

**SEVENTEENTH ANNUAL REPORT OF THE
FEDERAL RESERVE BANK OF DALLAS**

1931



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ANNUAL REPORT
OF THE
FEDERAL RESERVE BANK
OF DALLAS

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LETTER OF TRANSMITTAL

January 27, 1932

Gentlemen:

I have the honor to submit herewith the Seventeenth Annual Report of the Federal Reserve Bank of Dallas covering the year ended December 31, 1931.

Respectfully,

C. C. WALSH,

Federal Reserve Agent

Federal Reserve Board,
Washington, D. C.

DIRECTORS AND OFFICERS
of the
FEDERAL RESERVE BANK OF DALLAS
1932

DIRECTORS

CLASS A

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J. P. WILLIAMS, Mineral Wells, Texas

W. H. PATRICK, Clarendon, Texas

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J. R. MILAM, Waco, Texas

J. J. CULBERTSON, Paris, Texas

CLASS C

C. C. WALSH, Dallas, Texas

S. B. PERKINS, Dallas, Texas

E. R. BROWN, Dallas, Texas

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J. H. FROST, San Antonio, Texas

OFFICERS

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S. B. PERKINS, Deputy Chairman

CHAS. C. HALL, Assistant Federal Reserve Agent and Secretary

W. J. EVANS, Assistant Federal Reserve Agent

W. P. CLARKE, General Auditor

C. C. TRUE, Assistant Auditor

B. A. McKINNEY, Governor

R. R. GILBERT, Deputy Governor

R. B. COLEMAN, Deputy Governor

FRED HARRIS, Cashier

W. O. FORD, Assistant Deputy Governor

E. B. AUSTIN, Assistant Cashier

L. G. PONDROM, Assistant Cashier

R. O. WEBB, Assistant Cashier

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CHAS. C. HUFF, General Counsel

LOCKE, LOCKE, STROUD & RANDOLPH, Counsel

EL PASO BRANCH

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C. M. NEWMAN, El Paso, Texas **E. M. HURD**, El Paso, Texas

GEORGE D. FLORY, El Paso, Texas **A. F. JONES**, Portales, New Mexico

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ALLEN SAYLES, Cashier

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A. A. HORNE, Galveston, Texas **J. A. WILKINS**, Houston, Texas

OFFICERS

W. D. GENTRY, Managing Director

C. B. MENDEL, Cashier

H. R. DeMOSS, Assistant Cashier

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DIRECTORS

FRANK G. CROW, McAllen, Texas, Chairman

J. M. BENNETT, San Antonio, Texas **FRANZ C. GROOS**, San Antonio, Texas

M. CRUMP, San Antonio, Texas **WALTER P. NAPIER**, San Antonio
Texas

GEO. C. HOLLIS, Eagle Pass, Texas **FRANK M. LEWIS**, San Antonio, Texas

OFFICERS

M. CRUMP, Managing Director

W. E. EAGLE, Cashier

H. K. DAVIS, Assistant Cashier

FEDERAL RESERVE BANK OF DALLAS

COMPARATIVE STATEMENT OF CONDITION

(In Thousands of Dollars)

RESOURCES

	Dec. 31, 1931	Dec. 31, 1930	Dec. 31, 1929
Gold with Federal Reserve Agent.....	40,700	27,220	40,723
Gold redemption fund with U. S. Treasury.....	809	1,098	1,459
Gold held exclusively against F. R. Notes.....	41,509	28,318	42,182
Gold settlement fund with F. R. Board.....	8,881	9,659	15,826
Gold and gold certificates held by bank.....	3,639	8,425	8,795
Total gold reserves.....	54,029	46,402	66,803
Reserves other than gold.....	7,946	7,126	4,346
Total reserves.....	61,975	53,528	71,149
Non-reserve cash.....	3,532	4,206	4,286
Bills discounted:			
Secured by U. S. Government obligations.....	543	744	3,267
Other bills discounted.....	9,873	3,598	10,024
Total bills discounted.....	10,416	4,342	13,291
Bills bought in the open market.....	3,019	8,575	9,209
U. S. Government securities:			
Bonds.....	17,995	11,381	9,464
Treasury notes.....	536	7,806	5,761
Certificates and bills.....	11,333	12,129	9,653
Total U. S. Government securities.....	29,864	31,316	24,878
Other securities.....			
Total bills and securities.....	43,299	44,233	47,378
Due from foreign banks.....	260	21	24
Uncollected items.....	13,404	17,362	27,137
F. R. Notes of other banks.....	397	487	880
Bank premises.....	1,785	1,830	1,876
All other resources.....	2,301	551	359
Total resources.....	126,953	122,218	153,089

