

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

1932

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ANNUAL REPORT
OF THE
FEDERAL RESERVE BANK
OF DALLAS

1932



LETTER OF TRANSMITTAL

February 8, 1933

Gentlemen:

I have the honor to submit herewith the Eighteenth Annual Report of the Federal Reserve Bank of Dallas covering the year ended December 31, 1932.

Respectfully,

C. C. WALSH

Federal Reserve Agent

Federal Reserve Board.
Washington, D. C.

DIRECTORS AND OFFICERS
of the
FEDERAL RESERVE BANK OF DALLAS
1933

DIRECTORS

CLASS A

R. E. HARDING, Fort Worth, Texas
ALF MORRIS, Winnsboro, Texas
W. H. PATRICK, Clarendon, Texas

CLASS B

A. S. CLEVELAND, Houston, Texas
J. R. MILAM, Waco, Texas
JOHN D. MIDDLETON, Greenville,
Texas

CLASS C

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

MEMBER FEDERAL ADVISORY COUNCIL

J. H. FROST, San Antonio, Texas

OFFICERS

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

COUNSEL

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

EL PASO BRANCH

DIRECTORS

S. P. APPLEWHITE, Douglas, Arizona, Chairman

C. N. BASSETT, El Paso, Texas

A. F. JONES, Portales, New Mexico

A. P. COLES, El Paso, Texas

C. M. NEWMAN, El Paso, Texas

J. L. HERMANN, El Paso, Texas

SAM D. YOUNG, El Paso, Texas

OFFICERS

J. L. HERMANN, Managing Director

ALLEN SAYLES, Cashier

HOUSTON BRANCH

DIRECTORS

E. A. PEDEN, Houston, Texas, Chairman

R. M. FARRAR, Houston, Texas

N. E. MEADOR, Houston, Texas

W. D. GENTRY, Houston, Texas

J. A. WILKINS, Houston, Texas

A. A. HORNE, Galveston, Texas

J. COOKE WILSON, Beaumont, Texas

OFFICERS

W. D. GENTRY, Managing Director

H. R. DeMOSS, Cashier

SAN ANTONIO BRANCH

DIRECTORS

JOHN M. BENNETT, San Antonio, Texas, Chairman

M. CRUMP, San Antonio, Texas

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

FRANZ C. GROOS, San Antonio, Texas

GEO. C. HOLLIS, Eagle Pass, Texas

WALTER P. NAPIER, San Antonio,
Texas

RICHARD KING, Corpus Christi,
Texas

OFFICERS

M. CRUMP, Managing Director

W. E. EAGLE, Cashier

FEDERAL RESERVE BANK OF DALLAS

COMPARATIVE STATEMENT OF CONDITION

(In Thousands of Dollars)

RESOURCES

| | Dec. 31, 1932 | Dec. 31, 1931 | Dec. 31, 1930 |
|------------------------------------------------|------------------|------------------|------------------|
| Gold with Federal Reserve Agent..... | 20,640 | 40,700 | 27,220 |
| Gold redemption fund with U. S. Treasury..... | 1,256 | 809 | 1,098 |
| Gold held exclusively against F. R. notes..... | 21,896 | 41,509 | 28,318 |
| Gold settlement fund with F. R. Board..... | 7,244 | 8,881 | 9,659 |
| Gold and gold certificates held by bank..... | 4,246 | 3,639 | 8,425 |
| Total gold reserves..... | 33,386 | 54,029 | 46,402 |
| Reserves other than gold..... | 8,354 | 7,946 | 7,126 |
| Total reserves..... | 41,740 | 61,975 | 53,528 |
| Non-reserve cash..... | 3,734 | 3,532 | 4,206 |
| Bills discounted: | | | |
| Secured by U. S. Government obligations..... | 572 | 543 | 744 |
| Other bills discounted..... | 4,630 | 9,873 | 3,598 |
| Total bills discounted..... | 5,202 | 10,416 | 4,342 |
| Bills bought in open market..... | 826 | 3,019 | 8,575 |
| U. S. Government securities: | | | |
| Bonds..... | 17,313 | 17,995 | 11,381 |
| Treasury notes..... | 6,151 | 536 | 7,806 |
| Certificates and bills..... | 22,257 | 11,333 | 12,129 |
| Total U. S. Government securities..... | 45,721 | 29,864 | 31,316 |
| Other securities..... | — | — | — |
| Total bills and securities..... | 51,749 | 43,299 | 44,233 |
| Due from foreign banks..... | 83 | 260 | 21 |
| Uncollected items..... | 12,514 | 13,404 | 17,362 |
| F. R. notes of other banks..... | 318 | 397 | 487 |
| Bank premises..... | 1,741 | 1,785 | 1,830 |
| All other resources..... | 1,226 | 2,301 | 551 |
| Total resources..... | 113,105 | 126,953 | 122,218 |

