

TWENTY-FIRST ANNUAL REPORT
of the
FEDERAL RESERVE BANK OF DALLAS
1935

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OF DALLAS

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LETTER OF TRANSMITTAL

February 4, 1936

Gentlemen:

I have the honor to submit herewith the twenty-first annual report of the Federal Reserve Bank of Dallas covering the year ended December 31, 1935.

Respectfully,

C. C. WALSH

Federal Reserve Agent

Board of Governors of the
Federal Reserve System
Washington, D. C.

DIRECTORS AND OFFICERS
of the
FEDERAL RESERVE BANK OF DALLAS
(As of March 1, 1936)

DIRECTORS

CLASS A

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ALF MORRIS, Winnsboro, Texas
PAT E. HOOKS, Itasca, 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

MEMBER FEDERAL ADVISORY COUNCIL

J. H. FROST, San Antonio, Texas

ALTERNATE

W. W. WOODSON, Waco, Texas

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

COUNSEL

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

EL PASO BRANCH

DIRECTORS

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C. N. BASSETT, El Paso, Texas

J. L. HERMANN, El Paso, Texas

FRANK R. COON, Lordsburg, N. M.

SAM D. YOUNG, El Paso, Texas

OFFICERS

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ALLEN SAYLES, Cashier

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DIRECTORS

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W. D. GENTRY, Houston, Texas

SAM R. LAWDER, Houston, Texas

A. A. HORNE, Galveston, Texas

J. A. WILKINS, Houston, Texas

OFFICERS

W. D. GENTRY, Managing Director

H. R. DeMOSS, Cashier

SAN ANTONIO BRANCH

DIRECTORS

JOHN M. BENNETT, San Antonio, Texas, Chairman

J. K. BERETTA, San Antonio, Texas

FRANK M. LEWIS, San Antonio,

M. CRUMP, San Antonio, Texas

Texas

GEORGE C. HOLLIS, Eagle Pass,
Texas

WALTER P. NAPIER, San Antonio,
Texas

OFFICERS

M. CRUMP, Managing Director

W. E. EAGLE, Cashier

FEDERAL RESERVE BANK OF DALLAS
COMPARATIVE STATEMENT OF CONDITION
(In Thousands of Dollars)

RESOURCES

	Dec. 31 1935	Dec. 31 1934
Gold certificates on hand and due from U. S. Treasury (including balances in the gold fund maintained in Washington)	\$128,870	\$106,021
Redemption fund—F. R. notes.....	681	328
Other cash	6,659	8,739
Total reserves	\$136,210	\$115,088
Bills discounted:		
Secured by U. S. Government obligations direct and/or fully guaranteed		12
Other bills discounted	12	
Total bills discounted	12	12
Bills bought in open market.....	126	154
Industrial advances	1,780	1,045
U. S. Government securities:		
Bonds	16,033	18,318
Treasury notes	47,293	33,701
Treasury bills	15,649	13,956
Total U. S. Government securities	78,975	71,475
Total bills and securities	80,893	72,686
Due from foreign banks.....	17	22
F. R. notes of other banks.....	608	421
Uncollected items	19,607	15,451
Bank premises, net	1,524	1,684
All other resources.....	761	856
Total resources	\$239,620	\$206,208

LIABILITIES

F. R. notes in actual circulation	\$ 76,064	\$ 53,845
Deposits:		
Member bank—Reserve account.....	123,816	121,135
U. S. Treasurer—General account.....	4,856	2,578
Foreign banks	757	587
Other deposits	2,234	1,143
Total deposits	\$131,663	\$125,393
Deferred availability items.....	21,694	17,720
Capital paid in	3,773	4,048
Surplus (Section 7).....	3,783	3,777
Surplus (Section 13b).....	1,256	
Reserve for contingencies.....	1,361	1,363
All other liabilities.....	26	62
Total liabilities	\$239,620	\$206,208
Ratio of total reserves to deposit and F. R.		
Note liabilities combined.....	65.6	64.2
Contingent liability on bills purchased for foreign correspondents.....		18
Commitments to make industrial advances.....	593	

TWENTY-FIRST ANNUAL REPORT
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Resume of Business Conditions

