

THIRD ANNUAL REPORT
OF THE
FEDERAL RESERVE BANK
OF DALLAS

FOR THE YEAR ENDED DECEMBER 31, 1917



WASHINGTON
GOVERNMENT PRINTING OFFICE
1918

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LETTER OF TRANSMITTAL.

FEDERAL RESERVE BANK,

Dallas, Tex., January 15, 1918.

SIR: I have the honor to transmit herewith the third annual report of the Federal Reserve Bank of Dallas, covering the year 1917.

Respectfully,

W. F. RAMSEY,

Chairman and Federal Reserve Agent.

Hon. W. P. G. HARDING,

Governor, Federal Reserve Board,

Washington, D. C.

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THIRD ANNUAL REPORT OF THE FEDERAL RESERVE BANK OF DALLAS.

FINANCIAL RESULTS OF OPERATION.

EARNINGS, EXPENSES, DIVIDENDS, ETC.

In submitting the annual report of the operations of the Federal Reserve Bank of Dallas for 1917, attention is called to the headway made by this institution in the matter of earnings. The exhibit of earnings is the more gratifying in reviewing the unusual developments of the year just closed. The work in every department of the bank has increased in such volume that additional employees were essential; salary adjustments have necessarily been made, in order to obtain and retain an efficient force, and our expense account further enlarged by the purchase of additional equipment, stationery and supplies, etc.

In the year just closed we have further extended the period to which the bank has paid dividends to June 30, 1917, the actual period covered by this dividend being November 1, 1916, to June 30, 1917, and at the rate of 6 per cent. The amount paid was \$107,908.18. The dividend was disbursed December 31, 1917. Upon its declaration there remained in the profit-and-loss account \$205,353.08 after charging off \$32,324.77 depreciation on furniture and equipment, and \$7,500 as depreciation on bank premises. While the bank continues to be behind in its dividend payment for the period from July 1 to December 31, 1917, the profit-and-loss account carries sufficient to cover this period, which it is not deemed wise to pay out at this time.

Some idea of the expansion of operations of this bank and the growth of its business will be had from the attached exhibits and charts. The comparative balance sheets for December 31, 1916, and 1917, is shown as Exhibit 1. Statement showing earnings and expenses of the bank for the year 1917, and since organization, is attached as Exhibit 2. A chart showing earnings and expenses of the bank is attached as Exhibit 3.

It should also be borne in mind that the cost of this additional equipment, stationery and supplies, and in fact everything essential to the proper conduct of the bank's affairs, has increased by 25 to 100 per cent during the year.

GENERAL BUSINESS AND BANKING CONDITIONS IN THE DISTRICT.

Industrial and commercial activities in the district have been well maintained throughout the year. The business outlook is good, notwithstanding unfavorable crop returns from sections where drought was serious. Quite in contrast to one year ago, it can not be said that agricultural conditions throughout the year were favorable; production has not been normal and the results in many portions disappointing. Some of the best cotton-growing sections of the district—counties that a year ago produced thousands of bales—this year raised practically nothing. A drought, probably the worst in the history of Texas, in any event the most serious in recent years, has prevailed through central, south, southwest, and west Texas for the greater part of the year and the damage wrought can not be estimated in dollars. Not only was the cotton crop in those counties a complete failure, but the yield of corn and forage crops was also small, and in fact, the farm products raised in those sections were not sufficient for home consumption, with practically no surplus for marketing.

The production of wheat in Texas was approximately 15,000,000 bushels; oats, 40,000,000 bushels; and corn, 85,000,000 bushels. These yields were below the average productions. However, the excellent prices at which these commodities were sold, ranging from 25 to 100 per cent higher than last year, more than offset, in value, the decrease in yield.

The cattle and live-stock industry generally, one of large importance in this district, except in those sections where range conditions were bad from lack of rain, has enjoyed a prosperous year. Prices for all classes of live stock and sheep have reached record figures and stockmen have shared liberally in the prosperity caused by high prices as the result of war conditions.

The oil fields have worked to capacity throughout the year; new territory has been developed, fields extended and the production increased; the prices for the output were the highest in the history of the district and the only restriction of activities has been the scarcity of water, the high price of casing and labor, and, in fact, of all materials entering into the production.

The car situation has been more or less serious with lumber mills throughout the year and has curtailed operations to some extent; a slowing down in orders has been the result. The millions of feet of lumber purchased by the Government for cantonment and ship construction have been a stimulus to the industry and caused unprecedented activity.

The copper and zinc mines of Arizona and New Mexico have worked to capacity throughout the year and production has been

about normal. Demand for copper, already quite active, was of course stimulated by war conditions, and with prices, as for practically every other commodity, at record figures, the industry seems destined for a long run of prosperity. The coal mines of Oklahoma and west and southwest Texas have been busy all the year and the output has been larger than in 1916.

Manufacturing in all lines has been active. After war was declared a large number of Government contracts were placed in this district, which had the effect of increasing operations and providing work during an otherwise dull period. The wholesale and jobbing trade, by reason of the advance in the price of goods, while doubtless showing a reduction in the number of orders received, has been large in volume and the results for the year are satisfactory. The large mail-order houses have enjoyed an excellent business. There has unquestionably been a tendency to restrict the purchase of luxuries and some lines have suffered as the result of the practice of economy and the limited buying of nonessentials. The more staple classes of merchandise have been in good demand, and retail distribution is fully up to last year's figures.

Banks of the district entered the year in a generally strong condition. After the good crop of 1916 collections were satisfactory and a general liquidation of accounts took place. As a consequence, banks were carrying the heaviest deposits in their history and the financial situation was all that could reasonably be expected. This condition existed as the borrowing season was approached. The seasonal demands were normal and were met without disturbances. Rates have been comparatively easy during the year and fluctuations in rates not material. The response of the banking institutions, member and nonmember, to the Government's plans of war financing has been indeed liberal.

Clearings at the principal cities of the district for the 11 months ending November 30, 1917, show an increase of 34 per cent over the same period of 1916.

Post-office receipts at the larger cities have been unusually large and show a heavy increase for the year over 1916, the cantonment cities, especially Waco, showing increases of from 25 to 75 per cent.

The number of commercial failures in this district and amount of liabilities involved have each month shown a substantial decrease as compared with 1916, and indicates that business is on a generally sound basis.

To summarize, it may be stated that business has been very satisfactory in 1917, and the new year is approached with optimism. Adjustments to war conditions have gradually been made, and while conservatism will continue to be the general policy in many lines, and new undertakings will be entered upon with caution and deliber-

ation, it is believed the future will justify the prediction that the year 1918 will be as prosperous as the past year.

ACTIVITIES OF THE FEDERAL RESERVE BANK DURING THE YEAR.

DISCOUNT OPERATIONS.

The volume of discount operations of the bank shows a large increase over 1916, the aggregate for the year being \$92,129,552.99 as compared with \$22,055,589.56 last year. There were accommodated during the year by rediscounts 258 member banks, of which 29 were banks which had not previously rediscounted with us. The largest note discounted was for \$958,000, the smallest \$10.50. Exhibit 4 shows the volume of our discount operations by months throughout the year. Exhibit 5 shows the changes in our discount rates during the year. The changes have been but few, as conditions, while unusual, have not made revision necessary. Exhibit 6 shows the classification, by maturities, of the paper discounted during the year.

The facilities offered by this bank for handling the so-called commodity paper have never been extensively availed of by our member banks. This is unquestionably due to the fact that during the past two years all commodities raised on the farm, and for which the preferential rate on this class of paper was established to assist in gradual marketing, have sold at prices far beyond those previously received. As the result there was no occasion for the storage of the products and little necessity of assistance of banks to finance producers pending their marketing.

While the use of trade acceptances in substitution for open-book accounts is being gradually adopted by business men in this district, there yet remains much educational work to impress upon manufacturers and jobbing houses the desirability of this form of paper and its adoption by commercial interests generally. Our officials have endeavored in every possible way to arouse interest in this form of paper and have the trade acceptance substituted for the open-book account, and their efforts have met with some success. This is evidenced by the increased numbers of inquiries for information on trade acceptance. Exhibit 7 shows the amount of trade acceptances discounted during the year and maturities of the same.

BILL OF LADING COLLECTIONS.

The service rendered member banks through the handling of bill of lading collections has been a means of relieving them of a burden upon their facilities during the crop-moving period. It has proven a source of earnings as well, since interest as 4 per cent is charged on the items while outstanding. The total of such items handled

during the year was \$5,339,916.91, classified, by commodities, is shown in Exhibit 8.

ACCEPTANCE BUSINESS.

The volume of acceptances which this bank has handled throughout the year, both by purchase in the open market and through other Federal Reserve Banks, has shown a large increase over the amount bought in 1916. The acceptance system is growing in this district, and we predict a still further and more rapid development of this method of credits as the banks become familiar with the advantages of the bills. The purchase of acceptances has proven advantageous in increasing our earning assets, as well as providing a cover for the issue of Federal Reserve notes. Exhibit 9 shows the amount of acceptances purchased, rates at which purchased, and classification by maturities.

The rates on acceptances purchased have averaged 3.32 per cent. Most of the acceptances purchased covered goods imported or exported, and only a small percentage of the transactions were domestic. There is a growing tendency, however, to use domestic acceptances, and we believe the field will ultimately be developed, and domestic acceptances be offered in larger volume. The purchase of acceptances has been principally from member banks.

UNITED STATES BOND OPERATIONS.

Exhibit 10 shows the operations of the bank in United States bonds during the year. Of the amount of bonds held \$2,732,400 cover Federal Reserve Bank note circulation. During the year the bank purchased \$1,337,750 from member banks and \$50,000 in the open market. The table referred to shows the amount of bonds converted into Treasury notes and sales of such securities. Holdings of United States bonds on December 31, 1917, are shown in Exhibit 11.

MUNICIPAL WARRANTS.

Our investment in municipal warrants has not been large. Exhibit 12 shows the volume of such transactions, rates at which purchased, maturities, and classification of these securities by character of bodies issuing.

The amendment to the Federal Reserve act, passed during the latter part of 1916, by which member banks can borrow on their own notes, for a period not exceeding 15 days, such notes to be secured by eligible paper, or United States securities, has filled a long-felt want, and the facilities offered by such short-time accommodation have grown in popularity with our members, as evidenced by Exhibit 13, showing the amount of this class of paper handled and the

number of banks for which we have discounted. The service extended by these promissory notes enable our member banks to care for any unusual demands of a temporary nature, and is especially helpful in building up debit reserves.

CHANGES IN THE RESERVE POSITION OF THE BANK DURING THE YEAR.

The attached chart (Exhibit 14) shows the reserve position of the bank throughout the year. It will be noted that the bank has at all times been well above the amount required.

THE FEDERAL RESERVE BANK AND MEMBER BANKS.

CHANGES IN MEMBERSHIP DUE TO TRANSFERS FROM AND TO OTHER DISTRICTS.

