

**FEDERAL RESERVE BANK
OF DALLAS**

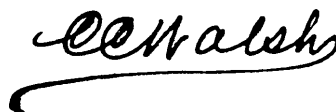
March 10, 1931

ANNUAL REPORT FEDERAL RESERVE AGENT, 1930

To the Member Bank Addressed:

For the information of your officers and directors and in the hope that it may be found of interest, there is enclosed a copy of the Sixteenth Annual Report of the Federal Reserve Agent covering the operations of the Federal Reserve Bank of Dallas for the calendar year ending December 31, 1930. Detailed statistical schedules covering the operations of the bank in 1930 will be published in the annual report of the Federal Reserve Board, a copy of which will be furnished you.

Very truly yours,

A handwritten signature in cursive script, reading "E. W. Walsh". The signature is written in black ink and is positioned above the typed name of the Federal Reserve Agent.

Federal Reserve Agent

SIXTEENTH ANNUAL REPORT

of the

Federal Reserve Bank

of Dallas

FOR THE YEAR ENDED

DECEMBER 31,

1930



ELEVENTH FEDERAL RESERVE DISTRICT

SIXTEENTH ANNUAL REPORT

of the

Federal Reserve Bank

of Dallas

FOR THE YEAR ENDED

DECEMBER 31,

1930



ELEVENTH FEDERAL RESERVE DISTRICT

LETTER OF TRANSMITTAL

February 11, 1931

Gentlemen:

I have the honor to submit herewith the Sixteenth Annual Report of the Federal Reserve Bank of Dallas covering the year ended December 31, 1930.

Respectfully,

C. C. WALSH,

Federal Reserve Agent

Federal Reserve Board,
Washington, D. C.

**DIRECTORS AND OFFICERS
of the
FEDERAL RESERVE BANK OF DALLAS
1931**

DIRECTORS

CLASS A

R. E. HARDING, Fort Worth, Texas
J. P. WILLIAMS, Mineral Wells, Texas
W. H. PATRICK, Clarendon, Texas

CLASS B

A. S. CLEVELAND, Houston, Texas
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

MEMBER FEDERAL ADVISORY COUNCIL

B. A. MCKINNEY, Dallas, Texas

OFFICERS

C. C. WALSH, Chairman and Federal Reserve Agent	LYNN P. TALLEY, 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. PONDRUM, Assistant Cashier
	R. O. WEBB, Assistant Cashier

CHAS. C. HUFF, General Counsel

LOCKE, LOCKE, STROUD & RANDOLPH, Counsel

EL PASO BRANCH

DIRECTORS

C. M. NEWMAN, El Paso, Texas, Chairman	
S. P. APPLEWHITE, Douglas, Arizona	J. L. HERMANN, El Paso, Texas
A. P. COLES, El Paso, Texas	E. M. HURD, El Paso, Texas
GEORGE D. FLORY, El Paso, Texas	A. F. JONES, Portales, New Mexico

OFFICERS

J. L. HERMANN, Managing Director
ALLEN SAYLES, Cashier

HOUSTON BRANCH

DIRECTORS

R. M. FARRAR, Houston, Texas, Chairman	
GUY M. BRYAN, Houston, Texas	N. E. MEADOR, Houston, Texas
W. D. GENTRY, Houston, Texas	E. A. PEDEEN, Houston, Texas
A. A. HORNE, Galveston, Texas	J. C. WILSON, Beaumont, Texas

OFFICERS

W. D. GENTRY, Managing Director
C. B. MENDEL, Cashier
H. R. DeMOSS, Assistant Cashier

SAN ANTONIO BRANCH

DIRECTORS

REAGAN HOUSTON, San Antonio, Texas, Chairman	
J. M. BENNETT, San Antonio, Texas	FRANZ C. GROOS, San Antonio, Texas
FRANK G. CROW, McAllen, Texas	R. T. HUNNICUTT, Del Rio, Texas
M. CRUMP, San Antonio, Texas	WALTER P. NAPIER, San Antonio, Texas

OFFICERS

M. CRUMP, Managing Director
W. E. EAGLE, Cashier
T. E. PARKS, Assistant Cashier

FEDERAL RESERVE BANK OF DALLAS

COMPARATIVE STATEMENT OF CONDITION

(In Thousands of Dollars)