LIABILITIES

F. R. Notes in actual circulation.....	46,812	31,901	46,947
Deposits:			
Member bank reserve account.....	48,811	57,533	63,697
Government.....	1,509	673	1,321
Foreign banks.....	2,306	172	185
Other deposits.....	246	120	63
Total deposits.....	52,872	58,498	65,266
Deferred availability items.....	13,223	17,964	26,371
Capital paid in.....	4,135	4,356	4,453
Surplus.....	7,624	8,936	8,935
All other liabilities.....	2,287	563	617
Total liabilities.....	126,953	122,218	153,089
Ratio of total reserves to deposits and F. R. note liabilities combined (per cent).....	62.2	59.2	63.4
Contingent liability on bills purchased for foreign correspondents.....	7,456	13,035	18,040

SEVENTEENTH ANNUAL REPORT
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Resume of Business Conditions

The year 1931 witnessed a further substantial recession in business and industrial activity in the Eleventh Federal Reserve District. In the distribution of merchandise at both wholesale and retail, the month-to-month decline in sales as compared to the corresponding month of the previous year tended to become larger as the year advanced until September, when business apparently reached a low ebb. While business continued at a relatively low level during the remaining months, some slight improvement was noted in the volume of business and there was a noticeable strengthening of public sentiment. Collections during the year were generally slow. Throughout the year merchants followed a very cautious buying policy and limited orders largely to immediate needs, and on December 31 inventories were reported to be at a very low level. The number of commercial failures reflected a substantial increase and the liabilities of defaulting firms were slightly larger than in the previous year.

The volume of construction activity at principal cities, as evidenced by the valuation of building permits issued, continued downward and was the smallest reported in many years. On the other hand, the production of petroleum reached a new high record. During the first eight months of the year, production rose rapidly month after month with the result that August production was 57 per cent higher than in January. This increase was due largely to the rapid development of the prolific East Texas field which was discovered in the previous year. While rigid proration restrictions were applied in August, the development of this field continued, and in spite of the proration restrictions, the district's production in the closing month of the year was only moderately lower than the high point in August. Operations, however, were unprofitable as the price of crude oil receded to a very low level. While prices showed some advance over the low point reached in the summer months, the year-end prices were below those obtaining a year earlier. Mining activity in the Western portion of the district was at a standstill as most of the mines were either closed down or were operating on a very restricted basis. The price of copper, the principal product, showed a further substantial recession from the low price obtaining at the close of 1930.

The physical production of agricultural commodities was very favorable. In all except a few minor crops, the yield per acre was larger than in 1930, and in the case of some crops, production was the highest on record. The financial returns from crops, however, were further reduced by the sharp declines in the prices of agricultural commodities with the result that farmers have had difficulties in meeting their obligations. A reassuring fact is that the extension of diversification resulted in farmers being abundantly supplied with food and feed, which will enable them to hold the costs of producing 1932 crops to a minimum. Reports indicate that the program of diversification will be further extended during the coming year.

The physical condition of the district's ranges and livestock was generally good throughout the year. While some localities in Texas suffered from a deficiency of rainfall during the late summer and early fall, this condition was corrected and present indications are that livestock will go through the winter in good shape. Calf, kid, and lamb crops were fair to excellent and the young animals made good growth due to the favorable range conditions. Production of wool and mohair was at a record level. Stockmen, however, were adversely affected by the almost steady decline in livestock prices which was accentuated in the case of sheep and lambs by the exceedingly heavy shipments to market centers.

Banking operations during 1931 were marked by a steady and persistent decline in loans and deposits. While the investment holdings of banks fluctuated considerably during the year, they were larger at the end of 1931 than a year earlier. Borrowings at the Federal Reserve Bank, which showed a normal expansion during the first nine months of the year, rose rapidly during the two succeeding months when reserve city banks, which had borrowed only nominal amounts earlier in the year, became substantially indebted to the Federal Reserve Bank and when the borrowings of the country banks were not reduced. The high point was reached early in November, and no substantial reduction in borrowings occurred until the final two weeks of the year.

Although the volume of transactions handled by some of the major departments of the bank increased considerably, expenses were further reduced and the bank operated with a smaller personnel than during the preceding year.