The membership of this bank has not been affected during the year by transfers from or to other districts, and, so far as we are informed, no alterations are contemplated in the boundary lines of the eleventh district, except the agitation of a slight change in northern New Mexico, which has not seemed to meet with the approval of any considerable number of the banks which would be affected by the change. While the area covered by the eleventh district is rather extensive, we believe the service rendered our members, even in the remotest sections, is satisfactory, and transfers to other districts are therefore not necessary or desirable.

MOVEMENT OF MEMBERSHIP WITHIN THE DISTRICT.

On January 1, 1917, there were 621 member banks in this district. The total capital subscribed by these banks was \$5,400,100, of which \$2,695,300 had been paid in. During the year 9 banks liquidated, retiring from business entirely or taking out State charters. This reduced our paid-in capital stock \$17,200. There were added during the year by new national charters and State banks' memberships 20 banks, increasing our paid-in capital \$48,350.

Additional stock allotments, by reason of increase in the capital and surplus of member banks, have been made, aggregating \$143,600, with \$71,800 paid in. Stock surrendered on account of reduction in the capital and surplus of members, aggregated \$9,900 and reduced our paid-in capital \$4,950.

After taking into consideration the changes in membership enumerated above, we have in the district on December 31, 1917, 632 member banks, with total subscribed capital of \$5,589,800 and total paid-in capital of \$2,794,900, an increase in number over December 31, 1916, of 11 and increase in amount of capital paid in of \$9,600. The membership, by States, is as follows: Arizona, 7; Louisiana, 12; New Mexico, 32; Oklahoma, 30; Texas, 551; total, 632.

RELATION TO NATIONAL BANKS, STATE BANKS, AND TRUST COMPANIES.

The officials of this bank appreciate that the success of the institution depends in a large measure upon the attitude of our member banks, and it is a real pleasure to mention the hearty cooperation of the institutions generally of the district. Our relations with them are most cordial and we continue to enjoy their good will. As in other sections, there developed some opposition over installation of the check-clearing plan, but this unfavorable sentiment has largely though not entirely disappeared.

Experience has demonstrated that much good can be accomplished by personal contact with the bankers of the district, and following the practice adopted since the bank opened, one or more of the official staff have attended the various bankers' meetings, district and State, held during the year.

RELATION TO STATE BANKS AND TRUST COMPANIES—STATE BANK MEMBERSHIPS.

The preceding paragraph referring to relations with member banks includes, of course, those State banks which are already members. The eligible State banks have not only been circularized, but special letters written, detailing at length the prerequisites to membership advantages and benefits to be derived, etc.

As a rule, the State banks are friendly to the system, and we think the majority of them are as patriotic as our own members. There are probably several reasons for the apparent apathy of State banks. Many State bankers have the impression, to a large extent erroneous, that by joining they will be subject to dual supervision. Another deterrent factor is the question of exchange, and some objections to membership are based on that score. These and many other reasons are advanced for State banks remaining out of the system. The fact that financial conditions have been comparatively easy since the Federal Reserve System was established, for which its existence is directly responsible, and the ability of State banks to derive indirect benefit from the system through their national-bank correspondents is, we believe, one of the principal reasons why so little progress has been made in State-bank membership. The number of State banks in the district eligible for membership, based on figures compiled from a bank directory of July, 1917, is as follows: Arizona, 6; Louisiana, 33; New Mexico, 28; Oklahoma, 5; Texas, 370; total, 442.

ACCOMMODATION OF MEMBER BANKS THROUGH DISCOUNTS AND THE PURCHASE OF ACCEPTANCES.

In a paragraph preceding mention is made of the accommodation to member banks by discount operations, and an exhibit attached

shows the number of banks served and the volume of paper handled. These functions are being rapidly developed, and the growth in such operations in 1917 has really been phenomenal. As the banks use our rediscount facilities and become familiar with our requirements they appreciate that the same are not onerous, and if they "keep their house in order," they are assured every service consistent with sound banking principles. There may have existed in the past some criticism of so-called "red tape" in this regard. If such fear did previously prevail, we believe it has been almost, if not entirely, eliminated. Our executive committee has always inclined to be liberal in policy, although requiring that offerings come within our regulations.

The acceptance field is yet to be developed in this district, and the volume of this class of paper handled by banks is not large, though we have purchased some acceptances from member banks in limited amounts, as shown in Exhibit 9 attached. Acceptance credits furnish an excellent means of handling cotton accounts, and their liquidity, early maturity, and favorable rates should make such investments quite attractive, and we anticipate a rapid growth in the acceptance market.

MEMBER-BANK DEPOSITS—EXCESS DEPOSITS—OVERDRAFTS.

Exhibit 15 shows the deposits of member banks, by months, throughout the year, excess carried, and amount of overdrafts.

Penalties for deficient reserves amounted during the year to \$12,968.16. We require a weekly report from member banks, showing their net deposits, from which the reserve balances are calculated, and if deficiencies occur penalties are assessed. The member banks, we think, are disposed to keep their reserve balances at the required figure, and there has been considerable improvement shown during the year. Notwithstanding the final transfer of reserves after the passage of the amendments to the act, June 21, 1917, deficiencies were not large, nor were the amount of penalties increased perceptibly. Unfamiliarity with time schedules, the operation of the clearing system, and availability of items for credit contribute to the impairment of required reserves. Experience shows that often the same banks are offenders week after week and, as in other requirements, banks that comply with regulations are seldom, if ever, on the deficient list.

Amounts of overdrafts were comparatively small, as shown by Exhibit 15, and have resulted in impaired reserves, through a misunderstanding of mail schedules, deferred availability of items handled through the district clearing house, and delay in receipt of remittances and transfers.

PERIODIC REPORTS REGARDING CONDITION OF MEMBER BANKS—EXAMINATIONS OF MEMBER BANKS.

The reports of condition of member banks on the periodic examinations by the chief examiner's force, as well as the statements submitted on the Comptroller's calls, are carefully examined and analyzed by the Federal Reserve agent and our credit information division. Memoranda of unusual or unfavorable items appearing thereon are made and form a permanent record in our credit files. If of a serious nature, remedial steps are immediately taken. It is gratifying to report that few such cases have arisen during the year, and as a result only three special examinations by the officers of this bank were necessary. Such investigations have, without exception, disclosed an entire willingness on the part of the member bank to correct irregularities, and conform strictly with the department's regulations and those of the Federal Reserve Bank. We endeavor, in such instances, to act in an advisory capacity, as well as to institute regulatory measures.

BANK FAILURES WITHIN THE DISTRICT.

There have been no bank failures in the eleventh district during the year. In one or two instances, where unfavorable reports about a bank's condition have been received, special attention was immediately given.

OVERDUE PAPER.

This bank has held no overdue paper during the year, provision having been made by member banks to take care of all paper as it matured.

THE FEDERAL RESERVE BANK AND THE PUBLIC.

OPEN MARKET OPERATIONS OF THE FEDERAL RESERVE BANK.

There has been a large increase in our open-market activities during the year. The volume of paper purchased in this manner is shown in the following tables and attached exhibits. The favorable rates at which such investments are offered, and the liquidity of the same, make them attractive for the employment of our funds. A large portion of the earning assets of the bank throughout the year have consisted of open-market purchases. Most of these operations have been conducted for us by the Federal Reserve Bank of New York, as member banks in this district have as yet engaged in such business only in a very limited way. We anticipate a rapid development in this field and growth of such operations with this bank. It is a service for which the banks were established, and their resources can be employed to excellent advantage by such investments.

EFFECT OF THE DISCOUNT RATE POLICY OF THE BANK UPON GENERAL
MARKET RATES.

Rates of discount are of course governed by financial conditions and the general principle of supply and demand. We have made but slight changes in our rates during the year. Even with conditions somewhat abnormal on account of the war, there has been no occasion for rates to be increased materially. Fluctuation in the rates of commercial banks in the district were not great, and we do not believe that variations either way throughout the year have exceeded 1 per cent. Unquestionably this is to a considerable extent due to our rates and facilities of rediscount. The effect or influence, therefore, of our rediscount policy on general market rates is to equalize the same and, while not necessarily reducing the rates of commercial banks, to exert the healthy condition of stability. The eleventh district is unlike the districts in the East, in that it is largely agricultural, and variations in rates are not subject to local conditions as in the larger financial centers.

PUBLICITY WORK OF THE BANK.

The average individual knows but little of the operations of the Federal Reserve Bank, except that it is a "bank for bankers," and therefore has no transactions with the public. There is, however, a growing appreciation in the public mind of what the institutions mean to the financial world, and of the service rendered to member banks. While this bank has never actively undertaken any public relations work, and has no publicity department proper, it is our policy to keep the public well informed, through the local newspapers and Associated Press, of the bank's activities.

THE FEDERAL RESERVE BANK AND THE GOVERNMENT.

GOVERNMENT DEPOSITS.

Prior to the inauguration of the Government's war financing our relations as fiscal agent had been confined principally to receiving deposits from local authorities, for credit in the Treasurer's general account, and making transfers of funds. Exhibit 16 shows the amount of such deposits and transfers prior to the handling of Liberty loan funds.

RELATION TO THE UNITED STATES TREASURY.

This subject is partly covered in the paragraph preceding, touching fiscal operations. Other relations, of course, include transactions with the subtreasuries in the supply of various forms of money, particularly small bills and fractional coins, of which, since we have

extended our service and developed additional functions pertaining to those of a subtreasury, it has been necessary to keep large amounts on hand. We endeavor to supply our member banks with all forms of currency and coin, and therefore our transactions and frequent relations with the Treasury are somewhat intimate.

RELATION TO THE COMPTROLLER'S OFFICE.

The office of the chief examiner for the district, who is really the comptroller's representative on the ground, is in the bank building. During the year the examiners have been called in conference by the chief examiner, and our officials had the opportunity to meet them and discuss matters of mutual interest. The Federal Reserve agent's department and the bank proper have frequent transactions with the comptroller in connection with Federal Reserve notes, their receipt, redemption, etc.

THE FEDERAL RESERVE BANK AND NOTE ISSUES.

GENERAL POLICY IN THE MATTER OF NOTE ISSUES.

The bank has not altered its previous policy of issuing Federal Reserve notes to supply the currency needs of the district at crop-moving periods and other seasons and as the means of increasing our gold stock. The Federal Reserve note is rapidly being substituted for other forms of currency. The chart attached (Exhibit 17) shows the amount of notes outstanding during the year. There is also attached a chart (Exhibit 18) showing similar figures for 1916. A comparison proves interesting and shows that whereas the total outstanding on January 1, 1917, was \$23,762,855, the amount on December 31, 1917, was \$47,716,950, while the minimum during the year was \$18,905,115, on July 30. Exhibits 19 and 20 show all transactions in notes during 1917 and since organization of the bank to December 31, 1917.

SUBSTITUTION OF FEDERAL RESERVE NOTES FOR GOLD AS CIRCULATING MEDIUM.

