
SEVENTEENTH ANNUAL REPORT

OF THE

FEDERAL RESERVE BANK

OF RICHMOND

FOR THE YEAR ENDED DECEMBER 31, 1931



WM. W. HOXTON
Chairman and Federal Reserve Agent

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WM. W. HOXTON
Chairman and Federal Reserve Agent

**DIRECTORS AND OFFICERS
OF THE
FEDERAL RESERVE BANK OF RICHMOND
FOR YEAR 1932**

DIRECTORS

Class A

L. E. JOHNSON, 1932,
ALDERSON, W. VA.

CHAS. E. RIEMAN, 1933,
BALTIMORE, MD.

JAMES C. BRASWELL, 1934,
ROCKY MOUNT, N. C.

Class B

D. R. COKER, 1932,
HARTSVILLE, S. C.

W. MEADE ADDISON, 1933,
RICHMOND, VA.

EDWIN C. GRAHAM, 1934,
WASHINGTON, D. C.

Class C

WM. W. HOXTON, 1932,
CHAIRMAN OF THE BOARD,
RICHMOND, VA.

FREDERIC A. DELANO, 1933,
DEPUTY CHAIRMAN,
WASHINGTON, D. C.

ROBERT LASSITER, 1934,
CHARLOTTE, N. C.

OFFICERS

GEORGE J. SEAY,
GOVERNOR.
CHAS. A. PEPLE,
DEPUTY GOVERNOR.
R. H. BROADDUS,
DEPUTY GOVERNOR.
J. S. WALDEN, JR.,
CONTROLLER.
GEORGE H. KEESEE,
CASHIER.

WM. W. HOXTON,
CHAIRMAN OF THE BOARD AND
FEDERAL RESERVE AGENT.

J. G. FRY,
ASSISTANT FEDERAL RESERVE AGENT.

T. F. EPES,
AUDITOR.

ALBERT S. JOHNSTONE,
MANAGER, PERSONNEL AND SERVICE.
JOHN T. GARRETT,
MANAGER, BANK RELATIONS DEPT.
W. W. DILLARD,
ASSISTANT CASHIER.
EDWARD WALLER, JR.,
ASSISTANT CASHIER.

COUNSEL

MAXWELL G. WALLACE.

MEMBER FEDERAL ADVISORY COUNCIL

HOWARD BRUCE, 1932,
BALTIMORE, Md.

**BALTIMORE BRANCH
DIRECTORS**

HUGH LEACH, BALTIMORE, MD., 1932.
L. S. ZIMMERMAN, BALTIMORE, MD., 1932.
M. M. PRENTIS, BALTIMORE, MD., 1933.
LEVI B. PHILLIPS, CAMBRIDGE, MD., 1934.
EDMUND P. COHILL, HANCOCK, MD., 1932.
NORMAN JAMES, BALTIMORE, MD., 1933.
WM. H. MATTHAI, BALTIMORE, MD., 1934.

OFFICERS

HUGH LEACH, MANAGING DIRECTOR.
JOHN R. CUPIT, CASHIER.
J. A. JOHNSTON, ASSISTANT CASHIER.
F. W. WRIGHTSON, ASSISTANT CASHIER.

**CHARLOTTE BRANCH
DIRECTORS**

W. T. CLEMENTS, CHARLOTTE, N. C., 1932.
C. L. COBB, ROCK HILL, S. C., 1932.
ROBT. GAGE, CHESTER, S. C., 1933.
W. H. WOOD, CHARLOTTE, N. C., 1934.
C. A. CANNON, CONCORD, N. C., 1932.
JOHN A. LAW, SPARTANBURG, S. C., 1933.
JOHN LINDSAY MOREHEAD, CHARLOTTE, N. C., 1934.

OFFICERS

W. T. CLEMENTS, MANAGING DIRECTOR.
R. L. CHERRY, CASHIER.

**FEDERAL RESERVE BANK
OF RICHMOND**

March 19, 1932.

THE FEDERAL RESERVE BOARD,
Washington, D. C.

GENTLEMEN:

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

Respectfully,

WM. W. HOXTON,
Chairman of the Board and
Federal Reserve Agent.

COMPARATIVE STATEMENT OF CONDITION RESOURCES

	Dec. 31, 1931	Dec. 31, 1930
RESERVES:		
Gold with Federal Reserve Agent.....	\$ 78,870,000.00	\$ 88,150,000.00
Gold Redemption Fund—F. R. Notes.....	2,017,750.00	2,374,700.00
Gold Settlement Fund.....	7,813,382.95	18,231,258.24
Gold Coin and Certificates.....	5,658,409.50	9,464,127.50
Total Gold Reserves.....	\$ 94,359,542.45	\$113,220,085.74
Legal Tender Notes, Silver, etc.....	7,095,165.00	6,903,012.00
Total Reserves	\$101,454,707.45	\$120,123,097.74
NON-RESERVE CASH:		
National and Federal Reserve Bank Notes.....	\$ 2,309,750.00	\$ 3,250,720.00
Subsidiary Silver, Nickels and Cents.....	1,433,149.54	1,304,758.05
Total Non-Reserve Cash	\$ 3,742,899.54	\$ 4,555,478.05
EARNING ASSETS:		
Bills Discounted—Secured by U. S. Gov. Obligations....	\$ 6,823,837.51	\$ 3,226,473.85
Bills Discounted—Non-Members Secured by Adjusted Service Certificates		8,763.00
Bills Discounted—All Other.....	26,553,347.29	19,530,958.40
Total Bills Discounted.....	\$ 33,377,184.80	\$ 22,766,195.25
Bills Purchased in Open Market.....	10,098,975.31	10,936,375.12
United States Government Securities.....	19,080,500.00	13,907,100.00
Federal Intermediate Credit Bank Debentures.....	700,000.00	
Total Earning Assets	\$ 63,256,660.11	\$ 47,609,670.37
UNCOLLECTED ITEMS:		
Transit Items	\$ 36,007,146.57	\$ 36,598,419.17
Exchanges for Clearing House.....	859,765.80	1,324,615.97
Other Cash Items.....	361,149.92	217,670.88
Federal Reserve Notes of Other F. R. Banks.....	1,884,720.00	2,265,800.00
Total Uncollected Items	\$ 39,112,782.29	\$ 40,406,506.02
MISCELLANEOUS:		
Interest Accrued	\$ 5,643.14	\$ 5,298.23
Fiscal Agency Expenses, Reimbursable.....	1,510.74	1,112.02
Bank Premises, Richmond and Baltimore).....	3,605,222.67	3,249,291.60
Claims Account Closed or Suspended Banks.....	2,783,620.28	925,897.93
Participation in Due from Foreign Banks.....	346,478.66	29,548.77
All Other Resources.....	42,014.76	36,730.04
Total Miscellaneous Assets	\$ 6,784,490.25	\$ 4,247,878.59
TOTAL RESOURCES	\$214,351,539.64	\$216,942,630.77

