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

1933

NINETEENTH
ANNUAL REPORT
OF THE
FEDERAL RESERVE BANK
OF DALLAS

1933



LETTER OF TRANSMITTAL

February 27, 1934

Gentlemen:

I have the honor to submit herewith the Nineteenth Annual Report of the Federal Reserve Bank of Dallas covering the year ended December 31, 1933.

Respectfully,

C. C. WALSH

Federal Reserve Agent

Federal Reserve Board
Washington, D. C.

DIRECTORS AND OFFICERS
of the
FEDERAL RESERVE BANK OF DALLAS
1934

DIRECTORS

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ALF MORRIS, Winnsboro, Texas
W. H. PATRICK, Clarendon, Texas

CLASS B

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J. R. MILAM, Waco, Texas
JOHN D. MIDDLETON, Greenville,
Texas

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C. C. WALSH, Dallas, Texas
S. B. PERKINS, Dallas, Texas
E. R. BROWN, Dallas, Texas

MEMBER FEDERAL ADVISORY COUNCIL

J. H. FROST, San Antonio, Texas

ALTERNATE

W. W. WOODSON, Waco, Texas

OFFICERS

C. C. WALSH, Chairman, and Federal Reserve Agent	B. A. MCKINNEY, Governor
S. B. PERKINS, Deputy Chairman	R. R. GILBERT, Deputy Governor
CHAS. C. HALL, Assistant Federal Reserve Agent, and Secretary	R. B. COLEMAN, Deputy Governor
W. J. EVANS, Assistant Federal Reserve Agent	FRED HARRIS, Cashier
W. P. CLARKE, General Auditor	W. O. FORD, Assistant Deputy Governor
C. C. TRUE, Assistant Auditor	E. B. AUSTIN, Assistant Cashier
	L. G. PONDROM, Assistant Cashier
	R. O. WEBB, Assistant Cashier

COUNSEL

C. C. HUFF, General Counsel
LOCKE, LOCKE, STROUD, & RANDOLPH, Counsel

EL PASO BRANCH

DIRECTORS

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S. P. APPLEWHITE , Douglas, Arizona	J. L. HERMANN , El Paso, Texas
C. N. BASSETT , El Paso, Texas	A. F. JONES , Portales, New Mexico
A. P. COLES , El Paso, Texas	SAM D. YOUNG , El Paso, Texas

OFFICERS

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ALLEN SAYLES, Cashier

HOUSTON BRANCH

DIRECTORS

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W. D. GENTRY , Houston, Texas	SAM TAUB , Houston, Texas
A. A. HORNE , Galveston, Texas	J. A. WILKINS , Houston, Texas
SAM R. LAWDER , Houston, Texas	J. COOKE WILSON , Beaumont, Texas

OFFICERS

W. D. GENTRY, Managing Director

H. R. DeMOSS, Cashier

SAN ANTONIO BRANCH

DIRECTORS

FRANK M. LEWIS, Sr., San Antonio, Texas, Chairman

JOHN M. BENNETT , San Antonio, Texas	GEORGE C. HOLLIS , Eagle Pass, Texas
M. CRUMP , San Antonio, Texas	RICHARD KING , Corpus Christi, Texas
FRANZ C. GROOS , San Antonio, Texas	WALTER P. NAPIER , San Antonio, Texas

OFFICERS

M. CRUMP, Managing Director

W. E. EAGLE, Cashier

FEDERAL RESERVE BANK OF DALLAS

COMPARATIVE STATEMENT OF CONDITION

(In Thousands of Dollars)