Business and industrial activity in the Eleventh Federal Reserve District increased further in 1935; conditions in agriculture and livestock raising improved; and the volume of banking resources available for financing agriculture, commerce, and industry continued to increase. The sales of department stores in principal cities were maintained at a higher level throughout the year, and the volume of business for the twelve months was 6 per cent larger than in 1934. This bank's index of department store sales, which is adjusted for seasonal variations, rose to 95 per cent of the 1923-25 average in December, which was the highest point reached in more than four years. The distribution of merchandise at wholesale by reporting firms during 1935 averaged 10 per cent above that in the previous year. Collections on accounts at both wholesale and retail establishments compared favorably with those a year earlier. Debits to individual accounts at banks in larger cities in 1935, which were the largest reported in five years, exceeded those in the previous year by 15 per cent. The number and liabilities of failures in this district, as compiled by Dun & Bradstreets, Incorporated, were slightly larger than the unusually small figures reported for 1934.

The volume of construction work, which turned upward during the latter part of 1934, registered a marked gain in 1935. The valuation of building permits issued at principal cities exceeded that of the previous year by 114 per cent. Moderate increases over the previous year also occurred in the production and shipments of cement. The production of petroleum continued fairly steady throughout the year on a moderately higher scale than in 1934. Posted prices for crude oil at major fields showed little change during the year.

The physical volume of agricultural production was substantially larger than in the drought year of 1934. While the continuance of drought in some sections during the early spring delayed planting and greatly reduced the production of wheat in the heavy producing area of northwest Texas, the moisture situation was largely corrected by rains late in April. The production of feed crops was unusually large and has provided farmers with an ample supply of feed to make

1936 crops which will be an important factor in holding down the cost of production. While the production of cotton fell considerably under the early season expectations due to widespread insect activity and adverse harvesting conditions, the outturn was substantially larger than in the previous year. Most minor crops also showed heavier yields. According to the Department of Agriculture the unit price of most commodities was lower than in 1934, but the increased production more than offset the lower prices on total values so that the total value of all crops exceeded by a substantial margin that in the previous year.

The past year also witnessed a marked recovery in the physical condition of the district's ranges and livestock. At the opening of 1935 ranges and livestock were in very poor condition as a result of the severe drought in 1934, but conditions began to improve following the widespread rains in February, and there was a sharp recovery during the late spring and summer months. At the year-end conditions were well above the average and there was an ample supply of range and dry feed to carry stock through the winter. There was a further decline in the production of wool due to the fewer number of animals shorn. Wool prices, which reflected a downward trend in the latter part of 1934 and the early months of 1935, turned upward late in May and the rising trend continued during the remainder of the year. A sharp advance also occurred in mohair prices. Livestock prices reflected a sharp increase in January and, despite considerable fluctuation in subsequent months, remained substantially higher than in the previous year. During the latter half of the year range trading was active at rising prices.

The banking situation was marked by a rise in deposits of member banks to a new high level and an increase in their loans and investments. Member banks' borrowings at the Federal Reserve Bank continued at a low level throughout the year, and the reserve deposits were maintained in a volume greatly in excess of requirements.

FEATURES OF OPERATIONS, YEARS 1935 and 1934

	1935		1934	
	Number of Items	Amount	Number of Items	Amount
LOANS, REDISCOUNTS, AND INVESTMENTS:				
Discounts and advances.....	2,800	\$ 5,230,081	1,760	\$ 3,961,298
Bills bought for own account.....	<u> </u>	817,586	715	10,692,214
Purchase and sale of securities for own account.....	2	1,590,000	11	14,410,000
Purchase and sale of securities other than own account.....	2,767	249,362,192	4,779	309,762,195
CURRENCY AND COIN:				
Bills received and counted.....	51,652,924	176,151,550	51,391,533	181,775,350
Coin received and counted.....	45,258,342	5,343,478	42,054,153	5,443,367
CHECK COLLECTIONS:				
Checks collected.....	35,562,136	6,045,062,624	31,001,640	5,348,523,149
Collection items handled.....	203,411	276,383,553	213,030	249,524,635
Return items.....	886,108	26,946,004	777,707	24,282,561
U. S. Government checks paid.....	4,848,250	405,924,960	6,318,365	436,014,270
U. S. Government coupons paid.....	249,048	5,484,395	484,672	8,404,068
Coupons of Government agencies paid.....	295,241	2,846,177	<u> </u>	<u> </u>
TRANSFERS:				
Transfers of funds for member banks.....	64,879	3,026,722,271	74,497	2,663,739,701
FISCAL AGENCY:				
U. S. securities issued, exchanged and redeemed.....	135,761	386,183,136	113,131	414,339,140
Securities of Government agencies issued, exchanged and redeemed.....	54,394	42,406,555	1,139	2,382,820