LIABILITIES

CAPITAL:		
Capital paid in.....	\$ 5,478,150.00	\$ 5,801,350.00
Surplus	11,482,816.30	12,113,588.51
Total Capital	\$ 16,960,966.30	\$ 17,914,938.51
DEPOSITS:		
Member Banks—Reserve Accounts.....	\$ 47,255,464.19	\$ 60,819,581.33
United States Treasurer.....	1,641,563.49	444,252.15
Participation in Due from Foreign Banks.....	3,074,333.99	241,455.21
Officers' Checks and Drafts.....	392,033.78	133,704.71
Other Deposits	206,804.70	33,696.80
Total Deposits	\$ 52,570,200.15	\$ 61,672,690.20
DEFERRED AVAILABILITY CREDITS:		
United States Treasurer.....	\$ 1,461,030.15	\$ 792,042.89
All Other Transit Items.....	33,071,404.41	35,318,492.09
Total Deferred Availability Credits	\$ 34,532,434.56	\$ 36,110,534.98
NOTE CIRCULATION:		
F. R. Notes in Actual Circulation.....	\$109,346,920.00	\$100,516,210.00
MISCELLANEOUS:		
Reserve for Expense Accrued and Unpaid.....	\$ 2,717.96	\$ 3,402.75
Reserve for Self Insurance.....	400,000.00	400,000.00
Reserve for Undetermined Losses.....	262,174.61	264,000.00
Reserve for Depreciation on U. S. Securities.....	133,766.56	
Unearned Discount	99,882.23	60,313.42
All Other Liabilities.....	42,477.27	540.91
Total Miscellaneous Liabilities	\$ 941,018.63	\$ 728,257.08
TOTAL LIABILITIES	\$214,351,539.64	\$216,942,630.77

SEVENTEENTH ANNUAL REPORT FEDERAL RESERVE BANK OF RICHMOND

GENERAL BUSINESS CONDITIONS

<u>STATISTICAL SUMMARY</u>	<u>1931</u>	<u>1930</u>
Debits to Individual Accounts (24 Cities) \$	13,539,560,000\$	15,592,029,000
Number of Commercial Failures, 5th District	1,574	1,572
Liabilities Involved in Failures..... \$	34,880,659	\$ 32,806,719
Cotton Consumption, 5th District Mills (Bales)	2,507,332	2,375,299
Cotton Grown in 5th District (Bales)....	1,833,000	1,818,000
Cigarettes Manufactured in 5th District	99,992,193,000	104,539,883,450
Total Taxes on Tobacco Products, 5th District	\$ 330,315,141	\$ 343,885,497
Tobacco Grown in 5th District (Pounds)	681,734,000	817,651,000
Farm Value, All Crops in 5th District.... \$	352,113,000	\$ 483,051,000
Building Permits for All Work (32 Cities)	34,484	35,091
Value of Permits for All Work (32 Cities)	\$ 80,739,801	\$ 97,992,273
Value of Contracts Awarded, 5th District	\$ 243,595,366	\$ 352,912,092
Total Sales, 34 Department Stores, 5th District	\$ 107,726,854	\$ 115,013,920
Total Sales, 63 Wholesale Firms in 5 Lines	\$ 41,321,045	\$ 49,353,307
Bituminous Coal Mined in 5th District (Tons)	111,369,000	134,651,000

The depression which began in the fall of 1929 in the United States and which was felt seriously in the Fifth Federal reserve district during the second half of 1930, spread further in 1931, the year witnessing a steady decline in nearly all business and industrial activity, accompanied by a progressive increase in unemployment. The statistics at the top of this page tell the story concretely. Debits to individual, firm and corporation accounts in the banks of twenty-four cities totaled 13.2 per cent less in 1931 than in 1930. Commercial failures increased last year in both number of insolvencies and in aggregate liabilities involved. Tobacco manufacturing in the Fifth district declined from the 1930 level, and taxes on tobacco products paid to the Federal Treasury decreased in proportion. Tobacco grown in the dis-

trict decreased 16.6 per cent last year, chiefly due to a reduced acreage. Building permits issued in cities and contracts awarded for construction work compared quite unfavorably with the permits issued and contracts awarded in 1930. Department store sales as reflected in sales of 34 leading stores in the Fifth district declined 6.3 per cent in 1931 in comparison with sales in 1930, and wholesale sales by 63 firms in five lines of trade decreased 16.3 per cent. Bituminous coal mined in the Fifth district, chiefly in West Virginia, lacked 17.3 per cent of equaling the 1930 output, which in turn was low in comparison with other recent years. The only industry of importance for which figures are available which made a better record in 1931 than in 1930 was textiles, in which cotton consumption increased 5.6 per cent last year, but the profits made by the mills were no better than those of 1930.

In addition to factors of the depression more or less National in scope, the Fifth district suffered from extremely low prices for cotton and tobacco. Although there is much manufacturing, mining, etc., in the district, the basis of our economic structure is agriculture, and with us agriculture means principally cotton and tobacco. The banks of the Carolinas and part of Virginia are intimately concerned in these two crops, and when prices dropped to the lowest levels in many years, and failed by a wide margin to equal costs of production, numbers of banks, chiefly the smaller institutions, were unable to collect their loans, became frozen, and were finally forced to close their doors. In contrast with 1930, which experienced one of the worst droughts on record, 1931 had splendid weather for crop growth and harvesting, but this favorable factor was more than offset by the disastrously low prices received for all agricultural products. In one respect, farmers were better off last fall than in 1930, since they raised food and feed crops much more extensively than in the earlier year and therefore did not have to spend as much money to carry them through the winter, but on the other hand their debts added to those they were unable to liquidate in 1930 placed them in an even worse financial position, and made it extremely difficult to arrange for 1932 farming operations. The cessation of construction work and the low prices for agricultural products were the chief causes of most of the depression in the Fifth district in 1930 and 1931.