RESOURCES

	Dec. 31, 1930	Dec. 31, 1929	Dec. 31, 1928
Gold with Federal Reserve Agent.....	27,220	40,723	27,480
Gold redemption fund with U. S. Treasury.....	1,098	1,459	2,785
Gold held exclusively against F. R. Notes.....	28,318	42,182	30,265
Gold settlement fund with F. R. Board.....	9,659	15,826	33,518
Gold and gold certificates held by bank.....	8,425	8,795	7,284
Total gold reserves.....	46,402	66,803	71,067
Reserves other than gold.....	7,126	4,346	5,537
Total reserves.....	53,528	71,149	76,604
Non-reserve cash.....	4,206	4,286	3,410
Bills discounted:			
Secured by U. S. Government obligations.....	744	3,267	9,001
Other bills discounted.....	3,598	10,024	2,160
Total bills discounted.....	4,342	13,291	11,161
Bills bought in open market.....	8,575	9,209	25,420
U. S. Government securities:			
Bonds.....	11,381	9,464	7,813
Treasury notes.....	7,806	5,761	2,175
Certificates and bills.....	12,129	9,653	20
Total U. S. Government securities.....	31,316	24,878	10,008
Other securities.....	---	---	6,500
Total bills and securities.....	44,233	47,378	53,089
Due from foreign banks.....	21	24	25
Uncollected items.....	17,862	27,137	27,052
F. R. Notes of other banks.....	487	880	535
Bank premises.....	1,830	1,876	1,920
All other resources.....	551	359	427
Total resources.....	<u>122,218</u>	<u>153,089</u>	<u>163,062</u>

LIABILITIES

F. R. Notes in actual circulation.....	31,901	46,947	48,585
Deposits:			
Member bank reserve account.....	57,533	63,697	71,017
Government.....	673	1,321	1,111
Foreign banks.....	172	185	228
Other deposits.....	120	63	92
Total deposits.....	58,498	65,266	72,448
Deferred availability items.....	17,964	26,871	28,654
Capital paid in.....	4,356	4,453	4,329
Surplus.....	8,936	8,935	8,690
All other liabilities.....	563	617	356
Total liabilities.....	<u>122,218</u>	<u>153,089</u>	<u>163,062</u>
Ratio of total reserves to deposit and F. R. note liabilities combined (per cent).....	59.2	63.4	63.3
Contingent liability on bills purchased for foreign correspondents.....	13,035	13,040	11,306

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

Resume of Business Conditions

A substantial decline in business and industrial activity was apparent in the Eleventh Federal Reserve District during the year 1930. In the early months of the year, business and industry, while following an irregular course, held up fairly well, but with the appearance of the drouth and the sharp decline in commodity prices, particularly those of agriculture and live-stock, the recession was accentuated. The renewed weakness of prices during the fall, which together with the drouth caused poor returns from agriculture, brought about a sharp decline in business. The reduced volume of trade, declining prices, and poor collections resulted in the largest number of commercial failures since 1927, and the aggregate indebtedness involved was the largest in seven years. On the other hand, the year's record of bank failures in this district compares favorably with that of several other districts and with the mortality rate experienced in this district during previous periods of depression. There were 41 bank suspensions in the district during 1930, as compared with 11 in 1929 and the record total of 82 for 1921.

The volume of construction activity, as measured by the valuation of building permits issued at principal cities, declined further by 31 per cent. While the production of petroleum was slightly higher than in 1929, it was due entirely to the rapid development and increased production in the State of New Mexico. Due to the extension and rigid enforcement of pro-ration rules in Texas, production declined rapidly during the last five months of the year, and was considerably smaller than during the corresponding period of the previous year. Prices of petroleum products declined and the operations of petroleum companies generally were unprofitable. Mining activity in the Western portion of the district was curtailed sharply because of the heavy accumulation of stocks and the reduction in the price of copper to the lowest level recorded during the current century.

The per acre yield of practically all important crops, except cotton, was smaller during 1930 than in the previous year due to the serious drouth over a large area of the district. In those sections where the drouth was most acute, the situation was aggravated by the fact that this was the second, and in some

instances the third, successive year in which drouthy conditions had materially affected production. Furthermore, the drastic decline in agricultural prices reduced the farmers' returns from crops throughout the district. It is encouraging to note, however, that farmers in most sections, except those most severely affected by the drouth, have sufficient feed supplies with which to make 1931 crops. The value of diversification again proved its soundness during the past year and all indications point toward a further extension of this practice during the coming year.