EARNINGS AND EXPENSES

The gross earnings of the bank in 1935 were \$1,507,244, as compared with \$1,521,971 in 1934, a decrease of \$14,727, or .97 per cent. The principal sources of revenue during the year were United States Government securities and industrial advances made under the provisions of Section 13b of the Federal Reserve Act. Revenues derived from these sources amounted to \$1,382,121 and \$97,424, respectively, as compared with \$1,449,799 and \$8,405 during 1934.

Current expenses in 1935 were \$1,229,168, as compared with \$1,161,111 in 1934, an increase of \$68,057, or 5.9 per cent. The increase in expenses was occasioned by a payment in advance, at a discount, of part of the accrued liability to the Retirement System of the Federal Reserve Banks.

Current net earnings in 1935 were \$278,076, as compared with \$360,860 in 1934, a decrease of \$82,784. This figure was augmented by \$184,010, largely representing profit realized on transactions in the System Investment Account of United States Government securities. Deductions from current net earnings, covering building reserve and other miscellaneous deductions, aggregated \$195,229, leaving net available earnings of \$266,857. This figure compares with net available earnings for 1934 of \$331,869. It should be noted, however, that in 1935 the bank set up additional special building depreciation reserves amounting to \$76,000, and made a special write-down of approximately \$14,000 in connection with its fixed investment in real estate.

Semi-annual dividends aggregating \$237,615 were paid to stockholders and \$19,120 was paid to the Secretary of the Treasury as a 2 per cent dividend on amounts advanced this bank under provisions of Section 13b of the Federal Reserve Act. The remaining balance was transferred to surplus (Section 7) and surplus (Section 13b) in amounts of \$5,814 and \$4,308, respectively, leaving our surplus accounts at December 31, 1935, as follows: Section 7, \$3,783,162; Section 13b, \$1,256,096.

OPEN MARKET OPERATIONS

On January 1, 1935, the bank's total holdings of United States Government securities amounted to \$71,475,000. Of this amount \$10,000,000 represented its independent holdings and \$61,475,000 represented participation in the Federal Reserve System's Special Investment Account.

Independent holdings remained at \$10,000,000 throughout

the year. Participation in the System's purchases of Government securities fluctuated at intervals during the year, reaching a high point of \$71,475,000 on August 5. The account decreased to \$68,975,000 on November 6 and remained unchanged at that figure throughout the remainder of the year. At the close of business December 31, 1935, the bank's total holdings of United States Government securities amounted to \$78,975,000.

The average yield on holdings of Government securities was 1.84 per cent for the year.

INDUSTRIAL LOANS

On June 19, 1934, Section 13b was added to the Federal Reserve Act. Under its terms the Federal reserve banks are authorized to aid in providing working capital for established industrial or commercial businesses, by making direct loans, by making loans in participation with financing institutions, and by the execution of commitments. In obtaining a commitment from the Federal reserve bank, the financing institution is assured that it can turn the designated portion of an advance into cash at any time it desires, within the terms of the commitment.

The first loan made in the Eleventh Federal Reserve District under the provisions of this section was closed on August 10, 1934. The following schedule shows the volume of industrial loans made from that date up to and including December 31, 1935, classified according to direct advances to borrowers and loans made in conjunction with financing institutions:

ADVANCES AND COMMITMENTS MADE

	No.	Federal Reserve Bank of Dallas	Participations by financing institutions	Total
Direct advances	75	\$2,063,612	\$240,750	\$2,304,362
Commitments	6	622,000	171,000	793,000
	81	\$2,685,612	\$411,750	\$3,097,362

Collections on loans and commitments amounted to \$303,-129.

To assist in carrying out the provisions of Section 13b of the Federal Reserve Act, an Industrial Advisory Committee considers applications for industrial loans and makes recommendations to the Federal reserve bank in connection therewith. The members of the committee for this district

appointed by the directors of the Federal Reserve Bank, and confirmed by the Board of Governors of the Federal Reserve System, are as follows:

Clarence Ousley, (chairman), president, Globe Laboratories, Fort Worth, Texas.

