

10

THIRTEENTH ANNUAL REPORT
OF THE
FEDERAL RESERVE BANK
OF KANSAS CITY

FOR THE YEAR ENDED DECEMBER 31, 1927



TENTH FEDERAL RESERVE DISTRICT

THIRTEENTH ANNUAL REPORT
OF THE
FEDERAL RESERVE BANK
OF KANSAS CITY

FOR THE YEAR ENDED DECEMBER 31, 1927



TENTH FEDERAL RESERVE DISTRICT

LETTER OF TRANSMITTAL

February 6, 1928

Sir:

I have the honor to transmit herewith the thirteenth annual report of the Federal Reserve Bank of Kansas City covering the year 1927.

Respectfully yours,

M. L. McCLURE,

Chairman and Federal Reserve Agent

Hon. R. A. Young,
Governor, Federal Reserve Board,
Washington, D. C.

DIRECTORS AND OFFICERS
OF THE
FEDERAL RESERVE BANK OF KANSAS CITY
FOR 1928

DIRECTORS

CLASS A

FRANK W. SPONABLE (1928), Paola, Kans.
E. E. MULLANEY (1929), Hill City, Kans.
C. C. PARKS (1930), Denver, Colo.

CLASS B

J. M. BERNARDIN (1928), Kansas City, Mo.
L. E. PHILLIPS (1929), Bartlesville, Okla.
THOMAS C. BYRNE (1930), Omaha, Nebr.

CLASS C

WM. L. PETRIKIN (1928), Deputy Chairman, Denver, Colo.
M. L. McCLURE (1929), Chairman, Kansas City, Mo.
E. M. BRASS, Grand Island, Nebraska

MEMBER FEDERAL ADVISORY COUNCIL

P. W. GOEBEL, Kansas City, Kansas

OFFICERS

<p>M. L. McCLURE, Chairman Board of Directors and Federal Reserve Agent WM. L. PETRIKIN, Deputy Chairman A. M. McADAMS, Assistant Federal Reserve Agent and Secretary S. A. WARDELL, Auditor H. G. LEEDY, Counsel</p>	<p>W. J. BAILEY, Governor C. A. WORTHINGTON, Deputy Governor J. W. HELM, Cashier JOHN PHILLIPS, JR., Assistant Cashier E. P. TYNER, Assistant Cashier G. E. BARLEY, Assistant Cashier M. W. E. PARK, Assistant Cashier G. H. PIPKIN, Assistant Cashier</p>
---	--

OMAHA BRANCH

DIRECTORS AND OFFICERS

<p>A. H. MARBLE (1928), Cheyenne, Wyo. W. E. HARDY (1929), Lincoln, Nebr. R. O. MARNELL (1930), Nebraska City, Nebr.</p>	<p>WM. DEISING (1928), Omaha, Nebr. T. L. DAVIS (1929), Omaha, Nebr. WAYLAND W. MCGEE (1930), Bennington, Nebr.</p>
--	---

L. H. EARHART (1928), Managing Director

G. A. GREGORY, Cashier

WM. PHILLIPS, Assistant Cashier O. P. CORDILL, Assistant Cashier

DENVER BRANCH

DIRECTORS AND OFFICERS

<p>H. W. FARR (1928), Greeley, Colo. R. H. DAVIS (1929), Denver, Colo. HAROLD KOUNTZE (1930), Denver, Colo.</p>	<p>MURDO MACKENZIE (1928), Denver, Colo. HENRY SWAN (1929), Denver, Colo. MERRITT W. GANO (1930), Denver, Colo.</p>
---	---

J. E. OLSON (1928), Managing Director

S. A. BROWN, Cashier JOHN A. CRONAN, Assistant Cashier

OKLAHOMA CITY BRANCH

DIRECTORS AND OFFICERS

<p>NED HOLMAN (1928), Guthrie, Okla. AUSTIN MILLER (1929), Oklahoma City, Okla. WM. MEE (1930), Oklahoma City, Okla.</p>	<p>W. F. NICHOLS (1928), Tulsa, Okla. WALTER FERGUSON (1929), Tulsa, Okla. E. J. MURPHY (1930), Clinton, Okla.</p>
--	--