FEATURES OF OPERATIONS, YEARS 1931 AND 1930

	1931		1930	
	Number of Items	Amount	Number of Items	Amount
Loans, Rediscounts and Investments:				
Notes discounted and rediscounted for member banks.....	48,485	\$159,693,771	33,731	\$173,998,772
Bills bought for our own account.....	4,352	68,281,933	7,226	83,943,762
Bills bought for other than our own account.....	1,045	6,240,177	2,644	18,233,841
Purchase and sale of securities for own account.....	73	26,063,750	344	146,192,500
Purchase and sale of securities other than own account.....	2,570	133,523,350	2,527	77,065,200
Currency and Coin:				
Bills received and counted.....	52,020,851	213,659,440	62,352,576	274,777,050
Coin received and counted.....	44,748,260	6,977,319	49,585,388	7,587,132
Check Collections:				
Checks collected.....	35,296,578	6,037,317,579	37,707,108	7,643,043,984
Collection items handled.....	162,478	143,213,603	139,338	169,577,455
Return items.....	1,164,280	34,202,686	1,169,722	39,382,064
U. S. Government checks paid.....	1,459,530	195,308,732	1,140,459	126,584,297
U. S. Government coupons paid.....	281,308	4,234,131	312,285	5,660,273
Transfers:				
Transfers of funds other than five per cent fund of national banks.....	92,238	4,613,929,202	98,942	5,824,431,999
Transfers of funds for five per cent fund of national banks.....	13,279	28,445,967	15,664	41,962,750
Fiscal Agency:				
U. S. Securities issued, redeemed and exchanged.....	63,180	279,293,834	35,385	171,914,112
Custody of Securities:				
Number of pieces received from outside sources.....	57,588		23,269	
Number of pieces received inter-departmental transactions.....	59,958		17,809	
Number of pieces delivered other than inter-departmental.....	51,117		24,305	
Number of pieces delivered inter-departmental transactions.....	55,371		17,714	

EARNINGS AND EXPENSES

The gross earnings of the bank in 1931 were \$1,213,986, as compared with \$1,585,112 in 1930, a decrease of \$371,126, or 23.4 per cent. Of this amount \$142,431, or 11.7 per cent, resulted from the purchase of bills, as compared with \$229,821, or 14.5 per cent, in 1930; \$408,024, or 33.6 per cent, resulted from the discount and rediscount of paper, as compared with \$441,337, or 27.8 per cent, in 1930, while \$613,368, or 50.5 per cent, resulted from earnings on United States securities, as compared with \$873,177, or 55.1 per cent, in 1930.

Current expenses in 1931 were \$1,257,884, as compared with \$1,341,152 in 1930, a decrease of \$83,268, or 6.2 per cent.

Current net earnings in 1931 showed a deficit of \$43,897, as compared with a credit balance in 1930 of \$243,959, a decrease of \$287,856, or 118.0 per cent. This figure, however, was augmented by \$373,222, largely representing profits realized on sales of United States securities from our investment account, so that after allowing for reserves and other deductions from current net earnings amounting to \$217,343, net earnings available for dividends were \$111,982, as compared with \$272,597 in 1930.

Semi-annual dividends aggregating \$254,877 were paid to stockholders, use being made of net earnings of \$111,982, the remainder being withdrawn from surplus. In addition to this \$1,168,455 was withdrawn from surplus and set up as a reserve for depreciation on United States securities owned, leaving surplus of \$7,624,275 at the close of business December 31, 1931, as compared with surplus of \$8,935,626 on December 31, 1930.

OPEN MARKET OPERATIONS

On January 1, 1931, our holdings of United States Government securities amounted to \$31,315,750. Of this amount \$9,983,250 represented our independent holdings and \$21,332,500 represented our participation in the System's open-market investment account.

During the year United States Government securities amounting to \$13,040,250, excluding participation in System purchases, were purchased in the open market from member banks and others, while securities aggregating \$13,023,500 matured or were sold, representing an increase in our independent holdings of \$16,750, and leaving our independent holdings of securities \$10,000,000 on December 31, 1931.

Our participation in the System's holdings of Government securities gradually increased to \$22,632,000 on July 14, which was the maximum for the year.

From July 15 to October 19, we sold \$15,500,000 of our participation in the System's holdings to the System under

repurchase agreement, leaving our participation \$7,132,000 on October 19, which was the minimum for the year. We repurchased \$13,000,000 of our participation from November 13 to December 19, and on December 31, 1931, our participation in System's holdings of Government securities amounted to \$19,863,500. Our total holdings of Government securities on December 31, 1931, amounted to \$29,863,500.

The average yield on our holdings of Government securities was about 2.22 per cent for the year.

BANKERS' ACCEPTANCES

At the beginning of the year our holdings of bankers' acceptances, exclusive of foreign bills, amounted to \$7,495,154. On October 17 such holdings had reached \$23,537,444, which was the maximum for the year. The minimum for the year was \$286,105 on August 10, our holdings having been gradually decreased to this figure.