LIABILITIES

| | | | |
|----------------------------------------------------------------------------------------|---------|---------|---------|
| F. R. notes in actual circulation..... | 38,783 | 46,812 | 31,901 |
| Deposits: | | | |
| Member bank reserve account..... | 46,779 | 48,811 | 57,533 |
| Government..... | 125 | 1,509 | 673 |
| Foreign banks..... | 586 | 2,306 | 172 |
| Other deposits..... | 658 | 246 | 120 |
| Total deposits..... | 48,148 | 52,872 | 58,498 |
| Deferred availability items..... | 12,500 | 13,223 | 17,964 |
| Capital paid in..... | 3,910 | 4,135 | 4,356 |
| Surplus..... | 8,719 | 7,624 | 8,936 |
| All other liabilities..... | 1,045 | 2,287 | 563 |
| Total liabilities..... | 113,105 | 126,953 | 122,218 |
| Ratio of total reserves to deposit and F. R. note liabilities combined (per cent)..... | 48.0 | 62.2 | 59.2 |
| Contingent liability on bills purchased for foreign correspondents..... | 1,090 | 7,456 | 13,035 |

EIGHTEENTH ANNUAL REPORT
of the
FEDERAL RESERVE BANK OF DALLAS

Resume of Business Conditions

For the third consecutive year, business and industrial activity during 1932 in the Eleventh Federal Reserve District declined to a lower level. In both wholesale and retail trade, the monthly declines in merchandise distribution as compared with the corresponding month of 1931 became progressively larger until August. In that month, the upward trend in prices of agricultural commodities stimulated the demand for merchandise and distribution increased by more than the usual seasonal amount. While the demand slackened during the final quarter coincident with the renewed decline in prices, the comparisons in December were more favorable than at the beginning of the year. While collections were slow throughout the year, some improvement was in evidence during the last five months. Merchants continued the policy of restricting orders largely to immediate needs and closed the year with small inventories. The number and liabilities of commercial failures exceeded by a small margin those in 1931, but there was a noticeable decline in the closing month of the year.

Construction activity, as measured by the valuation of building permits issued at principal cities, again registered a sharp decline as compared with the previous year and was at the lowest level reached in any post-war year. Production and shipments of lumber and cement were substantially lower than in 1931 and mining operations in the Western portion of the district were on a very restricted basis. Petroleum production was generally steady through the year, but the total for 1932 was approximately five per cent lower than the record total of 1931. Posted prices for crude oil at major fields were increased in the spring and again in the fall but these increases were more than offset by a reduction at mid-December after legal difficulties were experienced in the enforcement of proration.

The physical volume of agricultural production, while below the good yield of 1931, was well above the average for the past ten years. The continued low prices obtaining for agricultural products, however, further reduced the farmers' financial returns from crops and rendered more difficult the payment of obligations. An important factor in the situation was the heavy production of feed and the large quantities of fruit, vegetables,

and other supplies canned for home consumption which placed the farmers in a position to produce 1933 crops with a minimum cash outlay. Diversification programs, which have been assuming increasing importance during the past three years, are being planned on a more extensive basis for 1933.

Livestock and their ranges remained in generally good condition throughout the year. Production of wool and mohair reflected a further increase over the previous year. Livestock prices declined to lower levels during 1932.

The loans and deposits of banks in this district reflected a further substantial decline during the year. While the composition of the banks' investment portfolios changed somewhat, the amount at the close of 1932 was practically the same as a year earlier. Borrowings from the Federal reserve bank, after fluctuating considerably during the first six months of the year, rose substantially during July and then showed a steady decline during the remainder of the year. Bank suspensions declined sharply, there being only 38 in 1932, as compared with 93 in 1931, and 41 in 1930. The change for the better in the district's bank mortality rate may be attributed to three factors: (a) constructive efforts made in 1931 by supervising authorities and bankers themselves to strengthen the general banking structure by reorganizations involving capital and managerial reinforcements, (b) emergency loans made to banks by the Reconstruction Finance Corporation, and (c) in a few instances, restrictions imposed by banks upon withdrawals of deposits.

