. Lillie, Vice-President

LITCHFIELD

First National Bank Albert W. Clock, Assistant Cashier

MERIDEN

Meriden National Bank Harris S. Bartlett, President

MIDDLETOWN

Central National Bank Howard H. Warner, President
First National Bank E. Dudley Butler, President
Elton E. Clark, Cashier
Guy Cambria, Auditor
George W. True, Director
Middletown National Bank and Trust Company
Francis A. Beach, President
Allen W. Holmes, Assistant Cashier

Connecticut

NEW BRITAIN

City National Bank Paul K. Rogers, President
New Britain National Bank W. H. Judd, Cashier
New Britain Trust Company W. E. Attwood, Chairman of Board

NEW HAVEN

First National Bank and Trust Company
Thomas M. Steele, President
Warren M. Crawford, Cashier
Merchants National Bank Carl F. Hauser, Assistant Cashier
New Haven Bank Abel Holbrook, Vice-President
Second National Bank Eugene G. Allyn, Vice-Pres. & Cashier
Elton T. Perkins, Assistant Trust Officer

NEW LONDON

National Bank of Commerce Earle W. Stamm, Vice-Pres. & Cashier

NEW MILFORD

First National Bank Robert E. Murphy, Cashier

NORWICH

Uncas-Merchants National Bank Henry F. Powers, President

PLANTSVILLE

Plantsville National Bank Edward L. Sullivan, Cashier

SOUTH MANCHESTER

Manchester Trust Company R. LaMotte Russell, President
Harold C. Alvord, Treasurer

TORRINGTON

Torrington National Bank John H. Seaton, President

WALLINGFORD

First National Bank Frederic M. Cowles, President

WATERBURY

Waterbury National Bank F. W. Judson, President

WILLIMANTIC

Windham National Bank H. C. Lathrop, President
Arthur I. Bill, Director