The livestock industry, likewise, suffered from both physical and market conditions. The extremely severe weather during the opening month of the year caused heavy losses of livestock and a sharp decline in the condition of both ranges and animals. This situation was aggravated by the lack of sufficient moisture during the spring months which prevented rapid recuperation. While the heavy, general rains during May and June brought about a temporary betterment, the unfavorable conditions prevailing earlier in the year had not been fully corrected before the protracted summer drouth set in, causing acute situations in many portions of the district in the succeeding months. Material improvement followed the heavy and widespread rains during the fall months and at the close of the year conditions had been materially improved and the outlook was generally favorable. Throughout the year livestock prices reflected an almost steady decline and trading on the ranges was almost at a standstill.

Financial operations during 1930 were marked by a sharp decline in deposits, loans, investments, and discount rates. The heavy borrowings of reserve city banks at the Federal Reserve Bank were liquidated early in the year and their borrowings thereafter were in small volume. The borrowings of country banks were in about the same volume as in the previous year, which funds were used both to meet seasonal needs and an abnormal decline in deposits. Bank deposits declined sharply during the first nine months of the year and showed only a slight rise as a result of the marketing of crops.

The volume of transactions handled by the Federal Reserve Bank of Dallas in 1930 was practically the same as in the previous year, operating expenses were slightly smaller, and the departments of the bank as a whole functioned with fewer employees than in 1929.

FEATURES OF OPERATIONS, YEARS 1930 AND 1929

	1930		1929	
	Number of Items	Amount	Number of Items	Amount
Loans, Rediscounts and Investments:				
Notes discounted and rediscounted for member banks.....	33,731	\$173,998,772	28,560	\$870,413,816
Bills bought for our own account.....	7,226	83,943,762	11,481	106,704,882
Bills bought for other than our own account.....	2,644	18,233,841	7,743	72,051,100
Purchase and sale of securities for own account.....	344	146,192,500	188	173,289,750
Purchase and sale of securities other than own account.....	2,527	77,065,200	2,499	109,748,000
Currency and Coin:				
Bills received and counted.....	62,352,576	274,777,050	61,413,328	268,659,153
Coin received and counted.....	49,585,388	7,587,132	48,039,272	7,891,444
Check Collections:				
Checks collected.....	37,707,108	7,643,043,984	40,552,860	8,595,941,894
Collection items handled.....	139,338	169,577,455	132,734	249,900,328
Return items.....	1,169,722	39,382,064	1,096,159	41,197,719
U. S. Government checks paid.....	1,140,459	126,584,297	1,084,756	122,267,598
U. S. Government coupons paid.....	312,285	5,660,273	363,540	7,648,592
Transfers:				
Transfers of funds other than five per cent fund of national banks.....	98,942	5,824,431,999	117,782	5,437,542,087
Transfers of funds for five per cent fund of national banks.....	15,664	41,962,750	17,787	59,982,310
Fiscal Agency:				
U. S. Securities issued, redeemed and exchanged.....	35,385	171,914,112	57,360	234,882,415
Custody of Securities:				
Number of pieces received from outside sources.....	23,269		20,681	
Number of pieces received inter-departmental transactions.....	17,809		10,232	
Number of pieces delivered other than inter-departmental.....	24,305		30,328	
Number of pieces delivered inter-departmental transactions.....	17,714		10,120	

EARNINGS AND EXPENSES

The gross earnings of the bank in 1930 were \$1,585,112, as compared with \$2,496,029 in 1929, a decrease of \$910,917, or 36.5 per cent. Of this amount \$229,821, or 14.5 per cent, resulted from the purchase of bills, as compared with \$615,799, or 24.7 per cent, in 1929; \$441,337, or 27.8 per cent, resulted from the discount and rediscount of paper, as compared with \$1,301,049, or 52.1 per cent, in 1929, while \$873,177, or 55.1 per cent, resulted from earnings on United States securities, as compared with \$452,419, or 18.1 per cent, in 1929.

Current net earnings in 1930 were \$243,959, as compared with \$1,111,154 in 1929, a decrease of \$867,195, or 78.0 per cent. The annual rate of current net earnings to paid in capital was 5.6 per cent in 1930, compared with 25.0 per cent in 1929.