RESOURCES

	Dec. 31 1933	Dec. 31 1932	Dec. 31 1931
Gold with Federal Reserve Agent.....	41,074	20,640	40,700
Gold redemption fund with U. S. Treasury.....	865	1,256	809
Gold held exclusively against F. R. notes.....	41,939	21,896	41,509
Gold settlement fund with F. R. Board.....	32,877	7,244	8,881
Gold and gold certificates held by bank.....	3,741	4,246	3,639
Total gold reserves.....	78,557	33,386	54,029
Other cash*.....	6,797	12,088	11,478
Total gold reserves and other cash.....	85,354	45,474	65,507
Redemption fund F. R. bank notes.....	708
Bills discounted:			
Secured by U. S. Government obligations.....	164	572	543
Other bills discounted.....	719	4,630	9,873
Total bills discounted.....	883	5,202	10,416
Bills bought in open market.....	9,248	826	3,019
U. S. Government securities:			
Bonds.....	18,528	17,313	17,995
Treasury notes.....	25,526	6,151	536
Certificates and bills.....	22,421	22,257	11,333
Total U. S. Government securities.....	66,475	45,721	29,864
Total bills and securities.....	76,606	51,749	43,299
Due from foreign banks.....	97	83	260
F. R. notes of other banks.....	494	318	397
Uncollected items.....	15,723	12,514	13,404
Bank premises.....	1,750	1,741	1,785
All other resources.....	914	1,226	2,301
Total resources.....	181,646	113,105	126,953

LIABILITIES

F. R. notes in actual circulation.....	42,888	38,783	46,812
F. R. bank notes in actual circulation.....	11,344
Deposits:			
Member banks—Reserve account.....	95,937	46,779	48,811
Government.....	60	125	1,509
Foreign banks.....	121	586	2,306
Special deposits—Member banks.....	333
Other deposits.....	1,466	658	246
Total deposits.....	97,917	48,148	52,872
Deferred availability items.....	16,414	12,500	13,223
Capital paid in.....	3,719	3,910	4,135
Surplus.....	8,043	8,719	7,624
All other liabilities.....	1,321	1,045	2,287
Total liabilities.....	181,646	113,105	126,953
Ratio of total gold reserves and other cash to deposit and F. R. note liabilities combined (Per cent).....	60.6	52.3	65.7
Contingent liability on bills purchased for foreign correspondents.....	110	1,090	7,456

*Other cash does not include F. R. notes or own F. R. bank notes.

NINETEENTH ANNUAL REPORT
of the
FEDERAL RESERVE BANK OF DALLAS

Resume of Business Conditions

Business activity in the Eleventh Federal Reserve District, after declining for three successive years, turned upward in 1933. During the first quarter of the year merchandise distribution in both wholesale and retail channels declined to a new low level, but a turn for the better occurred in April and during the remainder of the year the improvement became more widespread. During the second half of the year sales of department stores in leading cities showed a large gain over the corresponding period of the previous year and offset the decreases registered during the first half. Likewise, distribution of reporting lines of wholesale trade showed moderate to large gains during the second half-year and in most lines the volume of sales for the year were greater than in 1932. Collections also showed a noticeable improvement, particularly at wholesale establishments where payments by retailers on both current and carry-over accounts were large. While merchants showed a disposition to hold orders well within prospective demand, there was, during the last six months of 1933, a considerable amount of forward buying, and heavy replacement orders were necessary to meet the growing consumer demand. The number and liability of commercial failures reflected a sharp decline in 1933, particularly in the second half of the year. In the latter period failures were fewer than in any corresponding period since 1919 and the liabilities of defaulting firms were the smallest since 1928.

The valuation of building permits issued at principal cities declined to a new low level and was approximately 27 per cent under that of 1932. There were only three reporting cities where the 1933 volume was greater than in the previous year. There was also a further decline in the production and shipments of cement. The production of petroleum during the first four months of the year was held below that in the corresponding period of the previous year. During the succeeding four months, however, production rose to a very high level and more than offset the reduction in the earlier months of the year. For the closing four months greater stabilization was attained and some reduction from the high peak reached in the preceding period was effected, yet it continued to exceed that of the previous year. The total output for the year registered a gain of 17 per cent over that of 1932. Posted prices for crude

oil at larger fields declined in the first half of the year, but the loss was regained before the end of the year.