FEATURES OF OPERATIONS, YEARS 1932 AND 1931

| | 1932 | | 1931 | |
|----------------------------------------------------------------------------|--------------------|---------------|--------------------|---------------|
| | Number of Items | Amount | Number of Items | Amount |
| Loans, Rediscounts and Investments: | | | | |
| Notes discounted and rediscounted for member banks..... | 44,674 | 166,140,388 | 48,485 | 159,693,771 |
| Bills bought for our own account..... | 315 | 17,122,284 | 4,352 | 68,281,933 |
| Bills bought for other than our own account..... | 696 | 4,470,713 | 1,045 | 6,240,177 |
| Purchase and sale of securities for own account..... | 18 | 1,936,000 | 73 | 26,063,750 |
| Purchase and sale of securities other than own account..... | 3,303 | 127,628,650 | 2,570 | 133,523,350 |
| Currency and Coin: | | | | |
| Bills received and counted..... | 45,171,378 | 176,466,945 | 52,020,851 | 213,659,440 |
| Coin received and counted..... | 43,444,235 | 7,937,096 | 44,748,260 | 6,977,319 |
| Check Collections: | | | | |
| Checks collected..... | 29,300,210 | 4,282,186,538 | 35,296,578 | 6,037,317,579 |
| Collection items handled..... | 171,300 | 137,080,097 | 162,478 | 143,213,603 |
| Return items..... | 987,632 | 25,176,379 | 1,164,280 | 34,202,686 |
| U. S. Government checks paid..... | 1,530,424 | 173,772,987 | 1,459,530 | 195,308,732 |
| U. S. Government coupons paid..... | 303,336 | 5,007,980 | 281,308 | 4,234,131 |
| Transfers: | | | | |
| Transfers of funds other than five per cent fund of national banks..... | 88,062 | 3,390,930,304 | 92,238 | 4,613,929,202 |
| Transfers of funds for five per cent fund of national banks | 12,137 | 25,293,666 | 13,279 | 28,445,967 |
| Fiscal Agency: | | | | |
| U. S. Securities issued, redeemed and exchanged..... | 52,492 | 212,317,109 | 63,180 | 279,293,834 |
| Custody of Securities: | | | | |
| Number of pieces received from outside sources..... | 60,791 | | 57,588 | |
| Number of pieces received inter-departmental transactions | 59,831 | | 59,958 | |
| Number of pieces delivered other than inter-departmental | 54,142 | | 51,117 | |
| Number of pieces delivered inter-departmental transactions | 54,909 | | 55,371 | |

EARNINGS AND EXPENSES

The gross earnings of the bank in 1932 were \$1,307,246, as compared with \$1,213,986 in 1931, an increase of \$93,260, or 7.7 per cent. Of this amount \$70,562, or 5.4 per cent, resulted from the purchase of bills, as compared with \$142,431, or 11.7 per cent, in 1931; \$458,241, or 35.1 per cent, resulted from the discount and rediscount of paper, as compared with \$408,024, or 33.6 per cent, in 1931, while \$733,695, or 56.1 per cent, resulted from earnings on United States securities, as compared with \$613,368, or 50.5 per cent, in 1931.

Current expenses in 1932 were \$1,141,985, as compared with \$1,257,884 in 1931, a decrease of \$115,899, or 9.2 per cent.

Current net earnings in 1932 were \$165,261, as compared with a deficit in 1931 of \$43,897, an increase of \$209,158. This figure was augmented by \$53,942, largely representing profits realized on sales of United States securities from our investment account, so that after allowing for reserves and other deductions from current net earnings amounting to \$55,289, net earnings available for dividends were \$163,915, as compared with \$111,982 in 1931.

Semi-annual dividends aggregating \$237,970 were paid to stockholders, use being made of net earnings of \$163,915, the remainder being withdrawn from surplus. The amount of \$1,168,455 withdrawn from surplus on December 31, 1931, and set up as a reserve for depreciation on United States securities owned was restored to surplus on December 31, 1932, leaving surplus of \$8,718,676 on December 31, 1932, as compared with surplus of \$7,624,275 on December 31, 1931.

OPEN MARKET OPERATIONS

On January 1, 1932, our holdings of United States Government securities amounted to \$29,863,500. Of this amount \$10,000,000 represented our independent holdings and \$19,863,500 represented our participation in the System's open market investment account.

During the year United States Government securities amounting to \$968,000, excluding participation in System purchases, were purchased in the open market from member banks and others, while securities aggregating \$968,000 were sold, leaving our independent holdings of securities \$10,000,000 on December 31, 1932.

Our participation in the System's holdings of Government securities decreased to \$17,363,500 on February 24, which was the minimum for the year. Our participation gradually increased to \$24,596,000 on May 18, but on June 13 it was reduced to \$19,596,000. During the remainder of the year our

participation gradually increased and on December 31, 1932, amounted to \$35,721,000 which was the maximum for the year. Our total holdings of Government securities on December 31, 1932, amounted to \$45,721,000.