VOLUME OF BUSINESS

The accompanying table shows the volume of work handled by the principal departments of the Bank during 1931, as compared with the work handled in 1930:

The volume of work handled in the discount, coin and Fiscal Agency departments of the Federal Reserve Bank of Richmond

ITEMS	1931	1930	Per Cent of Increase or Decrease
BILLS DISCOUNTED AND BOUGHT:			
Number	63,044	49,768	+26.68
Amount	\$ 1,501,760,000	\$ 1,300,739,000	+15.45
CHECKS HANDED BY TRANSIT DEPARTMENT:			
Number	52,652,000	54,109,000	— 2.69
Amount	\$10,435,697,000	\$12,795,015,000	—18.44
NON-CASH COLLECTIONS HANDLED:			
Number	268,234	270,996	— 1.02
Amount	\$ 209,890,000	\$ 231,051,000	— 9.16
CURRENCY RECEIVED AND COUNTED (Including new notes):			
Number of pieces.....	160,093,431	177,598,372	— 9.86
Amount	\$ 654,948,000	\$ 789,548,000	—17.05
CURRENCY PAID OUT (Includes redemptions):			
Number of pieces.....	160,078,415	175,675,181	— 8.88
Amount	\$ 657,498,000	\$ 802,648,000	—18.08
COIN RECEIVED AND COUNTED (Includes new):			
Number of pieces.....	176,635,001	177,008,594	— .21
Amount	\$ 15,603,000	\$ 16,149,000	— 3.38
COIN PAID OUT (Including redemptions):			
Number of pieces.....	174,721,935	172,361,422	+ 1.37
Amount	\$ 17,016,000	\$ 15,360,000	+10.78
TRANSFERS OF FUNDS FOR...			
MEMBER BANKS:			
Number	124,868	138,993	—10.16
Amount	\$ 5,846,015,000	\$ 6,725,085,000	—13.07
FISCAL AGENCY WORK:			
U. S. securities received, issued, redeemed, cancelled or exchanged:			
Number	43,764	29,794	+46.89
Amount	\$ 283,888,000	\$ 124,861,000	+127.36

in 1931 exceeded that of 1930, but all other departments showed decreases in the amount of work handled. The number of bills discounted for member banks or purchased in the open market rose 26.7 per cent last year, and the daily average holdings of earning assets was 21.6 per cent more than in 1930. The number of borrowing banks in 1931 was 353, compared with 345 which borrowed from the Bank at some time in 1930. Checks cleared by the transit department in 1931 declined 2.7 per cent in number and 18.4 per cent in total amount in comparison with

the checks cleared in 1930, and the average amount of each check decreased 16.1 per cent, falling to the lowest figure since pre-war years. The number of non-cash collections handled in 1931 was 1 per cent lower than the number handled in 1930, and the aggregate amount decreased 9.2 per cent, each item, as in the case of checks cleared, having a lower average value than in the earlier year. Currency received in 1931 decreased 9.9 per cent in number of pieces and 17 per cent in amount, and currency paid out decreased 8.9 per cent in number of pieces and 18 per cent in amount. There were small decreases in the number and amount of coin received in 1931, but coin paid out increased 1.4 per cent in number of pieces and 10.8 per cent in amount. Last year witnessed a decline of 10.2 per cent in the number of transfers of funds made for member banks, and the aggregate amount transferred was 13.1 per cent less than in 1930. Fiscal Agency transactions increased materially in both number and amount in comparison with those of the earlier year.

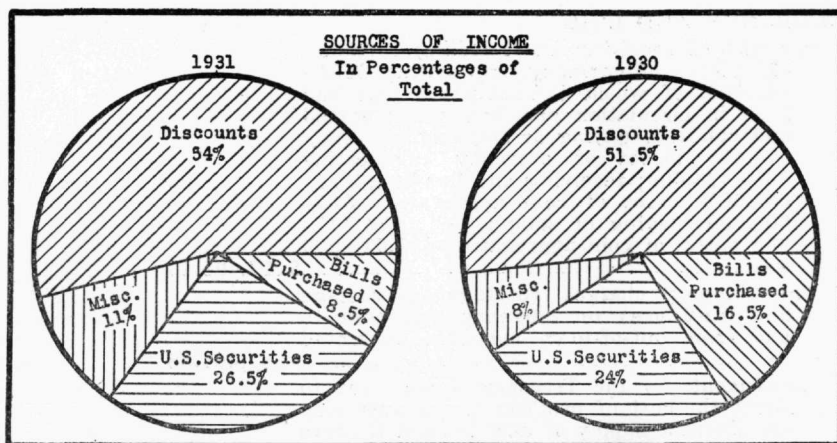
FINANCIAL RESULTS OF OPERATIONS

The following is a condensed statement of receipts and disbursements for the year 1931:

ITEMS	Average Daily Holdings	Average Daily Earnings	Total Earnings	Annual Rate of Earnings
Bills Discounted.....	\$23,214,470	\$2,643	\$ 795,652	.0343
Bills Purchased.....	6,834,287	412	124,060	.0182
U. S. Securities Held.....	25,171,779	1,299	390,976	.0155
Penalties and Miscellaneous Earnings.....		260	78,398	
Totals	\$55,220,536	\$4,614	\$1,389,086	.0237
Additions to Current Earnings			84,314	
Total Gross Earnings			\$1,473,400	
Current Expenses.....			1,491,664	
Net Operating Deficit.....			\$ 18,264	
Account of Reserves, De- preciation, etc.....			138,382	
Net Deficit.....			\$ 156,646	
Dividend Paid.....			340,360	
Gross Deficit.....			\$ 497,006	

The average rate of earnings on loans and investments in 1931 was the lowest for any year since the formation of the Federal Reserve System, and therefore the Federal Reserve Bank of Richmond showed a deficit on the year's operations. The discount rate was only 3 per cent for most of the year, and the average income return on bankers' acceptances and Government

securities was about 1 per cent for a considerable period. If the rate of return on earning assets had been as high in 1931 as it was in 1930, the Bank would have made a net profit instead of showing a material deficit. The percentage of gross earnings derived from the discount of member bank paper was 54 per cent in 1931, compared with 52 per cent in 1930 and 78 per cent in 1929. The Bank increased its holdings of Government securities in 1931, and 26.5 per cent of gross earnings came from these investments. Bills purchased in the open market accounted for 8.5 per cent of income, while miscellaneous earnings, penalties, etc., produced the remaining 11 per cent. The chart which follows shows graphically the percentages of gross earnings derived from each of the several sources in 1931 and 1930.



Current expenses of the Federal Reserve Bank of Richmond totaled \$1,491,664 in 1931, a decrease of \$77,370 under \$1,569,034 for 1930. Gross earnings of \$1,473,400 in 1931 were insufficient to meet current expenses, and created a net operating deficit of \$18,264, which was charged against surplus. There being no net earnings, the surplus of the Bank was further debited by \$138,382 to care for necessary transfers to depreciation and miscellaneous accounts. Finally, dividend payments on capital stock totaled \$340,360. This amount, plus the transfers to depreciation and miscellaneous accounts and to the operating deficit, brought the gross deficit on the Bank's operations for 1931 to \$497,006. The surplus, however, remains above 100 per cent of the subscribed capital. No payment was made to the United States Government on account of Franchise Tax.

EXPENSES OF OPERATION IN 1931

The expenses of Federal Reserve Banks are incurred in the exercise of functions prescribed by law, which involve the rendering of services

directly to the United States Treasury and to member banks, and through member banks indirectly to the entire business community—agricultural, industrial, and commercial.