T. M. Cullum, president, Cullum and Boren Company, Dallas, Texas.

Lewis R. Ferguson, vice-president and general manager, Lone Star Cement Co., Dallas, Texas.

Will B. Marsh, president, Chronister Lumber Co., Dallas and Forest, Texas.

Charles R. Moore, president, Austin Bridge Company, Dallas, Texas.

DISCOUNT OPERATIONS

The volume of paper discounted and rediscounted during 1935, excluding foreign loans on gold, was \$4,213,268. This figure, compared with \$2,914,498 in 1934, shows an increase of \$1,298,770, or 45 per cent.

At the beginning of the year outstanding loans amounted to \$12,000. This indebtedness was paid January 2, and shortly thereafter member bank borrowings were resumed and gradually increased until May 1, when discounts amounted to \$551,540. They declined to \$291,534 on July 5, but from this figure they increased to \$729,282 on August 23, which was the maximum for the year. At the close of the year outstanding loans amounted to \$2,721.

Of the total advances to member banks during the year, 96 per cent were made to national banks and 4 per cent to State banks, which is approximately the same ratio as in 1934.

During 1935 notes secured by United States Government obligations aggregated \$2,962,150, or 70 per cent of the total paper discounted, as compared with \$1,099,400, or 38 per cent, in 1934.

RESERVE POSITION

For the first six months of the year the reserve position of the bank ranged between a maximum ratio of 68.2 per cent (the highest of the year as of weekly reporting periods) on February 13, when total reserves were \$127,537,000, to a minimum of 58.0 per cent on April 24, when total reserves were \$96,843,000.

During the latter half of the year the ratio fluctuated between a maximum of 67.5 per cent on July 31, when total reserves were \$145,554,000, to a minimum of 57.5 per cent on August 31, when total reserves were \$101,929,000.

CLEARING OPERATIONS

It will be observed from statistics shown elsewhere in this report that there has been an increase in both number and amount of checks handled in the Transit Department in 1935 when compared with the preceding year. From 1929 through 1933 there was a continuous downward trend in these volume figures. There was an increase of 11.5 per cent in amount and 8.3 per cent in number of checks handled in 1935 over 1934. The volume usually reaches an annual peak during the fall months. For 1935 the peak occurred on October 14 when the bank handled 232,261 items. The daily average for the year was 135,605 items, and the daily average in aggregate amount was \$21,647,609.

Statistics show that there was practically no increase in the volume of city checks. The growth in the volume of country items, however, was very good and represented a gradual upward trend throughout the whole year. It will be observed from the comparative statistical figures in this report that there was some reduction in both number and amount of checks drawn on the Treasurer of the United States.

In 1934 there was received a considerable volume of Treasurer's checks issued by the Civil Works Administration. These payments were discontinued in 1935 and the volume was affected accordingly. There were received during the last half of the year checks drawn on the Treasurer of the United States issued under the Emergency Relief Appropriation Act, which, to a certain extent, offset the reduced volume just referred to.

Considering the volume figures for the comparative years, work in the Non-Cash Collection Division reflected normal activity.

CHANGES IN MEMBERSHIP

On January 1, 1935, the total number of national banks in this district was 508. During the year 2 national banks were chartered; 16 were dropped through liquidation, mergers, and other causes, making a net decrease of 14, or a total on December 31, 1935, of 494.

On January 1, 1935, the total State bank membership was 60. During the year 3 State banks were admitted to member-

ship, and the membership of 3 State banks was terminated through liquidation, consolidations and other causes, resulting in no change in the number of State bank members at the end of 1935.

The following table shows the total number of member banks (national and State) in the district on December 31, 1935, by States:

	National	State	Total
Arizona	3	2	5
Louisiana	9	2	11
New Mexico	16	3	19
Oklahoma	10	—	10
Texas	456	53	509
Total	494	60	554

CASH DEPARTMENT

Throughout the past year the work performed in the money department showed normal activity. This fact is reflected in statistical figures shown elsewhere in the report.

The average amount of Federal reserve notes in circulation during 1935 showed an increase of \$12,228,946 when compared with 1934. This increase in average circulation, as well as an increase in the maximum circulation, when compared with the previous year, is largely the result of the termination of national bank note circulation. Inasmuch as all national bank notes received subsequent to August 1 were immediately retired from circulation, the circulation of notes of this bank's own issue increased from this date to the end of the year. The maximum circulation occurred on December 24, and was incidental to Christmas trade occurring at that time.