C. E. DANIEL (1928), Managing Director

R. O. WUNDERLICH, Cashier R. L. MATHES, Assistant Cashier

THIRTEENTH ANNUAL REPORT
FEDERAL RESERVE BANK OF KANSAS CITY

PRODUCTION of raw materials, on which conditions in the Tenth Federal Reserve District are chiefly dependent, was well maintained during the year just closed, and the value of recorded production for the year of farm crops, including live stock, dairy and poultry products sold, and the output of coal, oil, gas, and other minerals, is estimated at \$3,517,000,000, which is an increase of more than 10 percent over the value of such production in 1926. This good volume of production in the principal industries of the District sustained a high level of activity in the banking business and in most lines of industry and trade, and was reflected in greater bank deposits and in an unusually large distribution of goods to consumers.

Farm production in the District was larger in both quantity and value than in any year since 1919. The corn crop of 622,644,000 bushels was more than double the size of the 1926 crop and was well distributed over the District. The wheat crop fell below that of 1926 by approximately 40,000,000 bushels—over 13 percent, but yields were generally fair except in sections where winter drouth killed the plant or where floods and wet weather interfered with harvesting the grain. Cotton production is reported at 982,000 bales as against 1,689,000 bales in 1926, but prices were so much better that the cash realization was not greatly under that of the much larger crop of the previous year. The crop in Oklahoma, the principal cotton producing state of the District, was large and of good quality in the western part of the state, but in the southeastern part of the state cool and wet weather in the spring and summer resulted in partial to total losses over considerable territory. Increases over the preceding year were shown for all other important crops except oats and broom corn, which were but slightly smaller, and production figures based on the reports of the Departments of Agriculture of the United States and the several states show total farm production in the District for the year at 7.3 percent above the ten year average, and a valuation, based on prices to producers, of \$1,422,000,000 as compared with \$1,191,000,000 in 1926.

Outstanding developments in the livestock industry during the year just closed were smaller marketings of meat animals from the farms and ranges and a readjustment of live stock values, all of which resulted in a general betterment of conditions for the industry as a whole. The principal reduction in the market supply was in beef cattle, and this was accompanied by a steady rise in prices of all cattle to the highest levels attained in recent years. The sheep branch of the industry continued on a sound basis, with but slight reduction in receipts from those of the preceding year and with closing prices about the same as a year earlier. The pro-

duction of wool was large and it sold at good prices. The hog supply held close to that of 1926, but prices declined and at the close of the year were substantially lower than those prevailing earlier. The outlook for future market supplies of live stock, as reflected by the Government's survey of live stock on farms and ranges as of January 1, 1928, is but slightly different from that of a year ago. According to this survey, there were decreases during the year in the number of cattle, horses, and mules on farms and ranges in the seven states whose areas or parts thereof comprise this District, and increases in the number of milk cows and heifers, sheep and lambs, and hogs. The average value of hogs shows a decline of \$4.28 per head between the two dates, but greater value per head is shown for all other classes of live stock, the increased average value of cattle being \$11.05 per head. A summary of the figures for the seven states, reported as of January 1, 1928, with those for January 1, 1927, for comparison, follows:

	NUMBER		VALUE	
	Jan. 1, 1928	Jan. 1, 1927	Jan. 1, 1928	Jan. 1, 1927
All cattle.....	12,323,000	12,662,000	\$602,828,000	\$474,492,000
Milk cows and heifers.....	3,130,000	3,110,000	207,317,000	165,614,000
Hogs.....	12,964,000	11,930,000	153,998,000	192,837,000
Sheep and lambs.....	10,833,000	9,517,000	105,103,000	90,117,000
Horses and colts.....	3,402,000	3,551,000	156,235,000	156,064,000
Mules and colts.....	1,095,000	1,143,000	66,592,000	67,104,000

The processing of basic commodities into such foods as meat flour, and sugar, and the conversion of other raw materials into such items as gasoline, fuels, lubricants, lead, zinc, cement, and clay products, constitute the most important manufacturing activities of the District from the standpoint of furnishing employment and improving markets locally and also from the standpoint of contributing a substantial part of the country's total production of the respective products. The three largest manufacturing groups are meat packing, flour milling, and oil refining. Of these groups, operations of the meat packing plants during the past year, although of good volume, were adversely influenced by the decrease in market supplies of meat animals, but the mills of the District produced more flour than in any previous year, and the manufacture of gasoline and other oil products was maintained at a high level. Other manufacturing activities within the District continued a gradual expansion, both in volume of products and in lines of manufacture.