The physical volume of agricultural production showed a further decline in 1933, which was due both to a reduction in acreage and in the per acre yield. The major exception to the lower per acre yield was in the cotton crop where it was the largest in many years. The general decline in crop production, however, was more than offset by the substantial rise in agricultural prices and the money returns exceeded those of 1932 by a wide margin. In addition to the money received from crops, were the large payments to farmers by the Agricultural Adjustment Administration to effect acreage reductions. As farmers produced the 1933 crops with a minimum of cash outlay, the large returns during the fall enabled them to liquidate a large percentage of current borrowings and to make substantial payments on carry-over indebtedness. While the early feed crops were reduced considerably by the spring and summer drouth, the supply was augmented by the large acreage planted to fall feed crops with the result that a large percentage of the farmers have sufficient feed with which to make 1934 crops. Farmers continued the practice of supplying themselves with a large volume of home canned fruits and vegetables for use during 1934. Diversification programs are being stimulated and extended through the acreage reduction program of the Department of Agriculture.

The cattle industry was affected adversely throughout the year by unfavorable range conditions and low prices. Over a large portion of the district there was a serious deficiency in moisture and ranges were poor with the result that much feeding was necessary. While the sheep and goat industry suffered from poor range conditions, prices have been generally favorable and ranchmen were able to recuperate some of the losses suffered during the period of low prices. The production of wool and mohair reached a new high level and much of the crop was disposed of at prices 200 to 300 per cent higher than in the previous year.

The loans of banks in this district reflected a further decline during the year. Deposits, on the other hand, after reaching a low level during the summer, rose sharply during the subsequent months and at the close of the year were considerably higher than a year earlier. Member bank borrowings from the Federal reserve bank continued to follow a generally downward trend, and at the year-end were less than \$600,000, the lowest level recorded since the early days of the Federal Reserve System's existence. Member bank reserve balances with the Federal reserve bank, except for minor dips of a seasonal character, rose steadily throughout the year, and at

the close of 1933 the volume of excess reserves had reached an unprecedentedly high level. Taken as a whole, the agricultural, commercial, industrial and banking interests of the district substantially improved their position during the past year and at its close found themselves well advanced in the process of adjusting themselves to a new basis of values and well fortified with cash and credit resources to meet the problems of the year 1934.

FEATURES OF OPERATIONS, YEARS 1933 AND 1932

	1933		1932	
	Number of Items	Amount	Number of Items	Amount
Loans, Rediscounts, and Investments:				
Notes discounted and rediscounted for member banks.....	19,324	52,897,600	44,674	166,140,388
Bills bought for our own account.....	1,390	13,239,818	815	17,122,284
Bills bought for other than our own account.....	660	2,918,971	696	4,470,713
Purchase and sale of securities for own account.....	2	10,000	18	1,936,000
Purchase and sale of securities other than own account.....	3,530	146,694,400	3,303	127,628,650
Currency and Coin:				
Bills received and counted.....	46,883,203	192,935,408	45,171,378	176,466,945
Coin received and counted.....	41,410,927	10,669,071	43,444,235	7,937,096
Check Collections:				
Checks collected.....	27,811,114	4,160,816,368	29,300,210	4,282,186,538
Collection items handled.....	208,573	196,404,226	171,300	137,080,097
Return items.....	1,007,371	34,176,946	987,632	25,176,379
U. S. Government checks paid.....	2,848,534	300,810,520	1,530,424	173,772,987
U. S. Government coupons paid.....	318,820	5,643,313	303,336	5,007,980
Transfers:				
Transfers of funds other than five per cent fund of national banks.....	77,661	2,884,941,007	88,062	3,390,930,304
Transfers of funds for five per cent fund of national banks	11,733	25,689,333	12,137	25,293,666
Fiscal Agency:				
U. S. Securities issued, redeemed, and exchanged.....	81,298	253,990,646	52,492	212,317,109
Custody of Securities:				
Number of pieces received from outside sources.....	47,093		60,791	
Number of pieces received inter-departmental transactions..	26,389		59,831	
Number of pieces delivered other than inter-departmental...	39,084		54,142	
Number of pieces delivered inter-departmental transactions	24,915		54,909	