The average yield on our holdings of Government securities was 2.20 per cent for the year.

BANKERS' ACCEPTANCES

At the beginning of the year our holdings of bankers' acceptances, exclusive of foreign bills, amounted to \$2,016,531. On February 13 such holdings had reached \$4,598,147, which was the maximum for the year. Our holdings gradually decreased and on October 20 closed out. We did not make any more purchases of acceptances during the remainder of the year.

During the year purchases in the open market, from other Federal reserve banks and member banks and dealers in this district amounted to \$8,159,363, while sales and maturities amounted to \$10,175,894.

At the beginning of the year buying rates on bankers' acceptances ranged from 3 to 3½ per cent. Rates reduced during the first half of the year and ranged from 1 to 1½ per cent, these rates prevailing through the remainder of the year.

The average yield on our holdings of bankers' acceptances, excluding foreign bills, during the period held was 2.20 per cent.

DISCOUNT OPERATIONS

The volume of paper discounted and rediscounted during 1932, including \$361,339 rediscounted for the Federal Intermediate Credit Bank of Houston, was \$166,140,387, compared with \$159,693,771 in 1931, an increase of \$6,446,616, or 4 per cent.

Of the total advances to member banks during the year, 85 per cent was to national banks and 15 per cent was to State banks, as compared with 86 per cent to national banks and 14 per cent to State banks in 1931.

Loans at the beginning of the year amounted to \$10,416,400. On July 29, they had increased to \$19,430,100 which was the maximum for the year. They gradually decreased to \$5,202,600 on December 31, which was the minimum for the year.

Of the total paper discounted in 1932, \$61,110,600, or 37 per cent, consisted of notes secured by United States Government obligations, as compared with \$50,368,888, or 32 per cent in 1931, an increase in this class of borrowings of \$10,471,712, or 21 per cent.

**CLASSIFICATION AND DISPOSITION OF NOTES
SUBMITTED BY MEMBER BANKS DURING 1932**

| | | |
|------------------------------------------|--------|------------------|
| | Number | Amount |
| Number and amount of items received..... | 78,082 | \$106,513,539.45 |

CLASSIFICATION

| | | |
|---------------------|------------------|------------------|
| Farming | \$49,983,012.61* | |
| Commercial | 48,852,071.16 | |
| Miscellaneous | 7,678,455.68 | \$106,513,539.45 |

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

| | Amount | Percentage | Items | Percentage |
|---------------------------------------|-------------------------|---------------|---------------|---------------|
| Ineligibility | \$ 1,124,410.94 | 1.05 | 477 | .61 |
| Insufficient credit information | 2,565,866.54 | 2.41 | 989 | 1.27 |
| Credit showing..... | 8,027,438.67 | 7.54 | 7,429 | 9.52 |
| Miscellaneous | 1,970,482.85 | 1.85 | 1,199 | 1.53 |
| Total returned..... | \$ 13,688,199.00 | 12.85 | 10,094 | 12.93 |
| Total accepted | 92,825,340.45 | 87.15 | 67,988 | 87.07 |
| Total..... | \$106,513,539.45 | 100.00 | 78,082 | 100.00 |

**AVERAGE DAILY OUTSTANDING BORROWINGS FROM THE
FEDERAL RESERVE BANK OF DALLAS AND BRANCHES
DURING THE YEAR 1932, SEGREGATED AS TO
BANKS IN GROUPS 1, 2 AND 3**

| | Secured by Government Securities | Otherwise Secured | Total |
|---------------|----------------------------------------|----------------------|--------------|
| Group 1 | \$1,305,900 | \$ 3,662,000 | \$ 4,967,900 |
| Group 2 | 359,100 | 4,286,000 | 4,645,100 |
| Group 3 | 295,300 | 2,692,900 | 2,988,200 |
| | <hr/> | <hr/> | <hr/> |
| | \$1,960,300 | \$10,640,900 | \$12,601,200 |

**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 | \$2,357,100 |
| Group 2 | 1,054,300 |
| Group 3 | 498,650 |
| | <hr/> |
| Total..... | \$3,910,050 |

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

| | |
|---------------|------|
| Group 1 | 211% |
| Group 2 | 441% |
| Group 3 | 599% |

*Does not include advances to the Federal Intermediate Credit Bank of Houston, aggregating \$361,339.45.

RESERVE POSITION

For the first six months of the year the reserve position of the bank ranged between a maximum ratio of 62.8 per cent on May 4 (the highest of the year as of weekly reporting periods) when total cash reserves were \$55,337,000, to a minimum of 47.7 per cent on June 8, when total cash reserves were \$39,666,000.