Mineral production compared very favorably with previous years. The output of crude petroleum was the largest of record, the District's production of 343,101,000 barrels being 38.4 percent of the total production in this country during 1927. Coal production was adversely influenced by delay in the negotiation of contracts between operators and miners in the central competitive field and by the recent strikes in some of the Colorado fields, and fell somewhat below 1926 production. At the end of the year, however, operations were on a high productive basis and the output was equal to market requirements. The slackened market demand and consequent lower prices for zinc and lead ores curtailed the production and shipment of these minerals in the Missouri-Kansas-Oklahoma field to

a point below the output of the previous three years. Production was in fair volume, however, and was greater than that of any year prior to 1924. Colorado mines produced less gold and silver, but these losses were more than offset by increased production of copper, zinc, lead, and other metals. The production of cement, face brick, glass, paints, clay products, and other items included in the minerals group was uniformly heavy and compared favorably with the previous year's record, some of these industries reporting small decreases and others small increases.

Building and construction work continued in large volume. The value of building permits reported for seventeen cities of the District was slightly under the 1926 figure, but the value of contracts awarded, in the District, as reported by the F. W. Dodge Corporation, was greater than in any previous year.

Based on reports of department stores throughout the District, retail trade was in slightly greater volume than in 1926, and sales in December were greater than in any month since 1920. Wholesale trade, taking the combined dollar totals of reporting houses in six lines, was almost identical with the 1926 volume. Wholesale trade reports, however, were mixed, some lines showing increases and others decreases in volume of business done and dollar value of sales. Sales of implements and farm machinery, reported by leading distributors, were larger than in any recent year, and orders for future delivery are greater than such orders booked at the end of 1926.

The general banking situation in the District is believed to have made further substantial improvement during the year, principally through continued efforts of individual banks to improve slow and questionable assets, and through the growing tendency of bankers to apply sound credit principles to all new loans and investments. The process of elimination of weak or unprofitable banks was continued at approximately the same rate maintained for the past several years, 185 banks having gone out of business through suspension, liquidation, or consolidation. On December 31, 1927, there were, 3,593 banks operating within the District, which is approximately 900 less than the number of banks at the end of 1920. During this seven year period approximately 1,400 banks have gone out of business, about half of them through suspension and the other half through consolidation or liquidation, and about 500 banks have opened for business, including a few instances of closed banks reopened for operation under the original charters.

Deposits in the banks were maintained at a high level throughout the year, available reports indicating that deposits in member banks averaged higher than in any previous year. A natural consequence of this condition has been that many banks have been actively seeking investments for their funds and that banks generally have been able to meet all legitimate credit requirements of their customers. The use of Federal reserve bank credit by member banks was very largely restricted to temporary or seasonal requirements, as has been the case during the past several years, and reached no great volume at any time.

OPERATIONS OF FEDERAL RESERVE BANK OF KANSAS CITY

Complete statistics of each Federal Reserve Bank are published in the annual report of the Federal Reserve Board, and detailed figures of the operations of this bank are omitted from this report except that on the following pages are shown the statement of condition at the beginning and end of the year, the distribution of loans to member banks, and comparative tables of earning assets, income and disbursements, and volume of operations.