EARNINGS AND EXPENSES

The gross earnings of the bank in 1933 were \$1,251,276, as compared with \$1,307,246 in 1932, a decrease of \$55,970, or 4.3 per cent. Of this amount \$20,498, or 1.6 per cent, resulted from the purchase of bills, as compared with \$70,562 or 5.4 per cent, in 1932; \$143,462, or 11.5 per cent, resulted from the discount and rediscount of paper, as compared with \$458,241, or 35.1 per cent, in 1932, while \$1,062,718, or 84.9 per cent, resulted from earnings on United States securities, as compared with \$733,695, or 56.1 per cent, in 1932.

Current expenses in 1933 were \$1,220,798, as compared with \$1,141,985 in 1932, an increase of \$78,813, or 6.9 per cent.

Current net earnings in 1933 were \$30,478, as compared with \$165,261 in 1932, a decrease of \$134,783, or 81.6 per cent. This figure was augmented by \$34,007, largely representing profit realized on sales of United States securities from our investment account. Deductions from current net earnings, however, covering building reserve, reserves for losses and other miscellaneous deductions, aggregating \$512,533, resulted in a deficit of \$448,047 in net available earnings as compared with available earnings of \$163,915 in 1932.

Semi-annual dividends aggregating \$227,887 were paid to stockholders, this amount together with the deficit in net available earnings being withdrawn from surplus, leaving surplus of \$8,042,741 on December 31, 1933, as compared with surplus of \$8,718,676 on December 31, 1932.

OPEN MARKET OPERATIONS

On January 1, 1933, our holdings of United States Government securities amounted to \$45,721,000. Of this amount \$10,000,000 represented our independent holdings and \$35,721,000 represented our participation in Federal Reserve System's open market investment account.

Our participation in the System's purchases of Government securities increased to \$38,939,500 on February 18, and remained practically unchanged at that figure until July. Beginning on July 12 our participation in the System's purchases gradually increased to \$56,475,000 on November 8, which was the maximum for the year. We continued to carry that amount until the close of the year, at which time our total holdings of Government securities amounted to \$66,475,000.

The average yield on our holdings of Government securities was 2.03 per cent for the year.

BANKERS' ACCEPTANCES

At the beginning of the year our holdings of bankers' acceptances amounted to \$825,700. Subsequently, on February 27, we received an allotment of \$2,513,000 from bills purchased by the Open Market Policy Committee. Thereafter allotments were received which increased our total holdings on March 23 to \$3,534,000. From that point during the succeeding months our holdings were gradually reduced due to maturities. Through November and December additional purchases were made by the Open Market Policy Committee, increasing our holdings to \$9,403,000 on December 21, which represented the maximum amount held for the year.

At the beginning of the year our buying rates on bankers' acceptances ranged from 1 to 1½ per cent. On March 16 they were increased and ranged from 3½ to 4 per cent. They were then periodically decreased and on October 20 ranged from ½ to 1 per cent, which rates prevailed through the remainder of the year.

The average yield on our holdings of bankers' acceptances, exclusive of foreign bills, during the period held was .79 per cent.

DISCOUNT OPERATIONS

The volume of paper discounted and rediscounted during 1933, including \$310,020 rediscounted for the Federal Intermediate Credit Bank of Houston, was \$52,897,600. This figure, compared with \$166,140,387 in 1932, shows a decrease of \$113,242,787, or 68 per cent.

Of the total advances to member banks during the year, 84 per cent was to national banks and 16 per cent was to State banks, as compared with 85 per cent to national banks and 15 per cent to State banks in 1932.

Advances made to member banks under Section 10 (b) of the Federal Reserve Act, as amended, amounted to \$2,001,900, including renewals.

Outstanding loans at the beginning of the year amounted to \$5,202,600 and after slight fluctuations gradually increased to a maximum for the year of \$8,845,800, on April 28, after which date the amount declined to approximately \$5,000,000 in June, and for the months of July, August and September the average amount outstanding was approximately \$4,000,000. From September there was a gradual decline to \$632,300 on December 26, which was the minimum for the year.