Since the passage of the amendments to the act, whereby only balances with the Federal Reserve Bank count as reserve, there is no occasion for member banks to hold gold in any considerable amounts. We have taken advantage of this opportunity to increase our stock of gold by exchange for Federal Reserve notes. Considerable gold has been thus acquired, and Federal Reserve notes substituted. Further steps will be taken in this direction, since the notes can be issued directly against gold, and gold held by the Federal Reserve agent as cover is counted as reserve. Not only have

member banks been willing to cooperate by shipping us their gold for Federal Reserve notes and other currency, but many nonmember banks have done so.

COVER OF NOTES ISSUED.

Exhibit 21 is a transcript of the daily statement of the Federal Reserve agent's department on December 31, 1917. It shows the cover of notes issued, both gold and commercial paper.

DENOMINATIONS OF NOTES ISSUED.

Exhibit 19 shows the denominations of notes issued during the year. Of the notes issued, fives, tens, and twenties are in greatest demand, especially tens and twenties, and it has been difficult to maintain a sufficient supply of these notes to meet requirements. There is small demand for fifties and hundreds, and if ordered it is generally to fill a special purpose of creating balances, or to meet a temporary requirement.

AVERAGE LIFE OF NOTES ISSUED.

It would, in our opinion, require careful study of this matter, and probably the working out of a test plan to determine with any degree of accuracy the average life of Federal Reserve notes. Any statement or estimate, therefore, is purely guesswork. The purpose for which issued, or rather the individual circumstances of issue, and location of bank to which furnished, and other factors enter into the problem. The smaller denominations, being issued in greater numbers, naturally become mutilated sooner than others. Assuming that the paper used in the preparation of the notes is of the same standard of quality as other forms of United States currency, it occurs to us that the amount of unfit notes returned for redemption and destruction, in proportion to the amount issued, is quite large. It is the practice in this district to begin issuing Federal Reserve notes for the crop movement about the middle of August. Shipments for this purpose continue through October, and often occur in November. About the first of the year member banks begin to return them, and our experience is that about 50 per cent of the notes returned are mutilated and have to be forwarded to Washington for destruction. Along with our own notes are large numbers of notes of other districts, and the latter are as a rule in better condition than our own. We have noted this fall a comparatively small number of twenties returned, and are unable to account for this fact unless it be that they are used for troops' pay rolls and find their way back more slowly than the other denominations.

INTERDISTRICT MOVEMENT OF NOTES.

Amounts of Federal Reserve notes of this bank received from other banks exceeded by over 60 per cent the amounts of notes of other banks returned by us. The ratio has been smaller this year than last on account of the shipment of notes of other banks to cantonment points in this district for soldiers' pay rolls. Such notes have come to us in original packages. Exhibit 22 shows the amounts of notes received from other Federal Reserve Banks and returned to such banks during the calendar year 1917. The total amount of our notes received from other banks was \$5,765,280. The total amount of notes of other banks returned to them was \$3,506,950. The cost per thousand dollars of our notes returned is approximately 22½ cents. This includes amounts returned direct to us or forwarded to the Treasury Department for redemption. The Federal Reserve Banks nearest Dallas, of course, receive the largest number of our notes, St. Louis, Kansas City, and Atlanta returning more than any other banks. From New York also we receive our notes in large amounts.

REDEMPTION AND DESTRUCTION OF NOTES.

Exhibit 20 shows the amount of notes forwarded to the comptroller for redemption and destruction during the year, as well as total amount redeemed and destroyed since the bank was established to December 31, 1917.

COST OF FEDERAL RESERVE NOTES.

Exhibit 23 attached shows the cost of Federal Reserve notes printed for the bank during 1917. The statement shows a large increase over 1916, as our transactions in notes during the year have been very heavy, necessitating large orders from the comptroller. Early in the year the Federal Reserve Board arranged to have a minimum supply of notes of this bank always available in Washington and at the Subtreasury of St. Louis. The supply agreed upon in the several denominations has been sufficient for our requirements. The cost of the notes has added materially to our expense account.

FEDERAL RESERVE BANK NOTES.

There has been no occasion to use Federal Reserve bank notes during the past year. On January 1 we held these circulating notes aggregating \$2,000,000. During the year we increased the same to \$2,732,400, and that amount is now held by us. The bank-note circulation will be used only in emergencies. It is impracticable to use these notes in view of the circulation tax. With the supply of Federal Reserve notes always ample for our currency requirements, there should be little necessity to issue the bank notes.

FEDERAL RESERVE AGENTS AND NOTE ISSUES.

In the issue of Federal Reserve notes the Federal Reserve agent endeavors to be of real service to the bank and, as the Government's representative, to comply with all requirements of the Federal Reserve act regarding note issues. The supply of notes has to be carefully watched and the various denominations maintained at all times. The Federal Reserve agent's department and the bank officials work in close cooperation in such transactions, and, as a result, render efficient service to our members, which we feel is an important function of Federal Reserve banks. The deposit of a supply of notes with the Assistant Treasurer at St. Louis, to be availed of in emergencies, has been very advantageous and enabled us to secure shipments quickly where, on account of unusual demands, we could not judge our needs in advance.

AMENDMENT REGARDING NOTE RESERVE.

Since the passage of this amendment to the act, on June 21, the bank's position has been materially strengthened, since gold with the agent counts as part of the bank's required reserve, and notes can be issued directly against gold. The issuing power of the banks is thus materially increased.

INTERNAL MANAGEMENT OF THE BANK.

FUNCTIONS AND WORK OF DIRECTORS, EXECUTIVE COMMITTEES, OFFICIAL AND CLERICAL STAFF, MEMBER OF ADVISORY COUNCIL.

Our board of directors meets the first Tuesday of each month, and, with the exception of August, when some of our members were unavoidably absent from the State, the meetings have been held regularly, a total of 11 having been held in the year. At all of these meetings a quorum has been present, and at most of them a full attendance. The directors have discussed the affairs of the bank in the freest and fullest manner. The members are all men of large affairs, representing various lines of business, and the three classes of directors are typical of the commercial, industrial, and financial interests of the district.

There has been no change in the personnel of our board in 1917. On December 19, 1916, class C director, H. O. Wooten, whose term expired December 31, 1916, was reappointed by the Federal Reserve Board for the three-year term beginning January 1, 1917.

On January 3 class C director, W. B. Newsome, was designated deputy chairman of the board and deputy Federal Reserve agent for the year ending December 31, 1917.

The terms of class A director, E. K. Smith, and class B director, J. J. Culbertson, expired December 31. In accordance with the provisions of section 4 of the Federal Reserve act an election of successors to these gentlemen was held, the polls opening November 20 and closing December 4. Director Smith was originally elected by banks in group 2, and Director Culbertson by group 3. The banks were re-grouped, with the result, however, that no change was made in the grouping from last year. The present grouping is as follows: Group No. 1, banks with an aggregate capital and surplus of \$120,000 or more; group No. 2, banks with an aggregate capital and surplus of \$60,000 but less than \$120,000; group No. 3, banks with an aggregate capital and surplus of less than \$60,000.

Of 221 banks in group 2 only 50 sent in certificates of election of district reserve elector. Mr. Smith was reelected, being the only nominee, and received 50 votes. Of 201 banks in group 3 only 25 sent in certificates of election of district reserve elector. Mr. Culbertson was reelected, being the only nominee, and received 25 votes.

As in the past, our member banks took very little interest in the election, as indicated by the small number of banks certifying the election of a district reserve elector. In such an important matter, and one so vitally affecting the bank, it would seem that our members, if not desiring to make a nomination, would, at least, take enough interest to vote. It would be encouraging to the nominee to know that all of the member banks had a part in his election.

The executive committee of the bank, as its name implies, directs the affairs of this institution, under the supervision and control of the board of directors, and exercises the powers conferred on it by the by-laws. The governor, as chairman of the executive committee, makes monthly reports to the board of directors, in which the work of the committee is fully reviewed. The committee meets daily to pass on discount offerings, to initiate open-market purchases, transactions in securities, if any are contemplated, and to discuss matters of importance which may have developed during the past 24 hours.

The officers of the bank meet on Tuesday and Friday of each week, at 9 o'clock a. m., for a general discussion and review of operations. Any important correspondence received since the previous meeting is read. Official communications with the Federal Reserve Board are also, if deemed desirable, presented and matters of policy outlined. These meetings enable the officers to keep in the closest touch with developments from day to day.

At the directors' meeting January 4 Mr. T. J. Record was reelected to represent the eleventh district on the Federal Advisory Council. Mr. Record has attended the regular sessions of the council, and frequently conferred with our directors and officials on subjects dis-

cussed by the council and matters of general interest to the eleventh district.

On December 31, 1917, there were employed by the bank, including the district clearing house, 90 clerks and 9 officers.

OFFICE AND VAULT FACILITIES—BANK PREMISES.

The vault space proper of the bank is ample for present needs, and we believe sufficient for our requirements for some time to come. This is not true, however, of office facilities, and additional space is needed, some of the departments being badly crowded. At a recent meeting of our board the class B directors were appointed a committee to consider the feasibility of leasing additional quarters, or of adding new stories to the present building. Their report will soon be submitted. In the meantime some relief has been afforded by the leasing of space in a near-by building for the Liberty loan and depositary divisions.

EXAMINATIONS BY FEDERAL RESERVE EXAMINER.

The bank proper and the Federal Reserve agent's department were examined by the chief examiner and his staff for the Federal Reserve Board on February 13, 1917. This examination included every department of this institution, and was most thorough, as previous examinations have been. It is gratifying to state that on the schedule "Suggestions to officers," the chief examiner reported "none." Commenting on the conduct of the affairs of the institution the chief examiner reports, "The bank has a well-balanced and efficient organization."

CLEARING OPERATIONS.

Since the beginning of general clearing operations July 15, 1916, there has been a gradual and steady increase in the number and amount of items handled. While this increase is due to business development rather than to solicitation, still the member banks in this district are beginning to realize the advantages offered them in the Federal Reserve par collection system and are availing themselves of its facilities to an increasing extent.

It has not been the policy of this bank to resort to solicitation in order to increase its par list. New clearing accounts are welcomed, however, and advantage is taken of every opportunity to explain to banks that contemplate sending us their miscellaneous items the advantages that are to be gained. It seems desirable for the smooth working of the system and for the insurance of its permanency that the development be gradual.

Items received and handled for account of other Federal Reserve Banks are in number almost equal to the number received and han-

dled for account of our member banks. While the number of items received from member banks has greatly increased, it is not meant to convey the impression that the number of clearing accounts has increased in proportion. The majority of these items are received from the large central banks, the country banks still preferring to send their items to their city correspondent with whom they have had satisfactory relations extending over a long period of time. A large portion of such items forwarded, however, finally seek collection through the district clearing house, the city banks finding it much to their advantage to send us the items, thus obviating the necessity of having their funds scattered over a wide territory, and also saving the expense of extra accounting. The method of operation, with few exceptions, remains unchanged.