Current expenses in 1930 were \$1,341,152, as compared with \$1,384,875 in 1929, a decrease of \$43,723, or 3.2 per cent.

On December 31, 1929, after adjustments necessary in closing the books for the year had been made, the bank's capital was \$4,452,900 and surplus \$8,934,617. Semi-annual dividends were paid to member banks on June 30 and December 31, 1930, at the rate of six per cent per annum. After making provision for reserves and sundry adjustments \$9,078 was paid to the United States Government as a franchise tax and \$1,008 was transferred to surplus, making that account \$8,935,626 on December 31, 1930.

OPEN MARKET OPERATIONS

On January 1, 1930, our holdings of United States Government securities amounted to \$24,877,800. Of this amount \$9,842,800 represented our independent holdings and \$15,035,000 represented our participation in the System's open-market investment account.

During the year United States Government securities amounting to \$23,907,600, excluding participation in System purchases, were purchased in the open market from member banks and others, while securities aggregating \$23,767,150 matured or were sold, representing an increase in our independent holdings of \$140,450, and leaving our independent holdings of securities \$9,983,250 on December 31, 1930.

On February 18, we sold \$5,000,000 of our participation in the System's holdings to the System under a sixty-day repurchase agreement, leaving our participation \$10,647,500, which was the minimum for the year. On March 20, we repurchased this \$5,000,000 and subsequently our participation gradually

increased to \$21,332,500 on December 31, 1930, which was the maximum for the year. Our total holdings of Government securities on December 31, 1930 amounted to \$31,315,750.

The average yield on our holdings of Government securities was about 3.21 per cent for the year.

At the beginning of the year our holdings of bankers' acceptances amounted to \$9,209,063. On March 1 our holdings had reached \$16,657,209, which was the maximum for the year. The minimum for the year was \$2,893,591 on June 25, 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 \$83,943,762, while sales and maturities amounted to \$84,578,195, leaving our holdings \$8,574,630 on December 31, 1930.

At the beginning of the year buying rates on bankers' acceptances ranged from 4 to 4½ per cent. Rates gradually declined during the year and ranged from 1¾ to 2 per cent at the close of the year. The average yield on our holdings of bankers' acceptances for the year was about 2.94 per cent.

DISCOUNT OPERATIONS

The volume of paper discounted and rediscounted during 1930, including \$249,965 rediscounted for the Federal Intermediate Credit Bank of Houston, was \$173,998,772, compared with \$870,413,816 in 1929, a decrease of \$696,415,044, or 80 per cent.

Of the total advances to member banks during the year, 90 per cent was to national banks and 10 per cent was to state banks, as compared with 96 per cent to national banks and 4 per cent to state banks in 1929.

Loans at the beginning of the year amounted to \$13,290,900. On January 6 they had increased to \$17,290,400, which was the maximum for the year. On April 1 loans had decreased to \$6,392,800 from which point they gradually increased to \$14,879,700 on August 31, and on December 31, had gradually declined to \$4,342,200, which was the minimum for the year.

Of the total paper discounted in 1930, \$60,691,478, or 35 per cent, consisted of notes secured by United States Government obligations as compared with \$551,651,000, or 63 per cent, in 1929, a decrease in this class of borrowings of \$490,959,522, or 89 per cent.

**CLASSIFICATION AND DISPOSITION OF NOTES
SUBMITTED BY MEMBER BANKS DURING 1930**

Number and amount of items received.....	Number 55,008	Amount \$87,358,502.32
--	------------------	---------------------------

CLASSIFICATION

Farming	\$35,220,477.47*	
Commercial	49,862,696.77	
Miscellaneous	2,275,328.08	\$87,358,502.32

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

	Amount	Percentage	Items	Percentage
Ineligibility	\$1,039,613.40	1.19	424	.77
Technical Defects.....	447,118.10	.51	335	.61
Insufficient Cr. Information	589,075.69	.67	240	.44
Credit Showing.....	4,831,111.57	5.53	3,566	6.48
Miscellaneous	470,246.69	.54	199	.36
Total Returned.....	\$ 7,377,165.45	8.44	4,764	8.66
Total Accepted.....	79,981,336.87	91.56	50,244	91.34
Total.....	\$87,358,502.32	100.00	55,008	100.00