Of the total paper discounted in 1933, \$16,325,300, or 31 per cent, consisted of notes secured by United States Government obligations, as compared with \$61,110,600, or 37 per cent, in 1932, or a decrease in this class of borrowings of \$44,785,300, or 73 per cent.

RESERVE POSITION

For the first six months of the year the reserve position of the bank ranged between a maximum ratio of 67.0 per cent on March 8 when total gold reserves and other cash were \$87,561,000, to a minimum of 49.8 per cent on April 26, when total gold reserves and other cash were \$46,037,000.

During the latter half of the year, the ratio fluctuated between a maximum of 72.5 per cent (the highest of the year as of weekly reporting periods) on October 11, when total gold reserves and other cash were \$82,583,000, to a minimum of 57.2 per cent on July 26, when total gold reserves and other cash were \$52,795,000.

CLEARING OPERATIONS

Operations in the Transit Department during 1933, for the first year since 1929, showed an increase in the total amount of checks handled over the preceding year. The increase over 1932 was very slight, being less than one-half of one per cent. With reference to the total number of checks handled, a reduction of one-half of one per cent over 1932 was shown. A total of 30,659,648 checks was handled, amounting to \$4,461,626,888, the daily average number being 103,231. Our largest day occurred on March 16, 1933, when we handled 228,898 items.

During the year 1,007,371 checks were returned for various reasons, a ratio of one check returned for every 30 items handled. For 1932 the ratio was 1 to 31.

Of our total volume 13.2 per cent in number represented city check clearings. Clearings through the Reserve City Clearing House amounted to \$390,924,235, as compared with \$429,049,080 in 1932.

We received 2,848,534 checks drawn on the Treasurer of the United States amounting to \$300,810,520, which compares with 1,530,424 checks, amounting to \$173,772,987 during 1932.

Non-cash collections handled in 1933 totaled 208,573 amounting to \$196,404,226, as compared with 171,300 amounting to \$137,080,097 the previous year.

MOVEMENT OF MEMBERSHIP

On January 1, 1933, the total number of national banks in this district was 535. During the year 21 national banks were chartered; 52 were dropped through liquidation, mergers, and other causes, making a net decrease of 31, or a total on December 31, 1933, of 504.

On January 1, 1933, the total State bank membership was 64. During the year 10 State banks were admitted to membership. The membership of 19 State banks was terminated through liquidation, consolidations, and other causes, making a net reduction of 9, or a total State bank membership on December 31, 1933, of 55.

The following table shows the total number of member banks (national and State) in the district on December 31, 1933, by States:

	National	State	Total
Arizona	3	2	5
Louisiana	10	1	11
New Mexico.....	18	1	19
Oklahoma	9	0	9
Texas	464	51	515
	<hr/>	<hr/>	<hr/>
Total	504	55	559

DEMAND FOR CURRENCY

There was very little difference in the average amount of Federal reserve notes in circulation during 1933 when compared to 1932. The following table shows the average maximum and minimum circulation in 1933 as compared with 1932 and 1931:

	1933	1932	1931
Average	\$37,965,000	\$38,822,000	\$33,427,000
Maximum	62,996,000	47,303,000	52,261,000
Minimum	31,282,000	34,786,000	26,260,000

The minimum circulation of \$31,282,000 in 1933 was reached on September 16, while the minimum for the year previous of \$34,786,000 was in June. In 1933 the maximum circulation of \$62,996,000 was reached on March 14. This high point of our Federal reserve note circulation was brought about by the banking troubles incident to the moratorium at that time. The maximum circulation for 1932 was reached on January 2.