On account of the delayed mail service the average collection time of items drawn on banks in this district has been increased, and as a consequence it has been necessary to withhold credit to other Federal Reserve Banks' accounts for an additional 24 hours, making proceeds of such items now available in four days after receipt. When conditions become normal it is possible that the former practice of crediting such items in three days will be resumed.

EFFECT UPON RESERVES.

The method of making charge to member banks' accounts covering items sent them, after sufficient time has elapsed for us to receive their credit advice, whether or not same has been received, has not materially affected the reserves of member banks. Although in a number of cases penalties were assessed for deficiencies, and occasional overdrafts, the aggregate reserves have been well maintained, which indicates that the majority of member banks have become thoroughly familiar with the effect of deferred time schedules on the available reserves.

It has been the policy of this bank to improve impaired balances occasionally by mail delays, but not until a thorough investigation has been made of the mail schedule and not until it is found that the member bank has exercised due diligence in restoring such balance. Improvement is not made then unless our attention has been directed to the delay. This method has been productive of much good in that member banks are now checking the daily statement of account forwarded them immediately upon receipt. This has also enabled us to keep the time schedules current.

SERVICE CHARGES.

The service charge in this district applicable to all items on which deferred credit is given has permitted of the accumulation of sufficient funds to offset all expenses incidental to the operation of the

district clearing house, in which has been included a monthly depreciation charge of 2 per cent on equipment. The cost of equipment has not been included in this expense.

IMMEDIATE CREDIT ENTRY.

This bank has maintained its liberal policy toward its members in the manner of making settlement of debit balances received in the district clearing house. Immediate credit upon receipt has been given for drafts drawn on banks in all Federal Reserve cities, as well as points on which other Federal Reserve Banks allow us immediate credit.

The means afforded by the operation of the reserve city clearing house has also been of much assistance to the country banks in making quick settlement of such balances.

RESERVE CITY CLEARING HOUSE.

The reserve city clearing house, operated for the convenience of former reserve city banks and at their expense, has fulfilled all expectations. Its operations are regarded now as a necessity. The member banks of the clearing house continue to send the actual checks and drafts which they receive on each other to the drawee banks for credit. Against these drawings they draw drafts in favor of the Federal Reserve Bank and forward it for their credit in reserve city clearing house. A clearing is effected and resultant balances advised by wire. Settlement of balances is made on the same day. Debit balances may be covered in any of the following ways: Debited to reserve account of debtor bank; remittance by mail to other Federal Reserve Banks for credit of Federal Reserve Bank of Dallas at the current rate of exchange; or by arrangement with any other bank to deposit funds with the Federal Reserve Bank for that purpose and remittance of currency by registered mail insured. Disposition of credit balances are subject to the instructions of the creditor banks. In the absence of advice the reserve city clearing house account is closed by making debit or credit entry to reserve account.

Some of the large member banks not participating in the reserve city clearing house have made drafts, drawn on them by their country correspondents immediately available at the Federal Reserve Bank, by permitting us to charge their reserve account. Viewing the clearing operations of this district as a whole, the service rendered to member banks, as well as to other banks, would be difficult to overestimate. Opposition to the plan has greatly decreased, and expressions of cooperation are being continually received. Exhibit 24 shows the total operations of the district clearing house for the year December 15, 1916, to December 15, 1917.

SERVICE RENDERED TO THE BANKS BY THE GOLD-SETTLEMENT FUND.

During the past year the bank and its members availed themselves to an increasing extent of the services of the gold-settlement fund. As shown in Exhibit 25, this bank paid out during the year in gold through the gold-settlement fund \$637,849,800 and received payments of \$647,424,000. This plan has obviated the necessity of shipping millions of dollars in settlement of balances between Federal reserve banks. It has proven especially valuable in making heavy transfers for the account of the Treasurer, occasioned by the Government's fiscal activities. The concentration by this plan of accumulated funds from proceeds of Liberty bond sales has enabled us to make these transfers at a small attendant expense and thus to avoid actual cash shipments to meet the Treasurer's demands.

That this plan has to a marked degree stabilized the exchange market and tended to properly distribute credit throughout the country is obvious. It also affords an effective means of making deposits in gold with the Federal reserve agent as cover for the issuance of Federal reserve notes and transfers resulting therefrom.

The necessity of this plan in promoting transactions between the Federal reserve banks becomes more and more apparent. In our opinion improvement could be made only by effecting settlements at more frequent intervals.

Exhibit 25A shows, by months, the settlement and resultant balances, both debit and credit, made during the year. This does not include the many other transactions made through the fund.

SHIPMENTS OF CURRENCY AND COIN.

Exhibit 26 gives the amounts of currency and coin shipped, by months, to member banks during the year. The bank has rendered a distinct service to its members in this regard, but especially have our facilities been used during the cotton movement of the late summer and fall months. While previously the banks of the district called upon their reserve city correspondents and the Subtreasuries for their currency and coin needs, they now order through us, and we have met their demands by keeping ample stocks on hand, and have thus performed the functions of a Subtreasury. The total currency and coin shipments during the year were \$55,717,633, a considerable increase over 1916, the total for that year being \$45,527,252. The large shipments to member banks at cantonment sites, for construction and soldiers' pay rolls, account for part of the increase.

HISTORY OF LIBERTY LOAN ORGANIZATION.

On May 15, 1917, the first Liberty loan central advisory committee was called together. The committee was composed of about 80 of

the principal bankers and merchants of the eleventh Federal district, together with the Federal Reserve Bank officers. At the meeting an executive committee of 17 members was formed.

It was not deemed necessary to have separate committees for the different phases of activity, the responsibility for the conduct of the campaign resting very largely upon Mr. J. W. Hoopes, as executive manager, the executive committee meeting when necessary. At a somewhat later date a chairman of the women's Liberty loan committee of the district was appointed. At the first meeting of the executive committee it was agreed unanimously that the county judge should be appointed chief local organizer. The judge was requested to call a meeting at the county seat of all the more responsible citizens in the county, and at this meeting subcommittees were appointed to handle the loan in those cities, towns, and communities remote from the county seat. The response of the county judges was reasonably good; in some cases, particularly good, although it should be noted that owing to the short time at our disposal, the newness of the whole proposition, and the geographic extent of the district, organization was not as near perfect as could have been desired.

The banks were approached through letters, and the response was gratifying. In some cases where the county judge refused to act, banks took the whole burden of the loan upon their shoulders. The loan was subscribed very slowly at first, more than 50 per cent of it being subscribed during the last week.

During the period of the second Liberty loan campaign the same committee as before was appointed to handle the matter. Arrangements for organization and publicity were started on September 19 in preparation for the opening of the campaign on October 1. The earlier start, as compared with the first campaign, was of great advantage, and resulted in a 95 per cent county organization; that is to say, 95 per cent of our 295 counties were organized, with a chairman and a committee. The unorganized sections of our district comprised counties in which there are neither railroads nor towns of any size.

The county judge was again designated as chief local organizer, and in most cases was found a very satisfactory organizer. The banks showed more enthusiasm during the second campaign, advertised the loan more extensively, and generally showed an awakening to the needs of the situation. The women's Liberty loan committee was particularly well organized, and a careful estimate shows that at least \$13,000,000 in subscriptions were obtained as a direct result of the efforts of the women's committee, which was organized with

a chairman in each county, working in conjunction with the county judge.

Appreciative acknowledgment is hereby made to the many citizens who patriotically and unselfishly cooperated in the work of the local Liberty loan organization and who freely devoted their time to the task of placing the bonds in the hands of subscribers.

Exhibit 27 gives detailed information regarding subscriptions to the first and second Liberty loans received by the bank, also regarding the distribution of certificates of indebtedness sold through the bank.

Exhibit 28 gives expenditures and number of employees of the Liberty loan department, also amount of reimbursements received from the Treasury Department.

CONCLUSION.

The influence and effect which the operations of this bank have had not only in the financial world but in the channels of trade generally would be difficult to estimate. With the rapid growth in our resources and the general development of facilities not before undertaken, the sphere of the institution's usefulness is thus broadened and its opportunities for real service increased. For the past two years—in fact, since the bank was established—conditions in the eleventh district have been generally prosperous, and the proverbial "rainy days" for bankers have not materialized. The bank has therefore not been thoroughly tested. There unquestionably exists in the minds of the initiated, however, an appreciation of the service Federal Reserve Banks can and do render, and the assurance that when stressful times come they can turn to this institution for assistance. The management of the Dallas bank will continue, as it has in the past, to encourage our members to use our facilities and become familiar with our methods. The majority of the banks have already done so, and the task of education is less arduous. The bank's position is well established. The institution is dedicated to service. Its functions and activities have just begun. We approach the new year, therefore, with confidence, in the firm belief and assurance that past achievements and service will be even surpassed in the future.

EXHIBIT 1.—Comparative statement of the Federal Reserve Bank of Dallas.

	Dec. 31, 1917.	Dec. 31, 1916.
RESOURCES.		
Bills discounted and bought.....	\$22,880,546.54	\$3,032,115.69
United States bonds to secure circulation.....	2,732,400.00	2,000,000.00
Other United States bonds and Treasury notes.....	3,193,700.00	3,033,250.00
Investments, municipal warrants.....	150,453.74	127,318.87
Bill of lading drafts.....	682,058.19	11,072.50
Bank premises.....	136,736.31	144,246.31
Furniture and fixtures.....	11,000.00	37,164.32
Cash and due from banks (not reserve).....	5,227,722.99	1,407,448.37
Federal Reserve bank notes on hand.....	2,732,400.00	2,000,000.00
Credit balance in gold settlement fund.....	24,520,700.00	14,946,500.00
Gold with agent for retirement of outstanding Federal Reserve notes.....	25,036,675.00	22,862,855.00
Gold and lawful money.....	13,896,493.91	5,308,894.50
Gold held with foreign agencies.....	1,837,500.00	
Deferred debits.....		5,022,023.23
Deferred debits—checks and drafts in process of collection.....	6,581,975.95	
Federal Reserve Banks—transfers bought (net).....	3,619,774.36	
Total.....	113,240,141.99	59,932,888.79
LIABILITIES.		
Capital stock.....	2,794,900.00	2,695,050.00
Net profits.....	217,906.06	33,864.51
Federal Reserve notes issued.....	47,716,950.00	24,162,855.00
Reserve deposits (net).....	44,155,240.99	25,742,902.95
Government deposits.....	6,609,284.55	1,493,691.05
Due to other Federal Reserve Banks (net).....	1,515,970.49	1,292,435.51
Deferred credits—checks and drafts in process of collection.....	7,497,489.90	2,511,089.77
Federal Reserve Bank notes (secured by United States bonds).....	2,732,400.00	2,000,000.00
Total.....	113,240,141.99	59,932,888.79

EXHIBIT 2.—Comparative statement of earnings and expenses of bank for years 1917, 1916, and since organization.