COMPARATIVE STATEMENT OF CONDITION

Resources	Dec. 31, 1926	Dec. 31, 1927
Cash Reserves held by this bank against its deposits and note circulation:		
Gold held by the Federal Reserve Agent as part of the collateral deposited by the bank when it obtains Federal Reserve notes. This gold is lodged with the Treasurer of the United States	\$ 64,859,815.00	\$ 60,745,990.00
Gold redemption fund in the hands of the Treasurer of the United States to be used to redeem such Federal Reserve notes as are presented to the Treasury for redemption	2,124,840.45	2,488,996.14
Gold and gold certificates in vault	6,238,982.37	7,299,469.48
Gold in the gold settlement fund lodged with the Treasurer of the United States for the purpose of settling current transactions between Federal reserve districts	30,512,314.48	27,498,488.85
Legal tender notes, silver, and silver certificates in the vaults of the bank (available as Reserve only against deposits)	4,992,761.00	5,826,106.00
Total cash reserves	\$108,728,713.30	\$103,859,050.47
Non-reserve Cash, consisting largely of National Bank notes and minor coin	\$ 2,822,456.52	\$ 3,060,125.73
Loans and Investments:		
Loans:		
On the security of obligations of the United States (including adjusted service certificates)	\$ 1,483,812.00	\$ 3,229,532.00
By the discount of commercial or agricultural paper or acceptances	5,128,652.55	6,404,780.66
Acceptances bought in the open market	18,294,960.03	7,891,207.90
United States Government bonds, notes, and certificates of indebtedness	29,224,900.00	38,341,600.00
Total loans and investemnts	\$ 54,132,324.58	\$ 55,867,120.56
Miscellaneous Resources		
Bank premises, less reserves	\$ 4,458,936.12	\$ 4,307,959.76
Checks and other items in process of collection	44,002,751.38	46,470,789.34
Due from suspended banks	368,753.70	285,902.85
All other miscellaneous resources	152,388.90	147,626.40
Total miscellaneous resources	\$ 48,982,830.10	\$ 51,212,278.35
Total resources	\$214,666,324.50	\$213,998,575.11

FEDERAL RESERVE BANK OF KANSAS CITY

COMPARATIVE STATEMENT OF CONDITION

Liabilities	Dec. 31, 1926	Dec. 31, 1927
Currency in Circulation:		
Federal Reserve notes in actual circulation, payable on demand. These notes are secured in full by gold and discounted and purchased paper	\$ 72,523,100.00	\$ 67,188,875.00
Total currency in circulation	\$ 72,523,100.00	\$ 67,188,875.00
Deposits:		
Reserve deposits maintained by member banks as legal reserves against the deposits of their customers	\$ 86,728,345.93	\$ 95,045,794.70
United States Government deposits carried at the Reserve Bank for current requirements of the Treasury	1,939,949.75	2,081,997.34
Other deposits	1,197,702.56	741,005.12
Total deposits	\$ 89,865,998.24	\$ 97,868,797.16
Miscellaneous Liabilities		
Deferred items, composed mostly of uncollected checks on banks in all parts of the country. Such items are credited as deposits after the average time needed to collect them elapses, ranging from 1 to 7 days	\$ 38,627,555.29	\$ 35,283,837.46
All other miscellaneous liabilities	423,440.36	376,537.63
Total miscellaneous liabilities	\$ 39,050,995.65	\$ 35,660,385.09
Capital and Surplus:		
Capital paid in, equal to 3 percent of the capital and surplus of member banks	\$ 4,196,750.00	\$ 4,234,850.00
Surplus—that portion of accumulated net earnings which the bank is legally permitted to retain	9,029,480.61	9,045,677.86
Total capital and surplus	\$ 13,226,230.61	\$ 13,280,527.86
Total Liabilities	\$214,666,324.50	\$213,998,575.11

HOLDINGS OF EARNING ASSETS, EARNINGS THEREFROM, AND ANNUAL RATES OF EARNINGS

	Year	Bills Discounted	Bills Purchased	United States Government Securities	Other Earning Assets	Total
Daily Average Holdings	1923	\$ 39,861,590	\$ 688,661	\$ 23,346,470	\$ 45,912	\$ 63,942,633
	1924	19,252,047	5,183,349	24,512,289	94,273	49,041,958
	1925	9,052,881	16,819,307	30,781,256	585,184	57,238,628
	1926	16,075,773	14,306,927	33,035,187	182,007	63,599,894
	1927	13,064,641	10,713,383	31,549,966	0	55,327,990
Earnings	1923	1,793,861	29,361	971,271	2,066	2,796,559
	1924	859,534	158,580	947,929	3,093	1,969,136
	1925	362,177	538,179	1,117,964	20,795	2,039,115
	1926	643,032	507,513	1,213,542	8,077	2,372,164
	1927	500,769	375,715	1,106,482	0	1,982,966
Average Rates of Earnings (percent)	1923	4.50	4.26	4.16	4.50	4.37
	1924	4.46	3.06	3.87	3.28	4.02
	1925	4.00	3.20	3.63	3.55	3.56
	1926	4.00	3.55	3.67	4.44	3.73
	1927	3.83	3.51	3.51	0	3.58