Federal Reserve Banks—furnish an elastic currency; afford means of rediscounting commercial and agricultural paper; act as fiscal agents of the U. S. Treasury Department; pay checks and warrants drawn on the Treasury of the United States; exercise the functions of Sub-Treasuries in the supply, exchange, and redemption of currency and coin; effect the par clearance of checks on a large majority of the banks of the country; collect for member banks, maturing notes, drafts, etc.; effect the transfer of funds by telegraph and mail, and make daily settlement between all Federal Reserve Districts; and perform other public services.

The expenses of conducting the operations of the Federal Reserve Bank of Richmond for the year 1931, divided according to functions, were as follows:

CURRENCY AND COIN

The cost of receiving and handling 160,093,-
431 pieces of currency aggregating \$654,-
947,000, of which 111,000,996 pieces had
been in circulation and had to be sorted
and counted; paying or shipping out 160,-
078,415 pieces of currency aggregating
\$657,498,000; receiving and handling 176,-
635,001 pieces of coin aggregating \$15,-
603,000; paying or shipping out 174,721,-
935 pieces of coin aggregating \$17,016,000
was\$117,405.83

The shipping charges (postage, expressage
and insurance) on currency and coin to
and from out-of-town members amounted
to 87,461.58

Assessments by the Treasury Department to
cover the cost of printing and maintaining
an adequate supply of new Federal Reserve
Notes and the cost of redeeming and de-
stroying Federal Reserve Notes and Federal
Reserve Bank Notes unfit for circulation,
plus the shipping charges thereon between
the bank and Washington and the shipping
charges on fit F. R. Notes between the
bank and other Federal Reserve Banks
amounted to 99,112.71

Total Cost..... \$ 303,980.12

LOANS, REDISCOUNTS AND INVEST- MENTS

The cost of making discounts and advances
to 353 member banks: 59,411 notes aggre-
gating \$1,434,455,000, were received, ex-
amined and discounted; 103,648 notes col-
lateral to member bank notes aggregating
\$960,663,000 were received, examined and
handled; 10,151 pieces of marginal or ex-
cess collateral, aggregating \$32,273,000,
were received, examined and handled;
3,633 bankers' acceptances aggregating
\$60,557,000 were purchased in the open

market; includes the cost of special handling accorded 7,631 notes aggregating \$65,041,000 paid before maturity and the unearned discount rebated; also includes the cost of credit investigations, securing and analyzing commercial and bank statements, maintaining credit files, etc.....\$ 52,750.67

The cost of effecting 1,183 transactions in the purchase and sale (in the open market) of government securities for out-of-town banks, aggregating \$89,072,000 and the cost of receiving, verifying and holding securities pledged as collateral to notes, and for safe keeping, and maintaining the proper records thereof, as follows: receiving 62,891 pieces aggregating \$990,168,000; shipping 63,099 pieces aggregating \$965,247,000; holding in our vaults throughout the year securities, deposited by member banks as collateral to discounts or for safe keeping, ranging from \$60,927,000 to \$104,837,000 was.....\$ 13,017.76

Total Cost.....\$ 65,768.43

TRANSIT AND COLLECTIONS

Handling and collecting 50,322,000 checks, aggregating \$10,126,984,000 cost.....\$182,376.21

Receiving, examining, paying and listing according to Treasury regulations 2,330,000 government checks, aggregating \$308,713,000, and shipping them to Washington cost 8,146.52

Handling 1,009,900 checks aggregating \$43,590,000 returned unpaid for various reasons cost 18,477.39

Handling 268,234 non-cash collection items (maturing notes, drafts, coupons, etc.), aggregating \$209,890,000 cost.....36,446.81

Total Cost.....\$ 245,446.93

ACCOUNTING

This function includes:

The general books, capital stock records, issuing and recording, official checks, and the detail daily transcript of the general account of the Treasurer of the United States.

The member bank accounts—both reserve accounts and deferred accounts—and the calculation of deficiencies in reserve, if any, and the assessments of penalties for deficiencies as prescribed by law.

The accounts with other Federal Reserve Banks, and the operation of the Gold Settlement Fund through which \$15,490,712,000 was received from and paid to other Federal Reserve Banks and branches, the Treasurer of the United States, and the Federal Reserve Agent.

The transfers of funds for account of member banks of which there were 124,868 aggregating \$5,846,015,000.

The accounting involved in making all the expenditures of the bank.

The accounting and other expenses in connection with closed or suspended banks.

Planning new accounting forms and systems and making changes in old forms as the need therefor arises.

Total Cost..... \$ 131,525.36

FISCAL AGENT OF THE UNITED

Services rendered as Fiscal Agent of the U. S. Government:

Receiving, proving and crediting to banks, preparing schedules, cancelling and shipping to Washington 538,733 government coupons aggregating \$9,890,000 cost.....\$ 3,107.73

Fiscal Agency work for the U. S. Government principally relating to the issue of 18,504 pieces of government securities amounting to \$147,007,000; the redemption of 8,875 pieces amounting to \$48,681,000; the exchange and transfer of 16,022 pieces amounting to \$88,199,000; the redemption of war savings and thrift stamps 363 pieces amounting to \$481; the receipt of subscriptions and payments for new issues, the handling of the war loan depository accounts, the custody of a stock of securities ranging from \$63,079,000 to \$123,381,000 cost..... 31,505.98

Total Cost.....\$ 34,613.71

Reimbursed by the Treasury Department..... 12,925.91

Net Cost to the Bank..... \$ 21,687.80

GENERAL EXPENSES—NOT ALLOCATED TO THE ABOVE FUNCTIONS

Official salaries and supervisory expenses.....\$134,773.59

Directors' fees and traveling expenses..... 8,246.06

Governors', Federal Reserve Agents' and Federal Advisory Council conferences..... 614.96

Our proportion of the expenses of the Federal Reserve Board..... 28,933.74

Operation of the banking houses at Richmond, Baltimore and Charlotte (includes salaries of superintendent, mechanics, firemen, janitors, elevator operators, etc., and rent, light and power, heat, taxes, fire insurance, repairs and alterations, etc.)..... 166,108.14