	1917	1916	Since organization.
EARNINGS.			
Bills discounted, members.....	\$198,571.22	\$205,232.29	\$646,039.47
Bills discounted, other Federal Reserve Banks.....	10,493.44		10,493.44
Acceptances bought in open market.....	138,512.74	10,879.64	149,392.38
United States bonds and Treasury notes.....	159,431.61	64,576.25	224,642.74
Municipal warrants.....	6,832.79	736.80	7,858.49
Profits realized on United States securities.....	4,007.67		4,007.67
Transfers—net earnings.....	34,027.34	7,305.20	42,552.19
Deficient reserve—Penalties.....	12,968.16		12,968.16
Sundry profits.....	3,747.42	18,144.46	22,177.40
Total.....	568,592.39	306,874.64	1,120,131.94
EXPENSES.			
Assessments account expense Federal Reserve Board.....	11,438.78	9,664.82	48,314.86
Federal Advisory Council expenses.....	150.00	752.80	1,346.21
Governors' conferences.....	398.42	1,300.80	1,699.22
Federal Reserve agents' conferences.....	207.64	613.55	821.19
Salaries:			
Bank officers.....	41,050.54	33,055.08	110,951.22
Clerical staff.....	39,940.27	28,361.56	103,417.23
Special officers and watchmen.....	2,761.68	1,771.02	4,961.70
All other.....	2,980.78	2,585.33	7,613.11
Directors' remuneration and expenses.....	3,521.89	4,259.10	13,705.80
Officers' and clerks' traveling expenses.....	1,138.77	1,234.33	4,953.73
Legal fees.....	2,400.00	2,422.40	5,236.25
Rent.....			10,079.78
Taxes and fire insurance.....	927.20		3,439.18
Telephone.....	869.47	871.74	2,388.29
Telegraph.....	584.46	645.24	1,685.73
Postage.....	3,166.32	3,088.43	10,126.45
Expressage.....	8,424.31	10,783.23	30,690.87
Insurance and premiums on fidelity bonds.....	1,517.92	476.73	6,371.14
Light, heat, and power.....	1,468.24	1,318.65	2,965.29
Printing and stationery.....	6,327.37	496.97	16,236.07
Repairs and alterations.....	2,472.86	209.30	3,173.09
All others not specified, including exchange.....	5,154.00	6,298.69	18,828.57
Cost of Federal Reserve currency issued.....	30,910.82	12,346.43	50,640.81
Total.....	167,811.74	122,556.20	459,645.79

EXHIBIT 3.—Chart showing earnings and expenses of the Federal Reserve bank of Dallas for 1917.

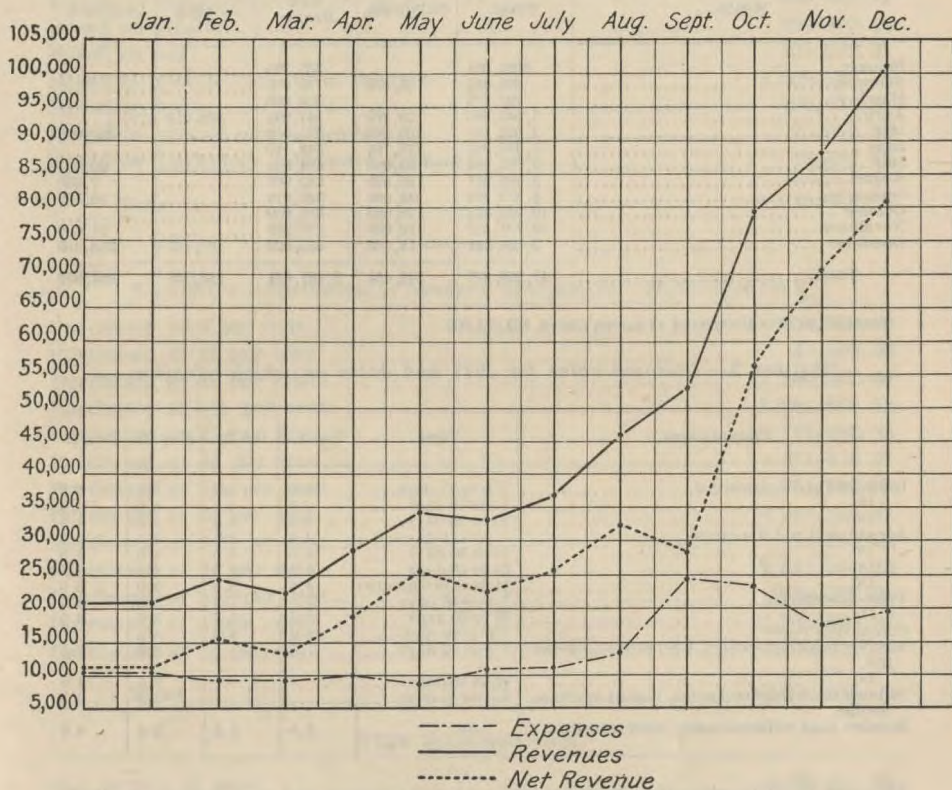


EXHIBIT 4.—Rediscounts.

Volume of rediscounts for 1917:	
Rediscounts for member banks	\$52,052,599.99
Bankers' acceptances purchased	35,076,917.00
Rediscounts for other Federal reserve banks	5,000,036.00
Total	92,129,552.99
Volume of rediscounts for 1916:	
Rediscounts for member banks	18,512,542.85
Bankers' acceptances purchased	3,543,046.71
Total	22,055,589.56
Total number of banks accommodated in 1917	258
Total number of new banks accommodated in 1917	29
Largest note rediscounted, \$958,000; smallest, \$10.50.	

REDISCOUNTS FOR 1917, BY MONTHS, AND DISTRIBUTION BY STATES.

Month.	Texas.	Oklahoma.	New Mexico.	Arizona.	Louisiana.
January.....	\$621,024		\$37,795		
February.....	693,452	\$4,603	23,900		
March.....	791,175		239,690		
April.....	1,545,506	23,210	241,292	\$56,419	
May.....	1,922,188	106,985	221,958		\$21,958
June.....	3,310,387	116,794	342,140		
July.....	3,703,544	53,996	404,894		20,471
August.....	3,904,851	106,800	212,966		7,250
September.....	4,670,209	35,066	483,979		25,767
October.....	10,940,833	170,000	610,809		
November.....	12,407,467	110,000	227,229		91,000
December.....	2,759,341	15,000	435,022	107,137	228,493
Total.....	47,269,977	742,454	3,481,674	163,556	394,939

Total of paper rediscounted as shown above, \$52,052,600.

EXHIBIT 5.—Discount rates for 1917 and dates on which effective.

Class of paper.	Time.	Jan. 1.	Jan. 24.	May 23.	Dec. 5.
Industrial and commercial.....	Up to 15 days.....	4.0	3.5	3.5	4.0
Do.....	16 to 60 days.....	4.0	4.0	4.0	4.5
Do.....	61 to 90 days.....	4.0	4.5	4.5	4.5
Agricultural and live-stock.....	Up to 15 days.....	4.0	3.5	3.5	4.0
Do.....	16 to 60 days.....	4.0	4.0	4.0	4.5
Do.....	61 to 90 days.....	4.0	4.5	4.5	4.5
Trade acceptances.....	91 days to 6 months.....	4.5	5.0	5.0	5.0
Do.....	Up to 60 days.....	3.5	3.5	3.5	3.5
Commodity paper.....	61 to 90 days.....	3.5	3.5	3.5	4.0
Member bank rediscounts, United States securities.....	Up to 90 days.....	3.0	3.5	3.5	.....
Do.....	Up to 15 days.....			3.5	3.5
Do.....	16 to 90 days.....			3.5	4.0
Member bank collateral notes, United States securities.....	Up to 15 days.....			3.5	3.5
Member bank collateral notes, other securities.....	.....do.....	3.5	3.5	3.5	4.0

EXHIBIT 6.—Classification by maturities of bills discounted and bought in 1917.

Due within 15 days.....	\$34,486,685.99
Due 16 to 30 days.....	7,325,335.16
Due 31 to 60 days.....	29,947,444.15
Due 61 to 90 days.....	15,243,514.05
Due 91 days to 6 months.....	5,126,574.00
Total.....	92,129,553.35

EXHIBIT 7.—Classification of trade acceptances by maturities.

Due within 15 days.....	\$6,967.00
Due 16 to 30 days.....	3,911.00
Due 31 to 60 days.....	85,938.00
Due 61 to 90 days.....	81,137.00
Total.....	177,953.00

EXHIBIT 8.—*Bill of lading drafts.*

Based on grain and grain products.....	\$1, 339, 365. 41
Based on alfalfa.....	330, 495. 14
Based on hay.....	131, 273. 91
Based on cotton and cotton products.....	3, 259, 159. 74
Based on wool.....	192, 572. 38
Based on miscellaneous produce.....	70, 558. 20
Based on machinery, hardware, furniture, etc.....	16, 492. 13
Total.....	5, 339, 916. 91

EXHIBIT 9.—*Statement of bankers' acceptances—Rates and time.*

Purchased at 4 per cent.....	\$150, 000. 00
Purchased at $3\frac{3}{8}$ per cent.....	40, 000. 00
Purchased at $3\frac{5}{8}$ per cent.....	1, 260, 352. 64
Purchased at $3\frac{9}{16}$ per cent.....	1, 281, 898. 53
Purchased at $3\frac{1}{2}$ per cent.....	6, 178, 486. 82
Purchased at $3\frac{3}{8}$ per cent.....	10, 331, 446. 57
Purchased at $3\frac{5}{16}$ per cent.....	1, 951, 765. 04
Purchased at $3\frac{1}{4}$ per cent.....	6, 561, 325. 42
Purchased at $3\frac{3}{16}$ per cent.....	14, 242. 72
Purchased at $3\frac{1}{8}$ per cent.....	3, 511, 201. 29
Purchased at $3\frac{1}{16}$ per cent.....	429, 238. 25
Purchased at 3 per cent.....	2, 746, 030. 88
Purchased at $2\frac{7}{8}$ per cent.....	620, 928. 10
Total.....	35, 076, 916. 26

TIME CLASSIFICATION.

Due within 15 days.....	\$428, 906. 99
Due 16 to 30 days.....	5, 700, 650. 16
Due 31 to 60 days.....	18, 806, 952. 06
Due 61 to 90 days.....	10, 140, 407. 05
Total.....	35, 076, 916. 26

Average rate of discount at which purchases were made, 3.32 per cent.

EXHIBIT 10.—*Operations in United States bonds and securities for the year 1917.*

	Held on Dec. 31, 1916.
Registered 2 per cent consol bonds of 1930.....	\$2, 923, 350
Registered 2 per cent Panama bonds, series 1936.....	542, 500
Registered 2 per cent Panama bonds, series 1938.....	155, 000
Registered 3 per cent conversion bonds, series 1916-46.....	707, 400
Registered 3 per cent one-year Treasury notes.....	705, 000
Total.....	5, 033, 250

BONDS AND TREASURY NOTES—PURCHASES, SALES, AND CONVERSIONS.