THIRTEENTH ANNUAL REPORT

INCOME AND DISBURSEMENTS

	1926	1927
Earnings:		
From loans to member banks and paper discounted for them	\$ 643,032.29	\$ 500,769.06
From acceptances owned	507,512.94	375,715.42
From United States Government Obligations owned	1,213,542.40	1,106,482.07
From penalties for deficient reserves	24,203.02	17,748.46
Income from rented space	230,164.76	234,688.90
Other earnings	58,884.91	69,534.06
Total earnings	\$2,677,340.32	\$2,304,937.97
Deductions from Earnings:		
For current bank operation, exclusive of cost of currency. These figures include most of the expenses incurred as fiscal agent of the United States	\$1,622,654.71	\$1,624,440.65
For Federal Reserve currency, mainly the cost of printing new notes to replace worn notes in circulation, and to maintain supplies unissued and on hand	60,274.15	52,774.13
Depreciation and replacement reserves on buildings, fixed machinery and equipment	209,308.64	168,188.36
Other deductions, net, including furniture and equipment purchased	28,633.81	44,809.27
Total deductions from earnings	\$1,920,871.31	\$1,890,212.41
Net income available for dividends, additions to surplus, and payment to the United States Government	\$ 756,469.01	\$ 414,725.56
Distribution of Net Income:		
In dividends paid to member banks, at the rate of 6 percent on paid-in capital	\$ 252,763.70	\$ 252,753.04
In addition to surplus—The bank is permitted by law to accumulate out of net earnings, after payment of dividends, a surplus amounting to 100 percent of the subscribed capital; and after such surplus has been accumulated to pay into surplus each year 10 percent of the net income remaining after paying dividends	50,370.53	16,197.25
In franchise tax—any net income remaining after paying dividends and making additions to surplus (as above) is paid to the United States Government as a franchise tax	453,334.78	145,775.27
Total net income distributed	\$ 756,469.01	\$ 414,725.56

DISTRIBUTION OF LOANS

State	Number of Banks Accommodated	Number of Offerings Accepted	Amount Loaned During 1927	Amount Loaned During 1926
Colorado	60	758	\$129,651,422.74	\$110,578,786.36
Kansas	88	1,082	23,788,649.59	23,070,914.85
*Missouri	20	453	273,703,434.16	395,671,822.43
Nebraska	110	1,740	97,865,950.69	122,761,412.79
*New Mexico	3	49	655,414.70	292,049.77
*Oklahoma	89	745	23,048,943.55	29,528,972.98
Wyoming	11	63	692,666.92	785,687.21
Totals	381	4,890	\$549,406,482.35	\$682,689,646.39

*Within District No. 10

FEDERAL RESERVE BANK OF KANSAS CITY

GROSS AND NET EARNINGS, AND DISTRIBUTION OF NET EARNINGS SINCE ORGANIZATION

Period	Gross	Net	Dividends	Transferred to Surplus	Franchise Tax Paid to United States Gov't
1914 to 1919	\$ 9,898,760	\$ 7,085,727	\$ 969,694	\$6,116,033	\$
1920	7,409,987	5,540,681	257,672	3,042,781	\$2,240,228
1921	5,712,858	3,056,096	268,620	486,918	2,300,558
1922	3,094,660	783,036	275,655	(1) 157,432	664,813
1923	2,993,919	347,711	275,313	7,240	65,158
1924	2,262,910	(2) 253,182	265,697	(3) 518,879	
1925	2,309,985	282,921	258,427	2,449	22,045
1926	2,677,340	756,469	252,764	50,371	453,335
1927	2,304,938	414,725	252,753	16,197	145,775
Totals	\$38,665,357	\$18,014,184	\$3,076,595	\$9,045,678	\$5,891,912

- (1) Net reduction in surplus account after charging surplus and crediting franchise tax with \$208,170.00 paid as an additional franchise tax for 1921.
- (2) Deficit in earnings before payment of dividends.
- (3) Deficit in earnings after payment of dividends, charged to surplus account.