The provision of personnel..... 22,147.41

Legal expenses..... 9,354.41

Maintaining the general audit of the bank and branches..... 24,129.89

Work of the Federal Reserve Agent's Department, including issuance of Federal Re-

serve notes, custody of collateral therefor, custody of reserve stock of Federal Reserve notes, the examination of member banks, preparing and publishing the Monthly Review of Business and Agricultural Conditions, assembling various statistical data, etc.	52,874.06
Bank relation work; visiting and advising, and conferences with member and non-member banks	20,003.30
Handling incoming and outgoing ordinary and registered mail	24,239.50
Protection—Salaries of special officers and watchmen, and other protective services....	69,656.97
Other general services, including purchasing of supplies and equipment, operating the office supplies and stationary stock room, telephone service, filing and caring for old records, operating duplicating processes, salaries of general office boys, operation of automobile trucks, and repairs to equipment	73,977.52
Shipping charges (postage and insurance) on securities	3,725.84
Postage on ordinary mail	64,520.24
Insurance—Employees' group life, Employees' fidelity, Bankers' blanket bond and burglary, Workmen's Compensation, Fire—equipment and supplies, and Automobile....	21,894.28
Total Cost.....	\$ 725,199.91
Total Operating Expense*.....	\$1,493,608.55

* NOTE: The total Operating Expense during 1931 was \$1,945.09 more than the total amount of expenditures charges to the Current Expense account of the Bank during the year. The difference represents the excess of office supplies, printing and stationery, and postage actually used during the year and charged to the proper functions in the above statement of Operating Expenses, over the amount of such supplies purchased during the year and charged to Current Expense account.

DISCOUNT OPERATIONS

The Federal Reserve Bank of Richmond discounted bills for member banks totaling \$1,434,455,000 in 1931, an increase of 19 per cent over discounts totaling \$1,205,446,000 in 1930. The average daily amount of paper under discount, which is a better measure of actual credit needs than the aggregate for the year, since the same loan may be renewed repeatedly within the 15-day limit, totaled \$23,241,953* in 1931, an increase of only 8.14 per cent over the daily average discounts of \$21,491,514 in 1930. The banks of five of the six geographical divisions comprising the Fifth district borrowed more extensively from the reserve bank in 1931 than in 1930, Virginia with a decrease of 16.92 per cent being the exception. The banks of the District of

Columbia, which had borrowed little in 1930, led in percentage increase in 1931 with 107.19 per cent. Maryland member banks increased their discounting by 43.07 per cent in 1931, South Carolina banks increased 25.06 per cent, West Virginia banks increased 18.81 per cent, and North Carolina banks increased 10.77 per cent. In actual amounts, Virginia banks borrowed most and District of Columbia banks borrowed least at the reserve bank last year. The accompanying table shows by states the daily average amount of paper under discount at the Richmond bank during 1931 and 1930, with percentages of change last year.

AVERAGE AMOUNT OF PAPER UNDER DISCOUNT

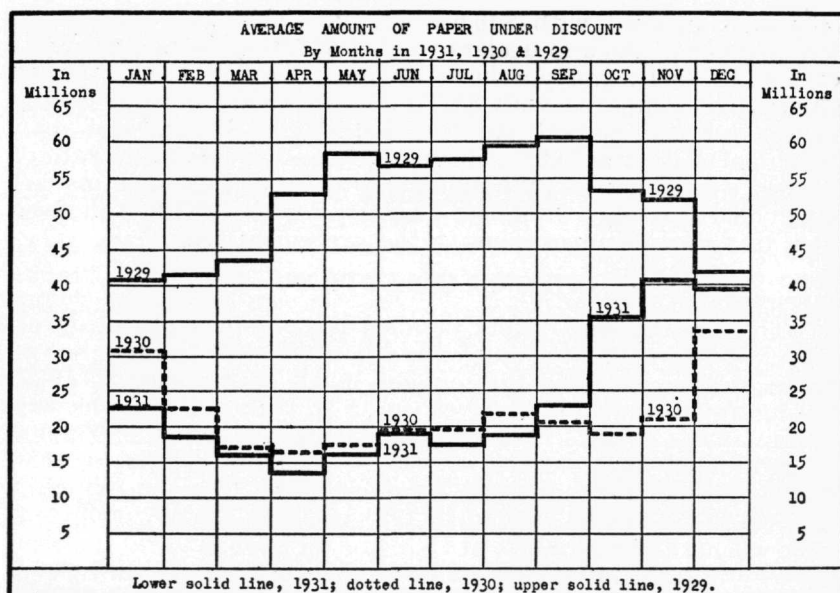
STATES	1931	1930	Per Cent of Increase or Decrease
Maryland	\$ 3,279,452	\$ 2,292,230	+ 43.07
District of Columbia.....	893,856	431,412	+107.19
Virginia	6,614,570	7,961,381	— 16.92
West Virginia.....	4,146,551	3,490,032	+ 18.81
North Carolina.....	6,532,322	5,896,996	+ 10.77
South Carolina.....	1,775,202	1,419,463	+ 25.06
Fifth District.....	\$23,241,953*	\$21,491,514	+ 8.14

*This figure, which varies slightly from the average shown on page 8, is correct. The inaccuracy in the other figure is due to the special method of calculation used in accruing earnings.

The classes of paper discounted in 1931 were not materially different from those of 1930. Of the total volume of 1931 discounts, 39.50 per cent was secured by Government securities, compared with 40.75 per cent in 1930. Member bank notes secured by eligible paper and rediscounts of secured or unsecured commercial or agricultural paper made up 60.50 per cent of total discounts and rediscounts at the Federal Reserve Bank of Richmond in 1931, compared with 59.25 per cent in 1930.

The discount rate on all classes of paper at the Bank was $3\frac{1}{2}$ per cent from the beginning of 1931 until May 15, at which time it was lowered to 3 per cent. The rate remained at 3 per cent until October 20, then at 4 per cent for the balance of the year. The 3 per cent rate in force between May 15 and October 20 was the equal of the lowest rate ever set by the bank.

In most years rediscounts for member banks tend to increase during the late winter and spring months, remain nearly stationary during the summer, and decline in the fall and early winter. In both 1930 and 1931, however, the average amount of paper under discount as the Bank declined during the first four months of the year, and then showed relatively little change until fall. In 1931 the low point was reached in April, from



which there was a moderate rise to June. July witnessed a recession from the June discounts, and August, although advancing over July, was also lower than June. With the opening of fall trade in September, the average daily amount of discounts rose sharply, went higher in October, and in November reached the peak for the year with the highest average for any month since December 1929. The unusual rise in discounts at or near the end of the past two years was due to borrowing by member banks to strengthen their cash position in the face of tense situations brought about by bank failures. In 1931 the increase in discounts in the fall and early winter was so marked that the average daily amount of discounts held during the year exceeded the average daily amount held in 1930, although the monthly averages were lower in 1931 than in 1930 in eight of the twelve months of the year.

ACCEPTANCES

Trade acceptances totaling \$636,441 were discounted for member banks in 1931, compared with \$513,904 in 1930 and \$1,256,241 in 1929. No bankers' acceptances were discounted last year, and only \$10,350 of this class of paper in 1930.