Registered 2 per cent consol bonds of 1930:

Purchase from member banks, at par.....	\$478, 750
Converted.....	951, 200

Registered 2 per cent Panamas, series 1936:	
Purchased from member banks, at par	\$84,000
Converted	500,000
United States 3 per cent conversions, 1916-46, sold at 102	200,000
United States 3 per cent conversions, 1917-47, received by conversion of 2 per cent bonds	726,200
United States 3 per cent one-year Treasury notes:	
Received by conversion of 2 per cent bonds	725,000
Replaced by new notes	1,430,000
Charged to Treasurer of United States	1,430,000
First series 3½ per cent Liberty bonds:	
Purchased from Treasury Department	3,800
Purchased from member banks	775,000
Sold at par	301,700
Second series 4 per cent Liberty bonds:	
Purchased from Treasury Department	3,400
Purchased in open market	50,000
Sold at par	400

EXHIBIT 11.—*Bonds and Treasury notes held on Dec. 31, 1917.*

Registered 2 per cent consols of 1930	\$2,450,900
Registered 2 per cent Panamas, series 1938	155,000
Registered 2 per cent Panamas, series 1936	126,500
Registered 3 per cent conversion bonds, series 1946	507,400
Registered 3 per cent conversion bonds, series 1947	726,200
Registered 3 per cent one-year Treasury notes	1,430,000
First series 3½ per cent Liberty bonds	477,100
Second series 4 per cent Liberty bonds	53,000
Total	5,926,100

EXHIBIT 12.—*Purchases of municipal warrants.*

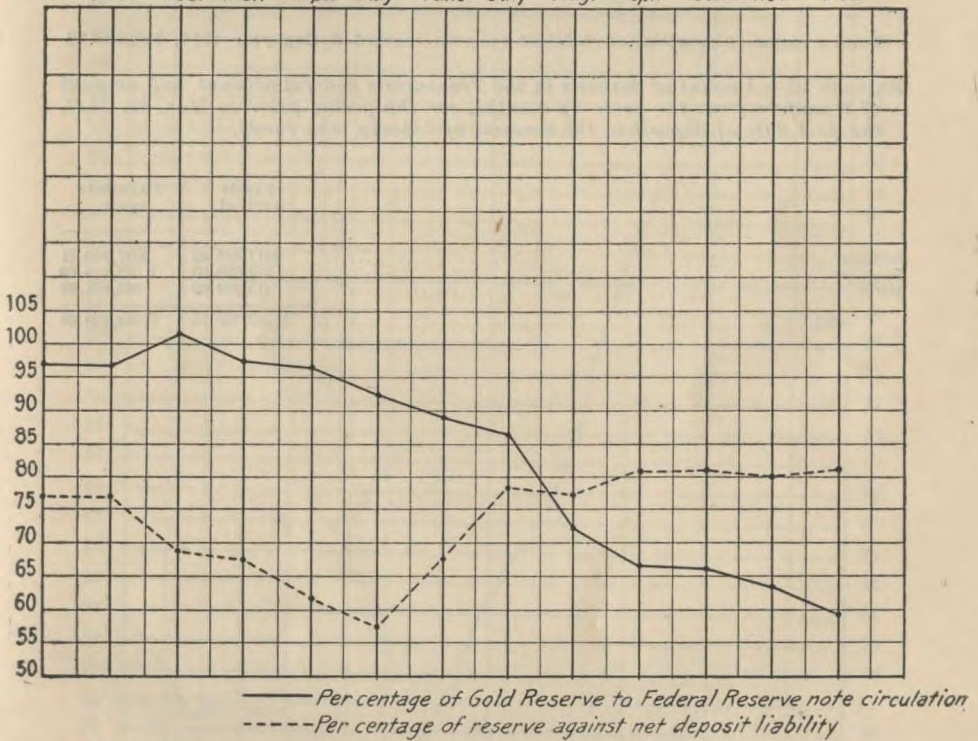
Municipality.	Rate.	Maturity at time of discount.	Maturity value.
	<i>Per cent.</i>		
San Antonio, Tex.	4	After 90 days, but within six months.	\$46,265.00
Do.	4	.....do.....	104,193.74
Do.	3	After 30 days, but within 60 days.	52,291.67
Do.	3½	.....do.....	51,703.47
Do.	3½	.....do.....	52,062.50
New York City	3½	After 90 days, but within six months.	50,806.50
Do.	2½	.....do.....	50,561.21
Do.	2½	.....do.....	30,317.21
Do.	2½	.....do.....	25,395.55
Do.	3	.....do.....	253,955.48
Newark, N. J.	2½	.....do.....	20,350.00
Total			737,902.33

EXHIBIT 13—Member banks' collateral notes.

Total of member banks' collateral notes.....	\$33,374,300.00
Number of banks accommodated in this manner.....	87
Paper secured by United States bonds and certificates of indebtedness:	
Member banks' collateral notes.....	\$16,270,250.00
Member bank rediscounts.....	2,019.20
Rediscounts for other Federal Reserve Banks.....	5,000,036.00
Total.....	21,272,305.20

EXHIBIT 14.—Reserve position.

Jan. Feb. Mar. Apr. May June July Aug. Sept. Oct. Nov. Dec.



Yearly averages:
 Gold reserve against Federal Reserve note liability—90.2.
 Gold reserve against net deposit liability—73.0.

EXHIBIT 15.—Statement showing the required reserve deposits of member banks by months, amount actually carried, excess, and amount of overdrafts during year 1917.

	Required reserves.	Actual reserves.	Excess.	Overdrafts.
January.....	\$535,756,032.00	\$652,010,040.64	\$116,254,008.64	\$1,202,972.32
February.....	458,327,600.00	543,170,450.14	84,842,850.14	45,709.91
March.....	502,679,028.00	623,494,182.22	120,815,154.22	117,711.04
April.....	463,679,842.00	558,738,029.48	95,058,187.48	94,649.92
May.....	495,698,072.00	600,902,055.42	105,203,983.42	117,964.35
June.....	440,829,125.00	580,425,581.49	139,596,456.49	351,602.97
July.....	551,402,462.00	715,550,757.09	164,148,295.09	891,370.34
August.....	665,708,910.00	767,902,583.65	102,193,673.65	62,558.66
September.....	680,415,672.00	769,123,816.81	78,708,144.81	154,399.16
October.....	875,290,000.00	957,179,988.21	81,889,988.21	200,779.96
November.....	903,299,725.00	1,058,948,144.19	155,648,419.19	435,188.22
December.....	882,415,000.00	1,133,257,371.70	250,842,371.70	340,861.96
Total.....	7,455,501,468.00	8,950,703,001.04	1,495,201,533.04	4,015,768.81

Total amount of penalties on deficient reserves charged during year 1917, \$12,968.16.

EXHIBIT 16.—Amount of deposits in the Treasurer's general account, and amount of transfers from the same by months, for the period prior to Mar. 31, 1917, the first date of deposit in the account of Liberty loan funds.

	Funds received.	Payments made.
January.....	\$417,645.42	\$327,846.51
February.....	413,226.60	1,073,015.68
March.....	410,854.63	663,821.86
Total.....	1,240,726.65	2,064,684.05

EXHIBIT 17.

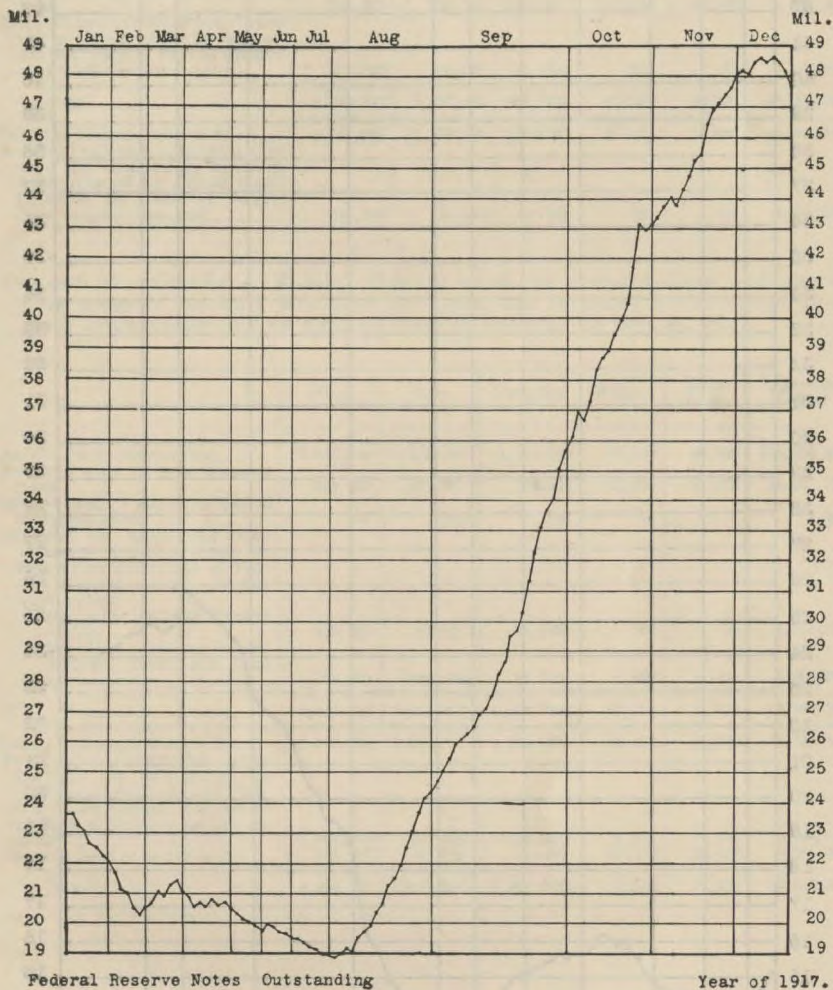


EXHIBIT 18.