**AVERAGE DAILY OUTSTANDING BORROWINGS FROM THE
FEDERAL RESERVE BANK OF DALLAS AND BRANCHES
DURING THE YEAR 1930, SEGREGATED AS TO
BANKS IN GROUPS 1, 2 AND 3**

	Secured by Gov- ernment Securities	Otherwise Secured	Total
Group 1	\$ 818,300	\$3,250,700	\$ 4,069,000
Group 2	548,300	3,269,100	3,817,400
Group 3	240,400	2,177,300	2,417,700
	<u>\$1,607,000</u>	<u>\$8,697,100</u>	<u>\$10,304,100</u>

**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	\$2,428,050
Group 2	1,315,250
Group 3	613,250
Total.....	\$4,356,550

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

Group 1	167%
Group 2	290%
Group 3	394%

*Does not include advances to the Federal Intermediate Credit Bank of Houston, aggregating \$249,965.88.

RESERVE POSITION

For the first six months of the year the reserve position of the bank ranged between a maximum ratio of 72.4 per cent on March 19 (the highest of the year as of weekly reporting periods) when total cash reserves were \$71,910,000, to a minimum of 58.1 per cent on February 12, when total cash reserves were \$60,804,000.

During the latter half of the year the ratio fluctuated between a maximum of 63.9 per cent on November 5, when total cash reserves were \$60,225,000, to a minimum of 54.8 per cent on September 10, when total cash reserves were \$52,801,000.

CLEARING OPERATIONS

Operations in the Transit Department during the year 1930 showed a reduction in both number and amount of checks handled when compared with 1929. This unfavorable comparison may be explained by the fact that the current figures are measured against an unusually prosperous year. The trend does not appear unsatisfactory when comparing 1930 with the more normal year. The total number of checks decreased 6.7 per cent, while the amount showed a reduction of 10.9 per cent. A total of 38,847,567 checks were handled, amounting to \$7,769,628,281, the daily average number being 130,800. Our largest day occurred on October 14, 1930, when we handled 219,539 items.

During the year 1,169,722 checks were returned for various reasons, a ratio of one check returned for every 33 items handled. For 1929 the ratio was one to 38.

Of our total volume 11.5 per cent in number represented city check clearings. Clearings through the Reserve City Clearing House amounted to \$956,639,481, as compared with \$1,219,161,185 in 1929.

We received 1,140,459 checks drawn on the Treasurer of the United States, amounting to \$126,584,297, which compares with 1,084,756 checks amounting to \$122,267,598 during 1929.

Non-cash collections handled in 1930 totaled 139,338, amounting to \$169,577,455, as compared with 132,734 collections amounting to \$249,900,328 for the previous year.

MOVEMENT OF MEMBERSHIP

On January 1, 1930, the total number of national banks in the district was 671. During the year 10 national banks were chartered; 41 were dropped through liquidation, mergers and other causes, making a net decrease of 31, or a total on December 31, 1930 of 640.

On January 1, 1930, the total state bank membership was 85. During the year one state bank was admitted to membership. The membership of six state banks was terminated through liquidation, consolidations and other causes, making a net reduction of five, or a total state bank membership on December 31, 1930 of 80.

	National	State	Total
Arizona	4	0	4
Louisiana	13	1	14
New Mexico.....	19	1	20
Oklahoma	13	1	14
Texas	591	77	668
Total.....	640	80	720

DEMAND FOR CURRENCY

The average amount of Federal reserve notes in circulation during 1930 was approximately \$9,200,000 less than in 1929. The following table shows the average, maximum, and minimum circulation for 1930, as compared with 1928 and 1929:

	1930	1929	1928
Average	\$34,899,000	\$44,052,000	\$38,418,000
Maximum	47,670,000	53,533,000	50,811,000
Minimum	30,455,000	36,527,000	29,498,000