During the latter half of the year, the ratio fluctuated between a maximum of 56.9 per cent on July 6, when total cash reserves were \$50,148,000, to a minimum of 48.5 per cent on July 27, when total cash reserves were \$40,327,000.

CLEARING OPERATIONS

Operations in the Transit Department during the year 1932 showed a reduction in both number and amount of checks handled when compared with 1931. The total number of checks decreased 16.1 per cent, while the amount showed a reduction of 28.5 per cent. A total of 30,830,634 checks was handled, amounting to \$4,455,959,525, the daily average number being 103,807. Our largest day occurred on June 4, 1932, when we handled 179,983 items.

During the year 987,632 checks were returned for various reasons, a ratio of one check returned for every 31 items handled. For 1931 the ratio was 1 to 32.

Of our total volume 13.2 per cent in number represented city check clearings. Clearings through the Reserve City Clearing House amounted to \$429,049,080 as compared with \$624,355,211 in 1931.

We received 1,530,424 checks drawn on the Treasurer of the United States amounting to \$173,772,987, which compares with 1,459,530 checks amounting to \$195,308,732 during 1931.

Non-cash collections handled in 1932 totaled 171,300, amounting to \$137,080,097, as compared with 162,478 collections amounting to \$143,213,603 for the previous year.

MOVEMENT OF MEMBERSHIP

On January 1, 1932, the total number of national banks in this district was 568. During the year 14 national banks were chartered; 47 were dropped through liquidation, mergers, and other causes, making a net decrease of 33, or a total on December 31, 1932, of 535.

On January 1, 1932, the total State bank membership was 76. During the year 4 State banks were admitted to member-

ship. The membership of 16 State banks was terminated through liquidation, consolidations, and other causes, making a net reduction of 12, or a total State bank membership on December 31, 1932, of 64.

The following table shows the total number of member banks (national and State) in the district on December 31, 1932, by states:

| | National | State | Total |
|------------------|----------|-------|-------|
| Arizona | 3 | 0 | 3 |
| Louisiana | 12 | 1 | 13 |
| New Mexico | 18 | 1 | 19 |
| Oklahoma | 9 | 1 | 10 |
| Texas | 493 | 61 | 554 |
| Total | 535 | 64 | 599 |

DEMAND FOR CURRENCY

The average amount of Federal reserve notes in circulation during 1932 was approximately \$5,400,000 greater than in 1931. The following table shows the average, maximum, and minimum circulation in 1932, as compared with 1931 and 1930:

| | 1932 | 1931 | 1930 |
|---------------|--------------|--------------|--------------|
| Average | \$38,822,000 | \$33,427,000 | \$34,899,000 |
| Maximum | 47,303,000 | 52,261,000 | 47,670,000 |
| Minimum | 34,786,000 | 26,260,000 | 30,455,000 |

The minimum circulation of \$34,786,000 in 1932 was in June, while the minimum in 1931 of \$26,260,000 was in February. In 1932 the maximum circulation of \$47,303,000 was reached January 2, while the 1931 maximum of \$52,261,000 was reached October 13.