In comparing the average Federal reserve note circulation for 1933 with 1932, it will be observed that the average circulation for 1932 was greater by \$857,000. The maximum

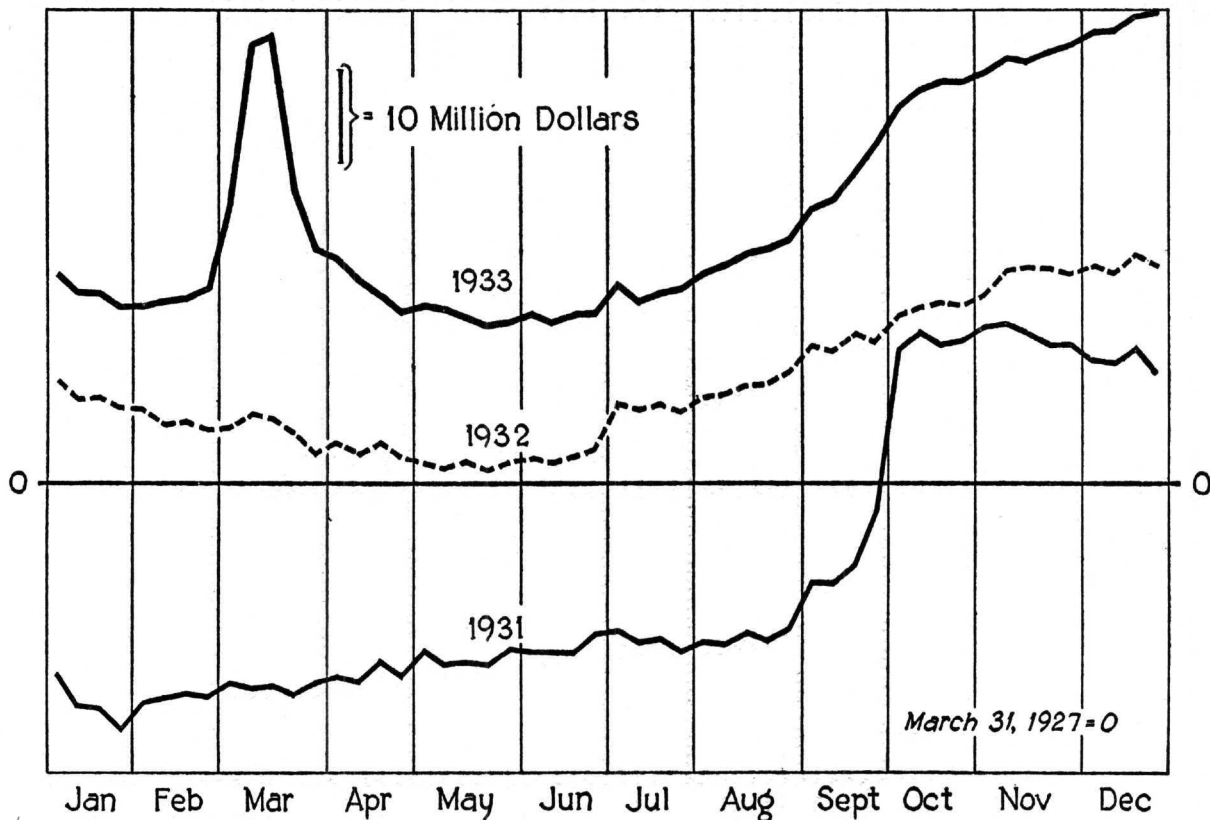
circulation was \$15,693,000 greater in 1933 when compared to the year previous. Comparing the minimum circulation for the two years, it will be found that there was a decrease in the figure for 1933 over 1932 of \$3,504,000. We placed in circulation our own Federal reserve bank notes on April 25. The high point of the Federal reserve bank note circulation was reached on October 9, when it amounted to \$16,133,000.

A study of the accompanying chart showing the changes in the demand for all classes of currency in this district for the year 1933 as compared with the years 1932 and 1931 shows that the demand for currency was somewhat larger for the year 1933 as compared to the preceding two years. You will observe from the chart that our currency demand was fairly normal until the end of February, when an abnormal increase asserted itself. This condition was attributable to the banking situation at that time. The peak of the increase was reached shortly after the middle of the month, when the decline set in and continued until the end of April. From that time until the autumn demand for currency put in its appearance, the circulation followed a more or less even trend when compared to 1932 in being only affected by natural factors which put in their appearance from time to time.