During the year purchases in the open market, from other Federal reserve banks, and member banks and dealers in this district amounted to \$55,726,058, while sales and maturities amounted to \$61,204,680, leaving our holdings, exclusive of foreign bills, \$2,016,531 on December 31, 1931.

At the beginning of the year buying rates on bankers' acceptances ranged from $1\frac{3}{4}$ to 2 per cent. Rates increased during the latter part of the year and ranged from 3 to $3\frac{1}{2}$ per cent at the close of the year. The average yield on our holdings of bankers' acceptances, excluding foreign bills, for the year was about 1.38 per cent.

DISCOUNT OPERATIONS

The volume of paper discounted and rediscounted during 1931, including \$130,000 rediscounted for the Federal Intermediate Credit Bank of Houston, was \$159,693,771, compared with \$173,998,772 in 1930, a decrease of \$14,305,001, or 8 per cent.

Of the total advances to member banks during the year, 86 per cent was to national banks and 14 per cent was to State banks, as compared with 90 per cent to national banks and 10 per cent to State banks in 1930.

Loans at the beginning of the year amounted to \$4,342,200 which was the minimum for the year. On November 3 they had increased to \$26,085,000 which was the maximum for the year and at the end of the year loans amounted to \$10,416,400.

Of the total paper discounted in 1931, \$50,368,888, or 32 per cent, consisted of notes secured by United States Government obligations, as compared with \$60,691,478, or 35 per cent, in 1930, a decrease in this class of borrowings of \$10,322,590, or 17 per cent.

CLASSIFICATION AND DISPOSITION OF NOTES SUBMITTED BY MEMBER BANKS DURING 1931

	Number	Amount
Number and amount of items received.....	79,701	\$117,543,261.53

CLASSIFICATION

Farming	\$56,607,784.72*	
Commercial	53,843,228.96	
Miscellaneous	7,092,247.85	\$117,543,261.53

REASONS FOR RETURN OF PAPER, SHOWING PERCENTAGE RETURNED TO TOTAL RECEIVED

	Amount	Percentage	Items	Percentage
Ineligibility	\$ 2,958,991.30	2.52	888	1.11
Insufficient Credit Information	2,077,031.77	1.77	782	.98
Credit Showing	11,383,767.41	9.68	7,370	9.25
Miscellaneous	1,569,896.70	1.34	1,134	1.42
Total Returned	\$ 17,989,687.18	15.31	10,174	12.76
Total Accepted	99,553,574.35	84.69	69,527	87.24
Total	\$117,543,261.53	100.00	79,701	100.00

AVERAGE DAILY OUTSTANDING BORROWINGS FROM THE FEDERAL RESERVE BANK OF DALLAS AND BRANCHES DURING THE YEAR 1931, SEGREGATED AS TO BANKS IN GROUPS 1, 2 AND 3

	Secured by Government Securities	Otherwise Secured	Total
Group 1	\$ 990,300	\$ 3,845,500	\$ 4,835,800
Group 2	157,400	4,039,500	4,196,900
Group 3	218,000	2,697,800	2,915,800
	\$1,365,700	\$10,582,800	\$11,948,500

CONTRIBUTION OF MEMBER BANKS TO THE CAPITAL STOCK OF THE FEDERAL RESERVE BANK OF DALLAS AND BRANCHES, SEGREGATED AS TO BANKS IN GROUPS 1, 2 AND 3

Group 1	\$2,430,900
Group 2	1,163,500
Group 3	540,950
Total	\$4,135,350

PERCENTAGES OF AVERAGE DAILY BORROWINGS FROM THE FEDERAL RESERVE BANK OF DALLAS AND BRANCHES OF EACH GROUP TO ITS CAPITAL STOCK PAYMENT

Group 1	199%
Group 2	361%
Group 3	539%

*Does not include advances to the Federal Intermediate Credit Bank of Houston, aggregating \$130,000.00.

RESERVE POSITION

For the first six months of the year the reserve position of the bank ranged between a maximum ratio of 65.7 per cent on February 4 (the highest of the year as of weekly reporting periods) when total cash reserves were \$59,366,000, to a minimum of 55.3 per cent on June 24, when total cash reserves were \$46,200,000.

During the latter half of the year the ratio fluctuated between a maximum of 62.9 per cent on September 23, when total cash reserves were \$58,377,000, to a minimum of 47.1 per cent on October 21, when total cash reserves were \$51,644,000.