There is submitted below table showing the average, maximum and minimum circulation in 1935 as compared with 1934 and 1933:

	1935	1934	1933
Average	\$57,120,381	\$44,891,435	\$37,965,000
Maximum	77,818,845	55,428,090	62,996,000
Minimum	46,458,075	38,417,775	31,282,000

BANK EXAMINATIONS

During the year 1935 the Examination Department conducted 56 examinations of State member banks, of which 54 were made jointly with the State authorities, and 2 were made independently. Three non-member banks were examined for

membership in the Federal Reserve System and subsequently qualified and were admitted to membership in the Federal Reserve System.

Pursuant to the provisions of Section 21 of the Banking Act of 1933, 27 private banks in the district submitted to examination by this bank's examiners in 1935.

The department's activities also included special visits to 2 member banks for the purpose of securing a classification of certain assets. A total of 88 visits were made during the year, as compared with 129 visits during the preceding year.

INSOLVENT BANKS DIVISION

During the year 1935 there were no member bank failures in this district. Nine member banks in receivership were indebted to the Federal Reserve Bank at the beginning of the year. The indebtedness of three of these banks has since been paid in full and on December 31, 1935, the indebtedness of the remaining six banks amounted to \$52,024.78, against which a reserve of approximately \$33,000 is carried.

INTERNAL ORGANIZATION AND PERSONNEL

The board of directors held 11 meetings during 1935, with an average attendance of 8.

There was no change in the personnel of the board in 1935.

The only change in the official staff was that caused by the retirement of Cashier Harris on account of ill health on January 1. The office of cashier was combined with that of deputy governor, and R. B. Coleman was elected to that position.

At its meeting on January 7, 1935, the board of directors re-elected J. H. Frost, president of the Frost National Bank of San Antonio, Texas, as the representative on the Federal Advisory Council for the Eleventh district, and redesignated W. W. Woodson, president of the First National Bank of Waco, Texas, as alternate.

In the annual election in November, Alf Morris, president of the First National Bank of Winnsboro, Texas, was reelected a Class A director, representing banks in group 2, and John D. Middleton, president of the Texas Refining Company of Greenville, Texas, was reelected a Class B director, representing banks in group 3, for three-year terms beginning January 1, 1936.

On December 5, 1935, the Board of Governors of the Federal Reserve System announced that since it would be suc-

ceeded by a new board on February 1, 1936, it had been decided to have the designations of all Chairmen and Federal Reserve Agents expire on March 1, 1936. It therefore redesignated C. C. Walsh as Chairman of the Board and Federal Reserve Agent and S. B. Perkins of Dallas as Deputy Chairman of the Board for the period from January 1 to February 29, 1936.

There were no changes in the officers and directors at the branches during 1935.

At the meeting of the board of directors of the head office on December 13, 1935, Frank R. Coon, president of the Mimbres Valley Bank, Deming, New Mexico, was appointed a director of the El Paso Branch, succeeding Arthur F. Jones of Portales, New Mexico, and Sam R. Lawder, vice president of the First National Bank in Houston, Houston, Texas, was re-appointed a director of the Houston Branch, for three years, beginning January 1, 1936.

At the same meeting J. K. Beretta, president of the National Bank of Commerce, San Antonio, Texas, was appointed a director of the San Antonio Branch for three years, beginning January 1, 1936, succeeding Franz C. Groos.

Early in 1935 the Board of Governors of the Federal Reserve System announced that it had reached the conclusion that six years' service represents the maximum period during which a director should remain continuously in office; further, that in the selection of branch directors the Board would follow the policy of appointing individuals who are not officers of banks. On December 5, 1935, the Board announced that in conformity with that policy and since the new Board would take office on February 1, 1936, vacancies occurring on January 1, 1936, in the office of its appointees would be filled by the new Board.

On December 31, 1935, the total number of officers and employees at the head office and branches was 476, which includes permanent and temporary personnel, the latter being 10.

On December 31, 1934, the total number of permanent and temporary officers and employees was 468, of which the temporary personnel was 43.

FISCAL AGENCY OPERATIONS

The volume of transactions handled as Fiscal Agency of the United States during the year 1935 showed an increase over the year 1934.