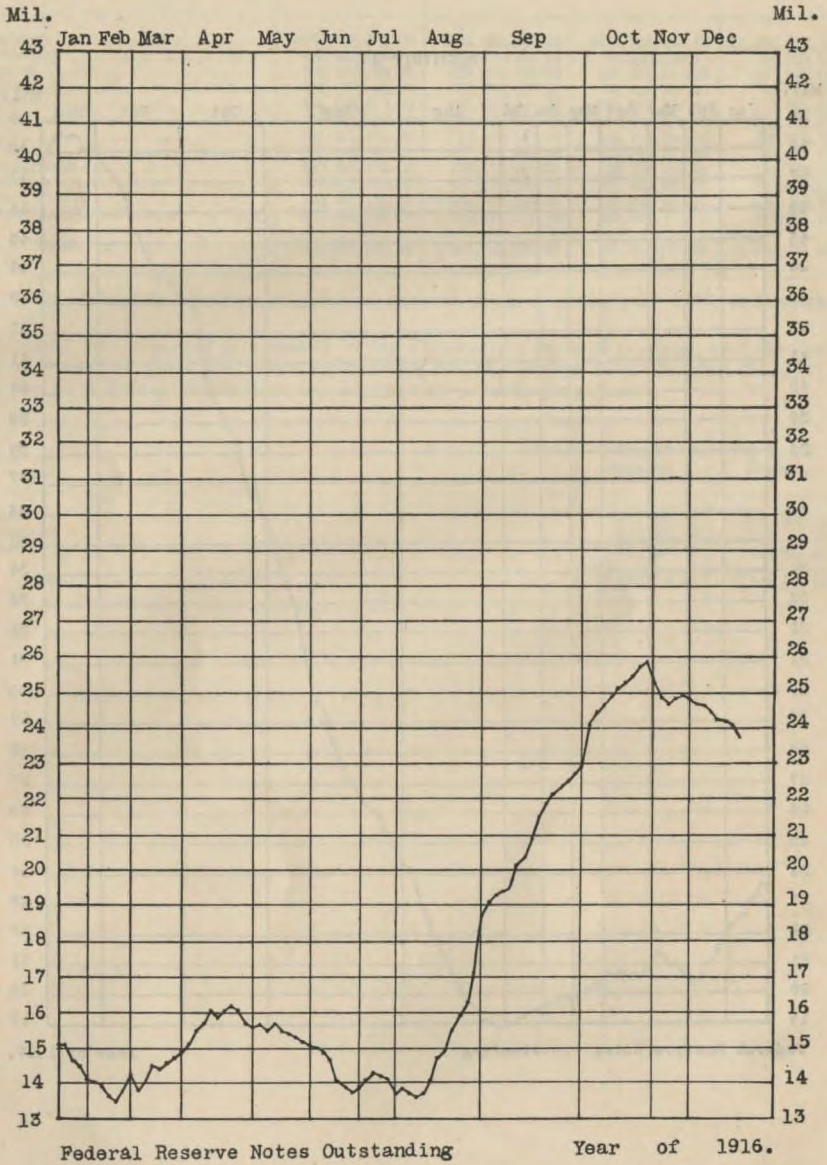


EXHIBIT 19.—Number of Federal Reserve notes, by denominations, and aggregate amounts received, issued to the bank, and returned to the comptroller during the year 1917.

	Fives.	Tens.	Twen- ties.	Fifties.	Hun- dreds.	Aggregate amount.
Received from comptroller.....	1,188,000	1,188,000	668,000	8,000	16,000	\$33,180,000
Received from Federal Reserve Bank.....	135,000	269,500	110,500	7,500	24,100	8,365,000
Received by comptroller from Treas- urer of United States for destruc- tion and credit of Federal Reserve agent's account (unfit notes).....	551,197	320,080	87,773½	837	132	7,767,305
Total.....	1,874,197	1,777,580	866,273½	16,337	40,232	49,312,305
Issued to Federal Reserve Bank....	1,351,050	1,476,550	750,500	21,013	25,050	40,086,400
Returned to Comptroller of the Cur- rency for destruction, including notes returned by United States Treasurer for credit of Federal Reserve agent's account.....	551,197	320,080	87,773½	837	132	7,767,305

EXHIBIT 20.—Number of Federal Reserve notes, by denominations, and aggregate amounts received, issued to the bank, and returned to the comptroller since organization and on hand at close of business on Dec. 31, 1917.

	Fives.	Tens.	Twenties.	Fifties.	Hun- dreds.	Aggregate amount
Received from comptroller.....	3,028,000	2,328,000	1,164,000	56,000	40,000	\$68,500,000
Received from Federal Reserve Bank.....	459,250	686,350	259,450	29,400	31,750	18,993,750
Received from Treasurer of United States (fit notes).....	350	140	180	13	.....	7,400
Received by comptroller from Treasurer of United States for destruction and credit of Fed- eral Reserve agent's account (unfit notes):						
From other Federal Reserve Banks.....	109,483	69,926	23,440	269	32	1,732,125
Direct from reporting Federal Reserve Banks and from other sources.....	858,630	366,540½	91,918½	1,652	154	9,894,925
Total.....	4,455,713	3,450,956½	1,538,988½	87,334	71,936	99,128,200
Issued to Federal Reserve Bank...	3,076,000	2,844,090	1,330,930	65,413	46,350	78,345,150
Returned to Comptroller of the Currency for destruction, in- cluding notes returned by Uni- ted States Treasurer for credit of Federal Reserve agent's ac- count.....	1,005,713	471,366½	120,558½	1,921	186	12,268,050
Notes on hand at end of month....	374,000	135,500	87,500	20,000	25,400	8,515,000
Total.....	4,455,713	3,450,956½	1,538,988½	87,334	71,936	99,128,200

EXHIBIT 21.—Federal Reserve agent's note account Dec. 31, 1917.

Description.	Balance forward.	Debit.	Credit.	Balance.
RESOURCES.				
Federal Reserve notes on hand.....	\$8,515,000.00			\$8,515,000.00
Federal Reserve notes outstanding.....	47,726,950.00		\$10,000.00	47,716,950.00
Federal Reserve notes sent to Comptroller of Currency for destruction.....	12,258,050.00	\$10,000.00		12,268,050.00
Bills to secure Federal Reserve notes.....	23,131,747.18	379,200.25	630,400.89	22,880,546.54
Funds held against Federal Reserve notes:				
Gold coin and certificates on hand.....	14,080,000.00			14,080,000.00
Credit balance in gold redemption fund.....	2,482,675.00			2,482,675.00
Credit balance with Federal Reserve Board.....	8,474,000.00			8,474,000.00
Total.....				116,417,221.54
LIABILITIES.				
Federal Reserve notes received from Comptroller of Currency, gross amount.....	68,500,000.00			68,500,000.00
Collateral pledged against outstanding Federal Reserve notes:				
Paper.....	25,036,675.00			25,036,675.00
Gold.....	23,131,747.18	630,400.89	379,200.25	22,880,546.54
Total.....				116,417,221.54

EXHIBIT 22.—Amounts of Federal Reserve notes of the several denominations received from other Federal Reserve Banks for redemption or credit and returned to other Federal Reserve Banks for redemption or credit by the Federal Reserve Bank of Dallas during the period Jan. 1, 1917, to Dec. 31, 1917.

Federal Reserve Bank of—	Fives.		Tens.		Twenties.	
	Received from.	Returned to.	Received from.	Returned to.	Received from.	Returned to.
Boston.....	\$12,270	\$6,115	\$82,100	\$274,960	\$40,180	\$1,120
New York.....	217,805	113,160	389,210	219,990	355,500	195,920
Philadelphia.....	11,500	49,410	33,500	247,890	47,000	14,900
Cleveland.....	6,420	25,630	15,930	14,270	12,760	252,540
Richmond.....	6,000	58,080	13,430	15,910	13,420	14,940
Atlanta.....	233,500	103,000	319,500	224,830	215,000	166,900
Chicago.....	225,000	29,955	379,000	39,680	290,000	51,700
St. Louis.....	506,500	64,670	649,000	156,040	464,000	146,360
Minneapolis.....	13,170	14,970	23,240	22,770	21,540	26,060
Kansas City.....	97,700	242,250	152,950	256,670	57,600	239,900
Dallas.....						
San Francisco.....	38,805	16,260	78,710	22,140	100,640	49,460
Total.....	1,368,670	723,500	2,136,570	1,495,150	1,617,640	1,159,900

Federal Reserve Bank of—	Fifties.		Hundreds.		Total.	
	Received from.	Returned to.	Received from.	Returned to.	Received from.	Returned to.
Boston.....	\$5,050	\$700	\$1,800	\$800	\$141,400	\$283,695
New York.....	31,500	15,250	20,400	22,600	1,014,415	566,920
Philadelphia.....	4,800	50	4,200	200	101,000	312,450
Cleveland.....	1,200	1,850	100	1,100	36,410	295,390
Richmond.....	650	2,050		1,000	33,500	91,980
Atlanta.....	70,400	12,900	122,100	18,200	960,500	525,830
Chicago.....	19,600	5,400	7,400	2,600	921,000	129,335
St. Louis.....	18,800	5,550	323,200	1,100	1,961,500	373,720
Minneapolis.....	50	1,250		1,200	58,000	66,250
Kansas City.....	1,400	14,200	1,300	1,800	310,950	754,820
Dallas.....						
San Francisco.....	5,350	8,300	3,100	10,400	226,605	106,560
Total.....	158,800	67,500	483,600	61,000	5,765,280	3,506,950

EXHIBIT 23.—Cost of new Federal Reserve notes printed during year 1917.

Cost of printing Federal Reserve notes during January, 1917 (details not available)	\$652.99
Cost of printing Federal Reserve notes during February, 1917: Fives, 85,000 sheets, value \$1,700,000; tens, 93,000 sheets, value \$3,720,000	6,117.50
Cost of printing Federal Reserve notes during March, 1917: Fives, 61,000 sheets, value \$1,220,000; tens, 71,000 sheets, value \$2,840,000; twenties, 44,000 sheets, value \$3,520,000; fifties, 9,000 sheets, value \$1,800,000; hundreds, 8,000 sheets, value \$3,200,000	6,633.02
Cost of printing Federal Reserve notes during April, 1917: 84,000 sheets, value \$3,700,000 (further details unavailable)	2,886.91
Cost of printing Federal Reserve notes during March, 1917 (details unavailable)	3,093.12
Cost of printing Federal Reserve notes during period June 1 to 18, 1917, inclusive: Fives, 42,000 sheets, value \$840,000; tens, 20,000 sheets, value \$800,000	2,130.82
Cost of printing Federal Reserve notes during period June 19 to 30, 1917, inclusive: Fives, 54,000 sheets, value \$1,080,000; tens, 23,000 sheets, value \$9,200,000	2,646.33
Cost of printing Federal Reserve notes during July, August, and September, 1917: Fives, 2,000 sheets, value \$40,000; twenties, 22,000 sheets, value \$1,760,000	877.44

During the year we paid a total of \$2,746.79 postage on transporting our new and unissued Federal Reserve notes between places of custody. This necessitated payment of insurance covering these shipments as follows:

Washington to Dallas, \$20,860,000	\$2,503.20
Washington to St. Louis Subtreasury, for our account, \$11,480,000	1,148.00
St. Louis Subtreasury to Dallas, \$4,800,000	696.00
Total	4,347.20

EXHIBIT 24.—Statement showing total items handled through the district clearing house for 12 months ending Dec. 31, 1917.