CLEARING OPERATIONS

Operations in the Transit Department during the year 1931 showed a reduction in both number and amount of checks handled when compared with 1930. The total number of checks decreased 5.4 per cent, while the amount showed a reduction of 19.8 per cent. A total of 36,756,108 checks was handled, amounting to \$6,232,626,311, the daily average number being 122,520. Our largest day occurred on June 4, 1931, when we handled 224,018 items.

During the year 1,164,280 checks were returned for various reasons, a ratio of one check returned for every 32 items handled. For 1930 the ratio was one to 33.

Of our total volume 12.4 per cent in number represented city check clearings. Clearings through the Reserve City Clearing House amounted to \$624,355,211 as compared with \$956,639,481 in 1930.

We received 1,459,530 checks drawn on the Treasurer of the United States amounting to \$195,308,732, which compares with 1,140,459 checks amounting to \$126,584,297 during 1930.

Non-cash collections handled in 1931 totaled 162,478, amounting to \$143,213,603, as compared with 139,338 collections amounting to \$169,577,455 for the previous year.

MOVEMENT OF MEMBERSHIP

On January 1, 1931, the total number of national banks in the district was 640. During the year 8 national banks were chartered; 80 were dropped through liquidation, mergers and other causes, making a net decrease of 72, or a total on December 31, 1931 of 568.

On January 1, 1931, the total State bank membership was 80. During the year 4 State banks were admitted to membership. The membership of 8 State banks was terminated

through liquidation, consolidations and other causes, making a net reduction of 4, or a total State bank membership on December 31, 1931 of 76.

The following table shows the total number of member banks (national and State) in the district on December 31, 1931, by states:

	National	State	Total
Arizona	4		4
Louisiana	11	1	12
New Mexico	18	1	19
Oklahoma	10	1	11
Texas	525	73	598
Total	568	76	644

DEMAND FOR CURRENCY

The average amount of Federal reserve notes in circulation during 1931 was approximately \$1,500,000 less than in 1930. The following table shows the average, maximum and minimum circulation for 1931 as compared with 1929 and 1930:

	1931	1930	1929
Average	\$33,427,000	\$34,899,000	\$44,052,000
Maximum	51,950,000	47,670,000	53,533,000
Minimum	26,260,000	30,455,000	36,527,000

The minimum circulation of \$26,260,000 in 1931 was in February, while the minimum in 1930 of \$30,455,000 was in July. In 1931 the maximum circulation of \$52,261,000 was reached October 13, while the 1930 maximum of \$47,670,000 was reached February 19.

While the average Federal reserve note circulation was less in 1931 than in 1930, the maximum circulation was higher and the increase from minimum in 1931 was \$25,700,000 compared to an increase from minimum of \$17,200,000 in 1930.

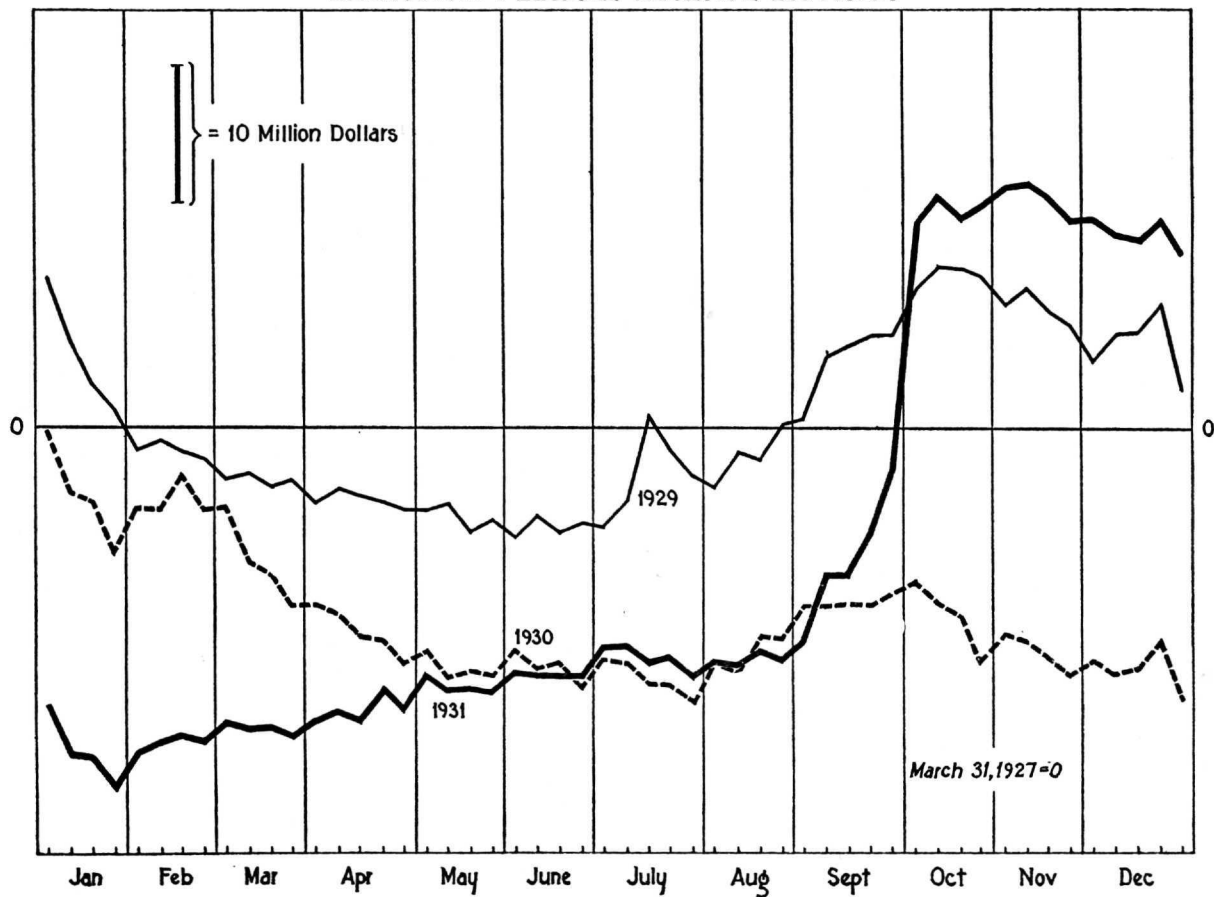
The accompanying chart showing the demand for all classes of currency in this district for the year 1931 as compared with the years 1929 and 1930 shows that the demand for currency was considerably lower during the first part of 1931 than in the preceding two years but that during the latter part of the year the demand for currency was considerably greater than during the preceding two years. The peak of the autumn demand in 1930 was considerably below that of the preceding two years and the seasonal return flow of currency, which generally terminates in May, did not materialize during 1931 but, instead, beginning at the end of January there was an