The autumn increase in demand for currency incidental to the harvesting and movement of crops was somewhat greater in 1933 than in 1932. The amount of increase from July 31 to the autumn peak in 1933 was approximately \$22,000,000 as compared to an increase of approximately \$14,000,000 in 1932. The demand for currency in December reflected a rather brisk holiday trade, there being an increase of some \$27,000,000 in the total circulation at this period as compared to 1932.

CHANGES IN DEMAND FOR CURRENCY ELEVENTH FEDERAL RESERVE DISTRICT

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BANK EXAMINATIONS

The Examination Department conducted 20 credit investigations of State member banks during 1933, these investigations being made in connection with regular examinations by the State authorities. Twenty-seven examinations of State bank applicants, and 7 independent credit investigations of member banks, were made during the year. A total of 55 visits to member and non-member banks were made, as compared with 56 visits in 1932.

INSOLVENT BANKS DEPARTMENT

Five of the national banks in this district which suspended operations in 1933 were indebted to us. Three member State banks, indebted to this bank, withdrew from the system, and the indebtedness of 2 banks in conservatorship was transferred to this department. There was also transferred to the department the indebtedness of 1 member bank which had consolidated with a non-member State bank.

Twenty-six banks were in process of liquidation at the beginning of the year. The indebtedness of 15 banks was paid in full. On December 31, 1933, there were 22 banks indebted to us in the amount of \$414,751.82.

INTERNAL ORGANIZATION AND PERSONNEL

The Board of Directors held 16 meetings in 1933, with an average attendance of 8.

There was no change in the personnel of the Board in 1933.

At its meeting on January 12, 1933, the Board of Directors re-elected J. H. Frost, President of the Frost National Bank of San Antonio, as the representative on the Federal Advisory Council for the Eleventh District, and designated W. W. Woodson, President of the First National Bank of Waco, Texas, as alternate.

In the regular annual election in November, R. E. Harding, President of the First National Bank of Fort Worth, and J. R. Milam, Vice President of the Cooper Grocery Company of Waco, were re-elected Class A director, Group 1, and Class B director, Group 2, respectively, for three-year terms beginning January 1, 1934.

On November 2 the Federal Reserve Board announced the redesignation of C. C. Walsh, of Dallas, as Chairman of the Board, and Federal Reserve Agent for 1934. On November 7 the Federal Reserve Board announced the reappointment of S. B. Perkins, of Dallas, as Class C director for the three-year term beginning January 1, 1934, and his redesignation as Deputy Chairman of the Board for 1934.

At the El Paso Branch the only change in the personnel of directors and officers was the appointment by our Board of Directors on March 16 of C. N. Bassett, President of the State National Bank of El Paso, as a director to succeed E. M. Hurd, who died on February 25.

At the Houston Branch N. E. Meador, a director, died on November 15. Mr. Meador was appointed by the Board of Directors of the head office and his term would have expired December 31, 1935. Appointment of Mr. Meador's successor was deferred until after the first of the year. There was no change in the officers of the Houston Branch in 1933.

There was no change in the personnel of directors and officers at the San Antonio Branch during 1933.

On December 31, 1933, the total number of officers and employees at the head office and branches was 428, an increase of 45 since December 31, 1932.

FISCAL AGENCY OPERATIONS

The volume of transactions handled as Fiscal Agent of the United States during the year 1933 showed a very substantial increase compared with the year 1932.

During the year 1933, 58 new issues of Government securities were floated, as compared with 47 new issues in 1932, and there were 50 maturing issues handled, as compared with 19 in 1932.

There was an increase in the volume of interest coupons handled for payment during the year 1933 as compared with 1932.

Additional help was required at the latter part of the year 1933 to handle the heavy volume of exchanges of Fourth Loan Bonds for Treasury Bonds dated October 15, 1933, of the Series 1943-45.