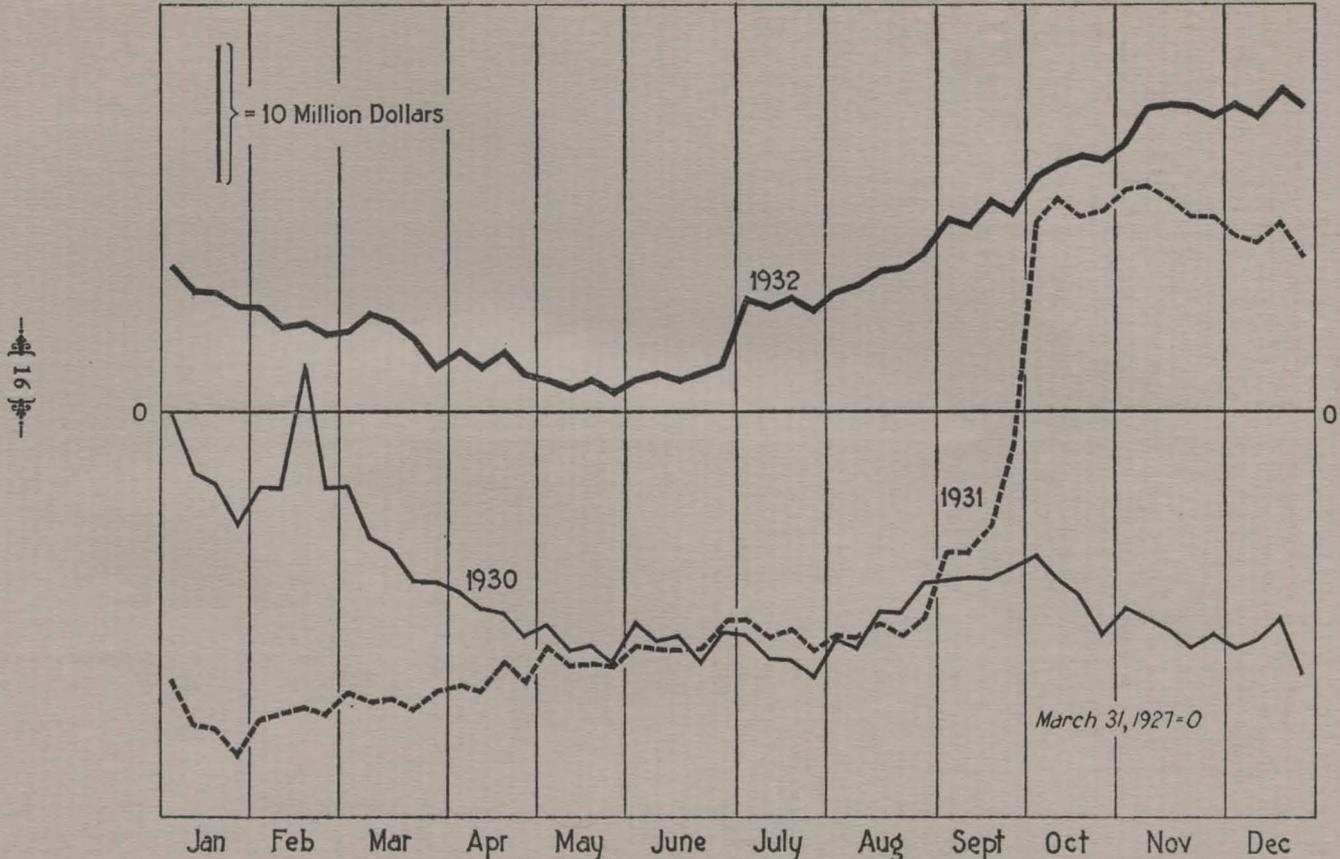
While the average Federal reserve note circulation was greater in 1932 than in 1931, the maximum circulation was less and the increase from minimum in 1932 was only \$12,500,000 compared to an increase from minimum of \$25,700,000 in 1931.

The accompanying chart showing the demand for all classes of currency in this district for the year 1932 as compared with the years 1930 and 1931 shows that the demand for currency was considerably larger during the year 1932 than in the preceding two years. The peak of the autumn demand in 1931 was considerably greater than that of the preced-

ing two years; however, the seasonal return flow of currency, which generally terminates in May, was a little less than normal during 1932.

The autumn increase in demand for currency incidental to the harvesting and movement of crops was not as great in 1932 as it was in 1931. This was due, however, to the fact that for 1931 the autumn increase was accompanied by disturbed banking conditions in this district which caused greatly increased demand for currency. The amount of increase from July 31 to the autumn peak in 1932 was approximately \$14,000,000 as compared to an increase of approximately \$34,000,000 in 1931. The demand for currency in December did not reflect the normal holiday demand largely due to the substantial increase in circulation that took place during the latter part of 1931 and which continued during 1932, which can be attributed to hoarding of currency on the part of the public.

CHANGES IN DEMAND FOR CURRENCY ELEVENTH FEDERAL RESERVE DISTRICT



BANK EXAMINATIONS

During the year 1932 the Examination Department conducted 47 credit investigations of State member banks which were made in connection with regular examinations conducted by the State authorities. Seven non-member banks were examined pursuant to applications for membership in the System. Two independent credit investigations were made during the year. A total of 56 visits were made during the year to member and non-member banks as compared with 33 visits in 1931.

BANK AND PUBLIC RELATIONS

Regular visits to banks, not including a number of special calls occasioned by abnormal banking conditions, totaled 480, as compared with 748 in the preceding year. The field work in 1932 consisted of 402 regular visits to member banks, and 78 to non-member institutions. A great many of these visits were made by officers of the bank, including branch managers.

Speakers were furnished for a total of 15 gatherings during the year.

Practically all conventions and group meetings in the Eleventh Federal Reserve District were attended by representatives of this bank.

Approximately 1,500 visitors were conducted through the head office and branch buildings during the year.

INSOLVENT BANKS DEPARTMENT

In this district 13 member banks (10 national and 3 State) suspended business in 1932. During the year 2 member banks reorganized as non-members, the reorganized banks assuming all liabilities of the old institutions. Of the 13 suspended banks, 9 were indebted to this bank at the time of suspension. Thirty-one banks were in the process of liquidation at the beginning of the year. The indebtedness of 12 banks was paid in full and newly reorganized banks assumed the indebtedness of 4 others. On December 31, 1932, there were 26 banks indebted to us in the amount of \$615,341.66.