The Bank purchased bankers' acceptances from member banks and in the open market less extensively in 1931 than in the preceding year. Aggregate purchases of acceptances in 1931 totaled \$67,305,000, in comparison with \$95,292,442 in 1930. Purchases from member banks last year totaled \$33,-

745,000, compared with \$46,673,527 in 1930; purchases from non-member banks and dealers totaled \$22,874,000 against \$46,938,942 in 1930; and purchases through foreign banks totaled \$10,687,000 compared with \$1,679,973 in 1930. Average daily holdings of open market paper totaled only \$6,834,287 last year, in comparison with \$9,931,065 in 1930, and the average rate of interest was so low in 1931 that the total return on open market paper held was only \$124,060, compared with \$281,883 derived from this class of investment in the preceding year.

CHECK COLLECTIONS

The Transit department handled the smallest physical volume of work in 1931 for any year since 1926, but the number of checks cleared exceeded the number in all years prior to 1927. The aggregate amount involved in 1931 transactions was less than in any year since 1922. The department handled 52,652,000 checks during 1931, compared with 54,109,000 checks in 1930 and 55,730,000 checks in 1929, a record year. The total amount involved in the checks cleared in 1931 was \$10,435,697,000, compared with \$12,795,015,000 in 1930 and \$14,118,820,000 in 1929. The average amount of each item handled in 1931 was only \$198, the lowest figure in the history of the reserve bank and 16 per cent less than the average of \$236 per item in 1930. Last year 174,923 items were handled each business day, with an aggregate value of \$34,670,090, compared with a daily average of 179,764 items aggregating \$42,508,355 cleared each day in 1930. Of the 52,652,000 items handled in 1931, 4,738,000 were drawn on banks outside the Fifth reserve district and were forwarded to other Federal reserve banks and branches, and 2,330,000 items were drawn on the Treasurer of the United States.

Cash letters forwarded direct to other Federal reserve banks and branches by member banks in the Fifth district, for collection and credit to the reserve accounts of the sending banks at the Federal Reserve Bank of Richmond, numbered 206,929 last year, totaling in amount \$1,739,713,000, as compared with 201,058 cash letters amounting to \$2,073,313,000 sent direct to other districts in 1930. The direct routing of cash items results in a saving of transit time in securing credit to reserve accounts.

NON-CASH COLLECTIONS

The Collection department of the Federal Reserve Bank of Richmond, which undertakes to collect notes, acceptances, drafts and securities for member banks, handled 268,234 items in 1931, having an aggregate value of \$209,890,000, as compared with 270,996 items amounting to \$231,051,000 handled in 1930. These figures show a decrease of only 1.02 per cent in the number of items handled last year, while the aggregate amount handled decreased 9.16 per cent, the average amount of the items col-

lected in 1931 being considerably less than in 1930.

GOLD SETTLEMENT FUND

The Federal Reserve Bank of Richmond had a credit of \$18,231,000 in the Gold Settlement Fund at the close of 1930, but on December 31, 1931, the credit had declined to \$7,813,000. Receipts by the Bank from reserve banks and other sources through the Fund totaled \$7,740,147,000 in 1931, but the Bank paid out \$7,750,565,000, an excess of disbursements over receipts totaling \$10,418,000 during the year. Owing to the huge volume of transactions passing through this Fund the balance kept is of course a very fluctuating amount.

The following table shows the total receipts from and payments to other Federal reserve banks on account of daily transit clearings, with percentages:

(000 omitted)				
Districts	Receipts from	Payments to	Total Settlements	Percentage of Total
Boston	\$ 138,734	\$ 123,476	\$ 262,210	2.94
New York	2,353,123	2,262,615	4,615,738	51.69
Philadelphia	581,671	630,114	1,211,785	13.57
Cleveland	535,888	543,169	1,079,057	12.08
Atlanta	333,140	319,853	652,993	7.31
Chicago	301,733	328,680	630,413	7.06
St. Louis	85,278	118,589	203,867	2.28
Minneapolis	14,846	3,871	18,717	.21
Kansas City	28,757	26,492	55,249	.62
Dallas	35,064	18,387	53,451	.60
San Francisco	74,875	71,880	146,755	1.64
Totals	\$4,483,109	\$4,447,126	\$ 8,930,235	100.
Settlements between Head Office and Branches:				
Richmond	1,579,100	1,434,046	3,013,146	
Baltimore	1,073,715	1,163,557	2,237,272	
Charlotte	384,850	440,062	824,912	
Totals	\$7,520,774	\$7,484,791	\$15,005,565	

The percentages of settlements with six of the eleven other reserve banks were higher in 1931 than in 1930, the six being New York, Philadelphia, Cleveland, Atlanta, Chicago, and Minneapolis. The aggregate amounts of settlements last year declined in all districts. None of the percentages changed more than 1 per cent except the one between Richmond and San Francisco, which dropped from 3.41 per cent of the total in 1930 to 1.64 per cent in 1931. The Federal Reserve Bank of Richmond received more from than it paid to Boston, New York, Atlanta, Minneapolis, Kansas City, Dallas and San Francisco, while it paid more to than it received from Philadelphia, Cleve-

land, Chicago and St. Louis. The total of settlements between Richmond and all other districts was approximately \$1,750,000,000 less in 1931 than in the preceding year, a decrease of 16 per cent.

WIRE TRANSFERS OF FUNDS

The Federal reserve banks make transfers of funds for member banks without cost to the transferring banks, this service being facilitated by the operation of private leased wires connecting all Federal reserve banks and branches and the Federal Reserve Board. The Federal Reserve Bank of Richmond made 124,868 transfers for member banks in 1931, aggregating \$5,846,015,000, compared with 138,993 transfers totaling \$6,725,085,000 made in 1930. A total of 133,177 telegrams were sent or received over the private wire during 1931, compared with 135,179 messages transmitted in 1930. The Bank uses commercial telegraph service extensively in its transactions with and for member banks, in addition to the operation of the private leased wire.

CIRCULATION OF RESERVE NOTES

In spite of lower price levels and a generally reduced volume of business last year, Federal reserve notes in actual circulation in the Fifth district in 1931 exceeded the notes in circulation in 1930 by about 13 per cent. The average daily circulation was higher in every month than in the corresponding month of the preceding year. Banks were of necessity carrying larger amounts of cash in vaults than usual, but the cause of this rise was chiefly the hoarding of currency. Average daily circulation totaled \$82,718,000 in 1931, compared with \$73,371,342 in 1930. Circulation followed a seasonal trend last year, declining from \$91,944,916 in January to \$67,808,720 in August, and then rising to a high point of \$102,042,967 for the year in December. The increase in circulation was greater than usual in October, the average daily amount outstanding in that month exceeding that of September by \$18,125,000. Bank failures and a feeling of uneasiness engendered thereby accounted for the marked increase in circulation during the last quarter of 1931. The low average for 1931 reached in August was \$4,533,931 above the low point reached in August 1930, and the high average of December 1931 was \$4,823,781 more than the average December 1930 circulation. October and November showed the largest increases in daily average circulation in comparison with the corresponding months of the preceding year, October showing an increase of \$26,006,765 and November an increase of \$29,550,000.