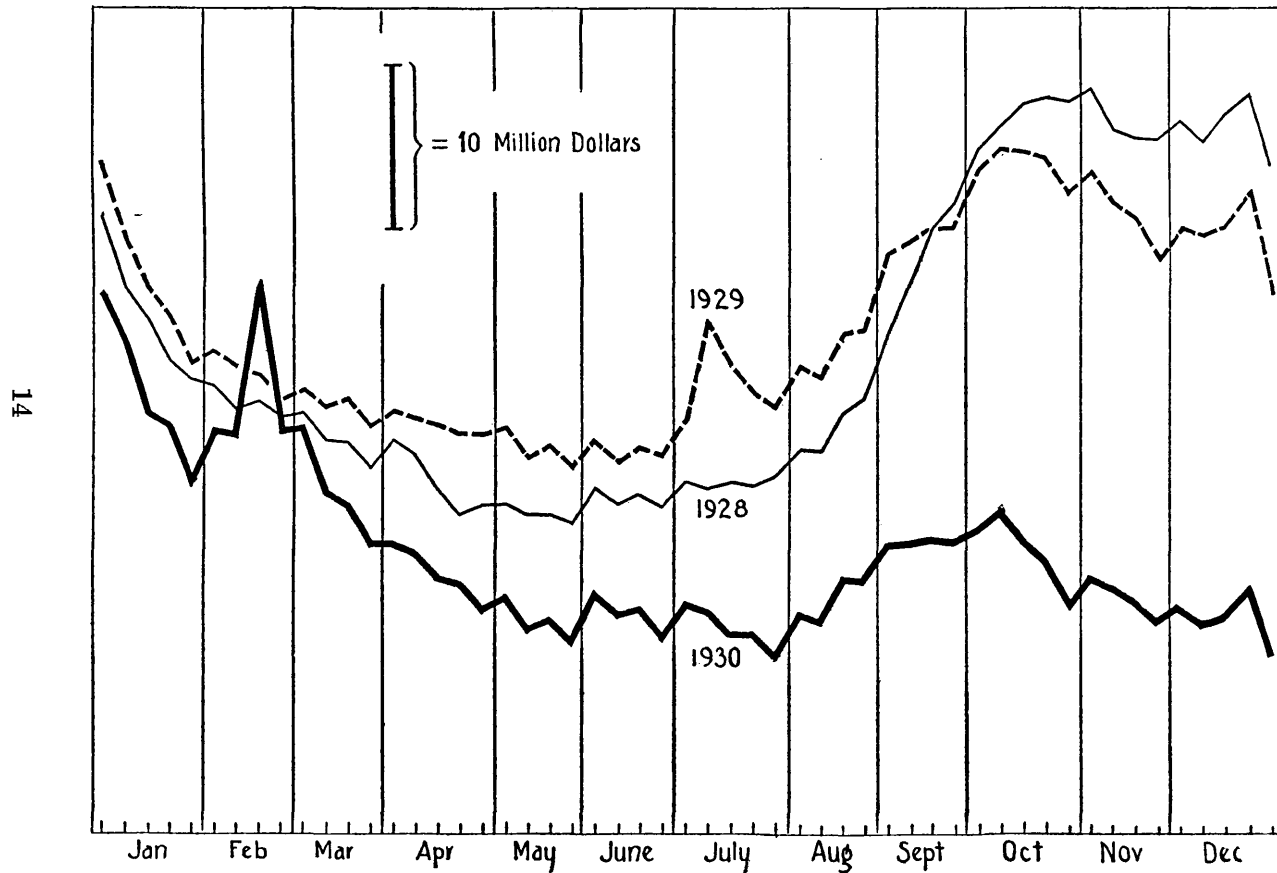
The minimum circulation of \$30,455,000 in 1930 was in July, while the minimum in 1929 of \$36,527,000 was in May. In 1930 the maximum circulation of \$47,670,000 was reached February 19, while the 1929 maximum of \$53,533,000, was reached October 19.

While both the average and maximum Federal reserve note circulation were less in 1930 than in 1929, the increase from minimum circulation in 1930 of \$17,200,000 was approximately the same as the increase from minimum in 1929.

The accompanying chart showing the demand for all classes of currency in this district for the year 1930, as compared with the years 1928 and 1929, shows that the demand for currency was considerably lower in 1930 than in the preceding two years. The peak of the autumn demand in 1929 was below that of the preceding two years and the seasonal return flow of currency, which generally terminates in May, was substantially greater during 1930 than in other recent years. The return flow of currency was checked by a temporary and non-seasonal expansion in demand in February, which followed upon disturbed banking conditions in some of the larger cities in this district.

The autumn increase in demand for currency incidental to the harvesting and movement of crops was much smaller and the decline from the October peak to the year's close was greater than usually occurs. The amount of increase from July 31 to the autumn peak in 1930 was \$8,700,000, and in 1929, \$15,900,000. The demand for currency in December, which in 1930 did not reflect so large a holiday demand as in previous years, averaged but little above that of mid-summer. The fact that the demand for currency was considerably lower in 1930 than in the preceding two years and that the increase from July 31 to the autumn peak in 1930 was \$7,200,000 less than in 1929 can be accounted for by the general business depression that existed during the year and the lower commodity prices.