INTERNAL ORGANIZATION AND PERSONNEL

The Board of Directors held 14 meetings in 1932, with an average attendance of 8. While there was no change in the personnel of the Board in 1932, the death on September 27 of J. J. Culbertson, Class B director, Group 3, caused a vacancy for the remainder of the year, since Mr. Culbertson's term expired December 31. Mr. Culbertson was the only member of

the Board who had served continuously since the establishment of the bank on November 16, 1914. His death was a great shock to his associates on the Board of Directors, and the entire personnel of the bank. At its meeting on October 14, 1932, the Board of Directors adopted the following resolution:

"WHEREAS, the members of the Board of Directors of the Federal Reserve Bank of Dallas have learned with profound sorrow and regret of the death of their co-director, John James Culbertson, which occurred in San Diego, California, on September 27, 1932; and

"WHEREAS, Mr. Culbertson was one of the original directors of the Federal Reserve Bank of Dallas, and the only member of the Board who had served continuously since the establishment of the bank on November 16, 1914; during this service of nearly eighteen years no one was more loyal to this institution, nor more intensely interested in its welfare;

"WHEREAS, the members of this Board of Directors wish to express to Mrs. Culbertson, and other members of the family their deepest sympathy in the loss of their devoted husband and father, who was true and loyal to every obligation of his life;

"THEREFORE BE IT RESOLVED, That in the death of Mr. Culbertson the Eleventh Federal Reserve District, and the Federal Reserve Bank of Dallas have lost a friend, and the State and community a leader whose strength of character, high ideals, and seasoned business judgment gained for him the esteem and respect of those with whom he came in contact. Mr. Culbertson's life is an example of courage, rigid honesty, perseverance, tender consideration of the unprivileged, unflinching justice, and unselfishness.

"His counsel was unsparingly given in shaping the policies of the Federal Reserve Bank of Dallas along conservative and fundamental banking principles, and his associates on this Board, and the officers of this bank, were honored by their association with him, and cherish his memory.

"BE IT FURTHER RESOLVED, That these resolutions be spread upon the minutes of this institution as an enduring memorial of our affection for our friend and former associate, and that a copy be furnished the family of Mr. Culbertson, and the Federal Reserve Board."

At its meeting on January 7, 1932, the Board of Directors reelected J. H. Frost, President of the Frost National Bank of San Antonio, as the representative on the Federal Advisory Council for the Eleventh District, and designated W. W. Woodson, President of the First National Bank of Waco, Texas, as alternate.

In the regular annual election in November, Alf Morris, President of the First National Bank of Winnsboro, Texas, was elected Class A director, Group 2, succeeding J. P. Williams, and John D. Middleton, President of the Texas Refining Company of Greenville, Texas, was elected Class B director, Group 3, succeeding Mr. Culbertson.

On December 9 the Federal Reserve Board announced the redesignation of C. C. Walsh, of Dallas, as Chairman of the Board, and Federal Reserve Agent for 1933; and the reappointment of E. R. Brown, of Dallas, as Class C director for the three-year term beginning January 1, 1933. On December 16 the Federal Reserve Board announced the redesignation of S. B. Perkins, of Dallas, as Deputy Chairman of the Board for 1933.

At the El Paso Branch the only change in the personnel of directors and officers was the appointment by our Board of Directors, on July 7, 1932, of Sam D. Young, Vice-President of the El Paso National Bank, as a director to succeed George D. Flory, who died on June 14, 1932.

There were no changes in the personnel of directors and officers of the Houston and San Antonio branches in 1932.

On December 31, 1932, the total number of officers and employees at the head office and branches was 383, a decrease of 10 since December 31, 1931.

FISCAL AGENCY OPERATIONS

The volume of business handled as Fiscal Agent of the United States during the year 1932 showed a small decrease when compared with the year 1931.

During the year 1932, 47 new issues of Government securities were floated, as compared with 39 new issues in 1931, and there were 19 maturing issues handled in the Fiscal Agency Department, as compared with 31 in 1931.

There was a small increase in the volume of interest coupons handled for payment during the year 1932, as compared with 1931.

On December 31, 1932, there were 14 regular employees in the department, at an annual salary rate of \$29,860, there being no change in these figures since December 31, 1931.