During the year 1935, 95 new issues of securities were

floated, as compared with 76 in 1934, and there were 71 maturing issues handled, as compared with 56 in 1934.

The volume of interest coupons handled for payment during the year 1935 shows a slight increase over 1934.

OPERATION OF BRANCHES

The volume of business handled at the El Paso Branch in 1935, compared with that handled in 1934, is reflected in the following table:

	Number		Amount	
	1935	1934	1935	1934
Discounts and advances.....	84	6	\$ 39,025	\$ 95,673
Bills received and counted.....	3,213,098	3,547,191	13,476,100	13,439,190
Coin received and counted.....	1,511,499	1,555,938	317,452	326,570
Transfers of funds.....	4,259	4,874	98,323,421	81,361,777
Check collections.....	2,550,472	2,172,908	316,650,065	265,849,823
Treasury warrants.....	376,137	616,702	36,370,922	46,686,434
Non-cash collections.....	13,427	14,270	12,298,015	10,219,347
Return items.....	46,481	36,794	2,003,400	1,574,161

At the beginning of the year 32 member banks (28 national banks and 4 State banks) were attached to the branch. During the year the membership of 1 national bank was terminated, while the membership of 1 State bank was added, leaving the total membership on December 31, 1935, at 32, consisting of 27 national banks and 5 State banks.

The expense of operation, excluding furniture and equipment, was \$98,311 as compared with \$93,623 in 1934.

The personnel of the branch at the close of December 31, 1935, comprised 2 officers and 37 employees (1 temporary), compared with 2 officers and 39 employees on December 31, 1934.

The volume of business handled at the Houston Branch in 1935, compared with that handled in 1934, is reflected in the following table:

	Number		Amount	
	1935	1934	1935	1934
Discounts and advances.....	12	25	\$ 363,800	\$ 538,473
Bills received and counted.....	10,482,700	10,623,805	35,826,200	37,443,950
Coin received and counted.....	11,606,898	11,365,314	1,177,031	1,234,946
Transfers of funds.....	18,474	20,315	1,073,606,305	886,822,316
Check collections.....	6,393,741	5,505,620	1,190,964,898	1,088,448,963
Treasury warrants.....	756,086	1,068,116	66,034,072	81,244,017
Non-cash collections.....	51,519	61,714	79,669,701	78,529,006
Return items.....	122,300	106,943	4,655,985	4,252,983

At the beginning of the year 85 member banks (72 national banks and 13 State banks) were attached to the branch. The same membership prevailed at the close of the year, although 1 national bank (First National Bank of Alto, Texas) went into voluntary liquidation at the close of December 21, 1935, and its membership is in the process of being terminated.

The expense of operation, excluding furniture and equipment, was \$152,430, as compared with \$140,630 in 1934.

The personnel of the branch on December 31, 1935, comprised 2 officers and 61 employees, compared with 2 officers and 54 employees on December 31, 1934.

The volume of business handled at the San Antonio Branch in 1935, compared with that handled in 1934, is reflected in the following table:

	Number		Amount	
	1935	1934	1935	1934
Discounts and advances.....	67	28	\$ 205,646	\$ 154,660
Bills received and counted	9,233,345	8,706,626	32,724,950	32,648,410
Coin received and counted	6,797,083	5,275,821	823,718	705,823
Transfers of funds	10,410	11,094	338,956,044	285,700,473
Check collections	5,730,057	5,032,824	860,088,294	736,974,871
Treasury warrants	541,866	864,832	51,756,435	56,552,144
Non-cash collections	35,905	31,896	46,751,934	38,734,017
Return items	118,232	104,546	4,068,437	4,208,614

At the beginning of the year 73 member banks (65 national banks and 8 State banks) were attached to the branch. During the year the membership of 2 national banks was terminated, while the membership of 1 national and 1 State bank was added, leaving the total membership on December 31, 1935, at 73, consisting of 64 national banks and 9 State banks.

The expense of operation, excluding furniture and equipment, was \$136,721, as compared with \$128,087 in 1934.

The personnel of the branch on December 31, 1935, comprised 2 officers and 54 employees (1 temporary), compared with 2 officers and 51 employees on December 31, 1934; including on December 31, 1935, 6 employees whose time is devoted exclusively to our activities as Custodian and Fiscal Agent for the Reconstruction Finance Corporation.