CHANGES IN DEMAND FOR CURRENCY
ELEVENTH FEDERAL RESERVE DISTRICT



BANK EXAMINATIONS

During the year 1930 the Examination Department conducted 10 credit investigations of state member banks, of which eight were made in connection with regular examinations conducted by the state authorities. Eight non-member banks were examined pursuant to application for membership in the System. A total of 18 visits were made during the year to member and non-member banks as compared with six visits made in 1929. With few exceptions, the examinations conducted by the state authorities are still being accepted by us in lieu of examinations by our own staff, although in some cases we find it desirable to have our own examiners investigate certain member banks for the purpose of securing first-hand information as to their loan policies and practices.

BANK AND PUBLIC RELATIONS

The Bank Relations Department continued the policy of visiting practically every member bank in the district at least once during the year. The total number of visits in 1930 was 1,028, as compared with 1,085 in the preceding year. The decrease in number of visitations is attributable, mainly, to the consolidations, liquidations and suspensions which occurred during the current year. 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. The field work in 1930 consisted of 760 regular visits to member banks, 242 to non-member institutions, and 26 special missions handled for various departments of the bank. On four 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 46 gatherings during the year. In this connection, the radio was used on a number of occasions. 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 1,500 visitors were conducted through the head office and branch buildings during the year.

STOCKHOLDERS MEETING

The fourth annual meeting of the Stockholders Association of this bank was held in Dallas on June 19, 1930. It was attended by 154 delegates representing 120 member banks, the attendance being somewhat smaller than that of the 1929 meeting. The chairman reviewed a program of objectives and activities that had been followed during the year by the Advis-

ory Committee. Subjects of current interest to the stockholding banks were discussed and resolutions were adopted relating to the election of directors of the Federal Reserve Bank, recommending the extension of the present maturity limit on member banks' collateral notes from fifteen to ninety days, suggesting a revision of the present method of distributing earnings of Federal reserve banks, and thanking the officers and directors of the Federal Reserve Bank for their assistance in arranging for the meeting.

INSOLVENT BANKS DEPARTMENT

Seventeen member banks (16 national and one state) in this district suspended business in 1930, four of which were later reorganized or taken over by other banks. Of the 17 suspended banks, 11 were indebted to this bank at the time of suspension, and the indebtedness of six of these had been paid in full. Three member banks which were indebted to us went into voluntary liquidation during the year, other banks having assumed their deposit liabilities, making eight suspended and liquidating banks with indebtedness to us aggregating \$141,604.14 in process of liquidation on December 31, 1930.

INTERNAL ORGANIZATION AND PERSONNEL

The Board of Directors held 11 meetings in 1930, with an average attendance of eight.

There was no change in the personnel of the board in 1930.

At its meeting on January 7, 1930, the board re-elected 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.

In the regular annual election in November, R. E. Harding, President of the Fort Worth National Bank, Fort Worth, Texas, was elected Class A director, Group 1, succeeding J. H. Frost, and J. R. Milam, of Waco, Texas, was re-elected Class B director, Group 2, for three-year terms, beginning January 1, 1931.

On December 11 the Federal Reserve Board announced the redesignation of C. C. Walsh as Chairman of the Board and Federal Reserve Agent for 1931.

On December 13 the Federal Reserve Board announced the reappointment of S. B. Perkins, of Dallas, as a Class C director for the three-year term beginning January 1, 1931, and his redesignation as Deputy Chairman for 1931.

There were no changes in the personnel of the directorates of the El Paso and Houston Branches during 1930. Mr. Ernest Steves, a director of the San Antonio Branch, died May 14, 1930. At the regular meeting of the board of directors of the head office, held June 7, Walter P. Napier, President of the Alamo National Bank, San Antonio, was appointed a director of the San Antonio Branch to succeed Mr. Steves.

On December 31, 1930, the total number of officers and employees at the head office and branches was 414, a decrease of 11 since December 31, 1929.

FISCAL AGENCY OPERATIONS

The volume of business handled as fiscal agent of the United States during the year 1930 showed a substantial decrease over the year 1929.