almost constant increase in demand for currency during 1931.

The autumn increase in demand for currency incidental to the harvesting and movement of crops was accompanied by disturbed banking conditions in this district which caused greatly increased demand for currency. The amount of increase from July 31 to the autumn peak in 1931 was approximately \$34,000,000, as compared with an increase of approximately \$8,700,000 in 1930. The demand for currency in December did not reflect so large a holiday demand as in previous years, largely due to the substantial increase in circulation that took place prior to the holidays.

CHANGES IN DEMAND FOR CURRENCY ELEVENTH FEDERAL RESERVE DISTRICT

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BANK EXAMINATIONS

During the year 1931 the Examination Department conducted 24 credit investigations of State member banks which were made in connection with regular examinations conducted by the State authorities. Six non-member banks were examined pursuant to application for membership in the System. One independent credit investigation was made during the year, and there were 2 special visitations made by Examiner Hallman. A total of 33 visits were made during the year to member and non-member banks as compared with 18 visits in 1930.

BANK AND PUBLIC RELATIONS

The regular program of the Bank Relations Department was interrupted considerably during the year, the services of our field men having been turned over to the operating divisions of our bank, under stress of urgent special work, for almost the entire last quarter of 1931. Another reason for the decrease in number of bank visitations was the large number of consolidations, liquidations and suspensions which occurred during the year. Regular visits to banks, not including numerous special calls occasioned by abnormal banking conditions, totaled 748, as compared with 1,028 in the preceding year. The field work in 1931 consisted of 567 regular visits to member banks, and 181 to non-members. In addition to the usual field work carried on by the bank's regular traveling representatives, a number of banks were visited by our officers, including the branch managers. On two occasions during the year our representatives were used in connection with the investigation of applications for the organization of new national banks. Speakers were furnished for a total of 38 gatherings during the year. All bankers' conventions and group meetings in the Eleventh Federal Reserve District and a number of formal openings of new and remodeled bank buildings were attended by representatives of this bank. Approximately 1,400 visitors were conducted through the head office and branch buildings during the year.

STOCKHOLDERS MEETING

The annual meeting of the stockholders of the bank was held in Dallas on June 3, 1931, attended by 241 delegates representing 149 member banks. The attendance reflected an increase of about fifty per cent over that of the 1930 convention, although it represented only about one-fourth the total membership. The meeting was honored by the presence of Mr. George R. James, of the Federal Reserve Board, who made a brief address at the conclusion of the regular program. Among the topics discussed by the stockholders were "The Check Collection Function", "Division of Federal Reserve Earnings",

"Eligibility Requirements", and "The Need of a Unified System of Banking." Resolutions were adopted commending the policies pursued during the year by the Federal Reserve Bank of Dallas, and recommending the appointment of a committee to continue the study of the division of Federal reserve bank earnings, and a committee to study the possibility of devising a uniform system of cost accounting for member banks.