VOLUME OF OPERATIONS IN PRINCIPAL DEPARTMENTS

	Year	Number of pieces	Amount
Notes discounted or rediscounted for Member banks	1923	67,667	\$ 901,125,313
	1924	55,574	227,743,605
	1925	28,883	298,936,616
	1926	36,304	682,689,646
	1927	27,718	549,406,482
Currency received and counted	1923	48,265,119	256,299,840
	1924	48,617,887	243,904,537
	1925	51,354,987	256,838,800
	1926	53,737,809	263,949,050
	1927	58,901,356	279,059,600
Coin received and counted	1923	66,187,747	10,256,881
	1924	63,203,382	10,800,194
	1925	63,559,440	12,142,654
	1926	65,855,310	12,194,620
	1927	66,608,883	12,500,191
Checks handled	1923	58,567,542	8,817,168,509
	1924	61,975,039	9,786,001,503
	1925	68,301,676	11,061,945,198
	1926	70,500,000	11,787,519,000
	1927	70,387,000	11,559,626,000
Collection items handled	1923	237,504	193,651,786
	1924	280,757	230,103,325
	1925	264,717	234,036,442
	1926	299,489	260,933,118
	1927	323,042	276,116,113
United States Government Coupons Paid	1923	2,863,313	20,684,367
	1924	2,141,022	18,060,109
	1925	1,961,171	18,657,628
	1926	1,807,616	19,070,292
	1927	1,731,652	16,922,224
United States Securities—Issues, redemptions, and exchanges by Fiscal Agency Dep't	1923	9,031,743	317,045,087
	1924	894,427	161,888,845
	1925	384,886	146,542,867
	1926	200,581	112,179,066
	1927	321,855	261,427,447
Transfers of Funds	1923	113,264	3,189,811,978
	1924	119,412	4,358,822,341
	1925	122,373	5,075,400,624
	1926	123,864	5,533,674,491
	1927	129,900	6,164,713,830

GENERAL COMMENTS ON OPERATIONS

The principal items of assets and liabilities were reasonably constant throughout the year, such changes as developed being due to seasonal influences or to investment policy rather than to any unusual economic conditions in the District. Federal Reserve Notes in circulation, total deposits, and each group of earning assets averaged lower for the year than in 1926, but the average of member banks' reserve deposits for the year was slightly greater than for the previous year.

Daily average holdings of bills discounted, bills purchased, and United States Government securities were something over \$8,000,000 less than in 1926. Of this reduction \$3,000,000 was in the item of bills discounted, reflecting to some extent an easier cash position in the member banks although the dollar amount of the reduction is not large enough to be of great moment. The number of individual banks making use of Federal Reserve Bank credit during the year was 381 as compared with 453 in 1926, no great change being shown for any of the states of the District except Oklahoma. The great reduction in the distribution of credit to Oklahoma banks is a consequence of very favorable crop conditions during the past two years in the western half of that state.

Expenses of operation for the year, including reserves for replacement, furniture and equipment purchased, and other deductions from earnings were somewhat smaller than total deductions from earnings for 1926. Gross earnings and net income, however, were substantially less than the previous year, due principally to smaller average holdings of all classes of earning assets and in some degree to the reduction in our discount rate on July 29 from 4 per cent to $3\frac{1}{2}$ per cent, to slightly smaller rates of return on acceptances and United States Government securities owned, and to the decrease in the amount of penalties assessed for deficient reserves. Deficiencies in the legal reserves of member banks were substantially smaller than in 1926 and all prior years back to and including 1917. Net earnings were at the rate of 9.8 per cent on average paid in capital, 3.1 per cent on average capital and surplus, and 0.4 per cent on average capital, surplus, and deposits, and were sufficiently in excess of the amount required for the usual 6 per cent dividends to stockholding member banks to permit payment of \$145,775.27 franchise tax to the United States Government and an addition to surplus of \$16,197.25. Franchise tax payments made to the Government by this bank since its organization now aggregate \$5,891,912.66

The service extended to member banks in the safekeeping of their securities has shown a substantial expansion each year, the number of member banks for whom securities were held at the close of the year being 604, as compared with 526 at the end of 1926 and 477 at the end of 1925. The volume of work and the tremendous

amount of detail incident to this service to member banks is indicated by the fact that the safekeeping departments of the bank and branches handled 156,267 pieces of bonds and other securities during the year, and detached, entered for collection, and credited the accounts of member banks with the proceeds of 196,992 interest coupons.