	Items handled.		Amount handled.	
	With service charges.	Without service charges.	With service charges.	Without service charges.
1917.				
January	286,928	25,427	\$32,747,289.20	\$26,423,472.78
February	246,108	23,113	29,746,051.78	24,853,171.80
March	288,075	27,870	34,055,645.75	28,992,748.18
April	263,836	26,300	34,073,912.86	29,536,386.94
May	242,044	41,135	34,571,703.72	34,146,761.97
June	248,329	24,701	34,988,548.71	36,823,190.04
July	234,065	24,513	33,209,055.53	30,450,449.85
August	239,227	24,586	35,826,134.04	35,947,651.20
September	247,739	35,650	43,073,740.10	41,137,358.39
October	366,948	39,111	63,987,609.75	73,137,116.06
November	326,276	35,030	60,007,754.56	66,319,565.08
December	363,095	37,114	65,242,748.78	60,904,236.82
Total	3,352,670	364,550	501,530,194.78	488,672,109.11

Disbursement, district clearing house	\$51,262.80
Cost per item handled with service charges	.01529
Cost per item, including those handled without service charges	.01379
Cost per \$1,000 handled with service charges	1.0221
Cost per \$1,000, including those handled without service charges	.05177

EXHIBIT 25.—Funds paid out and received through gold-settlement fund during year 1917.

Total payments received through medium of gold-settlement fund during 1917	\$647,424,000
Total payments made through medium of gold-settlement fund during 1917	637,849,800

To verify above figures:

Gold-settlement fund balance Dec. 31, 1916.....	14,946,500
Funds received during year, as above.....	647,424,000
Total.....	662,370,500
Funds transferred during year, as above.....	637,849,800
Gold-settlement fund balance Dec. 31, 1917.....	24,520,700

EXHIBIT 25A.—Statement showing by months the gold settlement fund settlements and resultant balances, both debit and credit, for year 1917.

Month.	Funds wired by us.	Funds wired to us.	Debit balances.	Credit balances.
January.....	\$37,522,000	\$32,097,000	\$5,425,000	.....
February.....	28,429,000	24,837,000	3,592,000	.....
March.....	29,049,000	30,214,000	.....	\$1,165,000
April.....	29,392,000	32,669,000	.....	7,277,000
May.....	40,052,000	47,345,000	.....	7,293,000
June.....	32,945,000	47,349,000	.....	14,404,000
July.....	33,297,000	34,855,000	.....	1,558,000
August.....	40,881,000	47,443,000	.....	6,562,000
September.....	43,291,000	50,120,000	.....	6,829,000
October.....	75,006,000	97,245,000	.....	22,239,000
November.....	72,142,000	88,160,000	.....	16,018,000
December.....	74,218,000	75,010,000	.....	792,000
Total for year.....	536,224,000	607,344,000	9,017,000	80,137,000
Net for year.....	.....	71,120,000	.....	71,120,000

EXHIBIT 26.—Statement showing amount of currency and coin shipped to member banks by months, during 1917, detailed as to nature and denomination.

PAPER MONEY.

Month.	Ones and twos.	Fives.	Tens.	Twenties.	Other.
January.....	\$61,200	\$109,500	\$551,000	\$461,000	\$179,000
February.....	114,800	145,250	681,000	445,000	431,350
March.....	118,903	322,250	1,077,500	702,500	1,828,000
April.....	158,500	260,500	711,000	584,500	609,000
May.....	136,800	278,160	517,580	588,600	95,000
June.....	195,872	343,200	523,500	411,000	84,000
July.....	123,500	257,500	591,100	496,000	81,500
August.....	517,200	1,375,800	2,323,000	3,669,000	422,000
September.....	425,000	2,386,000	3,919,500	3,712,000	91,000
October.....	320,350	1,586,100	3,424,500	3,560,000	453,900
November.....	282,550	951,165	3,162,750	3,844,000	535,500
December.....	313,352	320,250	1,032,500	1,018,160	274,000
Total.....	2,768,027	8,335,675	18,514,930	19,494,760	5,084,250

SILVER AND SUBSIDIARY COIN.

Month.	Ones.	50, 25, and 10 cent pieces.	Nickels and pennies.	Total, paper and silver.
January.....	\$2,000	\$8,860	\$441	\$1,376,001
February.....	10,600	12,235	1,240	1,841,475
March.....	10,000	13,325	1,500	4,073,978
April.....	8,300	23,000	1,335	2,356,135
May.....	17,650	10,800	1,180	1,645,770
June.....	32,700	34,490	1,570	1,626,331
July.....	15,300	23,100	575	1,588,575
August.....	54,950	156,200	23,420	8,541,570
September.....	142,000	206,680	37,200	10,919,380
October.....	103,750	279,725	28,505	9,756,830
November.....	62,800	33,200	5,220	8,877,185
December.....	37,500	99,875	18,765	3,114,402
Total.....	497,550	901,490	120,951	55,717,632

Exhibit 27.—Operations of Liberty loan department.

FIRST LIBERTY LOAN.

Total amount of bonds subscribed for.....	\$48,962,000
Total amount of bonds subscribed for by nonmember banks.....	\$9,190,200
Banks and individual subscriptions through member banks.....	\$39,771,800
Total number of subscribers.....	93,707
Total number of individual subscribers.....	92,475
Total number of subscriptions by corporations.....	410
Total number of subscriptions by member banks.....	434
Total number of subscriptions by nonmember banks.....	388

SECOND LIBERTY LOAN.

Total amount of bonds subscribed for.....	\$77,899,850
Total amount of bonds subscribed for by nonmember banks.....	\$20,878,900
Banks and individual subscriptions through member banks.....	\$57,020,950
Total number of subscribers.....	250,206
Total number of subscriptions through member banks.....	153,266
Total number of subscriptions through nonmember banks.....	96,940

Treasury certificates of indebtedness.

Issue of—	Group, or allotment to subscriber.	Number of subscribers.	Total amounts allotted to each group.
Apr. 25.....	\$25,000 and less.....	99	\$1,280,000
	\$50,000 and less.....	18	860,000
	\$100,000 and less.....	7	635,000
	\$250,000 and less.....	9	1,775,000
	\$500,000 and less.....	3	950,000
	\$1,000,000 and less.....	2	1,500,000
			7,000,000
May 10.....	\$25,000 and less.....	133	1,470,000
	\$50,000 and less.....	33	1,500,000
	\$100,000 and less.....	12	1,095,000
	\$250,000 and less.....	5	960,000
	\$500,000 and less.....	1	500,000
			5,525,000
May 25.....	\$25,000 and less.....	155	1,095,000
	\$50,000 and less.....	15	483,000
	\$100,000 and less.....	9	541,000
	\$250,000 and less.....	2	281,000
			2,400,000
June 8.....	\$25,000 and less.....	80	791,000
	\$50,000 and less.....	15	690,000
	\$100,000 and less.....	9	815,000
	\$250,000 and less.....	3	492,000
	\$1,000,000 and less.....	1	512,000
			3,300,000
Aug. 9.....	\$25,000 and less.....	84	965,000
	\$50,000 and less.....	19	835,000
	\$100,000 and less.....	8	690,000
	\$250,000 and less.....	7	1,190,000
	\$500,000 and less.....	3	1,020,000
			4,700,000
Aug. 28.....	\$25,000 and less.....	50	544,000
	\$50,000 and less.....	14	645,000
	\$100,000 and less.....	6	552,000
	\$250,000 and less.....	4	689,000
			2,430,000

Treasury certificates of indebtedness—Continued.

Issue of—	Group, or allotment to subscriber.	Number of subscribers.	Total amounts allotted to each group.
Sept. 17.....	\$25,000 and less.....	58	\$759,000
	\$50,000 and less.....	14	625,000
	\$100,000 and less.....	4	365,000
	\$250,000 and less.....	1	200,000
	\$500,000 and less.....	1	418,000
			2,367,000
Sept. 26.....	\$25,000 and less.....	174	2,289,000
	\$50,000 and less.....	58	2,486,000
	\$100,000 and less.....	19	1,735,000
	\$250,000 and less.....	8	1,700,000
	\$500,000 and less.....	6	2,385,000
			10,595,000
Oct 18.....	\$25,000 and less.....	196	2,738,000
	\$50,000 and less.....	65	2,930,000
	\$100,000 and less.....	27	2,400,000
	\$250,000 and less.....	10	1,805,000
	\$500,000 and less.....	3	1,100,000
	\$1,000,000 and less.....	2	1,065,000
			12,038,000
Oct. 24.....	\$25,000 and less.....	142	2,047,000
	\$50,000 and less.....	38	1,670,000
	\$100,000 and less.....	15	1,380,000
	\$250,000 and less.....	4	675,000
	\$500,000 and less.....	1	445,000
\$1,000,000 and less.....	1	1,000,000	
			7,217,000
Nov. 30.....	\$25,000 and less.....	33	502,500
	\$50,000 and less.....	22	1,007,000
	\$100,000 and less.....	10	849,000
	\$250,000 and less.....	6	1,030,000
	\$1,000,000 and less.....	2	2,000,000
	1,726		5,388,500
			62,960 500

UNITED STATES CERTIFICATES OF INDEBTEDNESS.

Maturity.	Rate.	Purchases.			Disposition.		
		From Treasury Department.	From banks.	Total.	Sold to banks.	Held to maturity.	Total.
	<i>Per cent.</i>						
June 29, 1917.....	2	\$2,000,000		\$2,000,000		\$2,000,000	\$2,000,000
June 30, 1917.....	3	900,000		900,000	\$900,000		900,000
July 17, 1917.....	3	65,000	\$15,000	80,000	65,000	15,000	80,000
July 30, 1917.....	3½	14,000	263,000	277,000	14,000	263,000	277,000
Nov. 15, 1917.....	3½	595,000	283,000	878,000	207,000	671,000	878,000
Nov. 22, 1917.....	4	667,000	845,000	1,512,000	667,000	845,000	1,512,000
Nov. 30, 1917.....	3½	11,000	140,000	151,000	10,000	141,000	151,000
Dec. 15, 1917.....	3½	428,000	120,000	548,000	170,000	378,000	548,000
Do.....	4	1,585,000	2,120,000	3,705,000	1,660,000	2,045,000	3,705,000
June 25, 1918.....	4	215,000		215,000	215,000		215,000
Total.....		6,480,000	3,786,000	10,266,000	3,908,000	6,358,000	10,266,000

EXHIBIT 28.—*Statement of expenditures during year.*

	First loan.	Second loan.	Total.
Salaries.....	\$15,994.30	\$19,720.36	\$35,714.66
Traveling.....	416.35	2,595.43	3,011.78
Telephone and telegraph.....	199.25	6,180.54	6,379.79
Postage.....	3,674.04	3,876.55	7,550.59
Printing and stationery.....	956.54	14,919.61	15,876.15
Sundry accounts paid.....	10,483.73	10,403.48	20,887.21
Miscellaneous expenses.....	437.86	1,884.18	2,322.04
Total.....	32,162.07	59,580.15	91,742.22

Reimbursements by Treasury Department: First loan, \$22,369.95; second loan, \$5,426.71; total, \$27,792.66.

On December 31, 1917, there were employed 67 clerks in the war loan department, excluding the two officers in charge.

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