INSOLVENT BANKS DEPARTMENT

In this district 42 member banks, 33 national and 9 State, suspended business in 1931, 6 of which were later reorganized or taken over by other banks. Of the 42 suspended banks, 37 were indebted to this bank at the time of suspension. Eight banks were in process of liquidation at the beginning of the year. The indebtedness of 10 banks was paid in full. Two member banks, the deposit liability of which was assumed by other banks during the year, were also indebted to us. Including these, there were 31 banks indebted to us on December 31, 1931, in the amount of \$1,624,871.26.

INTERNAL ORGANIZATION AND PERSONNEL

The Board of Directors held 14 meetings in 1931, with an average attendance of 8. There was no change in the personnel of the Board in 1931.

At its meeting on January 7, 1931, the Board of Directors reelected B. A. McKinney, Vice President of the First National Bank in Dallas, as the representative on the Federal Advisory Council for the Eleventh District, and redesignated W. E. Connell, President of the First National Bank of Fort Worth, as alternate.

At a called meeting of the Board of Directors on September 26, 1931, the resignation of Lynn P. Talley, Governor of the bank, was accepted, effective October 1, 1931. Mr. Talley resigned to accept the Chairmanship of the Board of the Bank of America National Trust and Savings Association of California. The following resolution touching Mr. Talley's service with the bank was adopted:

"WHEREAS, Lynn P. Talley, who has been Governor of the Federal Reserve Bank of Dallas since July 1, 1925, has been elected a Director and Chairman of the Board of the Bank of America National Trust and Savings Association of California, and has accepted these positions, effective October 1, 1931; and

"WHEREAS, by reason of this fact he has tendered his resignation to this Board as Governor of this institution, to become effective October 1, 1931, in order

that he may take up his duties in California in his new position;

"NOW, THEREFORE, BE IT RESOLVED, That acting upon the resignation hereby tendered by the said Lynn P. Talley, this Board regretfully accepts the resignation, in accordance with the terms of its tender;

"BE IT FURTHER RESOLVED, That, in the acceptance of such resignation this Board voices its deep appreciation for the services which Governor Talley has rendered this bank since July 1, 1925, and will long remember the delightful association between him as Governor, and the members of this Board in their various meetings from month to month, through the years which have passed since he became Governor;

"BE IT FURTHER RESOLVED, That in leaving the Federal Reserve Bank of Dallas as its Governor, and taking up new fields of duty in California, the best wishes of the members of this Board will follow him, at the same time indulging the hope that he may prove as successful in his new field of labor as he has as the Governor of this institution."

At a called meeting of the Board of Directors on October 2, 1931, B. A. McKinney, Vice President of the First National Bank in Dallas, was elected Governor to succeed Mr. Talley, effective October 5, 1931.

At the regular meeting of the Board of Directors on October 7, 1931, J. H. Frost, President of the Frost National Bank of San Antonio, was elected as the representative on the Federal Advisory Council for the Eleventh District, succeeding Mr. McKinney.

In the regular annual election in November, W. H. Patrick, President of the First National Bank of Clarendon, Texas, was reelected Class A Director, Group 3, and A. S. Cleveland of Houston was reelected Class B Director, Group 1, for three-year terms, beginning January 1, 1932.

On December 15 the Federal Reserve Board announced the reappointment of C. C. Walsh, of Dallas, as a Class C Director for the three-year term beginning January 1, 1932, and his redesignation as Chairman of the Board and Federal Reserve Agent for 1932; also the redesignation of S. B. Perkins of Dallas as Deputy Chairman of the Board for 1932.

There was no change in the directorate or official personnel of the El Paso Branch in 1931.

At the Houston Branch, Guy M. Bryan resigned as a direc-

tor, on account of ill health, effective May 27, 1931, and at the called meeting of our Board of Directors on June 4, 1931, John A. Wilkins, President of the State National Bank of Houston, was appointed to succeed Mr. Bryan.

At the San Antonio Branch, T. E. Parks resigned as Assistant Cashier, effective May 1, and H. K. Davis, Manager of the Transit Department, was elected as Mr. Parks' successor.

The resignation of R. T. Hunnicutt as a director of the San Antonio Branch, was accepted at the regular meeting of our Board of Directors on November 7, 1931, and George C. Hollis, President of the First National Bank of Eagle Pass, Texas, appointed as Mr. Hunnicutt's successor on December 10, 1931.