The volume of operations in the principal departments of the head office and the Omaha, Denver, and Oklahoma City branches was heavier than in 1926 and prior years, increased volume over 1926 being shown for all work measured by number of pieces handled except that there were slight reductions in the number of checks handled and the number of Government coupons paid and a substantial reduction in the number of notes discounted or rediscounted for member banks.

The discount rate of this bank, for all classes of paper and all maturities, was maintained at 4 percent from January 1 to July 28, inclusive, and at 3½ per cent for the balance of the year.

MOVEMENT OF MEMBERSHIP

The number of member banks in the Tenth Federal Reserve District decreased from 1,007 on December 31, 1926, to 977 on December 31, 1927. The number of member banks in each state and the changes during the year are shown in the following summary:

STATE	Member-ship on Dec. 31, 1926	ADDITIONS			WITHDRAWALS			Member-ship on Dec. 31, 1927
		Nat'l Banks	State Banks	Total	Nat'l Banks	State Banks	Total	
Colorado	131	1	0	1	4	0	4	128
Kansas	263	3	1	4	3	0	3	264
*Missouri	49	0	0	0	0	1	1	48
Nebraska	173	5	0	5	12	1	13	165
*New Mexico	11	0	0	0	1	0	1	10
*Oklahoma	346	1	0	1	17	0	17	330
Wyoming	34	0	1	1	3	0	3	32
Totals	1,007	10	2	12	40	2	42	977

*Within District No. 10

Changes in state bank membership consisted of admission to membership of the Fidelity Savings State Bank, Topeka, Kansas, and the First Security Bank, Rock Springs, Wyoming, and of termination of the membership of two banks, one through suspension and one as provided by law.

The ten national banks added to the membership consisted of one new organization and of nine conversions of state banking institutions.

Withdrawals of forty national banks resulted from two consolidations with other national banks, ten insolvencies, and twenty-eight voluntary liquidations.

PERSONNEL

ELECTION AND APPOINTMENT OF DIRECTORS

C. C. Parks, Vice President of the First National Bank, Denver, Colorado, was reelected Class A Director by member banks of Group 1, for the term expiring December 31, 1930.

Thos. C. Byrne, President of the Byrne and Hammer Dry Goods Company, Omaha, Nebraska, was reelected Class B Director by member banks of Group 2, for the term expiring December 31, 1930.

E. M. Brass, stockman and farmer, Grand Island, Nebraska, was appointed by the Federal Reserve Board as Class C Director for the term expiring December 31, 1930.

The following were appointed as Directors of the Omaha, Denver, and Oklahoma City Branches, for terms expiring on December 31 of the years indicated:

OMAHA BRANCH—L. H. Earhart, Managing Director Omaha Branch, 1928; R. O. Marnell, Cashier of the Merchants National Bank, Nebraska City, Nebraska, 1930; and Wayland W. McGee, farmer and stockman, Bennington, Nebraska, 1930.

DENVER BRANCH—J. E. Olson, Managing Director Denver Branch, 1928; Harold Kountze, Vice President of the Colorado National Bank, Denver, Colorado, 1930; and Merritt W. Gano, clothing merchant, Denver, Colorado, 1930.

OKLAHOMA CITY BRANCH—C. E. Daniel, Managing Director Oklahoma City Branch, 1928; Wm. Mee, President of the Security National Bank, Oklahoma City, Oklahoma, 1930; and E. J. Murphy, stockman and farmer, Clinton, Oklahoma, 1930.

MEMBER OF ADVISORY COUNCIL

P. W. Goebel, banker, Kansas City, Kansas, was reappointed by the Board of Directors to serve as member of the Federal Advisory Council from the Tenth Federal Reserve District for the year 1928.

OFFICERS AND EMPLOYEES OF THE BANK AND BRANCHES

The Federal Reserve Board reappointed M. L. McClure as Federal Reserve Agent and Chairman of the Board of Directors, appointed Wm. L. Petrikin as Deputy Chairman of the Board of Directors, and redesignated A. M. McAdams as Assistant Federal Reserve Agent, all for the year 1928. All other officers of the bank and branches were reelected by the Board of Directors for the year 1928, and Oliver P. Cordill was newly elected as an Assistant Cashier of the Omaha Branch.

At the close of the year the bank and branches had a total of 20 officers and 586 other employees, as compared with 21 officers and 559 other employees at the close of 1926.