CURRENCY AND COIN SERVICE

In supplying banks of the Fifth district with currency and coin in 1931, the Federal Reserve Bank of Richmond shipped

\$432,744,992 to member banks and \$17,930,806 to non-members. The Bank received \$411,824,107 in currency and coin from member banks in 1931, and \$64,947,417 from non-member banks. The total amount of currency and coin shipped to and received from member and non-member banks in 1931 was \$927,447,322, a sum \$126,471,415, or 12 per cent, less than total shipments and receipts in 1930.

The Federal reserve bank defrays all shipping and insurance charges on currency and coin shipments to and from member banks, and it also pays the charges on remittances from non-member banks in settlement for cash letters, but all other shipments to and from non-member banks are made at the expense of the non-members concerned in the transaction. Such other shipments are usually in the nature of Subtreasury transactions.

RESERVE POSITION

The ratios of cash reserves to note and deposit liabilities combined were higher at the Federal Reserve Bank of Richmond in the first four months of 1931 than in the same period of 1930, but from May 1 to the end of the year the 1931 ratios were lower than those of the earlier year. The monthly average ratio for 1931 was 67.04 per cent, compared with 73.37 per cent in 1930 and 61.25 per cent in 1929. The highest monthly average for 1931 was reached in April with 83.74 per cent, and the lowest was 49.17 per cent in October. The low average in October was due to the unusually large increase in the circulation of Federal reserve notes in that month. In 1930 the high average was 78.14 per cent in April and the low point was 68.13 per cent in December. There was a difference of 34.57 points between the high and low points in 1931, compared with only 10.01 points between the 1930 high and low averages.

Average daily deposits totaled \$65,457,514 in 1931, compared with \$67,236,526 in 1930; average daily note circulation was \$82,718,000 in 1931, and \$73,371,342 in 1930; and daily average cash reserves totaled \$99,353,639 last year and \$103,163,224 in the preceding year. Deposits showed the highest daily average in August and the lowest in December; note circulation was highest in December and lowest in August; and cash reserves were highest in April and lowest in October.

CHANGES IN MEMBERSHIP

The number of member banks of the Federal Reserve System in the Fifth district declined during 1931 from 487 to 428 banks. Three banks joined the System during the year, but 62 members were lost through liquidation or failures, and mergers, with one withdrawal, a net decrease of 59 members. Of the 62 banks lost to membership, 5 were lost by mergers between members, 4 by voluntary liquidations, 8 were absorbed by non-mem-

ber banks, 1 by withdrawal of a State bank member, and 44 were lost by suspensions or insolvency. At the end of 1931 there were 392 National bank members and 36 State bank members in the Fifth district. Increased capital and surplus, and the subscriptions of new member banks, added 575 shares of stock of the reserve bank to members' holdings in 1931, but liquidations, mergers, withdrawals and failures deducted 7,039 shares, a net loss of 6,464 shares during the year. On December 31, 1931, the shares of this Bank owned by member banks numbered 109,563, compared with 116,027 shares held on December 31, 1930. The net decrease in the paid-up capital of the Bank during 1931 was \$323,200.

BANK RELATIONS DEPARTMENT

In 1931 the Bank Relations Department made 691 visits to banks in the Fifth Federal Reserve District, 540 of these to member banks and 151 to non-member banks. Each member bank was visited at least once during the year. Since the organization of the Bank Relations Department in 1922, a total of 6,930 visits have been made to banks in the district, of which 4,895 visits were to member banks and 2,035 visits to non-member banks. One or more representatives of the Relations department attended each State Bankers' Convention in the district, and also attended several Group meetings within the states.

In addition to the field work, the Bank Relations Department carried on a considerable volume of office and correspondence work. Banks considered to be in an unsatisfactory condition were given special attention, with gratifying results, and work among suspended member banks was developed further during the year. In connection with the latter work, it was desirable to employ temporarily special representatives to work with receivers of suspended member banks in certain cases. The policy of making personal visits to receivers of all suspended member banks in the district worked out well in practice. The department continued its regular analyses of methods used by member banks in computing reserves, and in cases where adjustments were necessary member banks showed a spirit of co-operation.

BANK EXAMINATION DEPARTMENT

The Bank Examination Department, which consists of four examiners, a clerk and one stenographer, works under the general supervision of the Assistant Federal Reserve Agent. During 1931 the department, in addition to the regular field work, analyzed copies of call reports of all member banks, and made an extensive statistical study of member bank earnings covering a period of five years.

The field work done by the Examination Department in 1931 was as follows:

	Banks	Branches
Examinations of State member banks in conjunction with State Departments	27	28
Examination of State member bank in conjunction with State and National Bank Examiners.....	1	
Independent examinations of State member banks.....	2	
State banks examined in connection with application for membership	2	
Special visits	12	
	<hr/> 44	<hr/> 28

STOCKHOLDERS ANNUAL MEETING

The stockholders of the Federal Reserve Bank of Richmond held their seventh annual meeting in the Bank's Auditorium on April 10, 1931, with 133 representatives of 98 member banks present. In addition, the Association had the honor of welcoming Governor Eugene Myer and Hon. C. S. Hamlin, members of the Federal Reserve Board, and several Directors of the Federal Reserve Bank of Richmond and of the Baltimore and Charlotte Branches. In spite of the relatively small attendance, the meeting was one of the best the Association has held. A stenographic report of the meeting was printed and distributed to all member banks.

PERSONNEL

The Board of Directors held twelve regular meetings in 1931. In the annual Fall election, member banks in Group 2 re-elected James C. Braswell, of Rocky Mount, N. C., as a Class A director, and banks in Group 3 re-elected Edwin C. Graham, of Washington, as a Class B director, both gentlemen to serve three-year terms from December 31, 1931. On September 10, Junius P. Fishburn, of Roanoke, resigned as a Class B director, and member banks in Group 1 elected W. Meade Addison, of Richmond, to fill the unexpired term, which expires December 31, 1933. Mr. Addison was formerly president of the Planters National Bank of Richmond, then an Executive Manager and Director of the State-Planters Bank & Trust Company, of Richmond, and at present is actively connected with several industrial enterprises and is also Principal Agent of the Mutual Assurance Society of Virginia. The Federal Reserve Board re-appointed Robert Lassiter, of Charlotte, as a Class C director, for a three-year term beginning December 31, 1931. The Reserve Board redesignated Wm. W. Hoxton as Chairman of the Board and Federal Reserve Agent for 1931, and Frederic A. Delano as Deputy-Chairman.