On December 31, 1931, the total number of officers and employees at the head office and branches was 393, a decrease of 21 since December 31, 1930.

FISCAL AGENCY OPERATIONS

The volume of business handled as Fiscal Agent of the United States during the year 1931 showed a substantial increase over the year 1930.

During the year 1931, 39 new issues of Government securities were floated, as compared with 13 new issues in 1930, and there were 31 maturing issues, as compared to 12 in 1930.

There was a small reduction in the volume of interest coupons handled for payment during the year 1931, as compared with 1930.

On December 31, 1930, there were 14 regular employees in the department at an annual salary rate of \$31,060, while on December 31, 1931, there were 14 employees at an annual salary rate of \$29,860.

OPERATION OF BRANCHES

The volume of business handled at the El Paso Branch in 1931, compared with that handled in 1930, is reflected in the following table:

	—Number—		—Amount—	
	1931	1930	1931	1930
Notes discounted and rediscounted	1,745	870	\$ 15,756,507	\$ 19,425,022
Bills received and counted	4,288,993	5,077,472	23,396,200	27,868,350
Coin received and counted	3,025,150	3,245,731	983,371	1,234,849
Transfers of funds	8,200	8,807	282,959,057	263,918,335
Check collections	2,492,128	2,996,252	415,343,638	469,591,545
Treasury warrants	205,539	184,513	25,572,363	21,078,965
Non-cash collections	13,597	14,559	8,629,686	9,990,532
Return items	67,739	69,733	2,988,463	3,273,645

At the beginning of the year 35 member banks (34 national banks and one State bank) were attached to the branch. During the year the membership of 5 national banks was terminated, leaving the membership on December 31, 1931, at 30, consisting of 29 national banks and 1 State bank.

The expense of operation, excluding furniture and equipment, was \$111,561, as compared with \$115,858 in 1930.

The personnel of the branch on December 31, 1931, comprised 2 officers and 34 employees, the same as that reported for December 31, 1930.

The volume of business handled at the Houston Branch in 1931, compared with that handled in 1930, is reflected in the following table:

	—Number—		—Amount—	
	1931	1930	1931	1930
Notes discounted and rediscounted	1,667	1,469	\$ 10,622,637	\$ 19,408,535
Bills received and counted	10,101,250	12,505,960	38,528,100	53,702,100
Coin received and counted	13,945,220	15,900,182	1,382,981	1,570,647
Transfers of funds	24,242	25,546	1,401,025,127	1,776,701,403
Check collections	6,462,866	6,682,932	1,252,157,394	1,586,863,426
Treasury warrants	269,558	219,603	37,621,977	26,208,239
Non-cash collections	39,820	39,609	42,342,309	52,827,515
Return items	164,195	170,234	5,560,580	6,698,401

At the beginning of the year 89 member banks (78 national banks and 11 State banks) were attached to the branch. During the year 1 new national bank opened and the membership of 3 national banks was terminated, leaving a total membership on December 31, 1931, of 87, consisting of 76 national banks and 11 State bank.

The expense of operation, excluding furniture and equipment, was \$146,849, compared with \$161,359 in 1930.

The personnel of the branch on December 31, 1931, comprised 3 officers and 43 employees, compared with 3 officers and 48 employees on December 31, 1930.

The volume of business handled at the San Antonio Branch in 1931, compared with that handled in 1930, is reflected in the following table:

	—Number—		—Amount—	
	1931	1930	1931	1930
Notes discounted and rediscounted	3,486	2,352	\$ 24,205,976	\$ 25,077,094
Bills received and counted	10,803,404	12,513,410	47,131,490	53,713,450
Coin received and counted	6,584,087	7,937,008	1,167,435	1,570,610
Transfers of funds.....	14,389	14,180	470,578,259	504,087,141
Check collections	5,245,644	5,604,757	785,217,142	994,628,166
Treasury warrants.....	219,651	188,968	38,985,970	28,067,808
Non-cash collections	21,231	17,708	23,183,568	20,392,597
Return items.....	144,922	136,134	5,793,887	5,898,837

At the beginning of the year 92 member banks (81 national banks and 11 State banks) were attached to the branch. During the year 2 new national banks opened and the membership of 6 national banks was terminated, leaving a total membership on December 31, 1931, of 88, consisting of 77 national banks and 11 State banks.

The expense of operation, excluding furniture and equipment, was \$133,125, as compared with \$141,664 in 1930.

The personnel of the branch on December 31, 1931, comprised 3 officers and 43 employees, compared with 3 officers and 46 employees on December 31, 1930.