OPERATION OF BRANCHES

The volume of business handled at the El Paso Branch in 1933, compared with that handled in 1932, is reflected in the following table:

	—Number—		—Amount—	
	1933	1932	1933	1932
Notes discounted and rediscounted	896	2,132	\$ 4,275,846	\$ 10,594,186
Bills received and counted	3,280,056	3,445,997	15,352,300	16,685,250
Coin received and counted	2,381,867	2,639,668	1,029,580	2,878,512
Transfers of funds	5,711	6,986	130,219,696	182,238,093
Check collections.....	1,902,782	2,091,211	197,860,800	250,074,611
Treasury warrants..	327,016	214,275	26,491,346	20,621,812
Non-cash collections	16,946	14,473	10,425,341	7,999,081
Return items.....	56,319	50,187	2,251,057	1,820,081

At the beginning of the year 30 member banks (29 national banks and 1 State bank) were attached to the branch. Two banks qualified for membership during the year, leaving the membership on December 31, 1933 at 32, consisting of 29 national banks and 3 State banks.

The expense of operation, excluding furniture and equipment, was \$93,711 as compared with \$99,152 in 1932.

The personnel of the branch at the close of December 31, 1933, comprised 2 officers and 39 employees, an increase of 5 employees since December 31, 1932.

The volume of business handled at the Houston Branch in 1933, compared with that handled in 1932, is reflected in the following table:

	—Number—		—Amount—	
	1933	1932	1933	1932
Notes discounted and rediscounted	547	1,521	\$ 5,033,880	\$ 14,690,155
Bills received and counted	9,481,422	8,987,025	39,539,470	33,122,250
Coin received and counted	10,358,598	12,998,899	2,383,900	1,179,945
Transfers of funds..	23,669	23,093	938,540,480	1,021,493,796
Check collections.....	4,865,081	5,191,347	837,546,024	798,446,437
Treasury warrants..	476,339	266,213	48,666,944	26,123,445
Non-cash collections	56,879	46,180	59,434,408	40,045,754
Return items.....	150,018	139,153	5,592,393	4,308,445

At the beginning of the year 80 member banks (70 national banks and 10 State banks) were attached to the branch. During the year the membership of 7 national banks and 1 State bank was terminated, while the membership of 4 national banks

and 4 State banks was added, leaving the total membership on December 31, 1933, at 80, consisting of 67 national banks and 13 State banks.

The expense of operation, excluding furniture and equipment, was \$134,129, as compared with \$133,825 in 1932.

The personnel of the branch on December 31, 1933, comprised 2 officers and 53 employees, compared with 3 officers and 43 employees on December 31, 1932.

The volume of business handled at the San Antonio Branch in 1933, compared with that handled in 1932, is reflected in the following table:

	—Number—		—Amount—	
	1933	1932	1933	1932
Notes discounted and rediscounted	1,585	4,265	\$ 4,952,325	\$ 14,035,967
Bills received and counted	8,218,979	8,412,135	41,223,888	34,676,075
Coin received and counted	6,235,396	6,714,925	2,603,452	1,459,543
Transfers of funds..	12,614	13,127	279,019,577	334,675,774
Check collections.....	4,247,760	4,394,251	538,941,048	538,891,951
Treasury warrants..	399,679	223,985	37,744,146	29,304,009
Non-cash collections	28,829	24,199	28,499,171	23,184,984
Return items.....	132,078	122,886	4,781,659	4,159,899

At the beginning of the year 78 member banks (69 national banks and 9 State banks) were attached to the branch. During the year 2 national banks closed, 1 was taken over by a national bank, and 2 by non-member State banks. Two State banks withdrew from membership, 1 closed and 2 were admitted to membership, leaving total membership of 72 on December 31, 1933, consisting of 64 national banks and 8 State banks.

The expense of operation, excluding furniture and equipment, was \$122,860, as compared with \$125,045 in 1932.

The personnel of the branch on December 31, 1933, comprised 2 officers and 53 employees, compared with 3 officers and 43 employees on December 31, 1932.