The Board of Directors, at the December meeting, elected Howard Bruce, of Baltimore, Chairman of the Board, Baltimore Trust Company, as a member of the Federal Advisory Council for the Fifth district, vice John Poole, of Washington, who

had served three years. Charles E. Rieman, of Baltimore, was redesignated as alternate. On April 22, H. B. Wilcox, of Baltimore, died, and was succeeded on the Board of Directors of the Baltimore Branch by Morton M. Prentis, President of the First National Bank of Baltimore. Members of the Boards at Baltimore and Charlotte whose terms expired on December 31, 1931, were re-elected by the Board of Directors of the Federal Reserve Bank of Richmond or were reappointed by the Federal Reserve Board.

There were no changes in the official personnel at the Head Office in Richmond during 1931, but important changes occurred at the Baltimore and Charlotte offices. Albert H. Dudley resigned as Managing Director of the Baltimore Branch, effective September 30, to become Executive Vice-President of the Baltimore Trust Company. Hugh Leach, Managing Director at the Charlotte Branch, was elected by the Board of Directors to succeed Mr. Dudley at Baltimore. W. T. Clements, Cashier at Charlotte, was promoted to Managing Director of that branch, and R. L. Cherry, manager of the Transit department, was made Cashier.

The total number of officers and employees at Richmond on December 31, 1931, was 326, as compared with 325 on December 31, 1930. The total number of officers and employees in the Richmond, Baltimore and Charlotte offices combined was 552 on December 31, 1931, as compared with 558 on December 31, 1930. There was an increase of 1 at Richmond, but the force at Baltimore declined 3 and the force at Charlotte dropped 4 during 1931, a net decrease for the three offices of 6 employees.

ADDITION TO MAIN BUILDING

The addition to the Main building of the Federal Reserve Bank of Richmond, authorized by the Federal Reserve Board in January 1930 and begun in July of that year, was completed and occupied in August 1931. The addition more than doubled the floor space under one roof, and enabled the Bank to house all of its departments in one building, thus greatly facilitating the work and adding to the comfort of the employees. The old Annex building was vacated, and rented temporarily to the United States Post Office Department.

BALTIMORE BRANCH

The Baltimore Branch territory embraces the State of Maryland and thirty counties in northern West Virginia, as follows:

Barbour	Hardy	Morgan	Taylor
Berkeley	Harrison	Nicholas	Tucker
Braxton	Jackson	Pendleton	Upshur
Calhoun	Jefferson	Pleasants	Webster
Doddridge	Lewis	Preston	Wirt
Gilmer	Marion	Randolph	Wood
Grant	Mineral	Richie	
Hampshire	Monongalia	Roane	

At the close of the year 1931 there were 114 member banks and 175 non-member banks in the territory served by the Baltimore Branch, all of the non-members being on the par list.

The number of employees at the Baltimore Branch, including 4 officers, decreased from 179 at the close of 1930 to 176 at the close of 1931.

CHARLOTTE BRANCH

The Charlotte Branch territory embraces 34 counties in western North Carolina and 21 counties in western South Carolina. Counting out-of-town branches as separate banks, there were in the territory of the Charlotte Branch on December 31, 1931, 43 member banks, 23 par non-member banks, and 159 non-par non-member banks. The counties served are as follows:

NORTH CAROLINA

Alexander	Jackson
Alleghany	Lincoln
Ashe	Macon
Avery	Madison
Buncombe	McDowell
Burke	Mecklenburg
Cabarrus	Mitchell
Caldwell	Polk
Catawba	Rowan
Cherokee	Rutherford
Clay	Stanley
Cleveland	Swain
Gaston	Transylvania
Graham	Union
Haywood	Watauga
Henderson	Wilkes
Iredell	Yancey

SOUTH CAROLINA

Abbeville	Saluda
Aiken	Spartanburg
Anderson	Union
Cherokee	York
Chester	
Edgefield	
Fairfield	
Greenville	
Greenwood	
Lancaster	
Laurens	
Lexington	
McCormick	
Newberry	
Oconee	
Pickens	
Richland	

On July 20, 1931, the Charlotte Branch moved from its quarters on the twentieth floor of the First National Bank Building to the quarters formerly occupied by the First National Bank on the first and second floors. The main banking room is well lighted and very handsomely designed. The entire space occupied is well adapted to the needs of the branch.

At the end of 1931 there were employed at the Charlotte Branch 2 officers and 49 employees, compared with 2 officers and 53 employees on December 31, 1930.

FISCAL AGENCY OPERATIONS

The volume of work handled by the Federal Reserve Bank of Richmond as Fiscal Agent of the United States was materially larger in 1931 than in 1930. There were 6 issues of Certificates of Indebtedness, 1 issue of Treasury Notes, and 3 issues of Treasury Bonds during the year, and 14 special offerings of Treasury Notes sold on bids. Total subscriptions to the issues of Certificates of Indebtedness, Treasury Notes and Treasury Bonds amounted to \$502,085,000, of which \$195,188,000 was allotted. Twenty-one bids were offered for the special Treasury Notes, but only one, for \$300,000, was accepted by the Treasury. Including deliveries, redemptions and exchanges of Certificates of Indebtedness, Treasury Notes and Treasury Bonds, Victory and Liberty Bonds, and War Savings Stamps, the Bank handled 43,764 pieces with an aggregate value of \$283,888,000 during 1931, compared with 29,794 pieces valued at \$124,861,000 handled in 1930, an increase last year of 46.9 per cent in number of pieces and 127.4 per cent in total value.

An analysis of the United States Treasurer's general account with the Bank shows that on January 1, 1931, the Treasurer had a balance of \$444,000. Receipts for the credit of the Treasurer during the year totaled \$1,111,659,000, while disbursements totaled \$1,110,461,000, leaving a balance due the Treasurer on December 31, 1931, of \$1,642,000. The receipts and disbursements by the Bank for the account of the Treasurer in 1931 were about 11.8 per cent more than in 1930.

FIDUCIARY POWERS

During 1931 permission was granted to three National banks to exercise Fiduciary powers under authority of Section 11(k) of the Federal Reserve Act, as amended, and one bank surrendered powers previously granted to it. Full powers were granted to the Citizens National Bank of Gastonia, N. C., on January 28, 1931; to the Union National Bank of Lenoir, N. C., on August 5, 1931; and to the McDowell County National Bank, Welch, W. Va., on June 9, 1931. The Union National Bank of Lenoir, N. C., and the McDowell County National Bank, Welch, W. Va., had previously received permission on February 27, 1931, to exercise limited powers. The permission to exercise Fiduciary powers previously granted to the National Capital Bank of Washington, D. C., was rescinded upon request of the bank on April 22, 1931.