During the year 1930, 13 new issues of Government securities were floated, as compared with five issues in 1929, and there were 12 maturing issues, as compared with seven in 1929.

There was a substantial reduction in the volume of interest coupons handled for payment during the year 1930, as compared with 1929.

On December 31, 1929, there were 18 regular employees in the department at an annual salary rate of \$37,540, while on December 31, 1930, there were 14 employees at an annual salary rate of \$31,060.

OPERATION OF BRANCHES

The volume of business handled at the El Paso Branch in 1930, compared with that handled in 1929, is reflected in the following table:

	—Number—		—Amount—	
	1930	1929	1930	1929
Notes discounted and rediscounted	870	749	\$ 19,425,022	\$ 28,777,623
Bills received and counted	5,077,472	4,828,629	27,868,350	28,454,550
Coin received and counted	3,245,731	2,779,557	1,234,849	1,012,510
Transfer of funds.....	8,807	9,990	263,918,335	246,756,727
Check collections	2,996,252	2,831,537	469,591,545	447,853,646
Treasury warrants	184,513	177,360	21,078,965	19,481,020
Non-cash collections	14,559	13,392	9,990,532	10,653,252
Return items.....	69,733	61,082	3,273,645	3,370,865

At the beginning of the year 37 member banks (35 national banks and two state banks) were attached to the branch. During the year the membership of three national banks was terminated by consolidation and the membership of one state bank was terminated by withdrawal from the System. Two new national banks opened during the year, leaving the membership on December 31, 1930, at 35, consisting of 34 national banks and one state bank.

The expense of operation, excluding furniture and equipment, was \$115,858 as against \$112,013 in 1929.

The personnel of the branch on December 31, 1930, comprised two officers and 34 employees, the same as that reported for December 31, 1929.

The volume of business handled at the Houston Branch in 1930, compared with that handled in 1929, is reflected in the following table:

	—Number—		—Amount—	
	1930	1929	1930	1929
Notes discounted and rediscouted	1,469	1,977	\$ 19,408,535	\$ 141,802,419
Currency received and counted	12,505,960	13,469,890	53,702,100	58,724,328
Coin received and counted	15,900,182	16,333,511	1,570,647	1,672,149
Transfer of funds.....	25,546	30,401	1,776,701,403	1,781,179,586
Check collections	6,682,932	6,738,104	1,586,863,426	1,801,019,206
Treasury warrants	219,603	202,306	26,208,239	25,482,667
Non-cash collections	39,609	38,370	52,827,515	74,601,607
Return items.....	170,234	159,796	6,698,401	6,847,522

At the beginning of the year 89 member banks (78 national banks and 11 state banks) were attached to the branch. This same membership prevailed at the close of the year, although one national bank (First National Bank, Hemphill) suspended operations on December 18, 1930, and a decision has not been reached as to whether it will be reorganized or liquidated.

The expense of operation, excluding furniture and equipment was \$161,359, compared with \$162,434 in 1929.

The personnel of the branch on December 31, 1930, comprised three officers and 48 employees, compared with three officers and 53 employees on December 31, 1929.

The volume of business handled at the San Antonio Branch in 1930, compared with that handled in 1929, is reflected in the following table:

	—Number—		—Amount—	
	1930	1929	1930	1929
Notes discounted and rediscouted	2,352	1,528	\$ 25,077,094	\$ 56,350,235
Bills received and counted	12,513,410	11,300,595	53,713,450	50,343,250
Coin received and counted	7,937,008	6,010,759	1,570,610	1,502,809
Transfer of funds.....	14,180	15,467	504,087,141	467,306,778
Check collections	5,604,757	5,594,068	994,628,166	1,067,301,313
Treasury warrants	188,968	175,087	28,067,808	27,086,805
Non-cash collections	17,708	16,172	20,392,597	20,054,613
Return items.....	136,134	126,476	5,898,837	6,264,536

At the beginning of the year 94 member banks (83 national banks and 11 state bank) were attached to the branch. During the year two national banks went into voluntary liquidation, leaving total membership of 92, consisting of 81 national banks and 11 state banks.

The expense of operation, excluding furniture and equipment, was \$141,664, as compared with \$135,202 in 1929.

The personnel of the branch on December 31, 1930, comprised three officers and 46 employees, compared with two officers and 50 employees on December 31, 1929.