OPERATION OF BRANCHES

The volume of business handled at the El Paso Branch in 1932, compared with that handled in 1931, is reflected in the following table:

| | —Number— | | —Amount— | |
|-----------------------------------------|-----------|-----------|---------------|---------------|
| | 1932 | 1931 | 1932 | 1931 |
| Notes discounted and rediscounted | 2,132 | 1,745 | \$ 10,594,186 | \$ 15,756,507 |
| Bills received and counted | 3,445,997 | 4,288,993 | 16,685,250 | 23,396,200 |
| Coin received and counted | 2,639,668 | 3,025,150 | 2,878,512 | 983,371 |
| Transfers of funds..... | 6,986 | 8,200 | 182,238,093 | 282,959,057 |
| Check collections | 2,091,211 | 2,492,128 | 250,074,611 | 415,343,638 |
| Treasury warrants | 214,275 | 205,539 | 20,621,812 | 25,572,363 |
| Non-cash collections | 14,473 | 13,597 | 7,999,081 | 8,629,686 |
| Return items..... | 50,187 | 67,739 | 1,820,081 | 2,988,463 |

At the beginning of the year 30 member banks (29 national banks and 1 State bank) were attached to the branch. One new national bank opened, and the membership of 1 national bank was terminated during the year, leaving the membership on December 31, 1932, at 30, consisting of 29 national banks and 1 State bank.

The expense of operation, excluding furniture and equipment, was \$99,152, as against \$111,561 in 1931.

The personnel of the branch on December 31, 1932, comprised 2 officers and 34 employees, the same as that reported for December 31, 1931.

The volume of business handled at the Houston Branch in 1932, compared with that handled in 1931, is reflected in the following table:

| | —Number— | | —Amount— | |
|-----------------------------------------|------------|------------|---------------|---------------|
| | 1932 | 1931 | 1932 | 1931 |
| Notes discounted and rediscounted | 1,521 | 1,667 | \$ 14,690,155 | \$ 10,622,637 |
| Bills received and counted | 8,987,025 | 10,101,250 | 33,122,250 | 38,528,100 |
| Coin received and counted | 12,998,899 | 13,945,220 | 1,179,945 | 1,382,981 |
| Transfers of funds..... | 23,093 | 24,242 | 1,021,493,796 | 1,401,025,127 |
| Check collections | 5,191,347 | 6,462,866 | 798,446,437 | 1,252,157,394 |
| Treasury warrants | 266,213 | 269,558 | 26,123,445 | 37,621,977 |
| Non-cash collections | 46,180 | 39,820 | 40,045,754 | 42,342,309 |
| Return items..... | 139,158 | 164,195 | 4,308,445 | 5,560,580 |

At the beginning of the year 87 member banks (76 national banks and 11 State banks) were attached to the branch. During the year the membership of 6 national banks and 1 State bank was terminated, leaving a total membership on December 31, 1932, of 80, consisting of 70 national banks and 10 State banks.

The expense of operation, excluding furniture and equipment, was \$133,825, as compared with \$146,849 in 1931.

The personnel of the branch on December 31, 1932, comprised 3 officers and 43 employees, the same as that reported for December 31, 1931.

The volume of business handled at the San Antonio Branch in 1932, compared with that handled in 1931, is reflected in the following table:

| | —Number— | | —Amount— | |
|--------------------------------------------|-----------|------------|---------------|---------------|
| | 1932 | 1931 | 1932 | 1931 |
| Notes discounted and rediscounted | 4,265 | 3,486 | \$ 14,035,967 | \$ 24,205,976 |
| Bills received and counted | 8,412,135 | 10,803,404 | 34,676,075 | 47,131,490 |
| Coin received and counted | 6,714,925 | 6,584,087 | 1,459,543 | 1,167,435 |
| Transfers of funds..... | 13,127 | 14,389 | 334,675,774 | 470,578,259 |
| Check collections | 4,394,251 | 5,245,644 | 538,891,951 | 785,217,142 |
| Treasury warrants | 223,985 | 219,651 | 29,304,009 | 38,985,970 |
| Non-cash collections | 24,199 | 21,231 | 23,184,984 | 23,183,568 |
| Return items..... | 122,886 | 144,922 | 4,159,899 | 5,793,887 |

At the beginning of the year 88 member banks (77 national banks and 11 State banks) were attached to the branch. During the year 4 national banks closed, 6 consolidated with or were taken over by other banks and 2 national banks were organized. One State member bank closed, 1 State member bank closed and later reopened as a non-member bank, 1 withdrew from the system and 1 State bank was admitted to membership, leaving total membership of 78, consisting of 69 national banks and 9 State banks.

The expense of operation, excluding furniture and equipment, was \$125,045, as compared with \$133,125 in 1931.

The personnel of the branch on December 31, 1932, comprised 3 officers and 42 employees, compared with 3 officers and 43 employees on December 31, 1931.

